

Tax refund fraud & dispute trends: How to mitigate losses amid the surge

January 24, 2023



You and your customers deserve **better.**

- ✓ Better expertise.
- ✓ Better scale.
- ✓ Better compliance.
- ✓ Better results.



Fraud: a growing problem

531% increase in ACH/Debit from from 2019-2021

TransUnion's 2022 Global Fraud Trends Report

\$120M avg. loss to FI from digital payments misuse in 2021

The State Of Fraud And Financial Crime In The U.S.: PYMNTs-Featurespace

\$4.36 cost FIs pay for every \$1 of fraud

True Cost of Fraud Study: LexisNexis (2022)

90% increase in account takeover losses from 2020-2021

2022 Identity Fraud Study: Javelin Strategy & Research



Est. **252 million**
chargebacks in 2022

The First-Party Fraud Conundrum: How to Protect Financial Institutions and Merchants (Aite-Novarica, 2022)



**54% increase in
'friendly fraud'
globally from
2019-2021**

TransUnion's 2022 Global Fraud Trends Report

Evolving tactics



Phishing & account takeover



ATM withdrawals and disputes on provisional credit funds



P2P transfers: Force-post auths for different amounts & paid by other means



Online “education” and recruitment

Strategies to mitigate losses

- ✓ Speed up your resolution process
- ✓ Segment your teams by claim type and risk profile
- ✓ Establish a fraud review team close to front-line operations to help identify patterns
- ✓ Arm front-line staff with most up-to-date fraud alerts and red flags
- ✓ Invest in better forecasting for capacity planning



Don't forget the customer



A **bad customer experience** is the



No. 1 reason consumers would stop using a financial services provider



trust
honesty
data privacy

Morning Consult: Most Trusted Brands 2022





:ubiquity

Sources

1. *TransUnion: 2022 Global Digital Fraud Trends (March 2022)*
2. *2022 Identity Fraud Study (Javelin Strategy & Research March 2022)*
3. *The State of Fraud and Financial Crime in the U.S. (PYMNTs-Featurespace, September 2022)*
4. *LexisNexis: True Cost of Fraud Study 2022 (November 2022)*
5. *Webinar: Understanding First-Party Fraud Chargebacks (PaymentsJournal, November 2022)*
6. *Cost of Chargebacks (Chargebacks911, February 2022)*
7. *Latest IRS Scams: How to Spot Them and Fight Back (NerdWallet, January 2023)*
8. *Credit Card Fraud 2021 Annual Report: Prevalence, Awareness, and Prevention (Security.org, November 2021)*
9. *Mobile Banking Apps - Market, Scope, and the Future (GoodFirms, September 2022)*
10. *Most Trusted Brands 2022 (Morning Consult, June 2022)*