

# A Public Health Approach to Fraud

Michael Levi, Professor of Criminology, Cardiff University

Levi@Cardiff.ac.uk

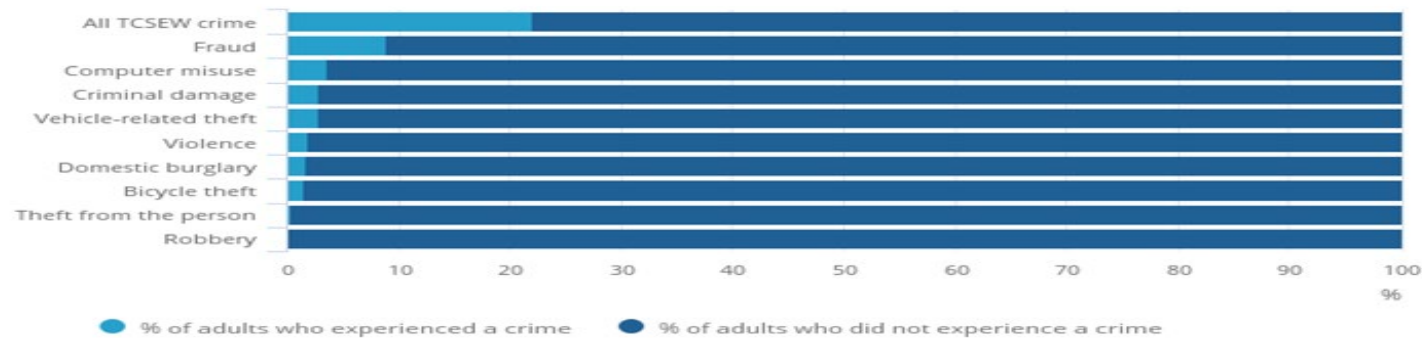
Midlands Fraud Conference 2022

How bad is fraud and to what fraud problems are we seeking mitigation?



# Individuals' crime risks E & W 2021

Figure 2: The likelihood of being a victim of crime varies by crime type  
England and Wales, October 2020 to September 2021 interviews



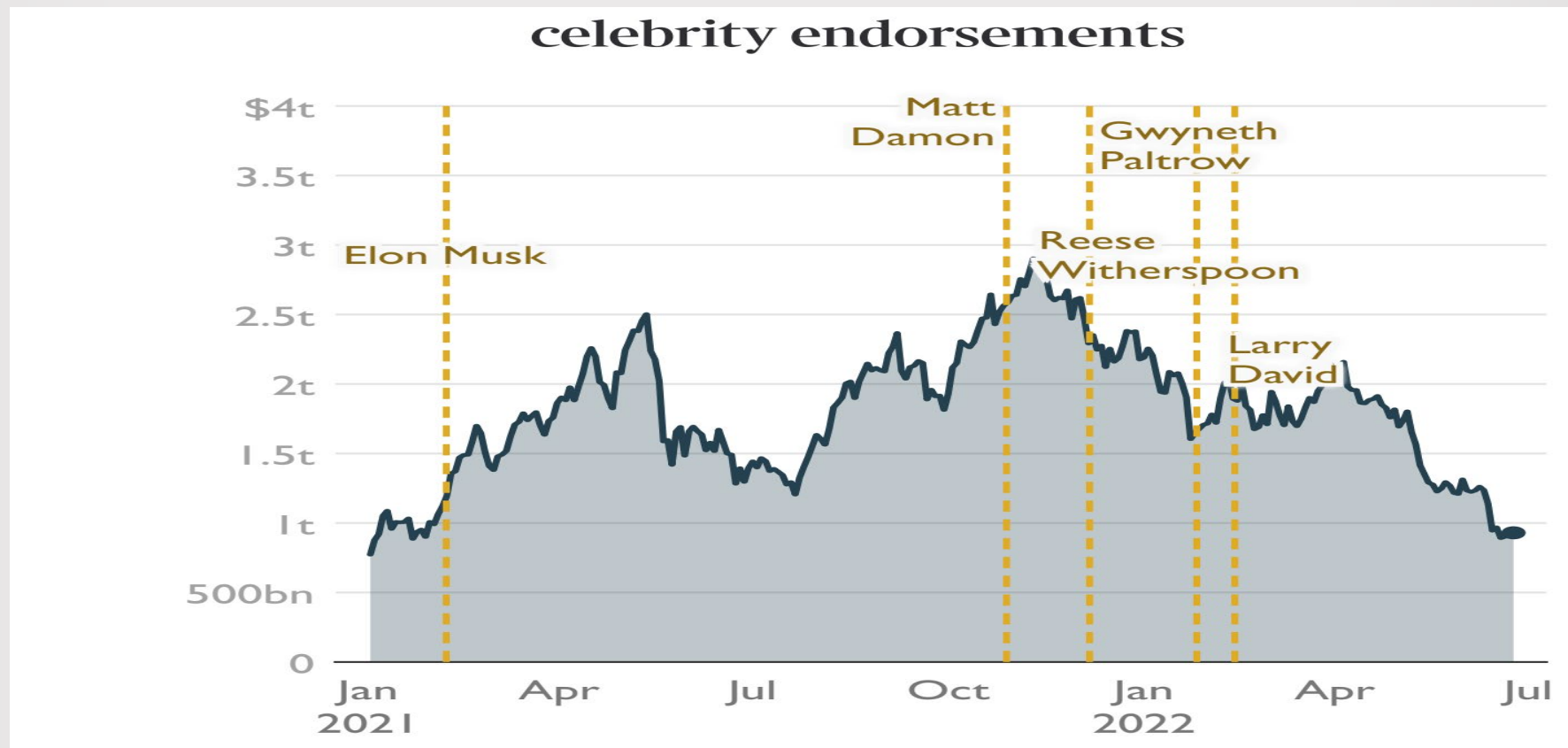
Source: Office for National Statistics - Telephone-operated Crime Survey for England and Wales (TCSEW)

**FCA data:** 16% of 18-24 yr olds paid out money, compared with 1% of those aged 55+. Of all who paid out some money, the average loss was £6,160 and the median was £240

**Action Fraud (WM):** Cheque, Plastic Card & Online Bank Accounts – median loss £440; online shopping £184

# The New Model Army of 'Financial Advisers':

## Cryptocurrency prices v. celebrity endorsement dates



**Santander:** Average value scam in Q1 22: £11,872 +65% year-on-year; 61% increase Q4 2021 to Q1 2022

# Business fraud risks

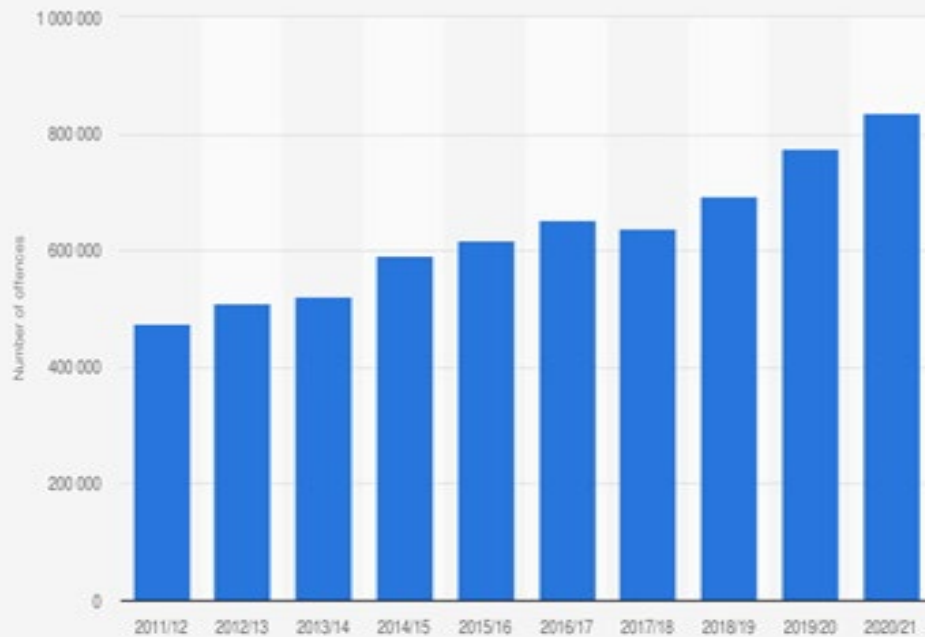
- Home Office Commercial Victimization Survey - premises survey - not fit for purpose as fraud measure
  - Excludes financial services sector
- In the 2021 CVS, the prevalence rate for fraud showed an apparent fall from 10% in 2018 to 6% in 2021, in line with UK Finance and Cifas data
- 5% of independent small retailers stated that they had experienced fraud
- The Cyber Security Breaches Survey 2022 found in last year, four in ten businesses and a quarter of charities report cyber security breaches/attacks
- Insights from consulting corporate fraud surveys
- Need to rethink 'computer misuse' category since phishing is precursor to fraud, ransomware, etc.

# Fraud is a many-splendoured thing

- What data are we collecting and *not* collecting?
- Improved data from banks, police & official surveys
- Tsunami of fraud attempts v all demographics
  - By email phishing, social media, and text messages
  - By landline and mobile phone
  - By affinity groups in person/online
- Huge frauds against government/taxpayers
- ‘Chumocracy’ allegations in by-passing formal procurement processes in emergency
- Longer term consequences for police/political legitimacy – *who really cares?*

# Trends in reported frauds/arrests: system in crisis?

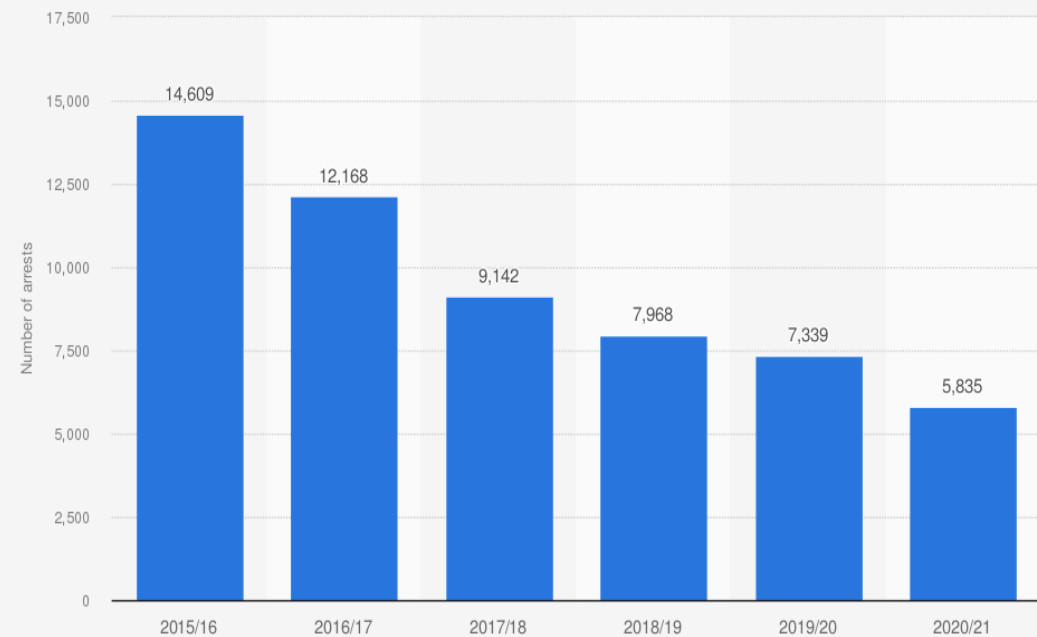
Number of fraud and computer misuse offences in England and Wales from 2011/12 to 2020/21



Source  
Office for National Statistics (UK)  
© Statista 2021

Additional Information:  
United Kingdom (England, Wales); Office for National Statistics (UK); April 1, 2011 to March 31, 2021; 16 years and older

Number of persons arrested for fraud offences in England and Wales from 2015/16 to 2020/21



Source  
GOV.UK  
© Statista 2022

Additional Information:  
United Kingdom (England, Wales); GOV.UK; April 1, 2015 to March 31, 2021

# Why a Public Health Approach?

- Aims to measure harms and intervention impacts
  - Not dependent on reported frauds
  - Data on repeat victimization – not just online, but also by phone and by mail
  - Financial and emotional/health impacts – ‘affordability’, not just financial losses – remember median losses
  - Analyses short and longer term interventions, usually via randomized trials or quasi-experiments
- Takes us away from police/criminal justice-centric approach
  - Though policing *is* part of a public health model
  - Some overlaps with ‘Four Ps’ Serious and Organised Crime model
  - Neutral as to which bodies should deliver interventions at different levels – but not like Network Rail!
    - OECD concept of ‘functional equivalence’ – is director disqualification equivalent to criminal conviction?
- Focus on Reducing Harm
  - Action against ‘vulnerability’ – but how and who do we prioritise when so many are vulnerable?
  - Strengthening interventions by financial services, police/trading standards/insolvency service & communities
  - The limits to paternalism and personal responsibility – are we clear and consistent enough?



# Reduce Harm & Loss Through Prevention

- COVID-19 pandemic first **systematic** approach to combating health and financial scams during a pandemic or even during an epidemic in the UK
- Tied to more general contemporary concerns about the impact of the internet and social media on fraud (and politics) affecting the general public.
- Public-facing warnings against consumer and investment scams by
  - the financial sector; government; third sector bodies; some social media companies (e.g. Google's <https://scamspotter.org/> - **though social media companies still take a lot of money from advertising frauds**)
  - advice from financial consultancies and government to the business sector aimed at reducing fraud risks from changes in the organisation of business in the short and longer term transition to home working.
- But short and long-term **effectiveness** of advisory/warning techniques?
- Many elite, blue collar & 'organised crime' frauds/IP crimes go on independently
  - 95.2% of TCSEW fraud victims said their fraud was NOT covid-related
- ***Pandemics alter the shape of opportunities and pressures on individuals, but do not dominate fraud or other economic crimes***

# The Future of Fraud Controls

- A bit of moral panic about internet crime risks?
  - Is a 1 in 12 annual risk of fraud serious grounds for concern?
- Insufficient moral panic or action about online frauds against taxpayer?
- Crisis in *public* counter-fraud/cyber 'performance' – who is held responsible?
  - One approach is increase number of fraud and cyber police
- Crisis in policing legitimacy
  - a bigger role for National Cyber Security Centre in website take downs?
  - How can we impact scam advertising more effectively?
- Effects of Russian invasion on UK corporate controls and 'oligarchs'
  - Extra attention for Companies House reform, Scottish and Irish limited partnership abuses
- What is to be done *for* victims, *to* offenders, *to/for* financial intermediaries
  - And by whom with what funds or resources in kind?