

Economic recession: Can we deal with a new high in cybercrime and fraud?

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With the coronavirus economic crisis deepening, experts at University of Portsmouth are warning it will lead to the highest levels of fraud and cybercrime ever recorded. There are also concerns that existing preventative measures need to be reviewed urgently because they are unlikely to be sufficient to deal with the heightened threat that comes from a deep recession.

Professor Mark Button, Director of the Centre for Counter Fraud Studies at the University of Portsmouth, said: "Previous recessions show a direct correlation between a fall in [economic output](#) and a rise in fraud." Professor Button has compared the UK's past three recessions and mapped the growth in fraud offences as GDP falls:

- 1980 [recession](#): 3 per cent fall in GDP, 5.6 per cent increase in fraud offences
- 1990 recession: 1.7 per cent fall in GDP, 9.9 per cent increase in fraud offences
- 2008 recession: 2.1 per cent fall in GDP, 7.3 per cent increase in fraud offences

Professor Button said: "Recessions lead to

increased [financial pressures](#) on more people and a small minority use fraudulent means to address such pressures. Respected economists* have predicted the current crisis could lead to a substantial reduction in GDP with lowest estimates of a 7.4 per cent fall and highest estimates of a 35 per cent fall by the OBR. These predictions could mean fraud levels increasing from at least 30.3 per cent and possibly even doubling if the 35 per cent fall was to occur. These are rough estimates, but illustrate that a substantial increase in fraud is likely as a consequence of the economic downturn."

Professor Button has teamed up with practitioners at Crowe UK. The company is at the forefront of fighting fraud and cybercrime for businesses and has produced guidance for businesses and organisations of all shapes and sizes.

Professor Button added: "The deep recession we face, if typical of past economic downturns, looks set to lead to a substantial increase in fraud. Possible economic pressures may also lead people to radically re-evaluate loyalties and to rationalise behaviour which, in normal times, they would not consider appropriate. It is unlikely that any organisation will be immune to these changes. Organisations need to be prepared for this and I hope this guidance, that has been produced with leading practitioners from Crowe, will help them. "

The latest figures from ActionFraud show a 400 per cent increase in coronavirus-related cybercrime and fraud since mid-February. Examples include numerous frauds, phishing emails and bogus websites that offer to track the virus sell protective equipment or diagnose symptoms.

In less than a month, UK business activity has plunged to the lowest level since records began. Although it is normal for fraud and cybercrime to increase faster during a recession, the experts say this sudden downturn means the UK now faces an accelerated threat from fraud and cybercrime. "

The researchers urge businesses to review any current controls they have in place to prevent fraud and cybercrime, and be ready to ramp them up when necessary. They warn the nature of this type of crime rapidly evolves and often outpaces preset plans, quickly making them redundant. The new guidelines outline advice and practical steps for businesses to deal with the threat.

Jim Gee, Head of Forensic Services for Crowe UK and Chair of the Centre for Counter Fraud Studies, said: "Over the coming period we will see a surge in [fraud](#) taking it to higher levels than ever before. Existing preventative arrangements are unlikely to be sufficient to meet the heightened threat and need to be reviewed. Our crisis must not become the fraudster's opportunity."

More information: Fraud Guidance:

[drive.google.com/file/d/130jWy ...
LFW/view?usp=sharing](https://drive.google.com/file/d/130jWy...LFW/view?usp=sharing)

Provided by University of Portsmouth

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