

LexisNexis® Risk Solutions True Cost of Fraud™ Study: Reveals Every \$1 of Fraud Costs SNAP Agencies \$3.72

Mobile and Web Channels Drive Increased Bot and Fraud Attacks for SNAP Agencies

LexisNexis® Risk Solutions released the inaugural edition of the True Cost of Fraud™ Study for Supplemental Nutrition Assistance Program (SNAP) Agencies. The study surveyed leadership from 74 state and county agencies administering SNAP in 35 states. The True Cost of Fraud Study for SNAP analyzes current fraud impacts and trends affecting this critical government benefit. The report also explores key indicators related to fraud detection, prevention, and the benefit allocation experience. In addition to analyzing the cost of fraud, the study explores the time and resources expended by SNAP investigators to prevent attacks and mitigate fraud.

Key Study Findings from True Cost of Fraud Study for SNAP



Attacks and Costs: Every \$1 of benefits lost through fraud costs SNAP agencies \$3.72.

This includes additional costs related to internal labor (for detection, investigation, reporting) and administrative tasks (for data exchanges, etc.). These attacks are primarily due to identity fraud, eligibility, account takeover, and trafficking from fraudulent EBT transactions.



Digital Transactions Increase Fraud: The cost of fraud is higher for agencies that accept more applications from mobile and web platforms.

Mobile transactions represent an average of 15% across all channels including in-person, online, and call centers. For agencies that have more than 20% of mobile channel submissions, every \$1 of benefits lost through fraud costs \$4.40.

The True Impact of Fraud Affecting SNAP Agencies



Unproven Errors Cost Money



The majority of fraud losses stem from inadvertent household errors (**38%**) and suspicious cases that are not worked given limited resources (**34%**). Though they represent the largest vector for fraud, many inadvertent errors are never proven due to lack of criminal investigation, or they are lost within the administrative process.

Bots on the Attack



Agencies with above average mobile-based applications are being increasingly targeted by malicious bots. **Forty-five percent** of these agencies indicate that bot attacks have increased year-over-year.

Top Fraud Challenges



Identity-related fraud is a leading contributor to SNAP agency fraud losses and is present in **31%** of reported cases. In addition to identity theft, **25%** of fraud is from account takeovers, **24%** from eligibility fraud, and **20%** from trafficking of benefits.

Change the conversation on fraud.

Find out how LexisNexis® Risk Solutions can help.
Visit risk.lexisnexis.com/products/amplifyid-identity-risk-navigator
or call 1.888.216.3544



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