

# GET A PULSE ON FRAUD

## LexisNexis® Risk Solutions 2019 Small and Mid-Sized Business Fraud Survey



### ARE YOU FEELING THE PRESSURE?

Fraud is no new adversary to lending practices—but as fraudsters develop more sophisticated methods to take advantage of the small to mid-sized (SMB) lending system, it's critical to effectively identify and address fraud. As you work to fight fraud in its evolving forms, understanding how your situation compares to that of your peers supports the building and implementation of best practices.

### TAKE THE PULSE

In early 2019, LexisNexis® Risk Solutions launched the first industry study aimed at understanding SMB lending fraud.\* The insights presented below are initial findings, and the full study results will be published later in the year. These insights have allowed us to create an industry benchmark against which you can compare your fraud defense efforts—and to take the pulse on SMB lending fraud.

### HOW SMB LENDING FRAUD IS TAKING SHAPE

SMB lending fraud is expected to grow

69%

think SMB lending fraud has increased since 2017



77%

believe it will continue to increase in 2019

**Over half of companies** typically identify SMB lending fraud at the point of account origination



**But nearly 70% of companies** think they're only somewhat efficient at identifying SMB lending fraud



### TOP 3 REASONS BELIEVED TO BE CONTRIBUTING TO THE INCREASE IN SMB LENDING FRAUD:



SMB lending offers a bigger potential payout



As consumer lending fraud has become harder for fraudsters to pull off, SMB lending has become “the path of least resistance”



SMBs have complex structures which can tend to mask fraud more easily



In fact, **64% said fraud involving only SMBs is more complex than consumer fraud**

### THE FORM OF SMB LENDING FRAUD

73%



Fake business + fake owner/consumer fraud experienced

61%



Legit business + fake owner fraud experienced

While the majority of respondents experienced a variety of SMB fraud types “sometimes” or “very often,” the two most popular schemes experienced included at least some fake information—what’s known as synthetic identity fraud.

Most organizations are increasing spend on vendor solutions (57%) and/or undertaking special fraud initiatives like joint initiatives across teams (47%) to tackle the growth of SMB fraud.



Increasing spend on vendor solutions



Undertaking special fraud initiatives

Mitigate SMB lending fraud—and still maximize your lending opportunities with LexisNexis® Risk Solutions.  
[risk.lexisnexis.com/SMBRisk](http://risk.lexisnexis.com/SMBRisk)

\* For the purpose of this survey, we define “SMB lending fraud” as scenarios where fraudsters use an SMB entity to defraud your lending institution of credit.