IBM Newsroom

IBM Study Finds Broad Differences in Geographical, Generational Impact of Financial Fraud and Attitudes Toward Financial Institutions

Study finds Americans average a higher frequency of fraudulent charges than other countries, while total value of theft is highest in regions outside of US

ARMONK, N.Y., April 5, 2022 /PRNewswire/ -- According to a new report commissioned by IBM (NYSE:IBM), geographies and generations differ greatly in the frequency and impact of financial fraud, as well as their attitudes toward fraud detection and the institutions responsible for protecting them from bad actors.

As consumers nearly exclusively use credit card & digital payments the US has been victimized more than other countries.

The **2022 IBM Global Financial Fraud Impact Report** also found that as global consumers have moved nearly exclusively to credit card and digital payments, US citizens have been victimized more regularly than all other countries surveyed in the report, **costing American consumers an average of $265 per year in fraudulent financial charges** made by unauthorized third parties.

"Financial fraud and cyber threats are a growing menace to global financial institutions and their clients, increasing the need for companies to accelerate preventative measures to stay ahead of sophisticated criminal activity," said **Shanker Ramamurthy, Managing Partner, Global Banking & Financial Markets, IBM**. "As the global economy's evolution toward a cashless society continues at breakneck speed, banks and other financial institutions must continue to invest in modernizing their infrastructure and bolstering critical talent to meet the challenges they face from bad actors."

Global Financial Impact

According to the report, when it comes to fraud on a global scale, **American citizens are the most frequent victims of debit card fraud** of all the countries surveyed. Americans also registered a **large percentage of instances when it comes to being victims** of credit card fraud, banking fraud, or digital payment fraud, when respondents were asked about their experiences using digital payment apps including PayPal, Venmo and Square. **American respondents also spent the most time trying to recover money** lost due to fraudulent charges.

However, **US credit and debit card users reported the second lowest amount of money lost** on fraudulent charges out of

the countries surveyed. Only Japan reported a lower amount of losses over the last 12 months, while **Germany, by far, was the most victimized country**, with respondents losing more than three times the total financial amount of the second most victimized country (Singapore).

Across all countries, respondents believe **banks are the financial institution most responsible for preventing fraud**, when asked about their experiences using payment networks including Visa and Mastercard. In most countries, consumers see banks as the most responsible financial institution for preventing fraud, with a higher percentage in Brazil, while in Japan, payment networks were the financial institutions most likely to blame. In China, respondents registered the highest percentage of consumers who think government regulators are most responsible for preventing fraud.

In the US, nearly one-quarter of all respondents (22%) are **not confident in their bank or credit card's ability to handle fraudulent charges or suspicious activity**, not nearly as much as Japan, where almost one half of respondents claim to not have faith in their financial institutions.

One quarter of Americans (25%) report **spending less than an hour a year checking their accounts for fraudulent activity** – while more than two out of five US consumers (44%) spend less than ten hours per year checking their banking accounts.

With the US experiencing the highest number of financial fraud instances, it would make sense that the **US has the highest percentage of respondents who had to contact their bank or credit card company** to either cancel a card, dispute a charge, or reported losing money as the result of fraudulent charges.

Generational Differences Found in Study

The report also found a wide range of generational differences, as **Millennials** (born between 1981 and 1996) are consistently the **biggest victims of all forms of fraud**, ranging from credit and debit card fraud to digital wallet, digital payment, banking and tax fraud.

GenXers (born between 1965 and 1980) reported the second highest number of fraudulent charges made by their credit cards or digital payment apps, while **GenZers** (born between 1997 and 2012) report the third highest instances of losing money as the result of a fraudulent charges.

Millennials also spend the most time trying to recover money lost due to fraudulent charges, disputing fraudulent charges, and checking accounts for fraudulent or unusual activity out of any of the generational groups. **GenZers spend the second most amount of time** addressing fraudulent activity, followed by GenXers and Baby Boomers.

GenZers experienced fraud most frequently through digital payment apps when asked about their experiences using digital payment apps including PayPal, Venmo and Square, while all other generations **experienced financial security issues most frequently by credit card fraud**. GenZers were also the generation **least impacted by credit card fraud.**

While **Millennials and GenZers were concerned financial fraud** is most likely to occur through their **digital payment apps**, for **GenXers and Baby Boomers, credit cards are the biggest concern** when it comes to potential fraud targets.

Baby Boomers (born between 1946 and 1964) reported the **lowest instances of fraudulent charges** in nearly all categories, also **spending the least amount of time trying to recover money due to fraudulent charges** or dispute fraudulent charges.

However, when broken down further by generation, **Millennials were more likely to buy from businesses with fraud protection**, while **Baby Boomers were the least likely** to do so.

Other Findings

- **Credit card fraud is the most common type of fraud experienced across all countries.** Nearly a third (31%) in Brazil have experienced credit card fraud.
- **Brazilian and Singaporean consumers are most concerned with financial security issues** (85% of Brazilian and 79% of Singaporean respondents cite concerns with credit card fraud), but a substantial portion across all countries are concerned about credit card fraud, debit card fraud, digital payment fraud, digital wallet fraud, and banking fraud.
- On average, **German adults lost more due to fraudulent charges than adults in any other country** – with an average of 3,520 euros ($3,917 in US currency) lost in the past twelve months due to fraudulent charges. Singapore had the second highest amount of fraudulent charges, with an average of S$1,648.52 Singapore dollars ($1,217 in US currency) per adult.
- **Japanese respondents are less confident in their bank/credit card company's ability to handle fraud** (only 59% have confidence in their financial institution's ability to handle fraud prevention), but a majority across all countries feel confident in their bank/credit card company's ability to handle fraud.
- A majority of adults in all countries are **"more likely" to purchase a product from a business that has fraud prevention technology in place**, led by Brazil (91%) and China (90%).

About the 2022 IBM Global Financial Fraud Impact Report

IBM commissioned the study to maintain its understanding of present-day challenges that consumers are facing when it comes to financial fraud, as well as the ability of global financial institutions to retain control of their mission critical infrastructure to provide secure payment transactions in real-time.

The study was commissioned by IBM and conducted by Morning Consult, a third-party market research firm based in the United States. The study was conducted among 1000 adults in six countries: the US, China, Singapore, Brazil, Japan, and Germany. The study was conducted online, and the data were stratified to match a target sample of adults in US, China, Singapore, Brazil, Japan, and Germany on age and gender, then weighted based on age, gender, race, and education level. Results from the full survey have a margin of error of plus or minus 3 percentage points.

The full report can be downloaded here.

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