

Regulatory Alert

Regulatory Insights



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Fraud, Identity Theft, and Other Scams

KPMG Regulatory Insight:

- The costs to consumers and companies from fraud, identity theft, and other “scams” are increasing.
- Areas of regulatory focus include:
 - Fraud models, operations, and investigations processes.
 - Insider misconduct and corruption.
 - Consumer protection laws and regulations (particularly to “vulnerable” populations), fair processing and treatment of consumer complaints, claims, disputes, and account/transaction freezes; and the clarity of consumer communication throughout the process.
 - Cybersecurity risk management (including synthetic identity fraud).

(See KPMG Regulatory Insights 2023 Regulatory Challenges: [Fraud and Financial Crime](#).)

The Federal Trade Commission (FTC) published its annual Data Book [report](#) outlining information received from consumers regarding their experiences with fraud, identity theft, and other consumer protection-related issues. The reported information is compiled in the FTC’s Consumer Sentinel Network (Sentinel), a database that takes in reports received directly from consumers as well as reports filed with others, including federal, state, and local law enforcement agencies; federal regulatory agencies; industry participants; and non-profit organizations (a list of data contributors is included in appendices to the Data Book Report). Highlights of the approximately 5.15 million reports received in 2022 follow.

Consumer Sentinel Network Data Book

The Data Book Report compiles data from the consumer reports in Sentinel, sorts them into 29 categories, and also broadly aggregates the categories into three groups – Fraud, Identity Theft, and Other.

Between 2019 and 2022, the total number of consumer reports for these three groups (Fraud, Identity Theft, and Other “scams”) has increased from 3.49 million (2019) to 5.15 million (2022). In 2022, Fraud reports accounted for 46 percent of the

total reports while Identity Theft and Other records accounted for 21 percent and 33 percent, respectively. The table below outlines the top three categories of reports for each of these three groups.

Fraud	Identity Theft	Other
Category (# of Reports)	Category (# of Reports)	Category (# of Reports)
Imposter Scams (726K)	Credit Card Fraud, including new and existing accounts (442K)	Credit Bureaus, Information Furnishers, and Report Users (691K)
Online Shopping and Negative Reviews (327K)	Bank Fraud, including debit cards, electronic fund transfers, ACH, and new and existing accounts (156K)	Banks and Lenders (249K)
Investment related (105K)	Other Identity Thefts, including loan or lease fraud or employment or tax-related fraud (327K)	Auto Related (162K)

The FTC notes:

- Consumers aged 20-29 reported losing money to fraud (43 percent) more often than consumers aged 70-79 (23 percent), however when the latter group reported a loss, the median loss was higher (\$548 and \$1,000, respectively).
- Credit (90K) and debit (68K) cards are the top payment methods in fraud reports but have lower reported total losses (\$219 million and \$196 million, respectively) than bank transfers or payments (\$1.59 billion) and cryptocurrency (\$1.43 billion).
- Aggregate reported consumer fraud losses increased by nearly \$2.6 billion, reaching \$8.8 billion in 2022 – a more than 40 percent increase over 2021 reports.

In addition to these aggregate (national) statistics, the report also highlights the following:

Military Consumers

- Military consumers reported approximately 93,000 fraud records and \$414 million in related total losses.

- The top three Fraud and Identity Theft categories reported by military consumers matched the top aggregate national consumer categories.

State Statistics

- Four states were ranked among the top five states reporting the highest levels of fraud and identity theft per 100K in population.

States	
Fraud (# of Reports)	Identity Theft (# of Reports)
Georgia (1,550)	Georgia (574)
Delaware (1,506)	Louisiana (534)
Nevada (1,455)	Florida (524)
Florida (1,446)	Delaware (484)
Maryland (1,363)	Nevada (418)

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