

# Five fraud threats

facing businesses in 2021

REVIEW YOUR FRAUD STRATEGY



## Experian's Future of Fraud Forecast

As we embark on 2021 and unpack the damage 2020 left behind, it's critical for businesses to anticipate potential new fraud schemes to mitigate risk, prevent losses and protect customers.

### Looking ahead

As fraudsters become more sophisticated, so must the businesses and prevention strategies used to fight them. Understanding and anticipating how fraud threats may advance can help businesses mitigate risk and protect consumers in 2021 and beyond.



Putting a face to  
Frankenstein IDs



"Too good to be true"  
COVID-19 solutions



Stimulus fraud activity,  
round two



Say "hello" to constant  
animated attacks



Survival of the fittest  
for small businesses

<sup>1</sup><https://www.scmagazine.com/perspectives/build-a-strong-defense-against-credential-stuffing/#:~:text=Our%20research%20found%20that%20more,takeovers%2C%20and%20lost%20brand%20reputation>

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## Putting a face to Frankenstein IDs

Synthetic identity fraud is currently the fastest growing type of financial crime. The progressive uptick in synthetic identity fraud is likely due to multiple factors, including data breaches, dark web data access and the competitive lending landscape. As methods for fraud detection continue to mature, Experian® expects fraudsters to rely on fake faces for biometric verification. These “Frankenstein faces” will use AI to combine facial characteristics from different people to form a new identity, creating a challenge for businesses relying on facial recognition technology.



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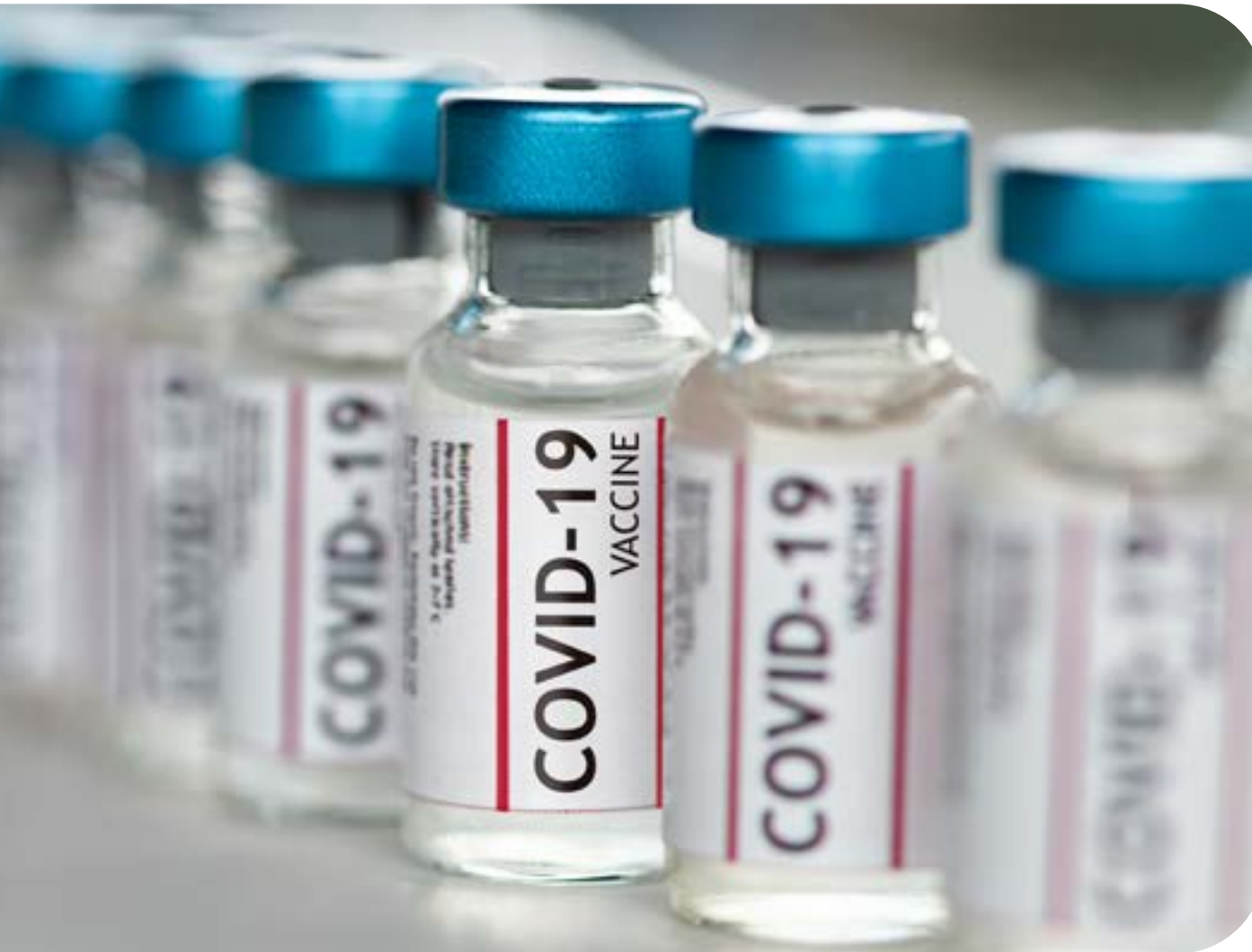
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## “Too good to be true” COVID-19 solutions

With the distribution of vaccines underway and wider availability of rapid COVID-19 testing, Experian expects that fraudsters will continue to find opportunities to capitalize on anxious and vulnerable consumers and businesses. Everyone needs to be vigilant against fraudsters using the promise of at-home test kits, vaccines and treatments as means for sophisticated phishing schemes, telemarketing fraud and social engineering schemes.



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## Stimulus fraud activity, round two

For Americans suddenly out of work or struggling with finances, government-issued stimulus funds were a welcome relief, but also an easy target for fraudsters to commit scams. Experian predicts fraudsters will take advantage of any additional stimulus funding by using stolen data from consumers to intercept stimulus or unemployment payments.



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## Say “hello” to constant animated attacks

Once the stimulus fraud attacks run their course, Experian predicts hackers will increasingly turn to automated methods, including script creation and credential stuffing to make cyberattacks and account takeovers easier and more scalable than ever before. With billions of records exposed in the United States due to data breaches annually, this type of fraud will prosper until the industry moves away from its reliance on usernames and passwords.



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## Survival of the fittest for small businesses

As a result of COVID-19, businesses were left with no choice but to quickly shift to digital to meet the needs of consumers, and some were more prepared than others. In 2020, consumers may have been willing to give businesses time to adjust, but in 2021 their expectations will be higher. Experian predicts businesses with lackluster fraud prevention tools and insufficient online security technology will suffer large financial losses in 2021 and beyond.



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