



## The Escalation of Digital Fraud: Global Impact of the Coronavirus

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This report, sponsored by SAS, explores how the increasingly digital nature of payments changes how fraud occurs and how mitigation efforts need to adapt. This report is based on 120 independent interviews of payment and security executives in 20 countries and analysis of data available from the various markets. Interviews were conducted in December 2019 through August 2020, capturing details pre-coronavirus, fraud occurring during national closures, and after the reopening of economies. Javelin Strategy & Research maintains complete independence in its data collection, findings, and analysis.

Digital payments around the world are growing as technology becomes more available across developing countries. In an increasingly digital environment, fraud is shifting drastically from counterfeit card capabilities toward harder-to-identify fraud schemes of social engineering, cyber intrusions, and account takeovers. What has become clear is that although the names of the payment methods may vary, criminals are attacking economies in ways many countries are under-prepared to address.

The coronavirus has not changed how fraud is committed but has shone a bright light on the risks of fraud in a digital age. The move from omnichannels to multichannel, combined with the sophisticated nature of tools that criminals have available to them, provides a road map for financial institutions to build their fraud mitigation strategy over the next several years. Without technological and operational improvements, the global rise of digital fraud will surpass the losses associated with counterfeiting magnetic stripe payment cards.

This report provides readers with a clear picture of how digital fraud has changed the operating environment globally. Financial institutions face significant risks, in reputation and from financial losses, if changes are not implemented. Several recommendations can be deployed quickly to provide immediate relief, while others will be developed over the next several years. The modifications to the business model not only will improve loss metrics but also will deliver confidence to the consumer and build trust in the brand.

The research for this report was compiled from 120 interviews with executives within financial services or technology between December 2019 and August 2020. The interviews were conducted at the beginning of the coronavirus outbreak through August to gain perspective through the stages of the coronavirus shutdowns. Interviewees were provided anonymity to provide them the opportunity to speak openly. Third-party confirmation of events discussed is identified and provided in the endnotes.

- Number of interviews: 120
- Range of titles: Chief executive officer, chief risk officer, chief innovation officer, senior vice president/financial crimes, vice president, operations manager, fraud investigator, fraud operations manager, merchant processing executive, and cybersecurity analyst.
- Types of companies where the respondents work: Financial institutions (global and regional), prepaid program manager, network/scheme, payment processor (acquiring and issuing), technology.
- Markets: Argentina, Australia, Brazil, Canada, China, Colombia, France, Greece, India, Japan, Malaysia, Mexico, Singapore, South Africa, South Korea Spain, United Arab Emirates, United Kingdom, United States
- Time when study was conducted: December 2019 through August 2020

For market statistics in the United States, the 2019 ID Fraud survey was conducted online among 5,000 U.S. adults over age 18; this sample is representative of the U.S. Census demographics distribution. Data collection took place from October 22 through November 4, 2019. Data is weighted using 18+ U.S. Population Benchmarks on age, gender, race/ethnicity, education, census region, and metropolitan status from the most current CPS targets.

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