

Cost of COVID-19 scams likely to rise considerably, report concludes

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The number of consumer scams and frauds targeting government support programs due to the pandemic is underreported, a Cardiff University academic says.

Commissioned by the Australian Institute of Criminology, part of the Australian Government, the report co-authored by Professor Michael Levi concludes future pandemics and [economic crises](#) must include provisions for better monitoring and control of fraud.

Professor Levi, based at Cardiff University's School of Social Sciences, said: "Our report identified some novel crime types and methodologies that have arisen during the COVID-19 [pandemic](#). Social media and online activities have played a huge part in these. Outside of frauds on the [government](#) loan and social security schemes—which are clearly related to the pandemic, it is not yet clear how many COVID-19 scams have happened as additional crimes, or if fraudsters have mainly rapidly adapted their tactics and 'storylines' to target victims.

"Although the precise extent of fraud arising from the COVID-19 pandemic in 2020-21 will not be known for some time—indeed, a proportion of this fraud may never be identified or quantified, depending on the risk appetite and tolerance of governments—it is clear that the fiscal and [social changes](#) that have taken place have created abundant opportunities for fraud and procurement misconduct to occur."

The report offers a series of recommendations for governments and organizations seeking to tackle fraud. These include the need for ongoing reviews of national fraud control and monitoring systems, as well as the development of improved technology prior to pandemics taking hold.

Professor Levi said: "What is surprising is that during the first nine months of the current pandemic, identified fraud has been relatively low. Losses due to identified government stimulus fraud, consumer scams and payment fraud have accounted for millions rather than billions.

"Arguably, many individuals and businesses might not have experienced

the full economic impact of COVID-19 during 2020, having been supported by personal savings and government support programs. As the full impact of the pandemic is felt, and as [loan repayments](#) fall due, it is likely that the cost of fraud will increase considerably. So too will be our awareness of abuses of PPE and other procurement scandals, which frauds and allegations of conflicts of interest might have been prevented with greater and prompter transparency. Management frauds may take years to emerge."

"Governments need to learn and document the nature and extent of [fraud](#) that has taken place since the pandemic began, so that similar risks can be avoided in the future. But they will only be avoided if we have the political will to do so."

More information: Michael Levi et al, Fraud and its relationship to pandemics and economic crises: from Spanish flu to COVID-19, *Australian Institute of Criminology*. (2021). [DOI: 10.52922/rr78115](https://doi.org/10.52922/rr78115)

Provided by Cardiff University

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