Multiple factors are facilitating SMB fraud growth

A convergence of unique factors has resulted in the rapid rise of small-to-midsized business lending fraud (SMB fraud) which has contributed to a 28.6% year-over-year increase in SMB fraud losses as a percentage of annual revenues. Value of 2020 SMB fraud as a percentage of revenue equaled 5.4%. Value of 2019 SMB fraud as a percentage of revenue equaled 4.2%.

Business and personal overlaps obscure identity authentication
62% of study respondents feel that lenders place less emphasis on curbing SMB lending fraud than consumer lending fraud
42% of study respondents feel consumer lending fraud has become more challenging to successfully combat, so fraudsters are following a path of least resistance to SMB lending fraud

Fraud follows opportunity
56% of study respondents feel the amount that a fraudster can steal by committing SMB lending fraud is typically larger than the amount a fraudster can steal by committing consumer lending fraud
48% of study respondents think fraudsters view SMBs as “victimless,” which means it’s less likely that law enforcement will pursue action against the fraudsters

Stronger focus on consumer fraud defenses
84% of study respondents believe 1st Party Identity Fraud sometimes to very often
89% of study respondents believe 3rd Party Account Takeover Fraud sometimes to very often
95% of study respondents say they experience Synthetic Identity Fraud sometimes to very often
89% of study respondents say they experience 3rd Party Identity Fraud sometimes to very often
89% of study respondents say they experience 3rd Party Account Takeover Fraud sometimes to very often

48% of study respondents say they experience 1st Party Identity Fraud sometimes to very often
52% of study respondents believe SMBs have complex organizational structures, which makes it easier to get away with fraud in the name of the business

What’s fueling increases in small to midsize business lending fraud?


The complex structure of most small to midsized businesses blends identity elements tied to both the business and the authorized representatives of the business. Fraudsters exploit these unique nuances to advance identity fraud attacks.

Multiple layers can form the foundation of an optimal fraud defense

Successfully combating complex schemes takes a multi-layered fraud defense strategy that accounts for the risks of the business, the people tied to the business and the transaction itself. Businesses utilizing a combination of advanced identity authentication and transaction tools that deliver insights into physical identity, digital identity, behavioral and biometric risks realize lower fraud losses.

Fraudsters target SMB lending with sophisticated identity fraud schemes that are difficult to detect

For more information visit risk.lexisnexis.com/SMBrisk or call 800.897.1644

Respond to today’s challenging fraud climate with a multi-layered defense strategy.

Explore how our proven combination of extensive coverage of small to midsized businesses and their associates, innovative analytics and linking and proactive fraud prevention solutions deliver stronger advantages in the fight against SMB lending fraud.