

4th Annual LexisNexis® Risk Solutions True Cost of Fraud™ Study

Supplemental Nutrition Assistance Program (SNAP)
Agencies and Integrated Eligibility Systems (IES)

September 2025

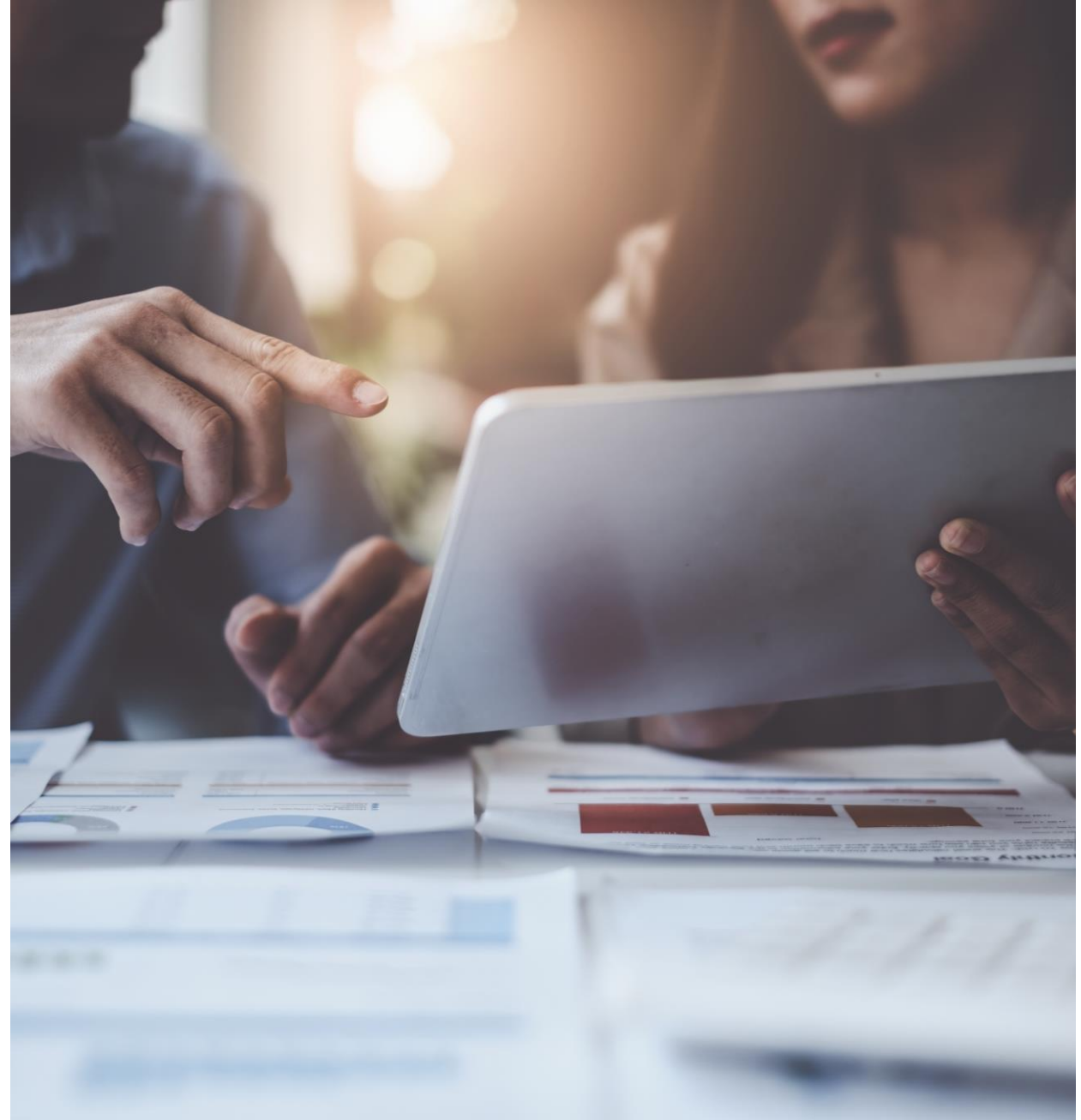
Research Objectives

LexisNexis® Risk Solutions has conducted its fourth annual True Cost of Fraud™ study for the Supplemental Nutrition Assistance Program (SNAP) and Integrated Eligibility Systems (IES). The purpose of this study is to serve as a model framework by informing the level and impact of fraud on SNAP agencies, including the challenges, volume, and cost, as well as the resources that agencies utilize to detect and prevent fraud.

The 2025 study includes a deeper look at cross-program coordination and integrated eligibility, fraud types, data access and quality to support eligibility decisions, fraud assessments, and the customer experience.

IES refers to a common eligibility system to manage various human services benefit programs, including but not limited to:

- Supplemental Nutrition Assistance Program (SNAP).
- Center for Medicaid Services
- Special Supplemental Nutrition Program for Women, Infants and Children (WIC).
- Temporary Assistance for Needy Families (TANF).
- Low Income Home Energy Assistance Program (LIHEAP).



Research Objectives

The 2025 study was expanded to focus on the degree of SNAP agency integration with other programs, specific types of fraud including Electronic Benefits Transfer (EBT) skimming/account takeover and dual participation, and the degree that data is accessible and accurate to support eligibility and fraud assessment.

Fraud Was Defined as Follows for Respondents:

- Account takeover (ATO) by unauthorized persons.
- Fraudulent transactions due to identity fraud, SNAP benefits are exchanged for cash (trafficking – generally involving two parties – typically a household and a SNAP retailer).
- A household intentionally lies to an agency to qualify for/or receive more benefits than they are eligible for.

Other Definitions:

- **APT refers to Application Processing Timeliness.** This measures the timeliness of states' processing of initial SNAP applications. The Food and Nutrition Act of 2008 entitles all eligible households to SNAP benefits within 30 days of application, or within 7 days, if they are eligible for expedited service.¹
- **PER refers to Payment Error Rate.** This measures how accurately a state agency determined SNAP eligibility and benefit amounts for those who participate in SNAP. Errors include both overpayments – when households receive more benefits than they are entitled to – and underpayments – when households receive less benefits than they are entitled to.¹
- **The LexisNexis® Fraud Multiplier™ cost:** Estimates the total amount of loss an agency occurs based on the actual dollar value of a fraudulent transaction.

¹ <https://www.fns.usda.gov/snap/qc/efficiency-effectiveness-measures>

Methodology

Data was collected in June and July 2025 from senior decision makers/administrators of SNAP agencies, with a total of **150 survey completions**.

Agencies included both state and county levels, as well as a mix of those which have and have not implemented an integrated eligibility system (IES). States involved those which centralize SNAP (25 out of 40), with the remainder of completions allocated across counties in the states which decentralize SNAP administration.

Surveys were administered across all SNAP regions, relative to their size. LexisNexis® Risk Solutions was not identified as the sponsor of the research.

Survey Completions

Type of Integration

- Implemented IES (119)
- Have Not Implemented IES (31)

Administration Level

- State (25)
- County (125)

SNAP Regions

- **NERO/24** (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, Virgin Islands)
- **MARO/13** (Delaware, Maryland, Pennsylvania, Puerto Rico, Virginia, Washington DC, West Virginia)
- **SERO/11** (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)
- **MWRO/35** (Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, Wisconsin)
- **MPRO/24** (Colorado, Kansas, Missouri, Montana, Nebraska, North Dakota, South Dakota, Wyoming)
- **SWRO/5** (Arizona, Arkansas, Louisiana, New Mexico, Oklahoma, Texas, Utah)
- **WRO/13** (Alaska, California, Hawaii, Idaho, Nevada, Oregon, Washington)

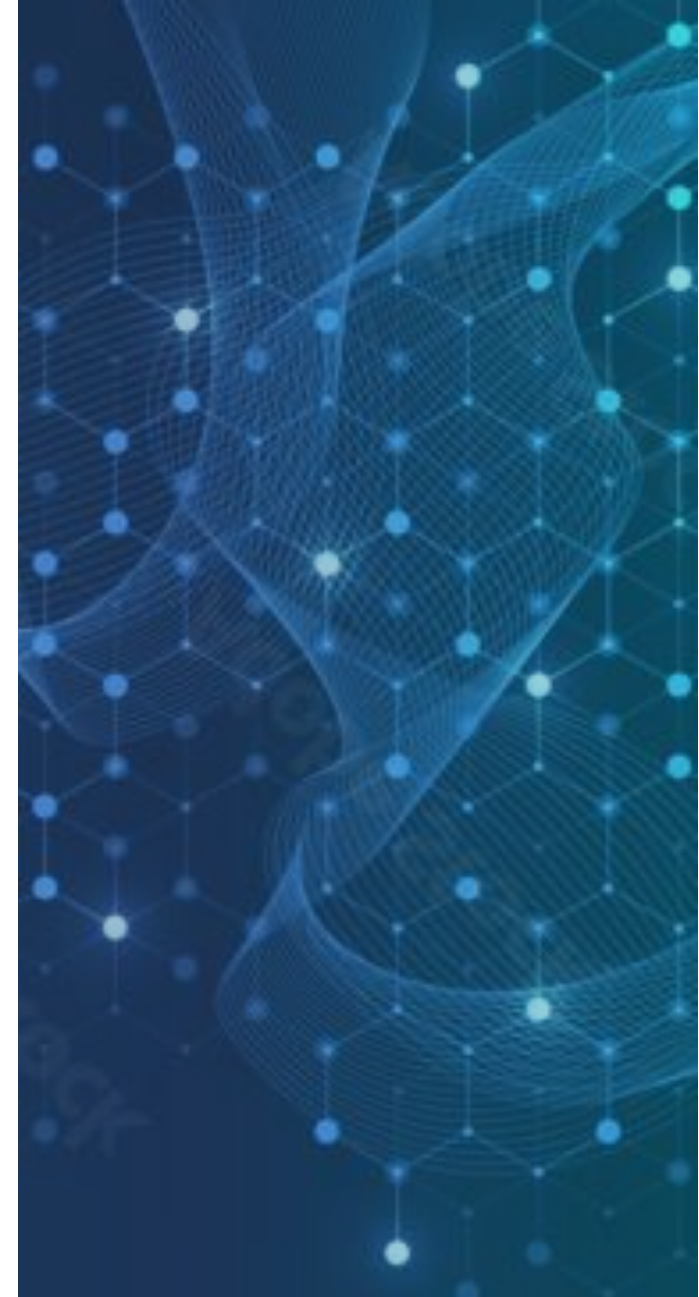
Significant Differences

Statistical significance is determined by a set level of confidence sought in an estimate. Results are considered statistically significant if the observed difference is large based on sample size(s) and confidence level. This means the observed difference in the estimates is extreme enough to conclude with confidence (usually 90% or 95%) that the results would not have occurred by chance and a real difference between them exists. For this study with **150** completions at the total level, the sampling error is +/-8.0% in order to highlight two findings as statistically different.

Directional significance, commonly referred to as practical significance, on the other hand, is when the magnitude of the difference is large enough to be meaningful given the situation though not statistically different.

Comparing the two, note that statistical significance relates to **existence of a difference**, while directional significance refers to the **meaningfulness/magnitude of a difference**. No statistical test can determine directional significance, as it varies greatly depending on the area of study, issue at hand, etc., and instead, must be decided upon by those using the results. When reporting on directional significance, it is often helpful, especially when dealing with extremely large/small base sizes, to set a pre-determined threshold agreed upon in collaboration with the client and apply to all results.

A finite population correction may be applied to the margin of error when the sample size is at least 5% of the overall population. While this is the case for the total sample relative to the number of states and counties as we achieved just shy of 10%, the difference in significance testing outcomes for reporting is minimal. In an effort to simplify reporting and explanation for publication, the finite population correction is ignored.



Key Findings

1 FRAUD IS MORE FREQUENT AND COSTLY

The average monthly rate of applications and post-issuance cases determined as fraud has doubled since 2024. Identity, eligibility, and EBT-related fraud are contributing factors, along with more intentional program violations involving dual participation schemes.

The cost of fraud has risen sharply. For every \$1 value of benefits lost through fraud, the cost to SNAP agencies is \$4.14, up from \$3.93 in 2024.

The cost of fraud is higher where there is more EBT fraud, more online and mobile application/transaction volume, and more points of entry through integrated eligibility systems use.

3 DELAYS, ERRORS CAN BE REDUCED WITH FULLER INTEGRATION, PROCESS IMPROVEMENTS, BETTER DATA

More SNAP agencies experience application processing delays caused by resource limitations, application volume, and bad data. This is overwhelming case workers and leading to increased errors.

Agencies that have implemented more operating modernization, are more fully integrated with other programs and have access to accurate and complete data are more likely to meet APT thresholds, have reduced payment errors, and provide a better beneficiary experience.

2 EFFECTIVE DATA INTEGRATION CAN MINIMIZE FRAUD COSTS AND OPTIMIZE ELIGIBILITY DETERMINATIONS

IES use is expanding across human services programs, adding more access points to SNAP. This increases fraud risk and costs.

The cost of fraud has increased as more programs become integrated. For every \$1 value of benefits lost through fraud, it costs these agencies \$4.18, up from \$4.0 in 2024. This LexisNexis Fraud Multiplier™ increases to \$4.55 where IES covers 5 or more programs.

Fuller integration through IES coupled with information cross-sharing, cross-training on eligibility criteria and team integration that involves accurate/complete data and a reassessment of identity on applications originating outside of SNAP can bring the LexisNexis Fraud Multiplier back inline with the overall average (\$4.25).

4 FRAUD DETECTION SOLUTIONS PROVIDE THE QUALITY DATA THAT REDUCES FRAUD VOLUME AND COSTS

SNAP agencies are challenged with detecting fraud, particularly eligibility and identity, including dual participation.

Modernization and more complete program integration efforts are optimized when supported by quality data and analytics from fraud detection solutions. These particularly provide the necessary data that is currently challenging for many agencies.

Findings show that agencies which combine modernization and fuller integration with fraud detection solutions have a lower cost of fraud (\$3.98 for every \$1 of lost benefits value), representing a very small increase over 2024.

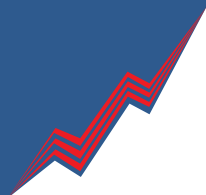
Key Finding 1

FRAUD VOLUME AND COSTS HAVE RISEN SHARPLY

Fraud Volume and Costs Have Risen Sharply

The level of SNAP application and post-issuance fraud has risen sharply, driving up the cost of fraud. Contributing factors involve increased use of digital channels that enable more identity-based fraud, impacting both applications and transactions.

Increasing Fraud & Cost



The average monthly rate of applications and post-issuance cases determined as fraud has doubled since 2024. This results in a sharp increase in fraud costs. For every \$1 value of benefits lost through fraud, it actually costs SNAP agencies \$4.14, up from \$3.93 a year ago.

Application Fraud



Increased SNAP application fraud involves increased identity and eligibility fraud, including intentional dual participation schemes by recipients. More online and mobile applications provide an environment for fraudsters to operate anonymously.

Transaction Fraud



Online and mobile channels are being used more often for EBT purchases. Scammers and criminal networks are using stolen identities and gaining unauthorized access to EBT accounts.

Increasing Fraud

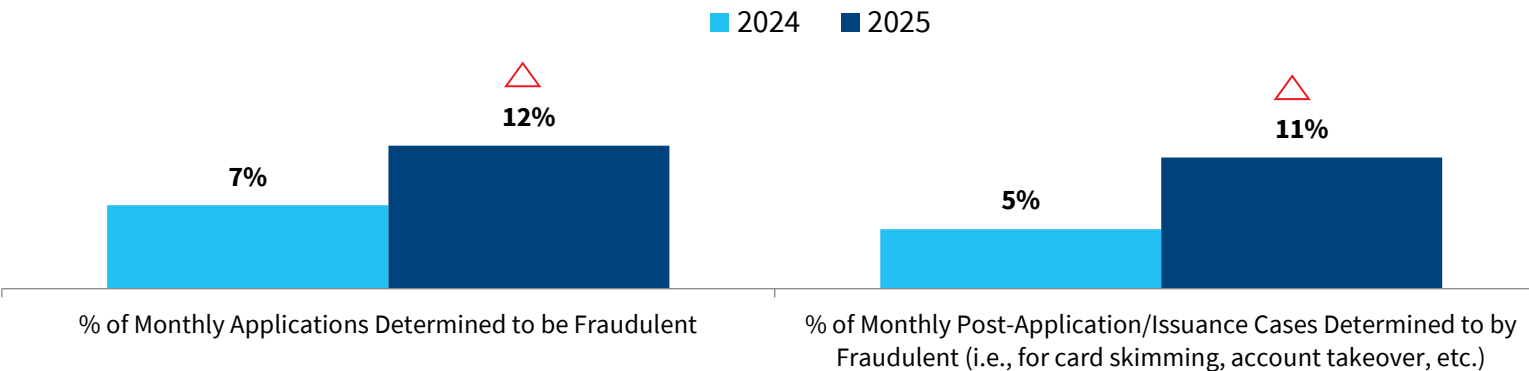


SNAP fraud has significantly increased during the past year.

The percent of monthly applications deemed fraudulent has nearly doubled, and post-issuance fraud cases have more than doubled.

KEY FINDING **1**

Percent of Monthly SNAP Applications Determined to be Fraudulent



△ Difference from previous year

Q: In a typical month, what percentage of **applications** are determined to be fraudulent (including account takeover)?

Q: In a typical month, what percent of cases are determined to be fraudulent **post issuance** (including trafficking, and monitoring changes that impact eligibility)?

Key factors for rising SNAP fraud involve:

Digital channel (online/mobile) – use of applications and EBT transactions.

EBT/account takeover fraud – criminal networks and scammers that acquire non-authorized point-of-sale terminals and account/card information for ATO and card cloning.

Intentional program violations (IPVs) – where someone knowingly misrepresents or withholds facts to receive benefits.

Eligibility fraud – through misreported income or household size to unlawfully access benefits.

Dual participation as a type of eligibility fraud – a person/household is knowingly receiving SNAP benefits in a different state.

Increased use of IES – agencies with IES have higher fraud rates and costs than agencies who do not cross-share data and perform cross-program eligibility training.

Increasing Cost of Fraud



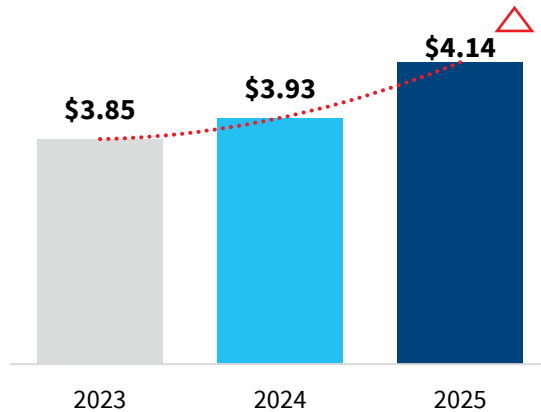
The cost of SNAP-related fraud has risen significantly.

Every \$1 value of benefits lost through fraud now costs SNAP agencies \$4.14.
For the first time, administrative costs contribute nearly as much to fraud costs as labor.

KEY FINDING **1**

The LexisNexis Fraud Multiplier™

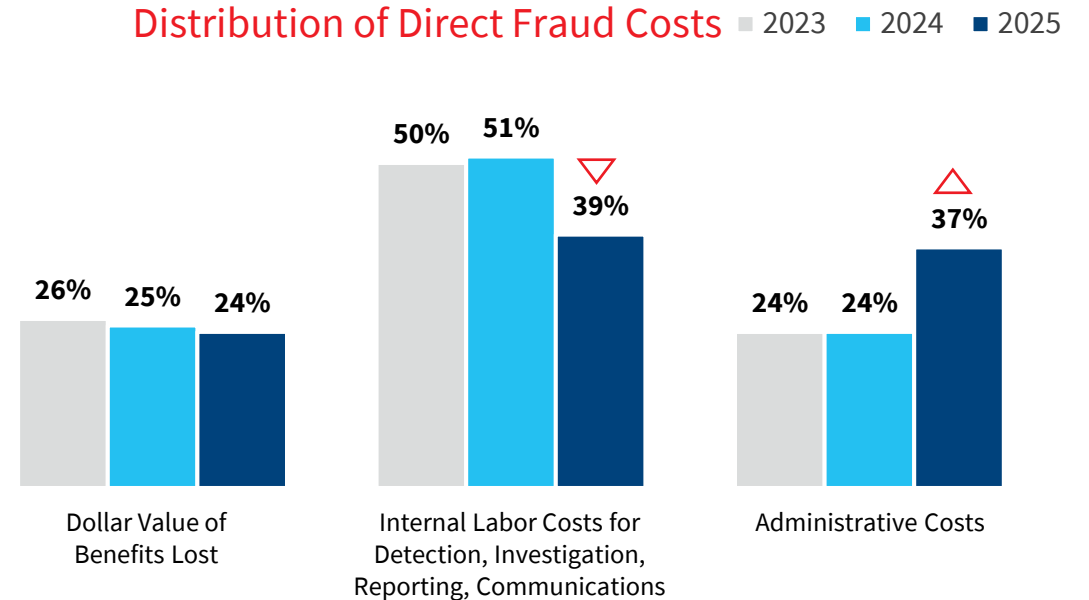
Every \$1 Value of SNAP Benefits Lost Actually Costs



Dollar Value of Benefits Lost

The value of benefits lost represents only 24% of total costs; there are additional costs that comprise another 76% of costs.

Distribution of Direct Fraud Costs



Administrative Expenses are Significantly Contributing to Fraud Costs

SNAP agencies attributed the following to rising administrative costs: collecting/recovering payment errors, external training for case workers, external audits, security updates & systems maintenance, collaboration with law enforcement & other agencies, employment of legal counsel, and efforts responding to appeals/disputes.

△ Difference from previous year

Q: Adding to 100%, what percentage do each of the following direct fraud costs account for your total SNAP fraud losses during the past year?

Contributing Factors



The cost of fraud increases when EBT fraud is more prevalent, there are more online/mobile transactions, there are more programs associated with the IES, and/or there are processing delays.

KEY FINDING 1

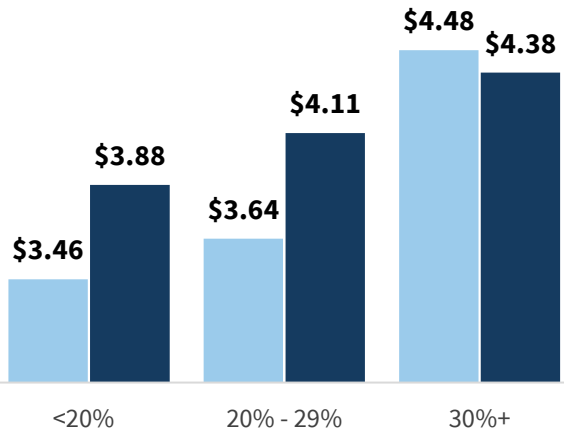


Types of Fraud

The LexisNexis Fraud Multiplier increases as the distribution of EBT skimming/account takeover increases compared to other fraud types

■ 2024 ■ 2025

LexisNexis Fraud Multiplier Based on % of EBT Fraud



△ Difference from previous year

Q: Adding to 100%, what percentage do each of the following account for your total SNAP fraud losses during the past year?

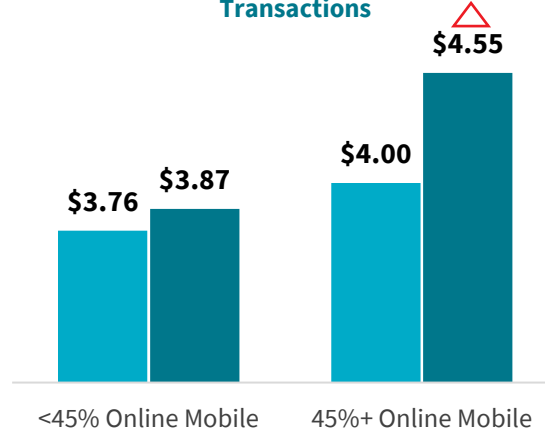


Online/Mobile Transactions

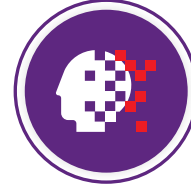
The LexisNexis Fraud Multiplier has risen sharply among agencies with nearly half or more transactions occurring via online/mobile

■ 2024 ■ 2025

LexisNexis Fraud Multiplier Based on % of Online/Mobile Transactions



Q: Indicate the percentage of SNAP applications submitted across each of the following channels used by your agency.

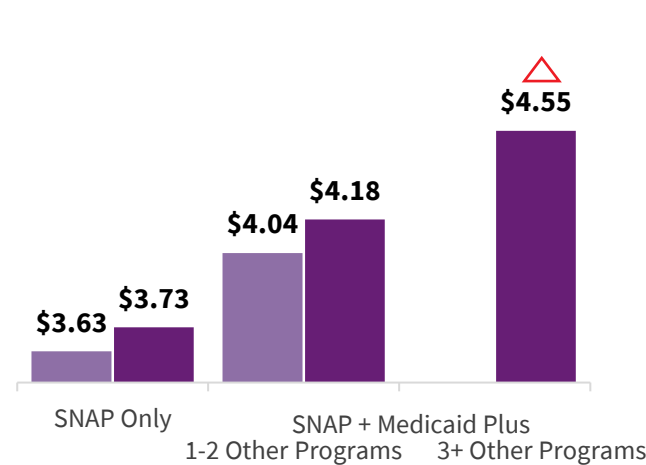


IES

The LexisNexis Fraud Multiplier increases significantly as the number of integrated eligibility programs rise. Where integration is stronger, fraud costs can lessen (see Section 2)

■ 2024 ■ 2025

LexisNexis Fraud Multiplier Based on IES vs. Non-IES



Q: For which human services benefit programs do you have responsibility for determining application eligibility?

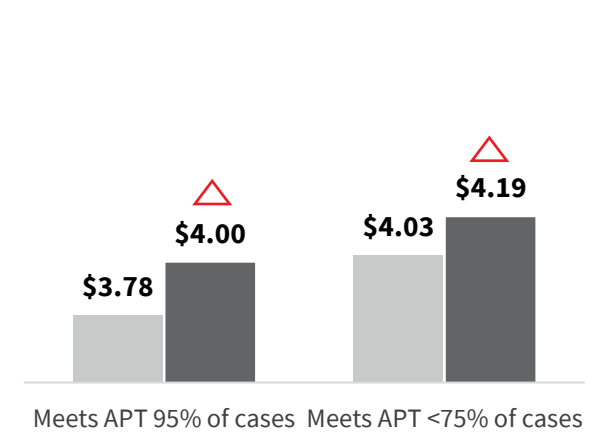


Inefficiencies, Backlogs, Delays

The LexisNexis Fraud Multiplier has risen even when 95% of cases meet the 30-day application timeline and is higher when it's missed.

■ 2024 ■ 2025

LexisNexis Fraud Multiplier Based on APT Performance



Q: What percent of your **regular** SNAP applications and payments have been processed within 30 days?

Application Fraud

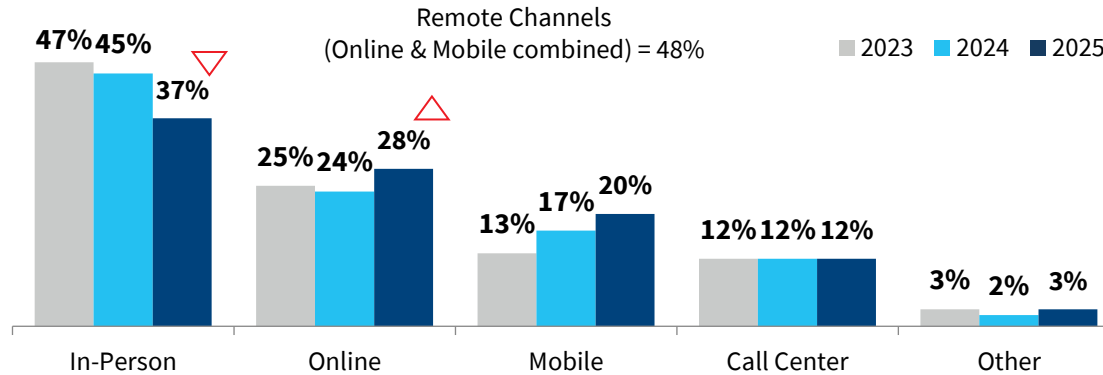


While in-person applications continue to be the single largest channel for SNAP application submissions and fraud costs, online and mobile applications are rising and shifting costs to these channels.

KEY FINDING **1**

Distribution of SNAP Application Across Channels in the Past 12 Months

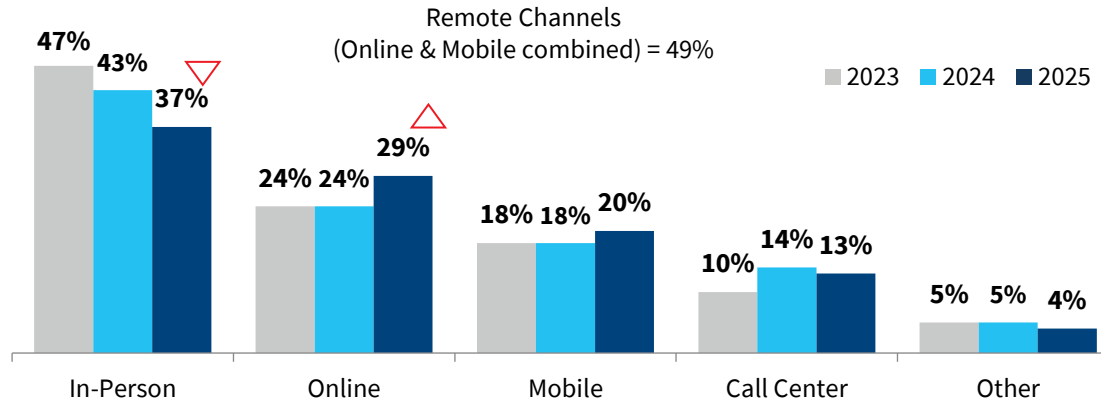
The distribution of combined online/mobile applications is now larger, for the first time, than in-person applications.



Distribution of SNAP Fraud Costs Across Channels in the Past 12 Months

Digital channels account for a significantly higher proportion of application-based fraud costs compared to 2024, up from 42% to 49%.

This rises to 56% for agencies that have integrated eligibility systems.



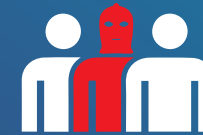
△ Difference from previous year

Q: Adding to 100%, please indicate the percentage of SNAP **applications** submitted over the past 12 months across each of the following channels used by your agency.



Growth of Digital Fraud

Expanded digital access has led to a rise in online and mobile SNAP application fraud, exposing new vulnerabilities.



Fraudulent Tactics Used

Common methods include identity theft and submitting false documents or information to obtain benefits.



Enhanced Security Responses

Strong identity verification to protect beneficiaries.

Application Fraud



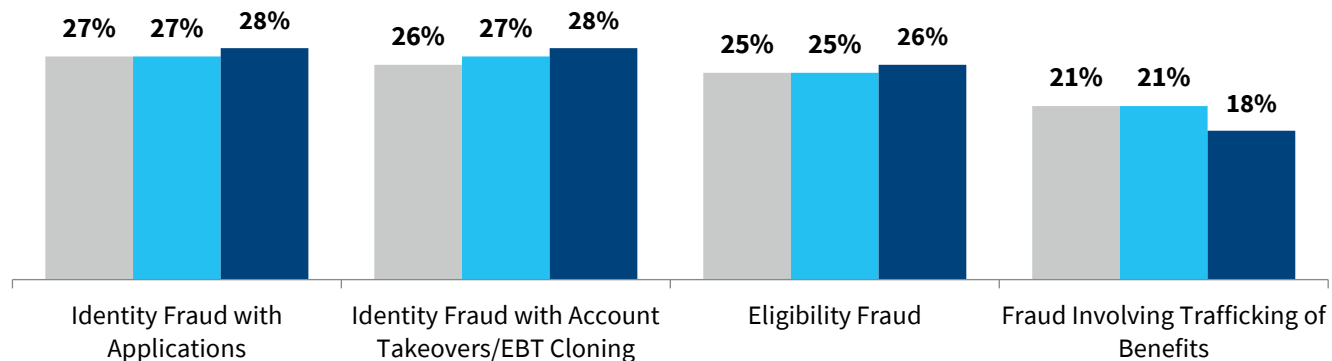
Eligibility and identity fraud continues to represent most fraud losses.

The percentage of monthly applications determined as fraudulent increases as eligibility and identity-related fraud increases, threatening program resources.

KEY FINDING 1

Distribution of SNAP Fraud Losses by Fraud Type

■ 2023 ■ 2024 ■ 2025



Providing false information on SNAP applications to illegally obtain benefits is a serious offense **undermining program trust**.

Using another person's identity to access SNAP benefits is a form of fraud that **exploits personal information**.

Misreporting income, household size, residency, or employment status to obtain or increase benefits **threatens program resources**.

SNAP recipients sometimes sell benefits for cash. Some retailers exchange discounted cash for SNAP benefits to commit fraud. Trafficking fraud **causes financial losses and diverts resources from families who truly need assistance**.

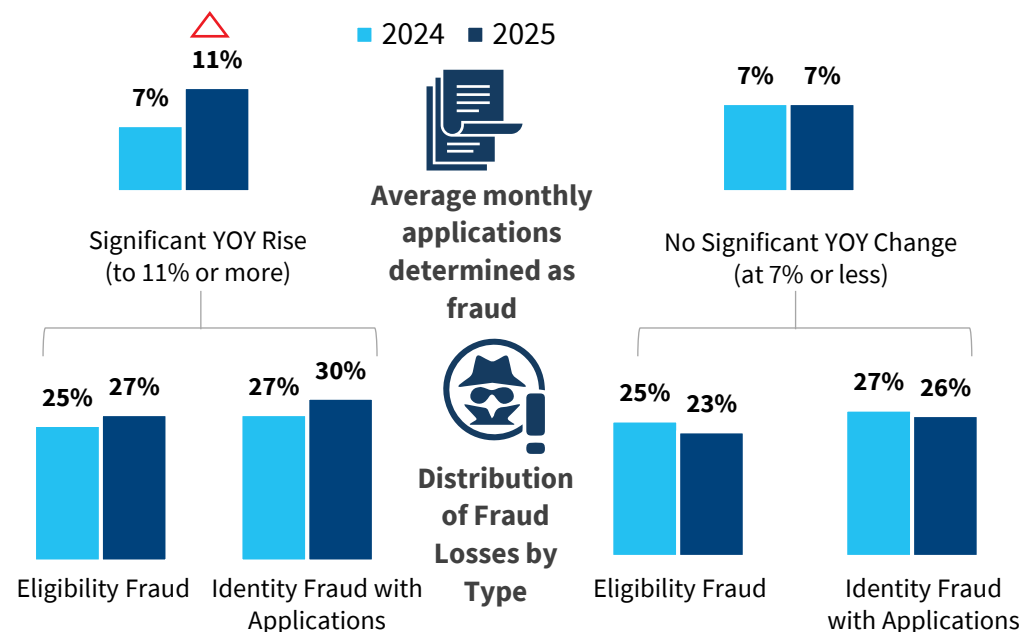
Q: Approximately, how much of your **fraud losses** would you attribute to each of the following types of fraud? To answer this, please distribute 100% across each of the following.

Q: In a typical month, what percentage of **applications** are determined to be fraudulent (including account takeover)?

Increased SNAP application fraud relates to increased eligibility and identity fraud.

Those reporting a rise in SNAP application fraud are more likely to have indicated a somewhat higher percent of fraud losses with eligibility and application identity compared to agencies indicating no rise in YOY application fraud.

SNAP Application Fraud Increase Related to Increased Eligibility and Identity Fraud



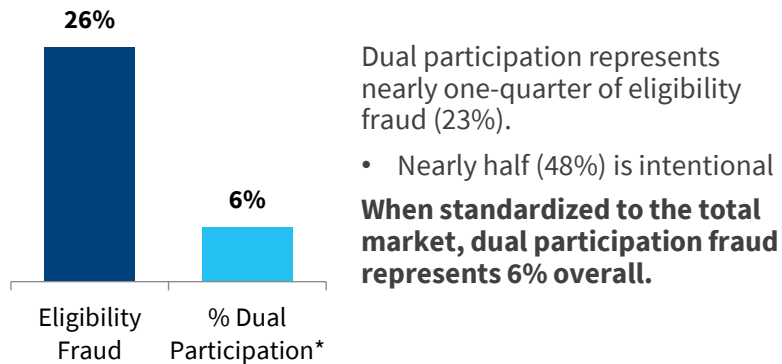
Application Fraud



Dual participation represents nearly one-quarter of eligibility fraud (roughly 6% of 26% eligibility fraud), with nearly half being intentional.

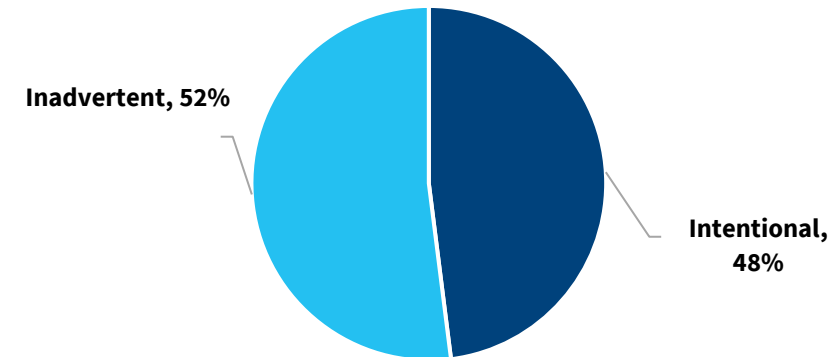
KEY FINDING **1**

Distribution of SNAP Fraud Losses (Eligibility Fraud)



Misreporting income, household size, residency, or employment status to obtain or increase benefits **threatens program resources.**

Degree that Dual Participation Fraud is Intentional vs. Inadvertent



* For this study, dual participation means receiving the same SNAP benefits multiple times within or across states.

Q: What percent of your eligibility fraud is due to dual participation by an applicant already receiving SNAP benefits in another state?

Q: Adding to 100%, approximately what percent of eligibility fraud due to dual participation by an applicant is intentional versus inadvertent?

Application Fraud

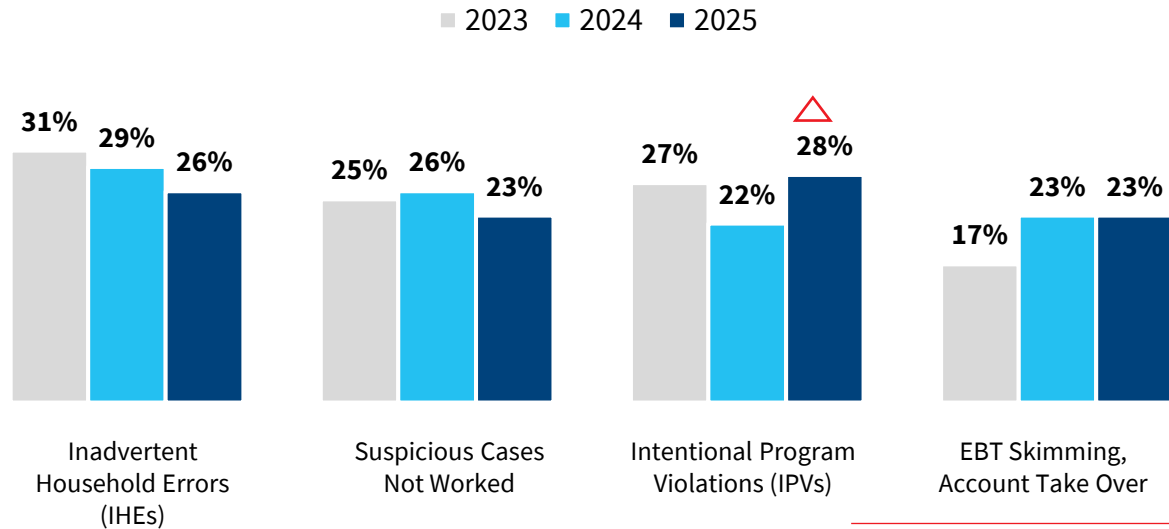


IPVs represent a larger distribution of SNAP fraud losses compared to 2024.

There is a direct relationship between a higher proportion of EBT skimming/account takeover fraud and an increase in monthly fraud.

KEY FINDING **1**

Distribution of SNAP Fraud Losses by Activity



Those with above average EBT skimming/ATO report a **higher percentage of monthly post-issue fraud compared to those with less EBT fraud (15% vs 8%).**

△ Difference from previous year

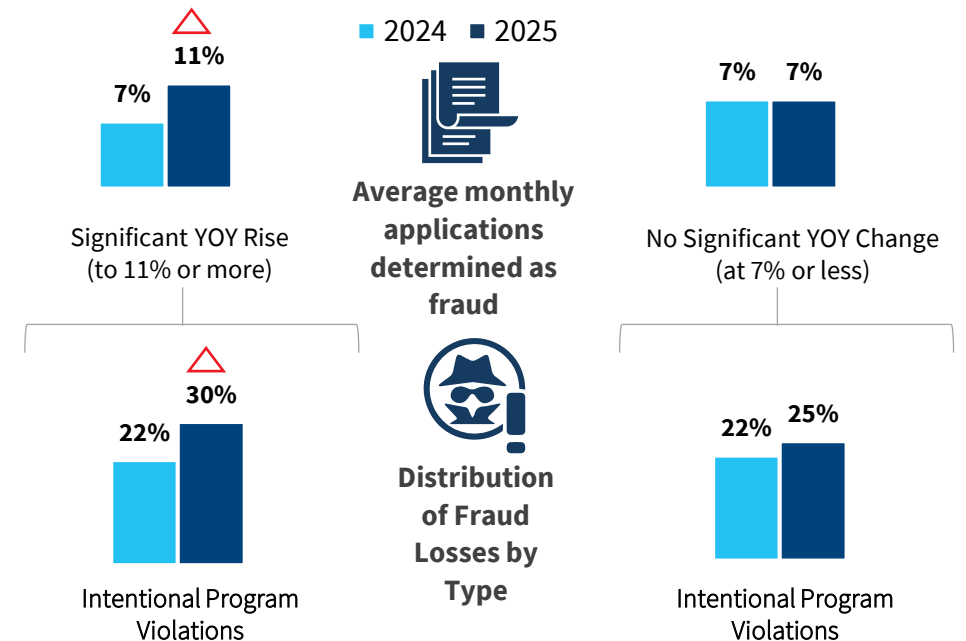
Q: Adding to 100%, what percentage do each of the following account for your **total SNAP fraud losses** during the past year?

Q: In a typical month, what percentage of **applications** are determined to be fraudulent (including account takeover)?

Increased SNAP application fraud relates to increased IPVs.

Those reporting a rise in the percent of fraudulent SNAP applications also report a sharper rise in the degree that IPVs contribute to overall fraud activity (30% compared to 25% among those with no rise in YOY application fraud).

SNAP Application Fraud Increase Related to Increased IPVs



Transaction Fraud

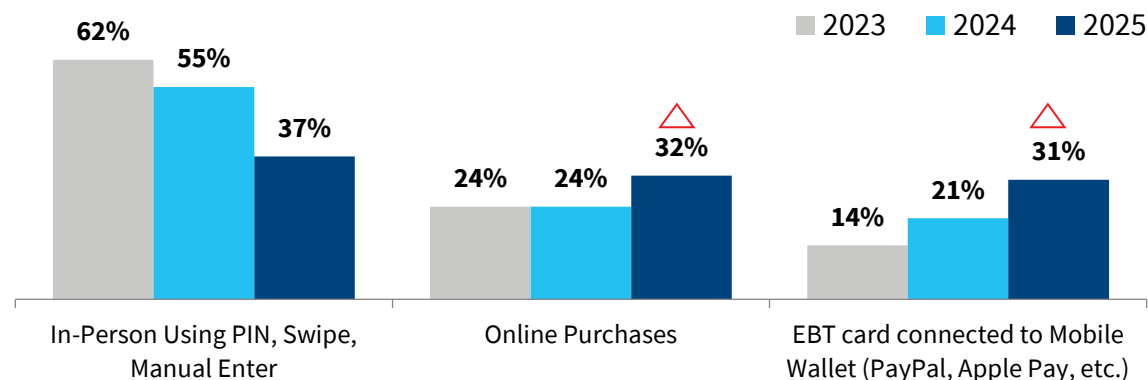


EBT-related fraud has become a multi-channel issue, as digital purchases increase and the distribution of fraud costs for remote channels are now at parity with in-person.

As EBT utilization patterns evolve, fraudsters are keeping up, using stolen identities to gain unauthorized access to EBT accounts.

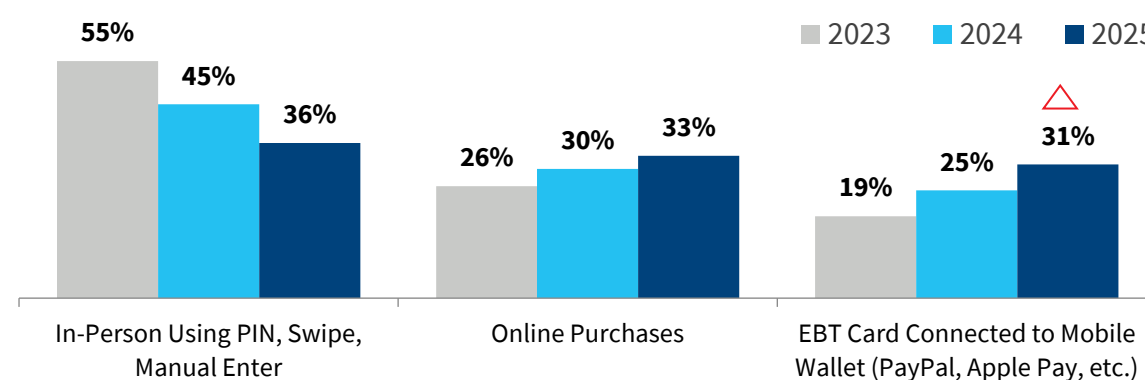
KEY FINDING 1

Distribution of EBT Card Transaction in Past 12 Months



The above does not necessarily point to less in-person EBT transactions, but rather that the distribution of transactions are equalizing across channels.

Distribution of EBT Fraud Costs Across Channels in the Past 12 Months



Remote channels (online/mobile) contribute more to EBT fraud costs than in-person, as the distribution of EBT fraud costs has shifted to online and mobile wallets.

The average number of EBT-related fraud cases per year is 2,300. It is higher for those with above average online and mobile channel EBT transactions (2,700) than those with above average in-person transactions (1,500).

This suggests that criminals are finding success in stealing account information and EBT card data to clone cards and/or use that data through the anonymous digital channel purchases.

△ Difference from previous year

Q: Please distribute 100 points to indicate the approximate percentage that total EBT transactions/purchases during the past 12 months were completed through the following methods.

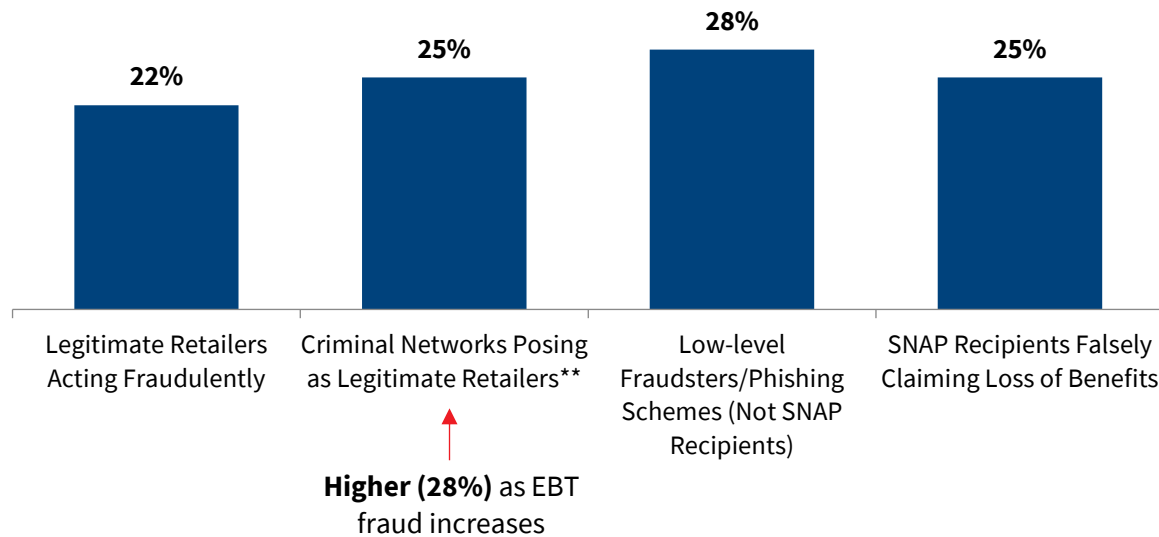
Q: Adding to 100%, please indicate the distribution of fraud across the following types of EBT card transactions during the past 12 months.



Among agencies tracking EBT transactions, phishing/scams account for just over one-quarter of EBT skimming/account takeover activity.

Criminal networks and recipients falsely claiming lost benefits, account for another one quarter each, with criminal network involvement increasing as the degree of EBT fraud rises.

Distribution of EBT Skimming/
Account Takeover Across Fraudulent Actors^{*/**}



Criminal Networks & EBT Fraud

Sophisticated Fraud Schemes

Criminals use stolen card data and fake transactions to exploit EBT retailers, making fraud detection increasingly difficult.

Retailer Collusion

Some retailers collaborate with criminals, facilitating fraudulent EBT transactions and increasing financial losses for the system. This can include criminal networks that acquire terminals on the dark web and supply them to retailers.

Impact on Trust and Oversight

EBT fraud erodes public trust, drains resources from families in need, and poses serious challenges for law enforcement agencies.

* First asked in 2025

** Findings shown for State/Large Counties that indicated monitoring EBT transactions for fraud

** Criminals that acquire a point-of-sale terminal on the dark web that's linked to an "approved" retailers

Q: Adding to 100%, what percent of your **EBT skimming/account takeover fraud** involves the following?

Contributing Factors



Fraudsters seek the weakest links across the SNAP beneficiary lifecycle.

Various, interconnected factors increase the risk for many agencies, highlighting the need for a multi-layered approach to improve the beneficiary experience and reduce backlogs.

KEY FINDING **1**

Types of Fraud & Their Complexity

Card skimmers are difficult to detect at point of sale, for both the merchant and beneficiary. Phishing scams capture Personally Identifiable Information (PII) that enables account takeovers. Application-based fraud risk is heightened when agencies have limited resources and data to verify identities and eligibility criteria.

Agencies need to be equipped with tools and analytics to detect various fraud topologies, assessing both physical and digital identity attributes and transactions.

Multi-Program Eligibility

Responsibility for eligibility across multiple human services programs adds complexity to the application decision process, which can lead to errors and make it more difficult to identify fraudsters. Access to multiple programs provides more opportunities for bad actors to interact with agencies.

Information cross-sharing is beneficial. Quickly accessible, accurate data is important, but agencies also need risk analytics tools across all touchpoints to effectively combat fraud.



Online/Mobile Transactions

Fraudsters hide through anonymity of online and mobile channels. Research shows that fraud is higher as more applications and transactions occur through these digitally remote channels.

Technology to assess the risk of the applicant and transaction/device can lower this risk and provide data to support identity authentication.

Inefficiencies, Backlogs, Delays

Application backlogs not only hurt people in need of essential benefits, but they can foster fraudulent submission of multiple applications to obtain improper benefits. Fraudsters take advantage. Case workers get overwhelmed. Suspicious cases go unworked. The client experience suffers.

Modernizing resources can reduce delays/backlogs, provide necessary risk analysis to reduce fraud, and improve both case worker and beneficiary experience.

Key Finding 2

EFFECTIVE DATA INTEGRATION CAN MINIMIZE FRAUD
COSTS AND OPTIMIZE ELIGIBILITY DETERMINATIONS

Better Integration Can Improve Eligibility Determinations & Lower Costs

Integration between SNAP and other Human Services agencies is growing through IES use coupled with cross-program information sharing, cross-training on eligibility and coordination of teams.

Increasing Program Alignment



IES implementation continues to expand and involve more eligibility connections between SNAP and other programs. Additional coordination involves cross-sharing of information, cross-training on eligibility criteria, and integration of teams.

Multi-Program Coordination



Use of an IES without other cross-sharing/training coordination tends to increase the cost of fraud given more access points to SNAP, particularly where agencies are not reassessing for identity with applications originating elsewhere. Agencies using only IES have a LexisNexis Fraud Multiplier of \$4.93. Those agencies that coordinate with other programs and reassess identity see lower costs at \$4.25.

Quality Data is Essential



Stronger coordination is only as good as the data available for eligibility decisions and identity verification. Agencies need better data, about assets, household composition, identity, and residency. Those agencies that have good data and reassess criteria on applications originating elsewhere make better eligibility decisions with higher confidence.

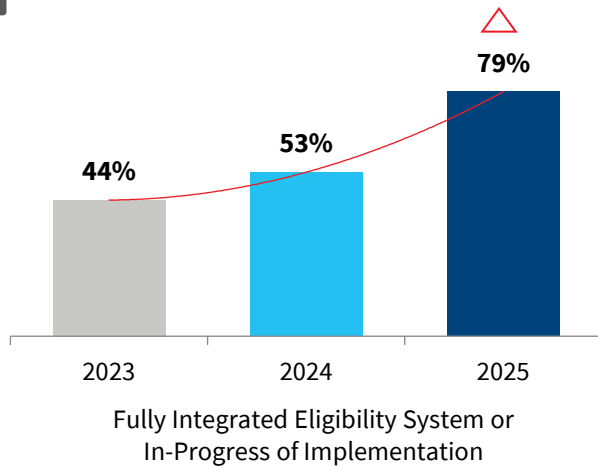


SNAP agency integration with other Human Services programs has grown significantly, involving implementation of integrated eligibility systems, cross-program eligibility training, and coordination of multi-program teams.



Systems

Increasing IES Implementation



Full Integration AND

73% indicated use of IES and program coordination; this should benefit case workers and applicants by reducing application burden and improving eligibility assessment.

48% say this involves three or more Human Services programs.

Partial Integration OR

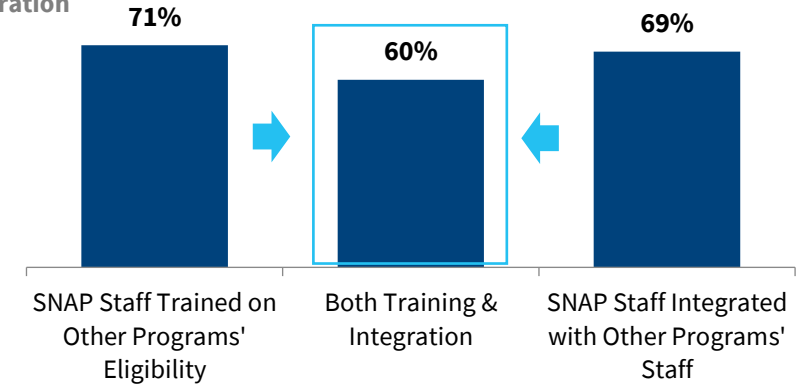
24% indicated either use of IES or cross-training or team integration but not both.



Team Skills,
Integration

Coordination Across Programs

Cross-Training and/or Co-Location



△ Difference from previous year

* IES will be referred to throughout this report, defined as Integrated Eligibility Systems; IES with broader responsibility refers to SNAP agencies responsible for more than just one other program (Medicaid + 1-3 other programs).

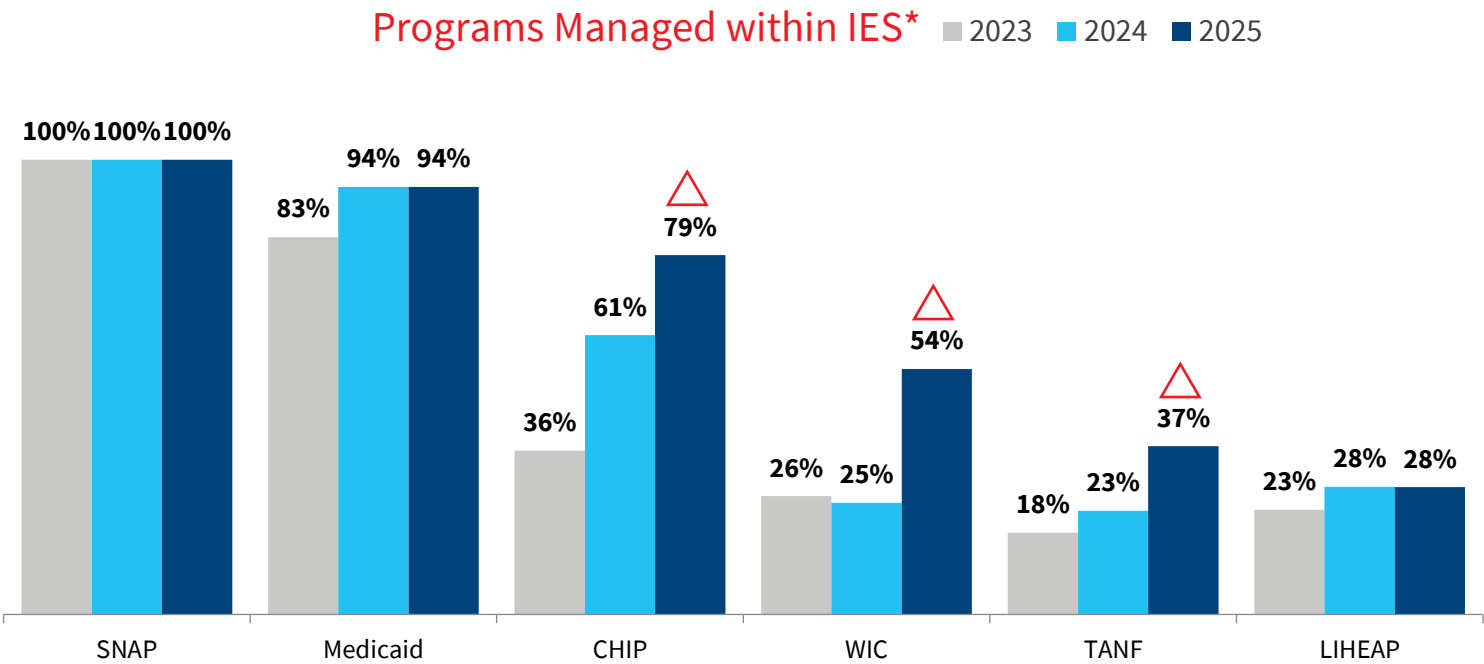
* This study was not a census of all SNAP agencies at the county and state level; therefore, the above reflects the incidence among participating agencies and could differ from the actual universe.

Q: Has your state implemented an integrated eligibility system (IES) that provides a common eligibility system to manage various Human Services Benefit programs?

Q: Are your SNAP eligibility staff integrated with other benefits programs (i.e., Medicaid, CHIPS, TANF, WIC), either through cross training on those programs' applications/renewals or where programs are housed within the same division (even if there are different program administrators)? First asked in 2025.

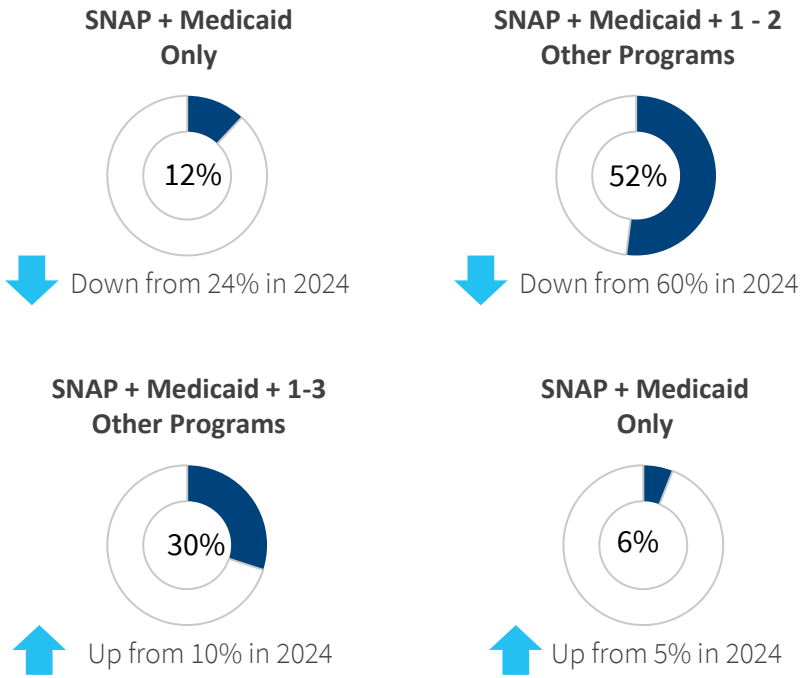
SNAP agencies using IES are expanding their footprint beyond Medicaid, most notably in Children’s Health Insurance Program (CHIP), Women, Infants, and Children (WIC), and Temporary Assistance for Needy Families (TANF).

This reduces client burden of having to submit multiple applications. It also benefits SNAP agencies through a streamlined eligibility assessment. However, different programs have different eligibility requirements, which can become a barrier to these efficiencies.



Difference from previous year
 * This study was not a census of all SNAP agencies at the county and state level; therefore, the above reflects the incidence among participating agencies and could differ from the actual universe
¹ Data Coordination at SNAP and Medicaid Agencies, a collaborative study between Benefits Data Trust (BDT) and the Center for Health Care Strategies (CHCS), May 2023.
 Q: For which of these Human Services Benefit programs do you have direct responsibility for and/or oversight of determining application eligibility?

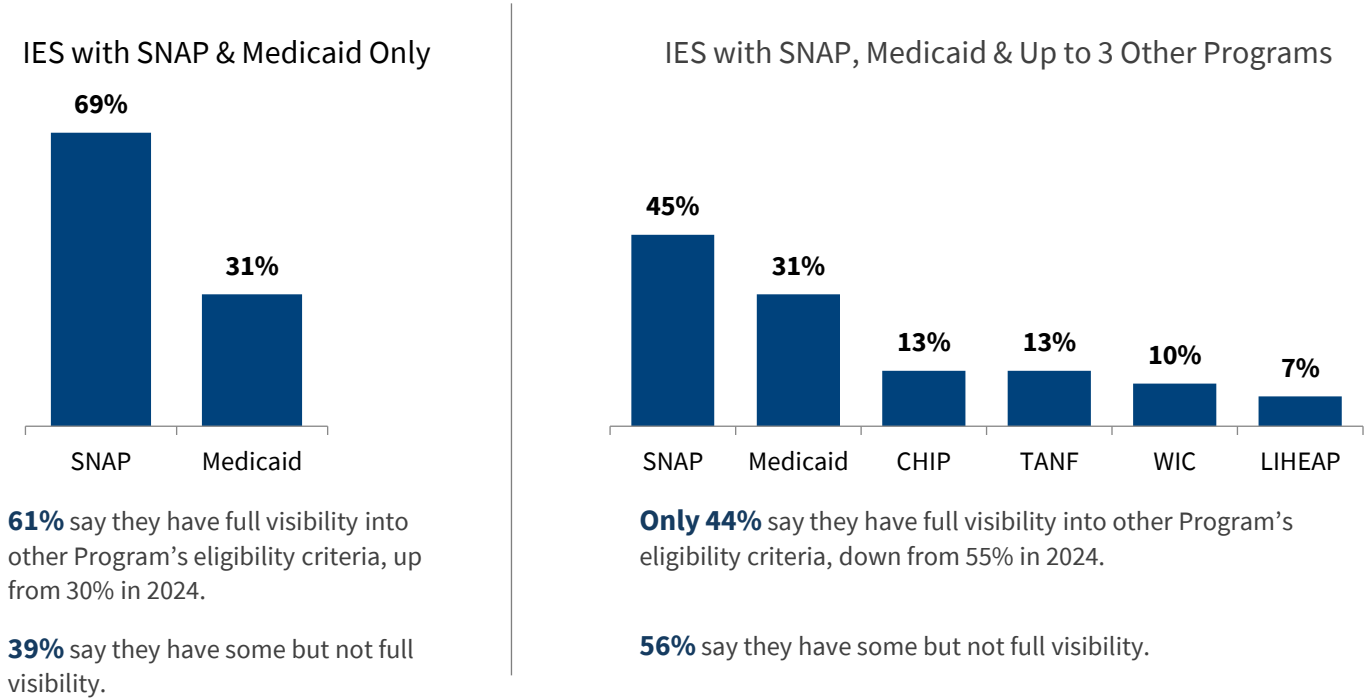
% SNAP Agencies with Eligibility Oversight for Other Human Services Benefit Programs via IES



Roughly one-third of SNAP applications originate from Medicaid. Over half originate from other programs as IES broadens.

Only just over half of SNAP agencies that integrate with Medicaid indicate full visibility into its specific eligibility criteria. Fewer say this about other programs.

Average Percent of Applications Originating From Programs*



* Can add to more than 100% since respondents answered only for those programs they oversee/are integrated with, which differs by agency

Q: Adding to 100%, what percent of your state’s integrated eligibility system applications originate from the following programs.

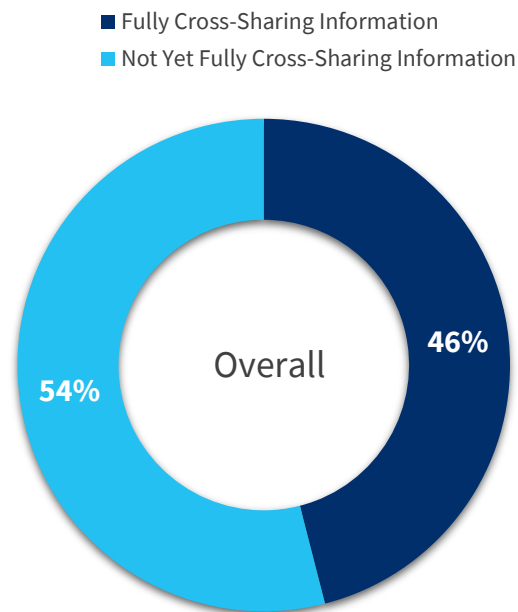
Q: Do you have visibility into specific eligibility criteria of other programs where an application originates, before being assessed by your SNAP agency?



Just under half of SNAP agencies fully cross-share information with other Human Services programs and have full visibility into their eligibility criteria.

Cross-training and team integration can strengthen this, including an understanding of different eligibility thresholds and definitions when assessing application data from other points of origination. This increases the effectiveness of an integrated eligibility system.

Degree of Cross-Program Information Sharing Among IES Agencies



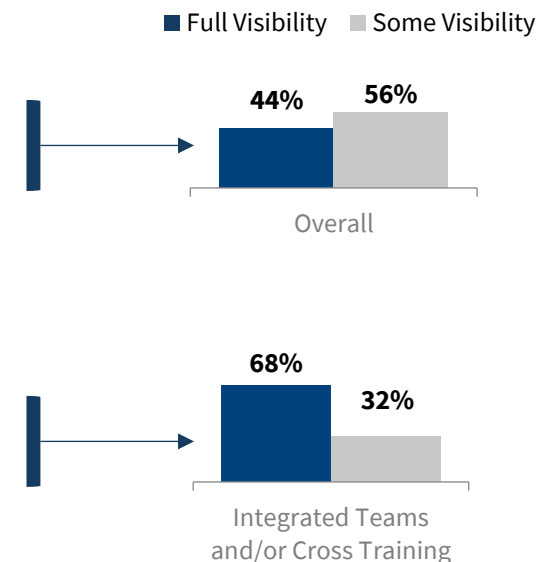
Compared with the overall, slightly more of those with Broader IES (**48%**) fully cross-share.

- **Nearly all of these** have full visibility into other program's eligibility criteria.

Among Broader IES that also cross-train on eligibility and integrate teams with other programs, **70%** fully cross-share.

- **Nearly all of these** have full visibility into other program's eligibility criteria.

Degree of Visibility Into Specific Eligibility Criteria Originating Prior to SNAP Assessment



Q: Do you have visibility into specific eligibility criteria of other programs where an application originates, before being assessed by your SNAP agency?
Q: Please select your agency's level of integration in its IES.



Applications originating from and vetted by other Human Services programs are most often reassessed by SNAP for medical expenses, assets and citizenship, with household composition and residency added as IES broadens.

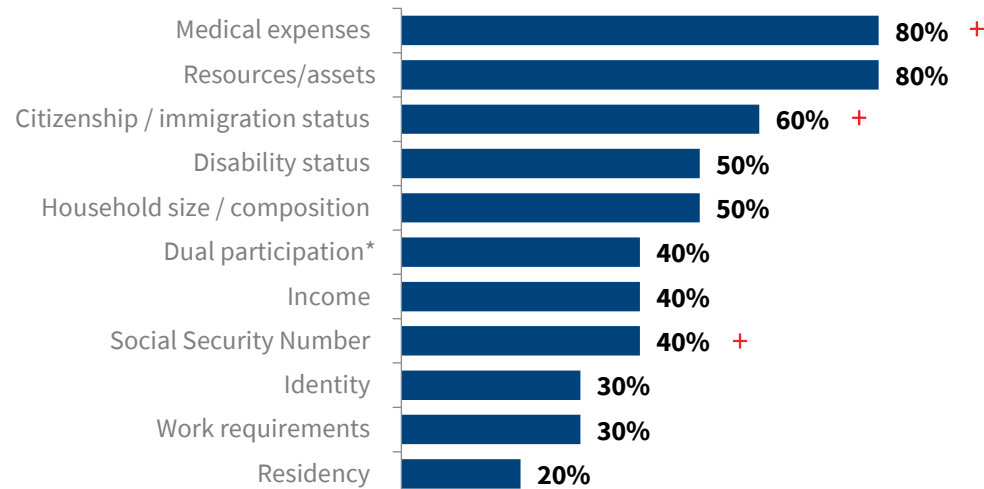
Income, identity, and dual participation are reassessed less often, suggesting that some SNAP agencies assume an IES minimizes the need for ongoing fraud assessment.

Risk of fraud, errors, and cost-shifting penalties from new federal legislation increases where reassessment factors are limited.

Eligibility Factors Reassessed by SNAP Where They Are Evaluated at Other Program Origination

SNAP & Medicaid-Only IES

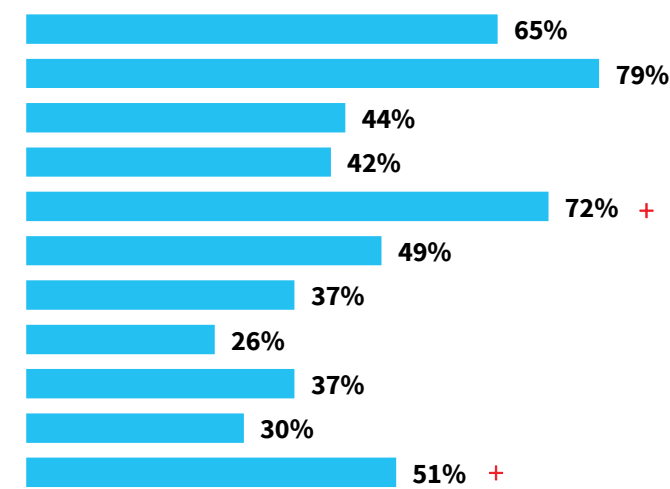
Agencies with 30% or More Applications Originating from Medicaid



+ Significantly higher than other segment

SNAP & Medicaid + 1-3 Other Programs IES

Agencies with 60% + Applications Originating from Other Programs



Increased Risk of Fraud & Errors

Limited reassessment for identity and dual participation increases fraud risks to SNAP where criminals have gotten through verification/security protocols at earlier program stages. If left unchecked, SNAP agencies assume this risk.

Varying income eligibility thresholds across programs could lead to decisioning error.

- Self-attestation of household composition allowed by Medicaid should be verified through government or third-party sources.
- Differences exist between Medicaid and SNAP for income, with child support factored into the latter.

Stricter work requirements for SNAP and Medicaid from recent federal legislation underscores the importance of reassessing these eligibility factors to minimize payment errors and associated state penalties.

* For this question, dual participation is defined as receiving the same benefits multiple times within or across states.

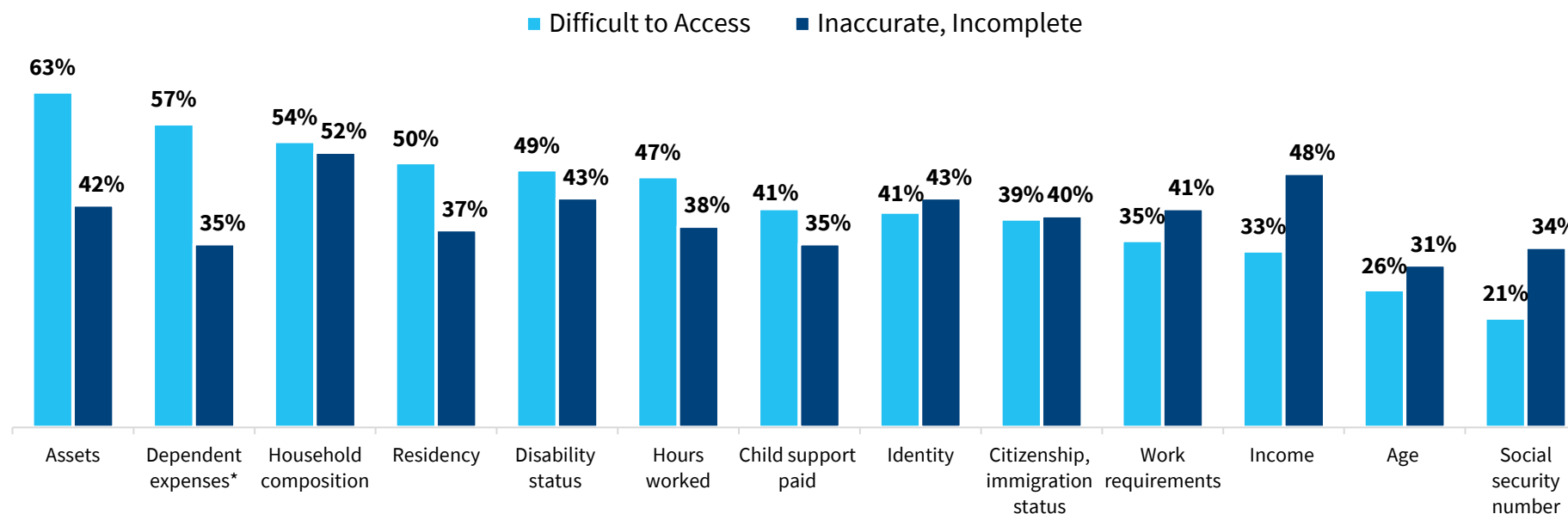
Q: For SNAP applications that originate through applications to other programs, which eligibility factors do your case workers assess/verify for SNAP even where these have been vetted at origination by another program? First asked in 2025



Most SNAP agencies indicate access barriers with verification data, particularly those used to determine correct benefit levels and fraud. When coupled with data quality issues most reported with household composition and income, this leads to payment errors.

Just under half indicate access and quality issues with identity-related data, which becomes a barrier to reassessing for fraud on applications coming from other programs. Limited access to residency can particularly impede determining dual participation across states.

Data Access & Data Quality for Assessing Application Fraud Among First Time Applicants



* Dependent care expenses other than child support

Q: Which of the following data elements are typically challenges when determining if there is SNAP application fraud, either because of difficulty accessing or being incorrect/incomplete? First asked in 2025

Q: For SNAP applications that originate through applications to other programs, which eligibility factors do your case workers assess/verify for SNAP even where these have been vetted at origination by another program? First asked in 2025.

SNAP Agencies Not Reassessing Identity

SNAP + Medicaid Only Integration

- 70% say **identity data is incomplete** or inaccurate.

SNAP + Medicaid + 1-3 Other Programs

- 50% say **identity data access** is a challenge, regardless of data sharing.
- 48% that do not cross-share say that **identity data is inaccurate** or incomplete.
- **Conclusion:** Some agencies believe that identity verification is adequate if done at point of origination, but other agencies do not reassess based on data-related issues.

Other Notable Differences

Non-IES Agencies

- 54% indicate **access issues with identity data**.
- 61% indicate **quality issues with asset data**.

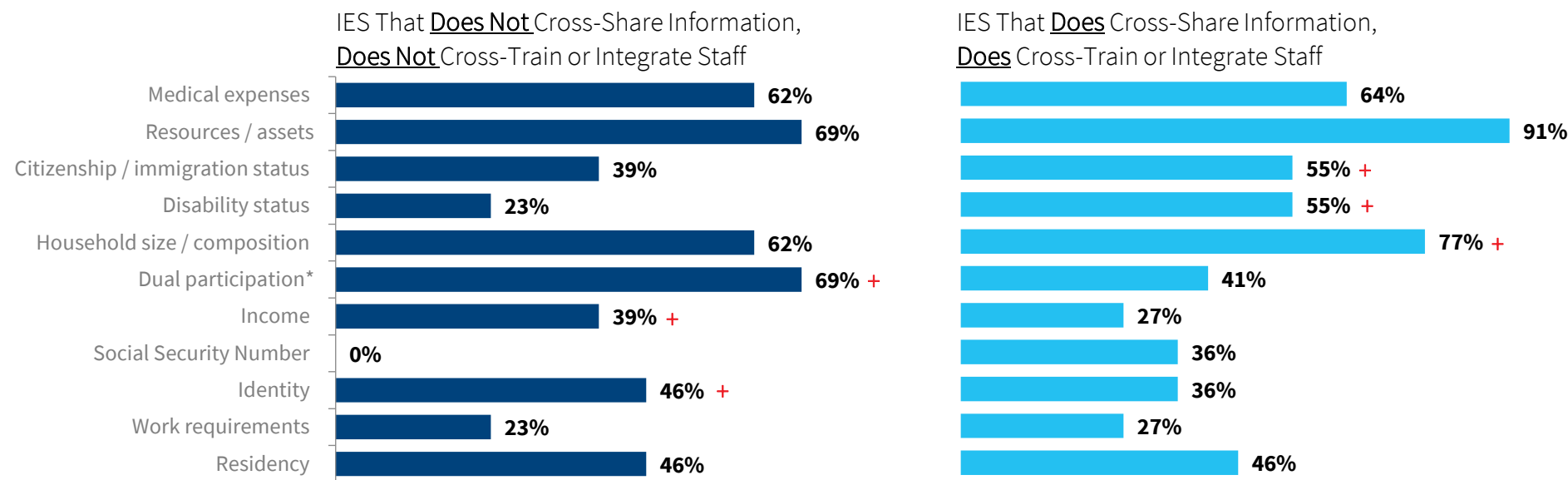


Information cross-sharing and multi-program integration increases the reassessment of some eligibility factors, particularly resources/assets and household composition.

However, data access and quality challenges exist regardless of the level of cross-program information sharing.

Eligibility Factors Assessed/Verified by SNAP Case Workers Where They Have Been Evaluated at Other Program Origination

SNAP & Medicaid + 1-3 Other Programs IES; 60% or More Applications Originate from Other Programs



+ Significantly higher than other segment

IES That Does Not Cross-Share Information

- 66% say household composition data access is a challenge.
- 72% say disability data is difficult to retrieve.
- 53% say dependent care, used to support Modified Adjusted Gross Income (MAGI) income assessment, is difficult to access.
- 56% indicate quality issues with asset data.
- 50% indicate identity data quality issues.

IES That Does Cross-Share Information

- 62% say identity data access is a challenge.
- 69% say disability data is difficult to retrieve.
- 69% say dependent care, used to support MAGI income assessment, is difficult to access.
- 50% indicate quality issues with income, household composition and citizenship data.

* For this question, dual participation is defined as receiving the same benefits multiple times within or across states.

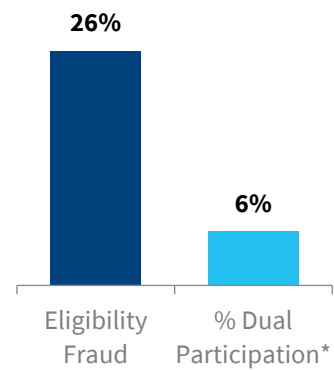
Q: For SNAP applications that originate through applications to other programs, which eligibility factors do your case workers assess/verify for SNAP even where these have been vetted at origination by another program? First asked in 2025



Determining dual participation is more challenging for SNAP agencies that limit their data sharing efforts.

Those agencies that share information with other programs and states, use the National Accuracy Clearinghouse (NAC), and have access to accurate residency data are more effective at identifying dual participants.

Distribution of SNAP Fraud Losses (Eligibility Fraud)



Dual participation represents nearly one-quarter of eligibility fraud (23%).

- Nearly half (48%) is intentional

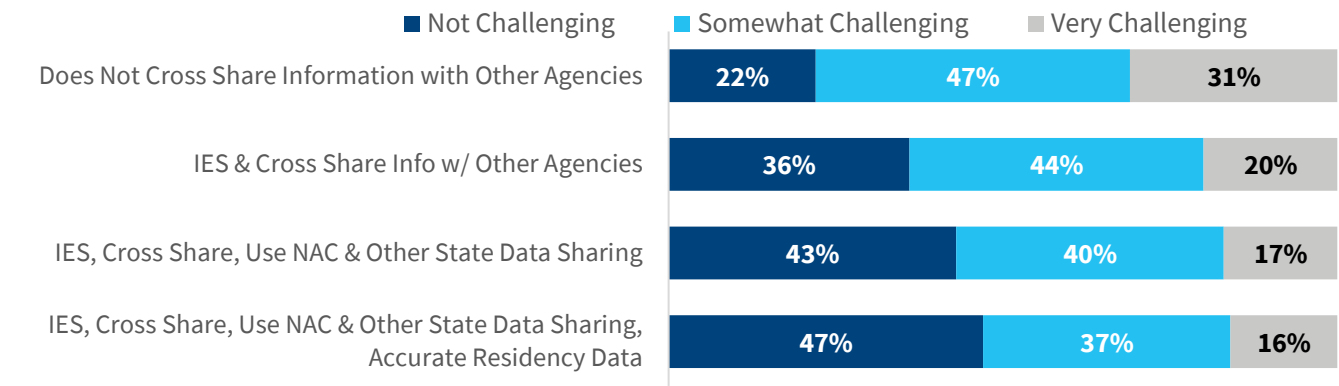
When standardized to the total market, dual participation fraud represents 6% overall.

Misreporting income, household size, residency, or employment status to obtain or increase benefits **threatens the program’s resources.**

Data Sources Used to Determine Dual Participation*

67%	63%	64%
Use the NAC	Use Public Assistance Reporting Information System (PARIS)	Use data sharing agreements with other states
88% who say determining dual participation is not challenging use NAC		

Degree That Dual Participation is a Challenge to Determine



* For this study, dual participation means receiving the same SNAP benefits multiple times within or across states.

** Cross sharing of eligibility and identity information with other Human Services programs; NAC refers to the National Accuracy Clearinghouse

Q: What percent of your eligibility fraud is due to dual participation by an applicant already receiving SNAP benefits in another state?

Q: Adding to 100%, approximately what percent of eligibility fraud due to dual participation by an applicant is intentional versus inadvertent?

Q: Using a 5-point scale, where “5” is “significantly challenging” and “1” is “not at all challenging”, how challenging is determining dual participation with SNAP benefits? By that, we mean receiving the same SNAP benefits multiple times within or across states.

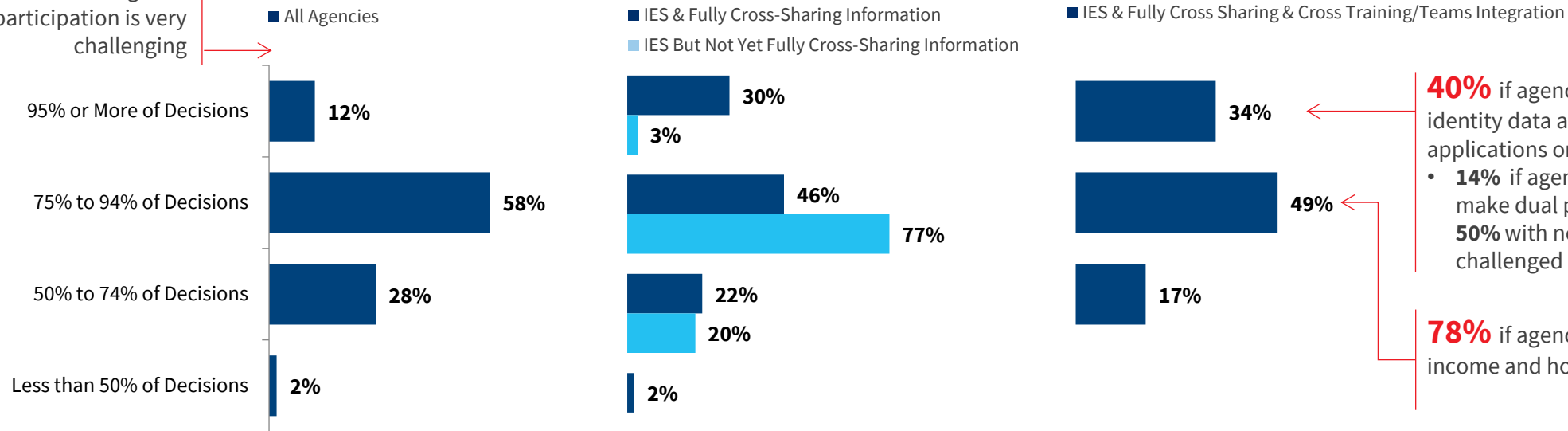


Many SNAP agencies lack confidence in their eligibility decisions, especially IES that do not cross-share information with other programs.

Confidence is higher among more fully integrated agencies, particularly with access to correct and complete identity data used to reassess applications originating from other programs. However, other data quality issues can still limit confidence indicating that there is no single data source as a magic solution.

Confidence with Percent of First-Time Application Eligibility Decisions Based on all Data Sources Available

2% if agency indicates determining dual participation is very challenging



40% if agency has access to correct, complete identity data and uses that to reassess applications originating from other programs.

- **14%** if agency has data quality issues that make dual participation very challenging (vs **50%** with no quality issues and not challenged with dual participation).

78% if agency has quality issues with income and household composition data.

Stronger Integration

Q: Based on all data your case workers have access to, including from applicants, government and commercial data sources, what is your level of confidence with the accuracy of your SNAP eligibility decisions with NEW, FIRST-TIME applicants? First asked in 2025

Added Fraud Risk & Costs

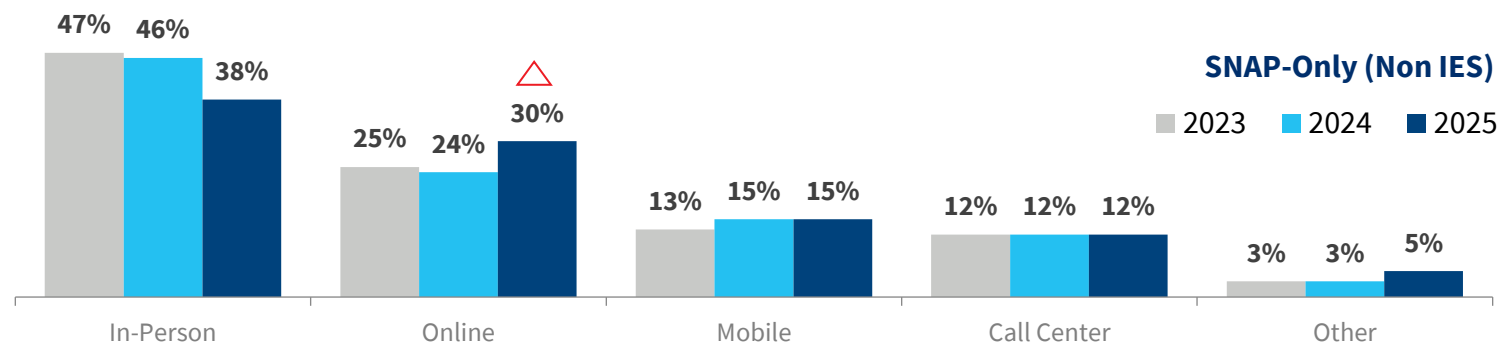


While online applications are increasing, both online and mobile channel use is somewhat larger as IES broadens to involve more Human Services programs.

This adds more access points to SNAP, contributing to increased fraud risk.

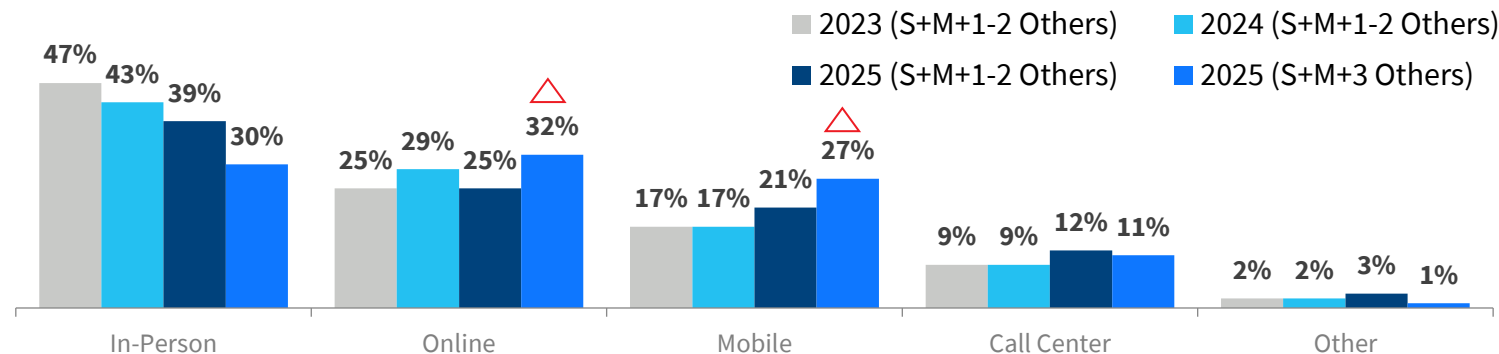
KEY FINDING 2

Distribution of SNAP Applications Across Channels in the Past 12 Months



Consistent with trends shown earlier, online applications are increasing across the board, regardless of integrated status.

SNAP + Medicaid + Other Programs



Online and mobile application volume is higher as integration broadens to involve more agencies. Those integrating SNAP + Medicaid + 3 other programs report a higher distribution of online and mobile applications than others (32% and 27% respectively).

△ Difference from previous year (or other 2025 segment)

Q: Please indicate the percentage of SNAP applications submitted over the past 12 months across each of the following channels used by your agency.



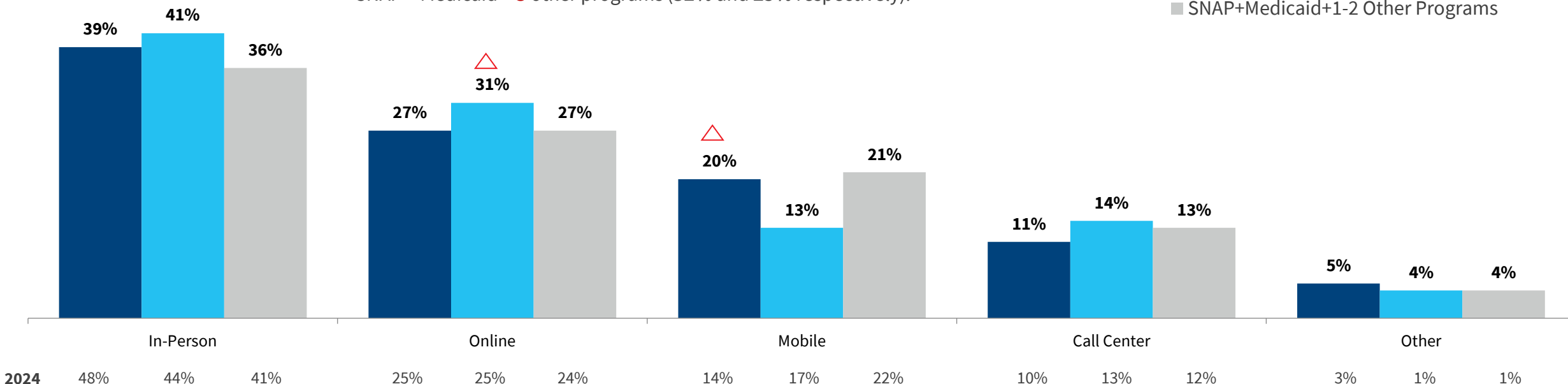
Online and mobile applications are contributing to more fraud costs as integrated eligibility systems involve more Human Services programs.

Few of these IES agencies (34%) say they reassess/verify identities with applications originating through digital channels at other programs.

Distribution of SNAP Application Fraud Costs Across Channels in the Past 12 Months

Online and mobile fraud costs are higher as integration broadens to integrating SNAP + Medicaid + **3** other programs (32% and 25% respectively).

■ SNAP-Only (Non_IES)
■ SNAP+Medicaid Only
■ SNAP+Medicaid+1-2 Other Programs



△ Difference from other percentage findings within channel

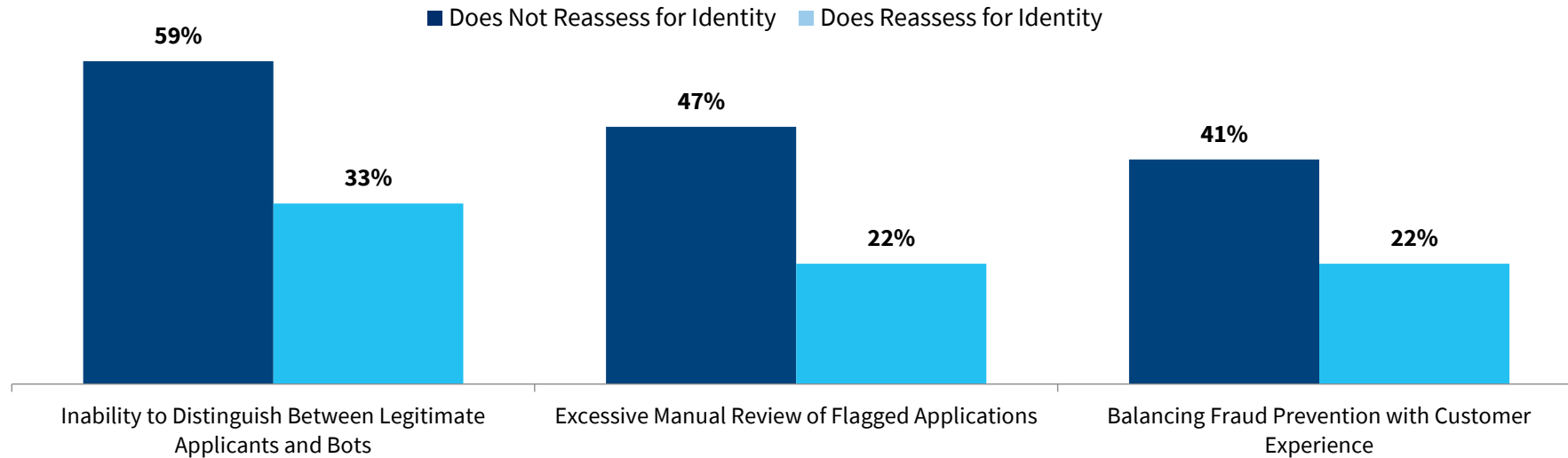
Q: Adding to 100%, please indicate the percent of fraud costs generated through each of the following channels currently used for SNAP applications (as a percentage of total annual fraud losses).



For more broadly integrated SNAP agencies, reassessing for identity on applications originating with other programs can reduce challenges associated with identifying bots, completing manual reviews, and balancing fraud detection with the optimal customer experience.

Challenges Detecting Application Fraud Across Channels

SNAP & Medicaid + 3 Other Programs IES; 60% or More Applications Originate from Other Programs; Have Above Average Fraud Costs Attributed to Online and Mobile Channels



Q: Which of the following are key challenges related to fraud when processing SNAP applications.

Q: For SNAP applications that originate through applications to other programs, which eligibility factors do your case workers assess/verify for SNAP even where these have been vetted at origination by another program?

Fuller Integration



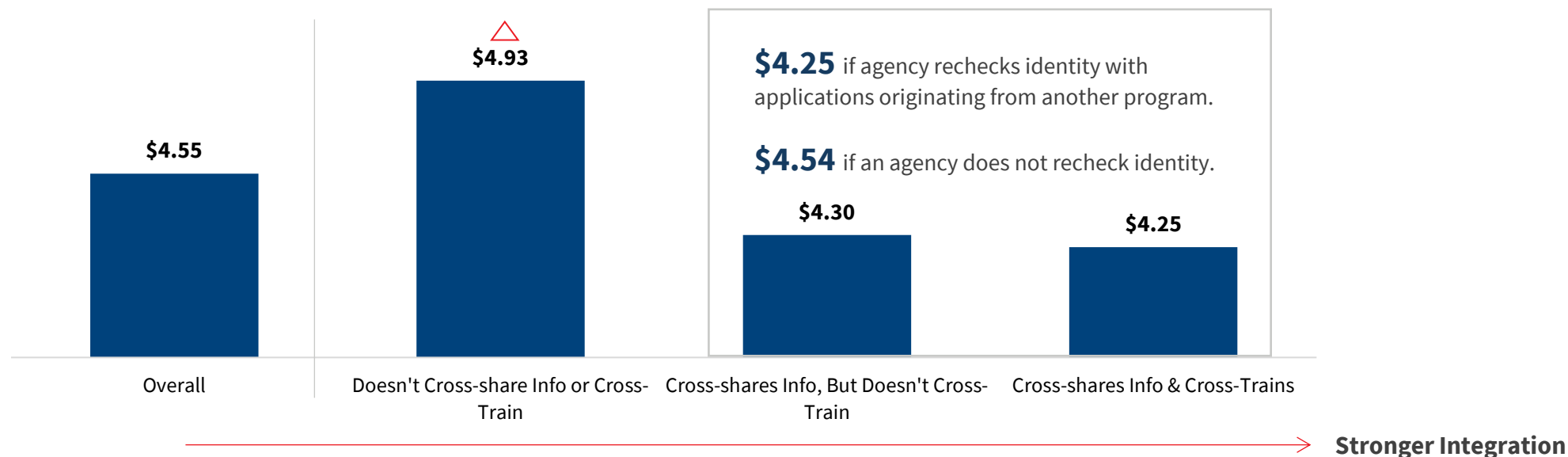
Agencies with integrated eligibility systems have a higher cost of fraud, though that can be lessened through stronger integration with cross-sharing of information, cross-training of teams, and completing identity verification on applications originating from other programs.

KEY FINDING 2

Impact of Cross-Sharing Information & Cross-Training Teams

(SNAP + Medicaid + 1 – 3 Other Programs)

Every \$1 of Benefits Value Lost Actually Costs . . .



△ Difference from other responses

Q: For which of these human services benefit programs do you have direct responsibility for and/or oversight of determining application eligibility?

Q: Please select your agency's level of integration in its IES.

Q: Are your SNAP eligibility staff integrated with other benefits programs (i.e., Medicaid, CHIPS, TANF, WIC), either through cross training on those programs' applications/renewals or where programs are housed within the same division (even if there are different program administrators)?

Key Finding 3

DELAYS, ERRORS CAN BE REDUCED WITH MORE
COMPLETE INTEGRATION, PROCESS
IMPROVEMENTS, AND BETTER DATA

Delays, Errors Can Impact Both Staff & Applicants

SNAP teams are overwhelmed with increased application volume, staff/resource gaps, and data that can be difficult to access or is inaccurate. These issues can lead to an increase in application processing delays and payment errors.

Performance Delays & Errors



Significantly more agencies are missing the required APT threshold of 95% application completion within 30 days. These agencies are overwhelmed with application volume, staffing shortages, and outdated systems and data. Over half have a payment error rate at or above the national average.

Modernization & Fuller Integration



Agencies that have implemented more operating modernization and are more fully integrated with other programs are more likely to meet APT thresholds and have lower payment error rates. This improves the beneficiary experience.

Data Must be Accurate & Complete



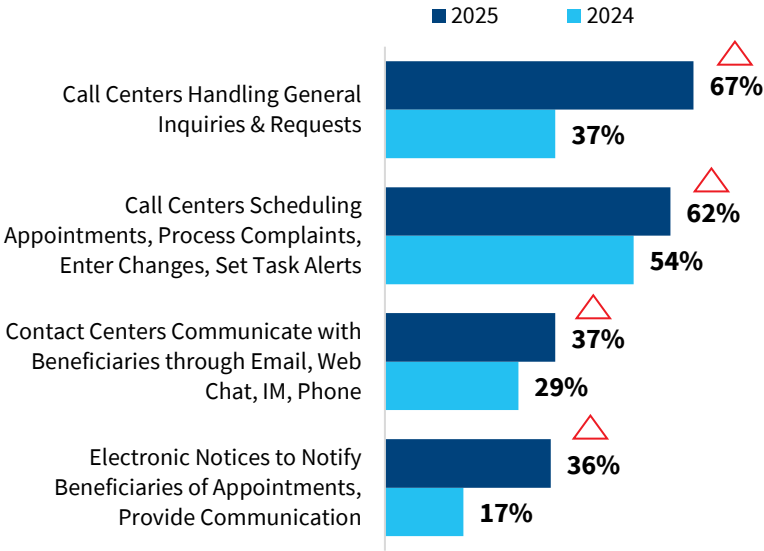
Accurate assessment of eligibility and fraud requires quality data. Accessible and correct identity verification increases the ability to reassess identity with non-SNAP originating applications, which also improves APT performance.

SNAP agencies continue to modernize operating processes across various areas, with the most significant changes impacting call centers.

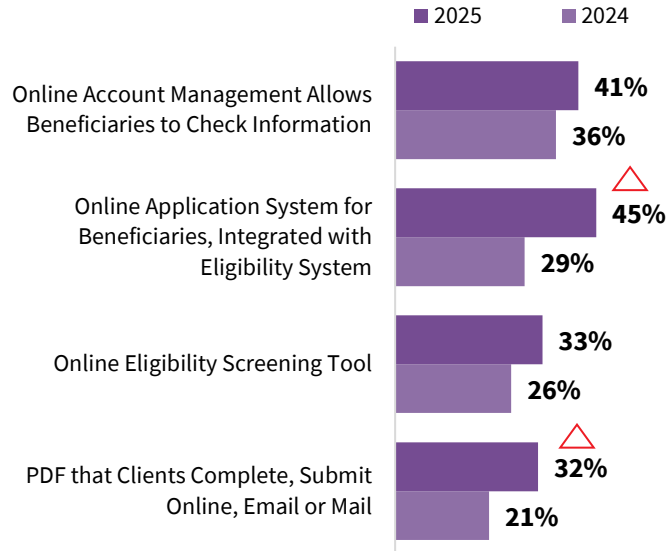
Online application and case management systems are also being implemented while digital authentication and other self-service features remain limited.

Operating Modernization Features

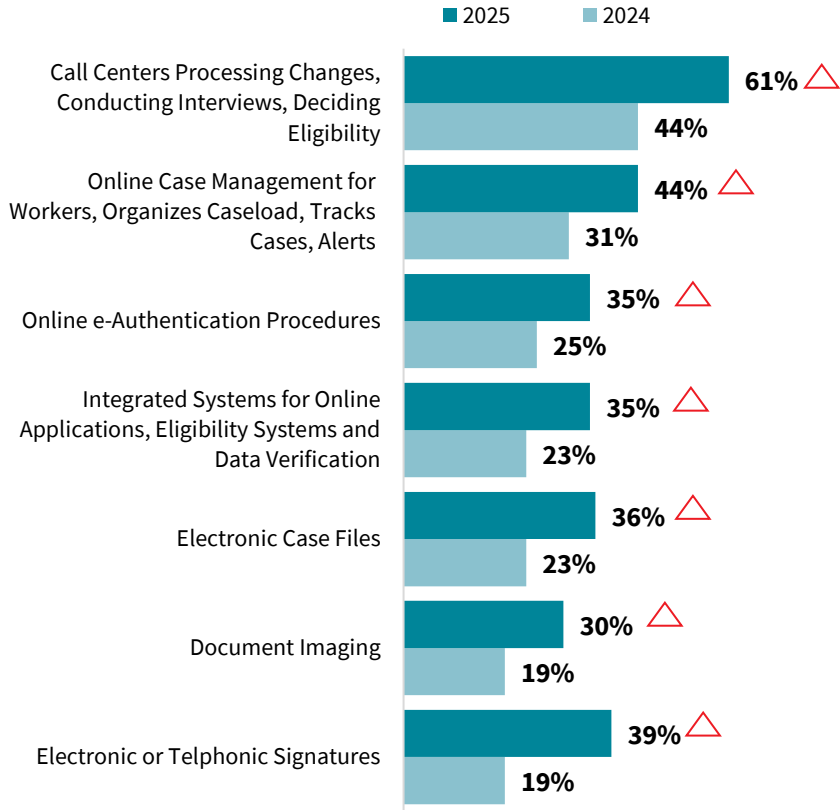
Customer Care-Focused



Client Self-Service



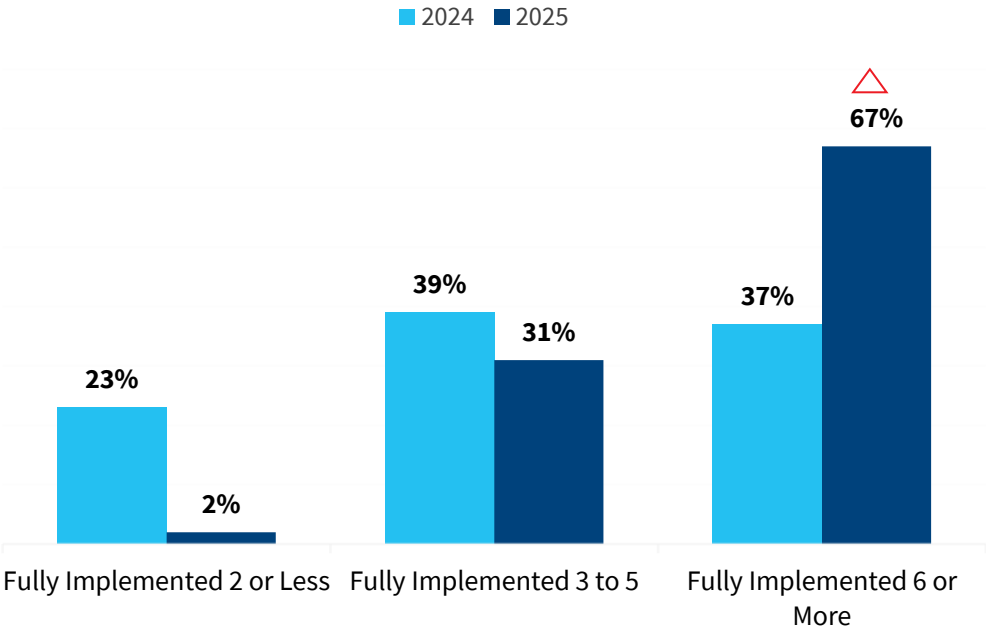
Processes & Resources



△ Difference from other segment within response category
Q: To what degree has your agency implemented any of the following SNAP modernization features?
* Broader IES refers to eligibility responsibility for SNAP + Medicaid + 1-2 other programs

About two-thirds of SNAP agencies are committed to improving the application experience and have adopted six or more modernization features focused on making documentation and scheduling easier and improving communication with recipients. These features include streamlining documentation and scheduling, enhancing recipient communications, and optimizing the beneficiary experience.

Number of Operating Modernization Features Fully Implemented



Agencies That Have Fully Implemented Many (6+) Operating Modernization Features

Customer Care-Focused Average Call Center wait time = 10 minutes vs 17 if not focused on customer care 70% say they are effective at reaching three-quarters or more SNAP participants regarding program changes	
93% (up from 82%)	Call Centers That Schedule Appointments, Process Complaints, Enter Changes, Set Task Alerts
96% (up from 64%)	Call Centers Handling General Inquiries & Requests
68% (up from 50%)	Call Centers Communicate with Beneficiaries Through Email, Web Chat, IM, Phone
Client Self-Service	
62%	Online Account Management Allows Beneficiaries to Check Benefit Information, Report Changes, Update Documents
77% (up from 52%)	Online Application System Integrated with Eligibility System
62% (up from 56%)	Online Eligibility Screening Tool
Processes & Resources	
73%	Call Centers Process Changes, Conduct Interviews, Make Eligibility Decisions
60%	Online Case Management for Workers that Organizes Caseloads by Queue, Tracks Application Routing, Alters Workers of When Case Actions are Due

△ Difference from other segment within response category
Q: To what degree has your agency implemented any of the following SNAP modernization features?
* Broader IES refers to eligibility responsibility for SNAP + Medicaid + 1-2 other programs

Performance Delays & Errors



Application
Processing Times

APT have declined for both regular and expedited applications due to resource constraints, limited modernization, and data use issues.

This adds pressure to already constrained resources and reduces confidence in eligibility decisions.

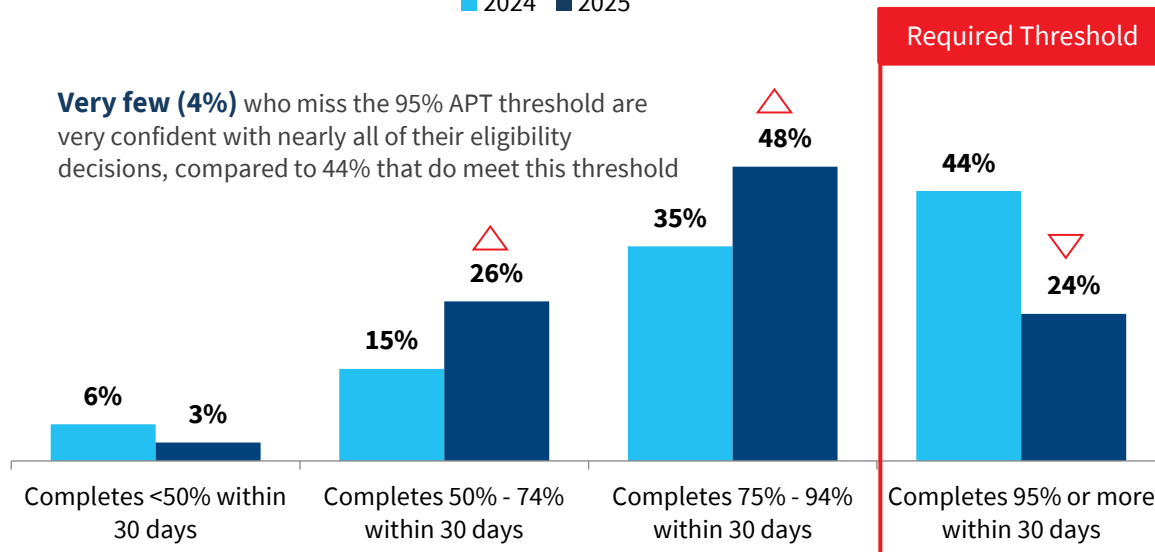
KEY
FINDING **3**

Meeting APT Requirement

(95% of applications within 30 days)

■ 2024 ■ 2025

Very few (4%) who miss the 95% APT threshold are very confident with nearly all of their eligibility decisions, compared to 44% that do meet this threshold



△ Difference from previous year

* <https://www.fns.usda.gov/snap/qc/timeliness>

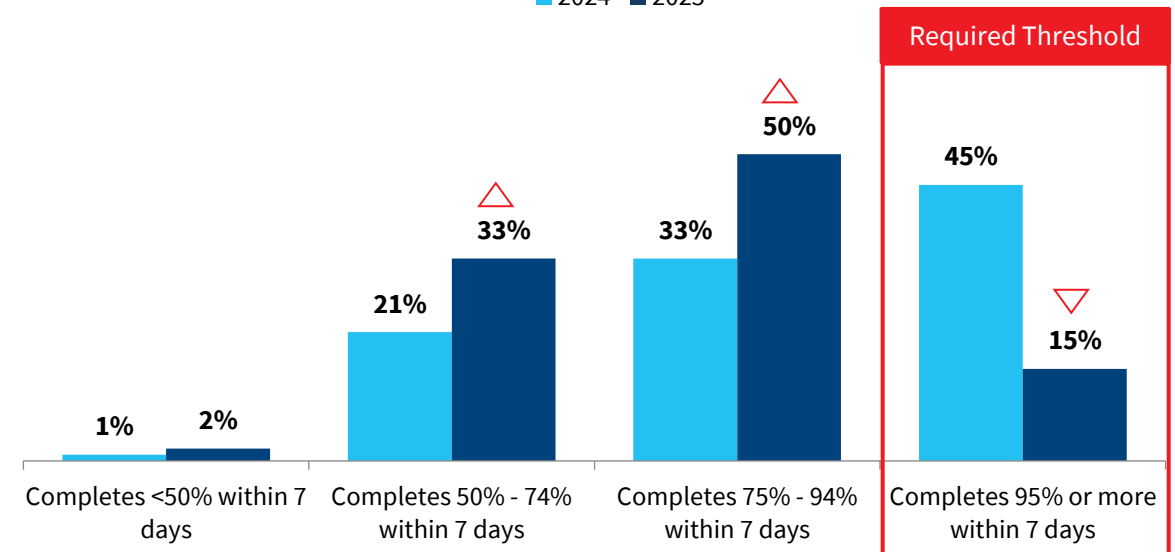
Q: Within the most recent reporting to FNS, what percent of your **regular** SNAP applications and payments have been processed within 30 days?

Q: For applications and payments that **need expediting** have been processed within 7 days?

Meeting APT Requirement for Those in Need of Expediting

(95% of applications within 7 days)

■ 2024 ■ 2025



Performance Delays & Errors



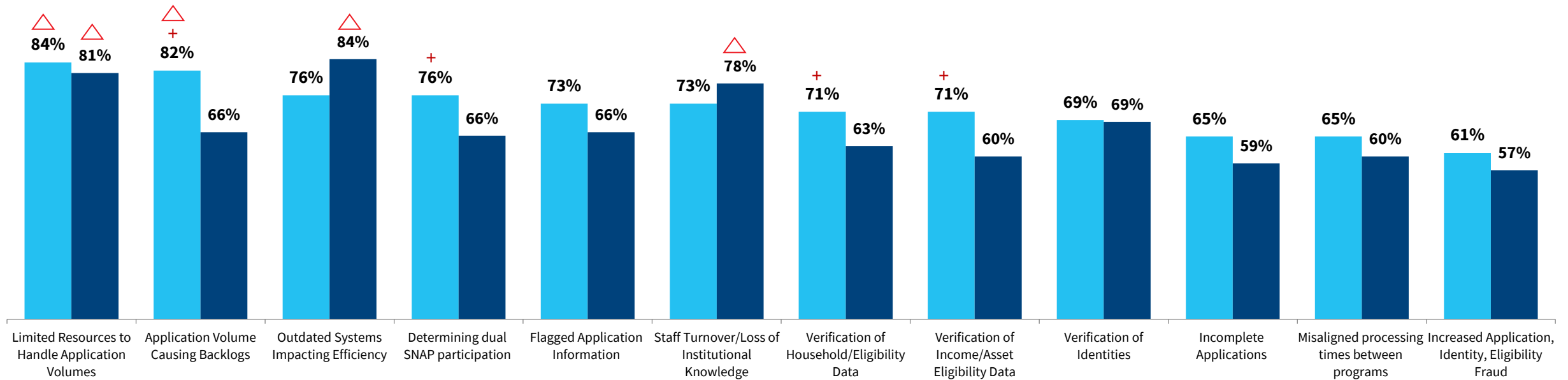
Application
Processing Times

SNAP agencies that complete less than 95% of applications within thirty days are largely overwhelmed with application volume, staffing shortages, outdated systems, and verification data issues.

KEY
FINDING **3**

Reasons for SNAP Application Delays/Backlogs

■ Complete <75% in 30 Days ■ Complete 75% - 94% in 30 Days

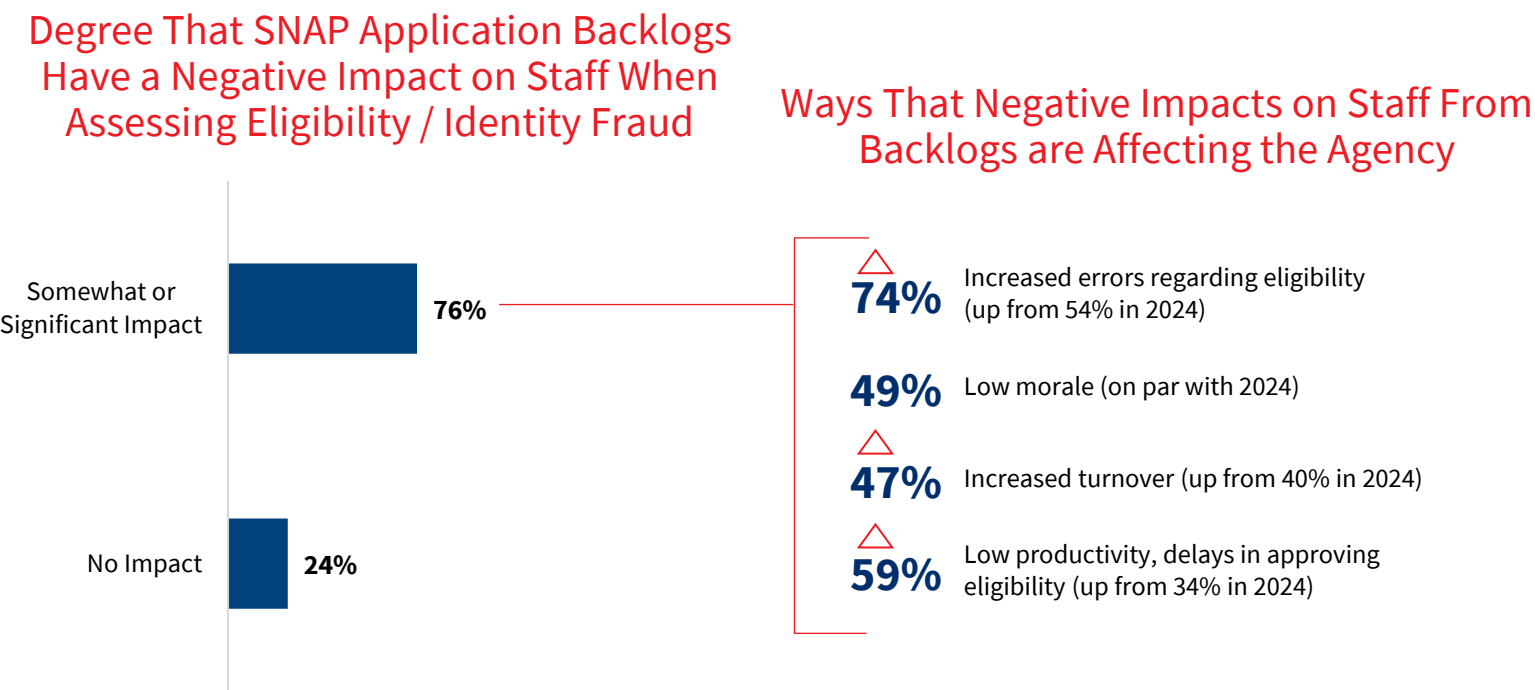


△ Different from all or most other percentage findings in segment
Q: To what degree do the following contribute to SNAP application delays/backlogs?

+ Different from percentage finding of same response in other segment

Application backlogs are placing stress on SNAP teams, resulting in increased errors, lower productivity, lower morale, and more turnover.

Turnover results in loss of institutional knowledge, including an understanding of the types of data for eligibility decisions and how eligibility criteria can differ across other programs where an application originates. Left unaddressed, this can become an ongoing battle for SNAP agencies.



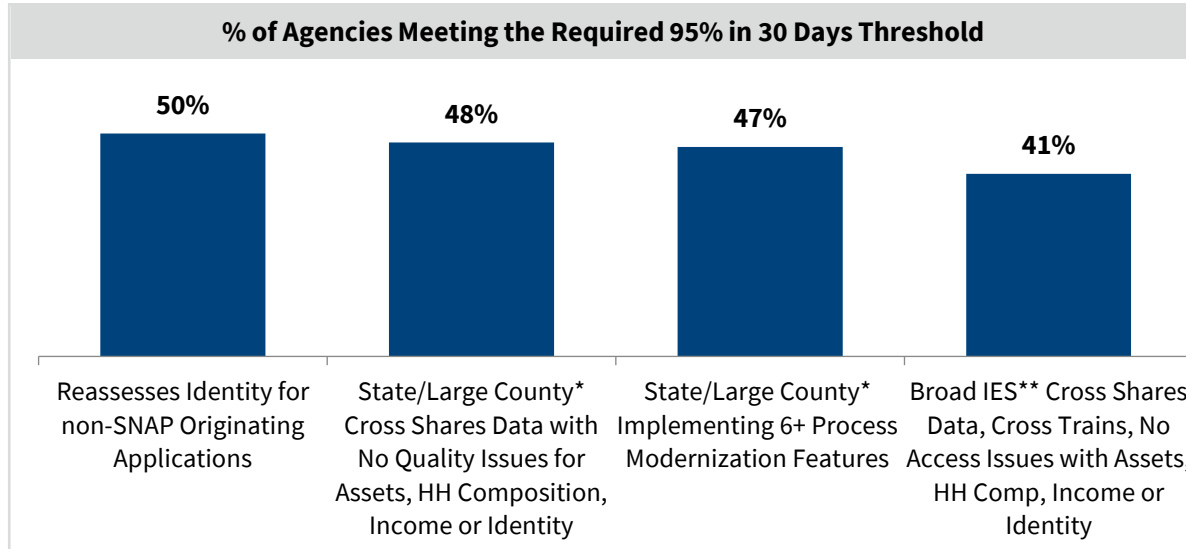
△ Difference from previous year
Q: To what degree do SNAP application backlogs have a negative impact on your staff when assessing eligibility/identity fraud?
Q: In what ways are negative impacts on staff affecting your agency when assessing application eligibility/identity?



Information cross-sharing of key data attributes, process modernization, and ongoing identity verification for non-SNAP originating applications improves APT performance.

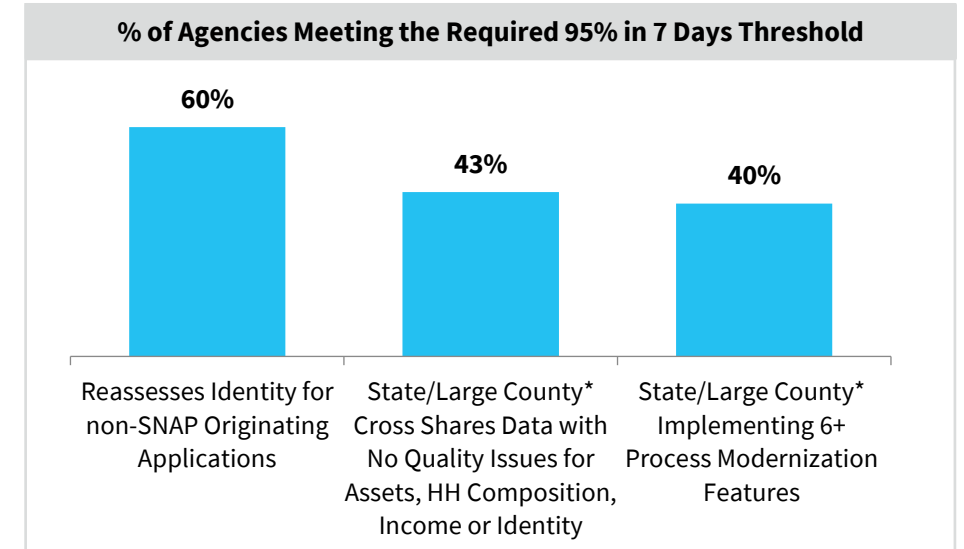
Meeting APT Requirement

(95% of applications within 30 days)



Meeting APT Requirement for Those in Need of Expediting

(95% of applications within 7 days)



* <https://www.fns.usda.gov/snap/qc/timeliness>

** Broad IES = SNAP + Medicaid + 1 – 3 other programs within integrated eligibility system

Q: Within the most recent reporting to FNS, what percent of your **regular** SNAP applications and payments have been processed within 30 days?

Q: For applications and payments that **need expediting** have been processed within 7 days?



Delayed application approvals have a real and significant impact on those truly in need of SNAP benefits.

Malnutrition, hunger, financial stress, and emotional anxiety can result from uncertainty about prolonged application approval delays.



Hunger & Malnutrition

Delayed benefits can seriously impact the ability for needy families to buy essential groceries. Parents and children can go hungry; prolonged delays can lead to serious health issues.



Financial Stress

With limited funds, families can be forced to choose between buying groceries and paying rent, utilities, etc. This stress can negatively impact credit, housing security, and increased debt.



Stress & Anxiety

Delays cause uncertainty, which can lead to anxiety. These delays can negatively impact physical and mental well-being, ending up costing families more in the long-term.



IES data sharing and eligibility cross-training can improve payment error rates (PER), resulting in higher confidence eligibility decisions, as long as the data used for decisioning is accurate and complete.

2025 and 2026 PER will have a significant fiscal impact to states. States with a PER over 6% will experience substantial cost burden shifts to their budgets for administrative and new benefit costs.

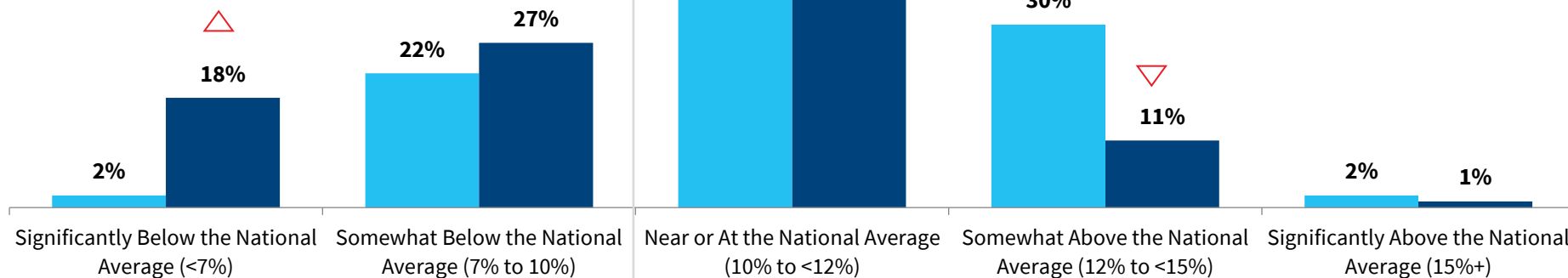
Payment Error Rate by the National Average Threshold

62% of participating IES agencies that cross-share data and cross train or collocate teams report payment errors below the national average.

55% of those which have implemented many (6+) process modernization features report below average error rates.

54% of those with few eligibility data quality issues report below average error rates.

58% that meet these criteria are very confident with ninety-five percent of their eligibility decisions; another **42%** are confident with three-quarters of decisions.



79% of agencies that are very challenged with determining dual participation based on data quality issues report a payment error rate at or above 10% (national average).

△ Difference from previous year

* FNS PER Page: <https://www.fns.usda.gov/snap/qc/per>

Q: As it relates to accuracy, has your state's payment error rate during the past 12 months been below, above or around the national average of 11.68%?

Performance Delays & Errors



Payment Error Rates

Staffing issues, manual inputs/errors, and data quality issues are driving more payment errors, with the latter taking resources away from identity verification and fraud prevention activities.

Assets, household composition, identity and disability status are top data quality issues impacting error rates.

KEY
FINDING **3**



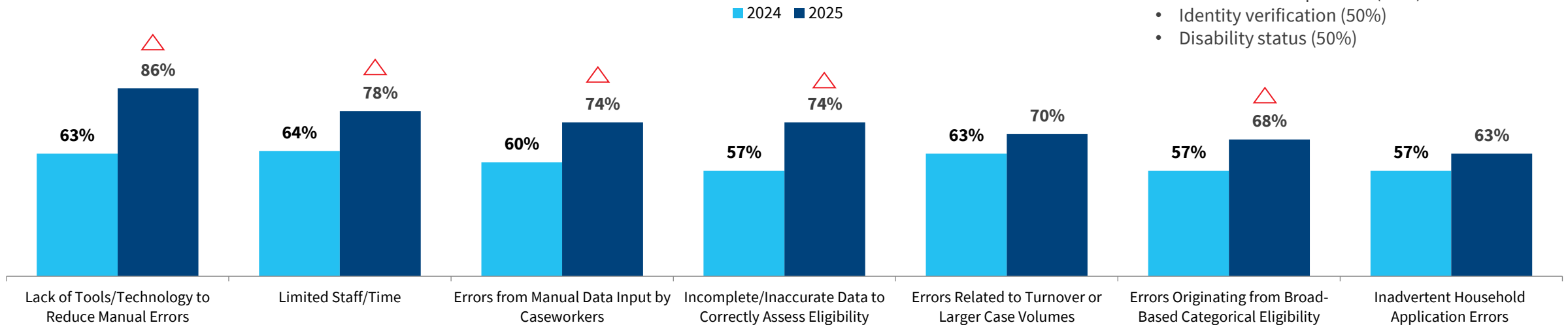
87% of agencies with higher PERs say that data-related issues are absorbing resources that could otherwise be used for client identity verification and fraud prevention.

Those indicating incomplete or inaccurate eligibility data are likely to indicate overall quality issues with the following data types:

- Assets/resources (72%)
- Household composition (50%)
- Identity verification (50%)
- Disability status (50%)

Reasons for Higher PERs

(Those At or Above the National Average)



△ Difference from previous year

Q: To what degree do the following contribute to your agency's SNAP payment errors?

Q: To what degree are data-related issues taking up resources that could otherwise be used for application identity and other fraud prevention? Data-related issues can include outdated, incorrect or incomplete data.

Key Finding 4

FRAUD DETECTION SOLUTIONS PROVIDE
QUALITY DATA & ANALYTICS THAT REDUCE
FRAUD VOLUME AND COSTS

Fraud Detection Solutions That Provide Quality Data Optimize the Benefits of Modernization and Integration

SNAP agencies are challenged with detecting fraud, particularly eligibility and identity. Modernization and program integration efforts are only as good as the data and analytics behind them.

Fraud Challenges



Determining dual participation, distinguishing bots from legitimate applicants, and verifying application identity and eligibility when routed to call centers are top application fraud challenges. Dual participation is a top challenge.

Fraud Solutions



Data-related challenges and excessive manual reviews are negatively impacting productivity. There is increased adoption of fraud detection resources during application involving a mix of traditional documentation and digital solutions to assess risk and authenticate identities. These solutions provide necessary data and analytics for fraud and eligibility decisions.

Fraud Solutions Results



Stronger integration with other Human Services programs combined with full implementation of the Food and Nutrition Service (FNS) Fraud Framework that includes adoption of fraud detection solutions and process modernizations can lessen the cost and degree of SNAP fraud. Findings show the LexisNexis Fraud Multiplier at \$3.98 for agencies that meet this combined criteria, which represents only a small increase in fraud costs from 2024.

Fraud Challenges



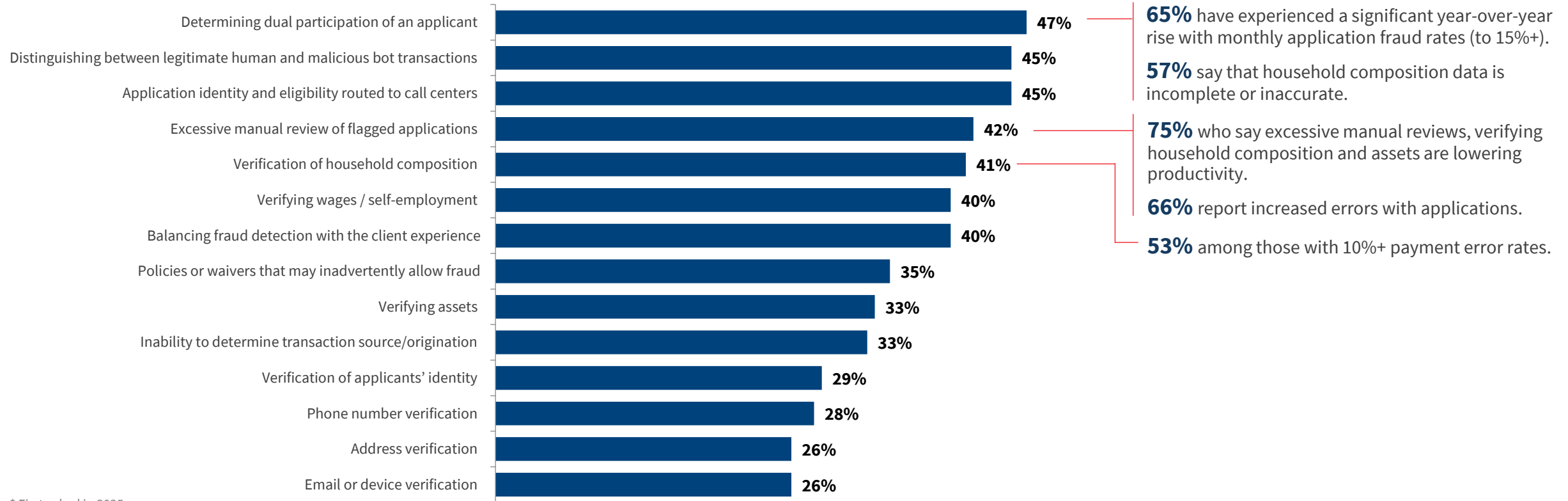
Determining dual participation, distinguishing bots from legitimate applicants, and verifying application identity and eligibility when routed to call centers are top application fraud challenges.

Data-related challenges and excessive manual reviews are negatively impacting productivity.

KEY FINDING **4**

Application Fraud Challenges

(Select All That Apply)



* First asked in 2025

Q: Which of the following are key challenges related to fraud when processing SNAP applications.

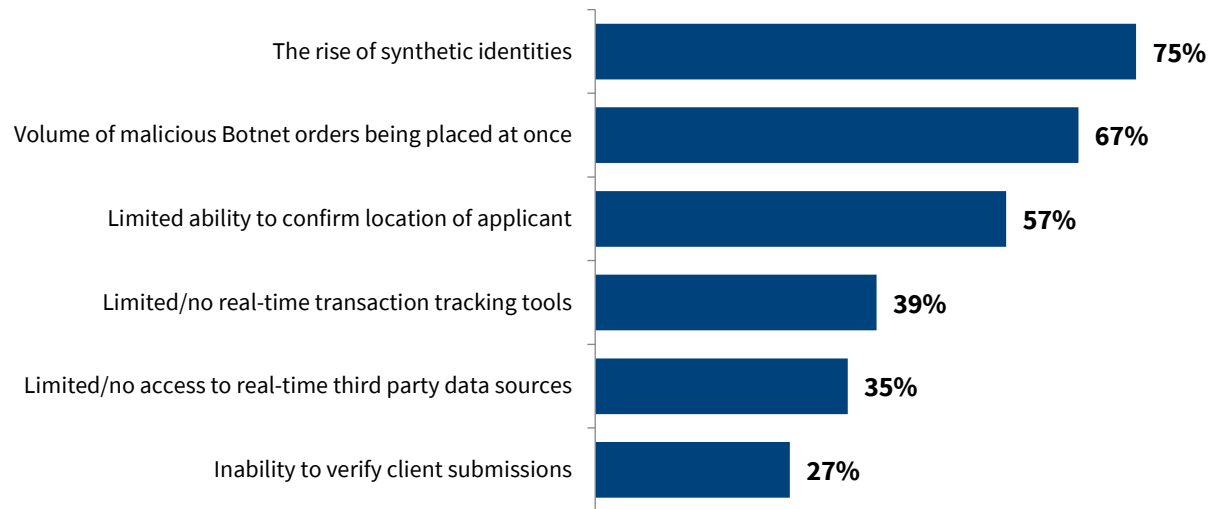


Synthetic identities and volume of malicious bot orders are top identity verification challenges with online and mobile channel applications.

These agencies are less likely to use digital authentication tools to detect anomalous online and mobile device/transaction patterns and have a higher cost of fraud.

Top Factors Contributing to Identity Verification Challenges

(% Ranked in Top 3)



Only 28% indicate use of email risk & verification vs 44% that are not challenged with synthetic identities and bot volume.

Only 28% use malware/browser tracking to detect “man in the middle” attacks and analyze for anomalous website usage patterns of the applicant and device.

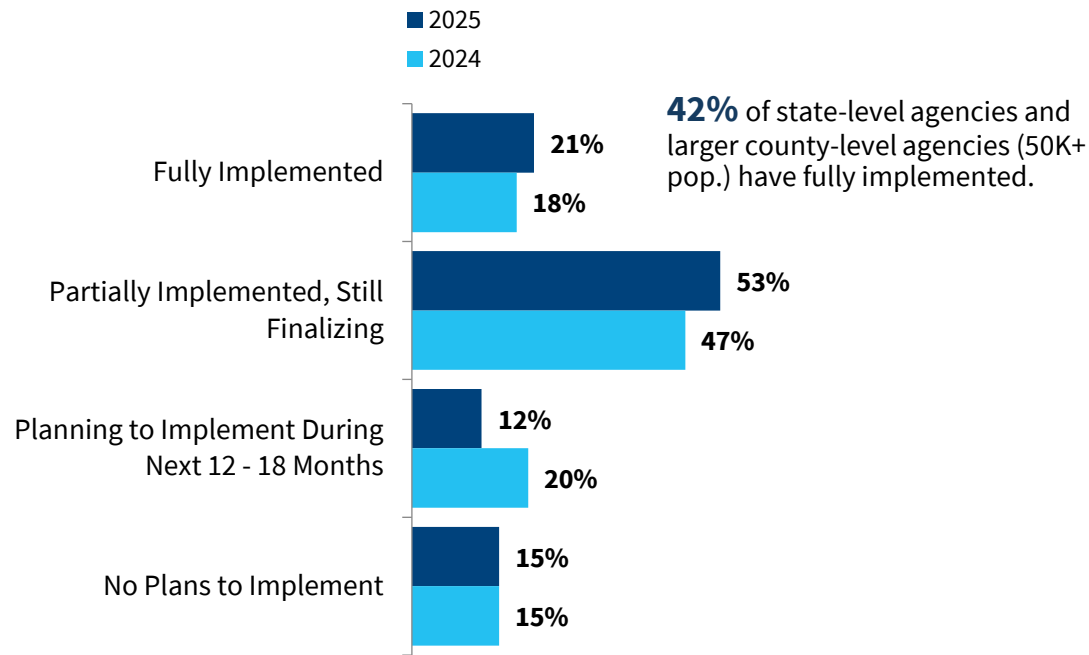
Higher cost of fraud for those that do not use the above tools and rank synthetic identities and malicious bots as top online/mobile identity verification challenges, **every \$1 of lost benefits actually costs \$4.38** compared to \$3.82 for those that do use these tools.

Q: Please rank the top 3 factors that make customer identity verification a challenge when SNAP applications are submitted through your agency website (via a PC) or by a mobile device or mobile app.



There continues to be limited full implementation of the FNS SNAP Fraud Framework, though a majority of agencies are in the process of working towards this. State and large county-level (50K+ population) agencies are further ahead.

Percent of Agencies Implementing the FNS SNAP Fraud Framework*



Investigations and Depositions:

Aims to provide states with tools and suggestions to improve fraud case management from initial fraud referral through disposition.

Analytics and Data Management:

Details the necessary people, processes, and technology to launch and maintain an analytics capability. Data analytics can play a valuable role in preventing, detecting, and investigating SNAP fraud.

Learning and Development:

Recommends states invest in training and professional development opportunities to promote employee engagement and to ensure employees are aware of new and emerging trends in fraud.

Organizational Management:

Aims to help states establish and communicate priorities, organize employees, and manage both large-scale and day-to-day processes.

Performance Measurement:

Offers recommendations encouraging states to consistently capture and analyze their own performance.

Recipient Integrity Education:

Provides targeted integrity education initiatives to help ensure recipients have the necessary information and tools to use SNAP benefits as intended – preventing fraud before it occurs.

Fraud Detection:

Stresses the importance of adequately training state agency employees, especially eligibility workers and fraud unit employees, in fraud detection.

*SNAP Fraud Framework | Food and Nutrition Service (usda.gov)

Q: Has your agency implemented recommendations from the FNS SNAP Fraud Framework?

Q: Does your agency have plans to implement the FNS SNAP Fraud Framework during the next 12 – 18 months?

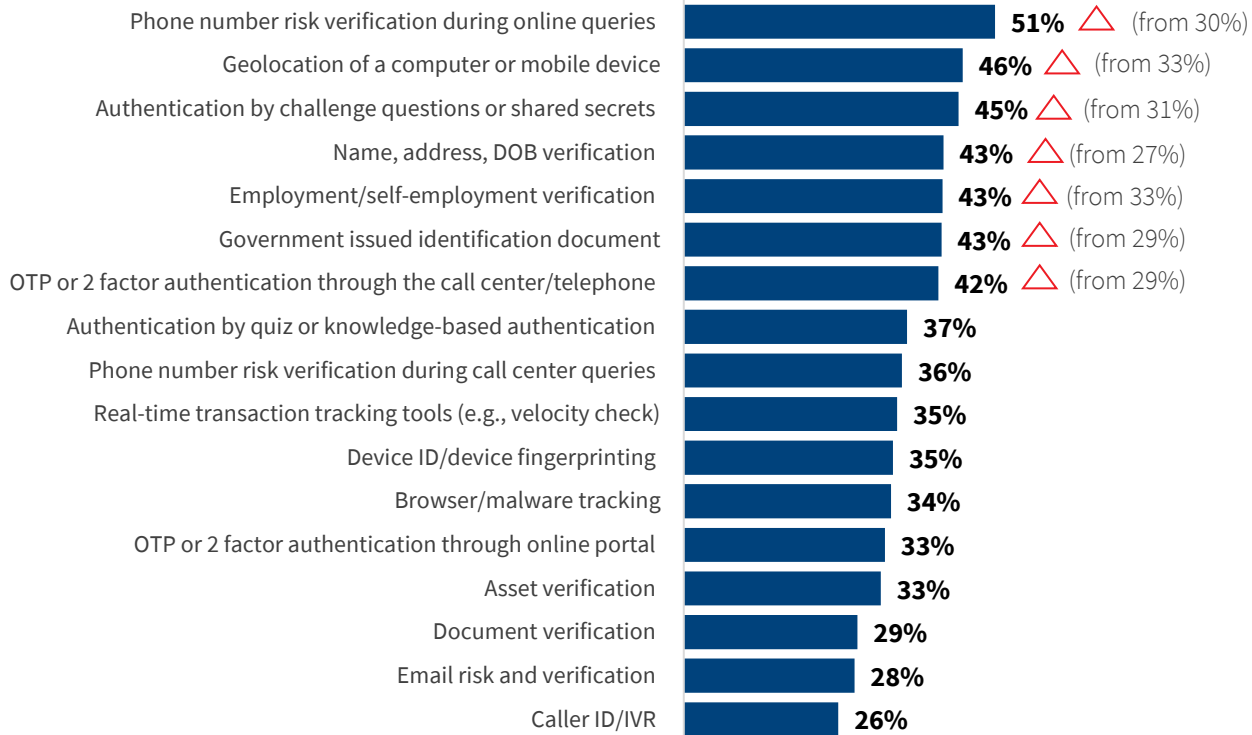


There is adoption of fraud detection resources for use at the application stage involving a mix of traditional documentation and digital solutions to assess risk and authenticate identities. This adoption of resources is largely being made among state/larger county agencies.

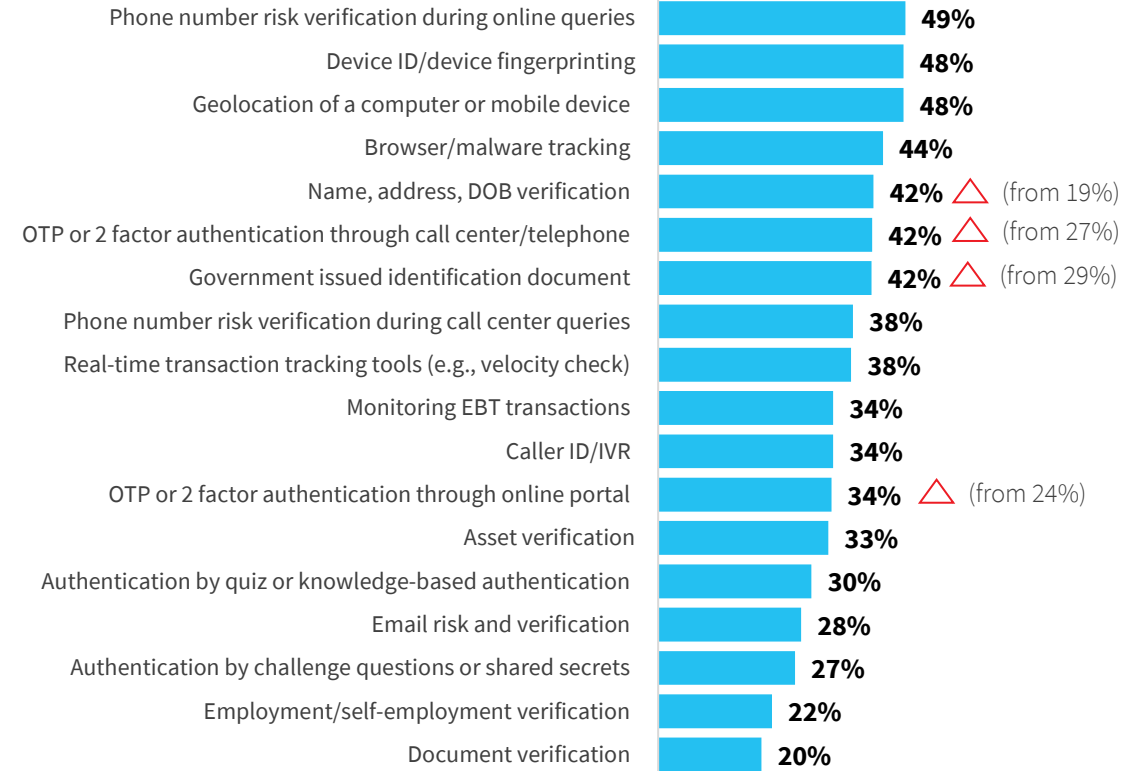
Agencies with higher online/mobile application fraud have particularly invested in geolocation, phone risk verification via online queries, and multi-factor authentication.

Percent of Agencies Indicating Use of Fraud Detection/Mitigation Solutions

Pre-Issuance



Post-Issuance



△ Difference from previous year

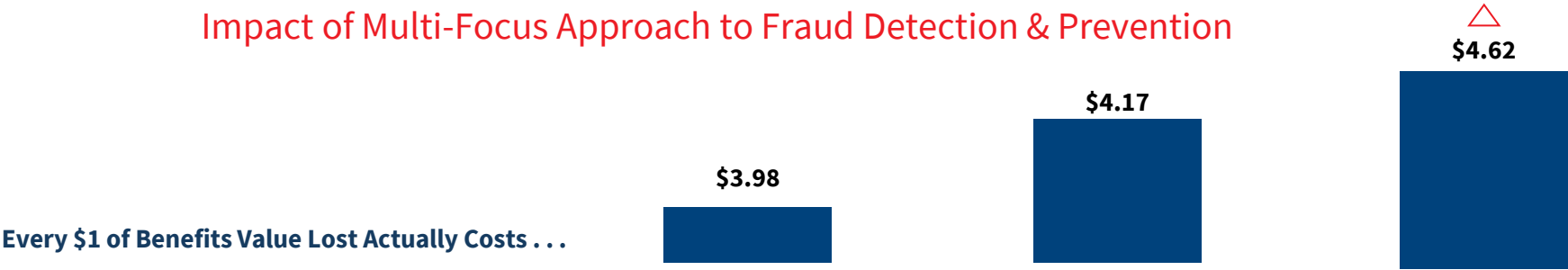
Q: Which solutions/tools/resources does your agency currently use to detect and mitigate fraud associated with SNAP applications/eligibility/recertification (pre-issuance)?

Q: Which solutions/tools/resources does your agency currently use to detect and mitigate fraud associated with SNAP post-application/post-issuance (i.e., for card skimming, account takeover, etc.).



Stronger integration with other Human Services programs combined with full implementation of the FNS Fraud Framework that includes adoption of fraud detection solutions and process modernizations can lessen the cost and degree of SNAP fraud.

Impact of Multi-Focus Approach to Fraud Detection & Prevention



FNS SNAP Fraud Framework Stage	Fully Implemented	Partial Implemented	Not Implemented
Fraud Solutions Adoption	Multiple*	Some	Few
Cross Shares Information	86%	31%	0%
Cross Trains Teams	100%	77%	39%
6+ Modernization Features	96%	68%	52%
% Report Below Payment Error Avg.	69% (47% below 7%)	49%	23%
Identity Verification as a Challenge	19%	35%	33%
Balancing Fraud Detection with CX** as a Challenge	31%	42%	46%
Avg. % Mo. Applications as Fraud	10%	13%	16%
Avg. % Mo. Post Issuance Cases as Fraud	9%	11%	26%

Difference from other responses

* Involves higher percentage use of digital authentication solutions including Phone Risk & Verification for Call Center and Online Portal, Browser/Malware Tracking, Geolocation and Real-Time Transaction Tracking. Also includes high percentage of traditional documentation (Name, DOB, Government ID). Results can vary and may not be the same for every agency. For illustration purposes only.

** CX refers to Customer Experience



Fraud is very complex; various risks can occur simultaneously with no single solution. Fraud tools need to authenticate both digital and physical criteria, as well as identify both identity and transaction risk.

Fraud Issues



Digital Services

Fast transactions, easy synthetic identity and botnet targets; **need velocity checking to determine transaction risk along with data and analytics to authenticate the individual.**



Account-Related Fraud

Breached data **requires more levels of security, as well as authenticating the person from a bot or synthetic ID.**



Synthetic Identities

Need to authenticate the entirety of the individual behind the transaction to distinguish from a fake identity based on partial real data.



Botnet Attacks

Mass human or automated attacks often to test cards, passwords/credentials, or infect devices.



Mobile Channel

Source origination and infected devices add risk; mobile bots and malicious malware makes authentication difficult; **need to assess the device and the individual.**

Solution Options

Assessing the Transaction Risk

Velocity checks/transaction scoring: monitors historical transaction patterns of an individual against their current transactions to detect if volume by the cardholder matches up or if there appears to be an irregularity.

Solution examples: real-time transaction scoring; automated transaction scoring.



Authenticating the Physical Person

Basic verification: verifying name, address, DOB or providing a CVV code associated with a card. **Solution examples:** check verification services; payment instrument authentication; name/address/DOB verification.

Active ID authentication: use of personal data known to the customer for authentication; or where a user provides two different authentication factors to verify themselves. **Solution examples:** authentication by challenge or quiz; authentication using OTP/2 factor.



Authenticating the Digital Behavior

Digital identity/behavioral biometrics: analyzes human-device interactions and behavioral patterns, such as mouse clicks and keystrokes, to discern between a real user and an impostor by recognizing normal user and fraudster behavior. **Solution examples:** authentication by biometrics; email/phone risk assessment; browser/malware tracking; device ID / fingerprinting.

Device assessment: uniquely identify a remote computing device or user. **Solution examples:** device ID/ fingerprint; geolocation.



Best practice approaches involve layering different solutions to address unique risks from different channels and payment methods. These best practices go farther by integrating capabilities and operations with their fraud prevention efforts.

Integration

Tools & Capabilities with Fraud Prevention Approach

- Cybersecurity Alerts
- Artificial Intelligence/Machine Learning Models
- Cybersecurity Operations
- Digital / Customer Experience Operations
- Dual Participation
- Program Integrity

Fraud Detection & Prevention Solution Layering

A multi-layered solution approach is essential to fighting fraud while mitigating customer friction.

Address both
identity and
transaction
fraud risks.



Different risks
selling digital
versus physical
goods.

Different challenges
and risks for mobile
versus online.

Botnets and malware can
compromise mobile devices.
Authenticate both the user
and device.

Strategy & Focus

Minimizing Friction While Maximizing Fraud Protection

- Tracking successful and prevented fraud by both transaction channel and payment method.
- Use of digital / passive authentication solutions to lessen customer effort (let solutions do the work behind the scenes).
- Assessing both the individual and transactional risk.

Integration of Cybersecurity and Digital Customer Experience Operations with Fraud Prevention Approach



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Tel: 1-888-216-3544

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