2024 TOP THREATS IN THE PUBLIC SECTOR

What federal, state, and local governments can expect from cybersecurity and fraud threats this year.



Criminals are relentless. They exploit any opportunity to gain access to government funding. Here are our predictions for the Top Threats – based on recent findings and statistics – that will escalate and proliferate throughout 2024, creating numerous issues for government agencies.

1. Fraud-as-a-Service

Fraud-as-a-service (FaaS) – a service on the dark web which helps criminals commit fraud. In addition to selling social security numbers, credit card numbers, and health information, FaaS sites also sell pre-packaged synthetic IDs individually or in bulk that can produce hundreds of online activities in seconds. Government agencies should be **aware of FaaS** to protect constituent information.



software-as-a-service market is booming, with a projected Compound Annual Growth Rate of 19.7% between 2022 and 2029 according to Fortune Business Insights, so too is the FaaS market.1

The threat of FaaS is growing. Just as the



discovered Styx, a darknet marketplace selling illegal techniques for committing fraud, such as money laundering, distributed denial-of-service (DDoS), bypassing two-factor authentication (2FA), fake or stolen IDs and other personal data, renting malware, using cash-out services, email and telephone flooding, identity lookup, and much more.2 MITIGATION STRATEGY: Leverage an identity verification workflow with behavioral

Tools and services for hire: In 2023, researchers



biometrics to mitigate FaaS risk. 2. Account Takeover Fueled by Synthetic Identities

Fraudsters use personal information from several different individuals to create **brand-new synthetic identities**—a type

of fraud that's fast-growing-government agencies are at risk as it's hard to detect synthetic identities.



354% year-over-year in 2023, and 22% of U.S. adults have been victims of account takeover (24M households).3

in your workflow.

Account takeover attacks increased



and growing. But fraudsters know government agencies, financial institutions, insurance companies, retail stores, and e-commerce sites have not sufficiently upgraded their verification systems to detect and prevent synthetic identity fraudsters before it's too late.4 MITIGATION STRATEGY: Ensure identity composition and risk elements are front and center

Precisely how much money is lost to synthetic identity theft

isn't fully known — estimates range from \$20 to \$40 billion



3. (Artificially) Intelligent Fraudsters

Fraudsters are accessing machine learning, generative Artificial Intelligence (AI), predictive analytics, and other **intelligent solutions** to make them faster, smarter, and commit crime on massive, real-time scale.

In a June 2023 survey of 650 cybersecurity Generative AI is enabling fraudsters to save time by automating the previously complex process experts, three out of four experts polled noted



a rise in cyberattacks over the past year, with 85% attributing this rise to bad actors using generative AI. In 2022, consumers reported losing \$8.8 billion to fraud, up more than 40%.5 MITIGATION STRATEGY: Utilize both behavioral and device risk intelligence to reduce synthetic identities and their impact.



interact like humans across thousands of digital touchpoints, fooling agencies and constituents into thinking they are legitimate.6

of stitching together fake, synthetic identities that



4. Serious Cyberthreats The cyberthreat landscape keeps evolving. The MOVEit Transfer file management program attack is the largest

hack of 2023, and in recent history. Experts say it has spawned over 600 breaches and is not done yet, but the full impact of the attack is still being examined. Government agencies were impacted.

At least **60 million** The estimated total cost A report by security analysis firm individuals have been of the MOVEit mass-hacks Censys, which analyzed 1,400 **affected**, though the so far is \$9,923,771,385. **MOVEit servers** that were openly



true number is thought to be far higher, and U.S.-based agencies and organizations account for 83.9% of known MOVEit victims.7



The number is based on IBM data, which found the average data breach last year cost \$165, coupled with

the number of individuals confirmed to have been impacted.7 catch the fraudster using stolen information.



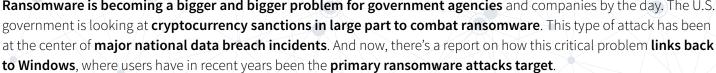
15.96% of hosts were associated with the healthcare sector, 8.92% were linked to information technology organizations and 7.5% were attributed to government and military entities.7 MITIGATION STRATEGY: Add back-end investigative solutions to maintain program integrity and reduce improper access and payments when traditional identity verification doesn't

accessible on the internet, found that



5. Worries About Windows

Ransomware is becoming a bigger and bigger problem for government agencies and companies by the day. The U.S. government is looking at **cryptocurrency sanctions in large part to combat ransomware**. This type of attack has been



executables (exe.file), and 2% Windows dynamic link libraries.8 MITIGATION STRATEGY: Establish, adopt, and enforce agency-wide policies to promote awareness. Implement a device risk mitigation workflow.

ransomware malware identified by its systems targets Windows.

Google's VirusTotal service study revealed that 95% of

Specifically, **93.28%** of ransomware detected were Windows



EXE

Criminals use exe.file in phishing

program or malware to the system

schemes as it directly installs a

when the user clicks its icon.9



about skimming and other digital payment risks.

Electronic Benefits Transfer (EBT) card skimmers – an activity that is draining millions of dollars from those most in need. Food and Nutrition Services (FNS), Administration for Children and Family (ACF) and individual

6. A Cashless Society

Fair Isaac Corporation (FICO) saw a 368% For every \$1 value of lost benefits through fraud, it increase in compromised cards in 2022. actually costs SNAP agencies \$3.85 based on additional One state has long struggled with this costs related to labor and administrative activities. This is issue, providing numbers related to the up from \$3.72 in 2022. For SNAP agencies that have more depth of this problem: \$84 million in multi-program responsibility and an above average anticipated 2023 losses.10 level of mobile-based applications, every \$1 value of SNAP benefits lost through fraud is actually \$4.05.11

threat workflows and monitoring to minimize payment fraud.

constituents about fraud schemes targeting services and to be wary.

More than 1 in 10 elderly

people in the U.S. fell

victim to elder fraud in

the last year, and over

Supplemental Nutrition Assistance Program (SNAP)/Temporary Assistance for Needy Families (TANF) agencies have issued numerous client education materials aimed at informing genuinely needy and vulnerable participants



Elder fraud, also called elder financial abuse or elder financial exploitation, is defined as the misappropriation or abuse of financial control in a relationship where there is an expectation of trust, resulting in harm to the elderly victim. More than 333,000 scams and financial abuse cases targeting the elderly are reported to authorities every year, and most

7. Nefarious Elder Fraud

experts agree that's barely scratching the surface. Agencies providing services to the elderly should work to educate their

In 2022, total losses

reported to the Internet

Crime Complaint Center by

elderly victims increased

MITIGATION STRATEGY: Educate recipients on secure pin numbers to prevent easy guessing by bots. Employ investigative solutions to maintain program integrity. Implement insider

84% from 2021.13 that account for this incredible 7.8 million incidents of elder fraud occur every loss go unreported, and the FBI is now urging anyone year in total, with an average loss per case who encounters suspicious of \$30,192.12 activity online to disengage and report the conduct to law



8. Digital IDs at Risk A digital identity, or online identity, is a person's digital representation. It contains unique vital information, such as account names, browsing data, and even medical history. But unlike a physical ID card, there are currently limited applications or sign-up processes to get a digital identity. Everyone who uses the internet in any capacity has some



form of digital identity, and this includes **government services**. More than half (54%) of fraudulent activities were found online, followed by mobile spam calls (18%). This alarming data highlights the risks of digitization, where scammers move away from traditional methods of

compromised credentials.



total digital takeover, which means if someone has 10 or 12 logins to places like Facebook, Pinterest, their bank, credit card, etc., criminals can become familiar with all of

information.16

67% of all identity theft

fraud victims experience a

their personally identifiable

As fraud and cyber risks evolve and continue to grow, government agencies deserve



of \$43 billion to identity theft. These bad actors are pretending to be you, accessing your accounts and spending your money.17 MITIGATION STRATEGY: Encourage constituents/recipients to change passwords frequently and monitor breach notifications. Implement a workflow designed to detect and manage

In 2022, **40 million**

consumers lost a total

An estimated \$28.3 billion is lost

to elder fraud scams each year,

according to an AARP Study. The

study said many of the scams

enforcement.14

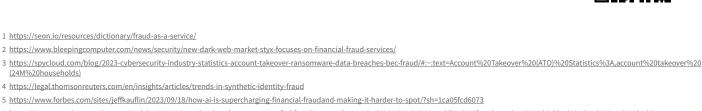


the best line-of-sight into their populations to provide secure and frictionless service. LexisNexis® Risk Solutions can help. Learn more about how our workflows can mitigate evolving cyber and fraud risk.

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