



How the Result of the Brexit Referendum Will Affect Fraud

Consequences of the Economic Fallout

28 June 2016 By: Al Pascual

While market and political pundits continue to speculate as to how and when (if ever) the UK will leave the EU, the referendum has already had a tremendous impact on capital markets wiping out \$2T in value over a single day. An event of such magnitude is certain to have almost innumerable effects on businesses, governments, and consumers – not only in the UK, but around the world. And though it may not be top-of-mind for many, fraud will be one of the areas affected by the ongoing Brexit turmoil.

A function of the Leave campaign being victorious, there are four economic events that are going to motivate an increase in a variety of frauds occurring or being detected:

1. **Currency depreciation:** the pound fell below a 31-year low after the Brexit referendum, making the cost of some goods and services attractive to foreigners. More specifically, tourism is sure to flourish as overseas visitors rush to take advantage of the new exchange rate. And wherever consumer spending grows, so does the interest of fraudsters. As a result, we can expect a corresponding surge in vacation rental fraud. In addition, cross-border fraud is likely to shift with the weakened exchange rates. With the US accounting for the lion's share of cross-border fraud, fraudsters will face lower return if they are trying to use cards denominated in pounds in the US.
2. **Investment market turmoil:** much as was seen after the Great Recession, fraudsters come out of the woodwork whenever markets are in turmoil with new investment schemes. Offering reliable yield as the market gradually implodes is a time tested method of luring the casual or unsophisticated investor in search of a safe place to park their money.
3. **Reduced trade:** a change in the trade environment in the UK is likely to have a negative impact on many exporting businesses. As these businesses begin to optimize operations and take a closer look at their books they will inevitably find a greater number of new and long standing cases of supply-chain fraud. This is not so much a matter of supply-chain fraud increasing post-referendum, but rather being uncovered at a greater rate.
4. **Rising unemployment:** an increase in unemployment has consistently been linked with an increase in payments and identity fraud, with certain types of identity fraud being especially likely to grow. Familiar fraud, where the victim knows the perpetrator, is a type of crime that is hard for many to fathom and rightfully so. Yet when faced with the prospect of paying bills or putting food on the table, some turn to fraud involving the identities of friends or family to make ends meet.

While the aforementioned fraud events may seem minor in the face of something so monumental, we need to be mindful of the fact that fraud doesn't take a holiday when the rest of us panic. It thrives.

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