

Cybercrime cuts deep in global economy, study finds

June 9 2014, by Rob Lever



EU Commissioner for Home Affairs Cecilia Malmström talks during a press conference on Fighting European Cybercrime and establishing a European Cybercrime Centre at the EU Headquarters in Brussels on March 28, 2012

Cybercrime has grown into a global industry worth around half a trillion dollars, with no sign of slowing, a research report said Monday.

The [report](#) by the Center for Strategic and International Studies with security firm McAfee estimated the global economic cost of cyberattacks at \$445 billion, accounting for the loss of 350,000 jobs in

the United States and Europe.

"Cybercrime is a growth industry. The returns are great, and the risks are low," the report said.

The study gave a range of \$375 billion to \$575 billion in losses, but the authors said even these figures were conservative in the face of limited data from many parts of the world.

"The costs of [cybercrime](#) is going to continue to go up, barring a miracle," said Stewart Baker, a former Homeland Security official and co-author of the study.

James Lewis, a CSIS fellow and co-author, said the estimates are more conservative than some previous research pegging the cost at \$1 trillion, but acknowledged difficulty in collecting data.

"Maybe half of the companies that get hacked don't tell the local police," Lewis said at a forum unveiling the study.

"Many governments don't produce any data at all."

The authors said they believe their economic models produce a good estimate of [economic losses](#) but that some things are difficult to measure.

Many of the losses stem from theft of secret business information, or other forms of intellectual property.

Lewis said that in some cases, "someone might steal a billion dollars worth of [intellectual property](#) but is only able to monetize 10 percent of that."

Yet the report called cybercrime "a tax on innovation" because it reduces the return for new inventions or software, and may discourage some from investing or putting information online or in the cloud.

The researchers said cost of cybercrime also includes the impact of hundreds of millions of people having their personal information stolen—some 40 million people in the US last year, 54 million in Turkey, 20 million in South Korea, 16 million in Germany, and more than 20 million in China, according to the report.

"One estimate puts the total (number of victims) at more than 800 million individual records in 2013," the report said.

"This alone could cost as much as \$160 billion per year. Criminals still have difficulty turning stolen data into financial gain, but the constant stream of news contributes to a growing sense that cybercrime is out of control."

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