

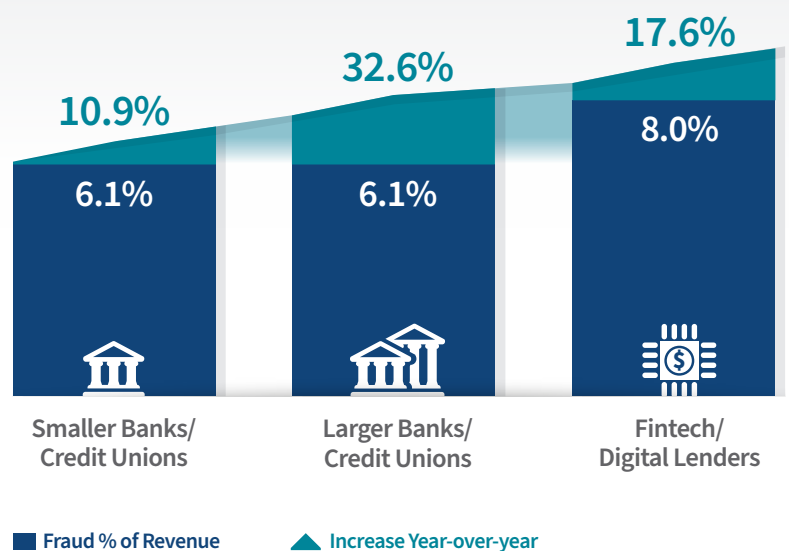
Small and Midsize Business Lending Fraud Sharply Increases

Fraud risk for small and midsize business (SMB) lending continues to climb fueled by COVID-19 and the rise in remote transactions. The latest LexisNexis® *Small and Midsize Business Lending Fraud Study* provides fresh insights.

SMB Lending Fraud Overall Grew 6.9% Since 2020 COVID-19 accounted for 37% of the increase

Smaller banks, credit unions and firms with a sizeable volume of digital transactions experienced the largest year-over-year (YOY) fraud increase.

Overall fraud as a percent of revenues increased year-over-year **14.8%**, but the growth rate varied by business:



Fraudsters Follow the Money



Faceless, remote channels are the **primary source** of SMB loan origination.



35% of loan applications were submitted on mobile devices in 2021, up from 28% in 2020.



Online loan applications accounted for **41%** of overall loan applications.

How Can SMB Lenders Fight Back?



73% of lenders overall expect to **increase investments in fraud prevention**.



But many lenders are focused on **adding staff** which will **drive up costs** with no added efficiency.

A Multi-layered Solutions Approach Can Work Best

Many lenders use basic verification and transaction solutions but less than a third are using real-time and automated transaction scoring that can provide fast, seamless and “behind the scenes” fraud detection that effectively distinguishes synthetic identities and malicious bots without impacting the legitimate customer experience.

To learn more, download the **2021 LexisNexis® Small and Midsize Business Lending Fraud Study**. Visit risk.lexisnexis.com/insights-resources/research/smb-lending-fraud-study or call 800.658.5638.

