

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

Navigate costly fraud impacts with insights from the LexisNexis® Risk Solutions 2020 Study of Small and Mid-sized Business Lending Fraud¹

Multiple factors are facilitating SMB fraud growth

A convergence of unique factors has resulted in the rapid rise of small to midsize 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

61% of study respondents feel **SMBs have complex organizational structures**, which makes it **easier to get away with fraud** in the name of the business



Stronger focus on consumer fraud defenses

62% of study respondents feel **lenders place less effort on curbing SMB lending fraud** than consumer lending fraud



41% of study respondents feel **consumer lending fraud has become more challenging to successfully commit**, 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 is less likely that **law enforcement will pursue action** against the fraudsters



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

The complex structure of most small to mid-sized 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.



95% of study respondents say they experience **Synthetic Identity Fraud** sometimes to very often



84% 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

Multiple layers can form the foundation of an optimal fraud defense

Successfully combating complex schemes takes a multi-faceted 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.



Lenders using advanced identity and transaction solutions have 45% less fraud losses as a percentage of users (4.2% with, 7.6% without.)

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

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

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



1. Based on findings of the LexisNexis® Risk Solutions 2020 Study of Small and Mid-sized Business Lending Fraud. A total of 135 respondents were surveyed, representing a mix of small and mid-sized lenders, fintech and digital lenders, credit unions and payment processors

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