



SMB Payments Fraud Report: Preserving Relationships by Securing Accounts and Managing Mobile

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As the U.S. economy has begun to pull itself from the Great Recession, consumers are spending more freely, and businesses are enjoying long-overdue revenue growth. Within our business community it is small and medium businesses (SMBs) which employ the majority of Americans. As such, they are crucial drivers of the country's economic success. Unfortunately, the financial products and services utilized by these businesses to pay employees and vendors alike are under attack by criminals looking to cash in on their renewed success.

Data breaches have accompanied this renewed economic success, as criminals and hackers scour the web in search of sensitive account data and credentials. What they have found are vulnerabilities that they have leveraged to pilfer an almost unbelievable number of records from businesses across a variety of industries. Using this information, fraudsters are compromising and misusing the financial accounts of SMBs to issue costly ACH payments, checks, credit card payments, and wire transfers. These crimes are hurting businesses and damaging the relationships between SMBs and the financial institutions that serve them.

Businesses are on a search of their own, seeking greater productivity and finding it through the mobile device. Mobile has become a part of the everyday business dealings of many SMBs. Unfortunately, along with all of its benefits, mobile also comes with its share of security challenges – many of which SMBs find themselves unprepared for, placing their accounts and businesses at risk. For the sake of this report we have broken SMBs into two distinct segments – micro and small businesses (\$100K to under \$10MM in revenue) and middle-market businesses (\$10MM to \$500MM in revenue). It is because of the aforementioned range of challenges facing these segments that Javelin has decided to explore payments fraud at this dynamic time.

The data collected for this report is comprised of online survey responses from 1,002 business payment decision-makers and influencers. Survey respondents worked for companies in one of four segments:

- micro business (\$100K to under \$1MM in annual revenue, 251 completes)
- small business (\$1MM to under \$10MM in annual revenue, 251 completes)
- lower-end middle-market (\$10MM to under \$100MM in annual revenue, 250 completes)
- large middle-market (\$100MM to \$500MM in annual revenue, 250 completes).

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