Increased digitalization affords fraudsters more opportunities to exploit both consumer identities and accounts.

About six in 10 respondents from financial institutions reported an increase in fraud.

- Friendly fraud: 53%
- First-party fraud: 50%
- Third-party identity fraud: 50%
- Synthetic identity fraud: 54%
- Scams: 51%
- Third-party account takeover: 42%

True Cost of Fraud Goes Far Beyond Face Value Lost

Fraud costs firms 4.41x the lost transaction value, including fines, fees and investigative costs.

<table>
<thead>
<tr>
<th>Country</th>
<th>Financial Services</th>
<th>Lending</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>4.40</td>
<td>4.67</td>
</tr>
<tr>
<td>Canada</td>
<td>4.23</td>
<td>4.39</td>
</tr>
</tbody>
</table>

Impact of Fraud on Financial Institutions

Fraud degrades customer relationships, including:

- 81% Increases resource commitment toward fraud management
- 79% Difficulty establishing trust with customers
- 76% Reduces customer satisfaction due to poor customer experience
- 76% Customer churn
- 76% Damage to brand/reputation

Investment Plans within 2 Years

Firms are investing in solutions that can help balance customer friction and fraud prevention.

1. Authentication using behavioral biometrics (e.g. device-usage patterns)
2. Automated transaction scoring
3. Browser/malware tracking
4. Geolocation
5. Authentication using OTP or two-factor authentication

Base: 346 decision-makers at financial institutions in the U.S. and Canada with responsibility for financial fraud strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of LexisNexis® Risk Solutions, July 2023