sumsub

Sumsub Identity Fraud Report 2022

Learn the latest fraud dynamics and discover how to protect your business in 2023—in this report

In this study

Methodology

Our research was performed between 2021 and 2022 with a focus on global fraud trends

This study is based on anonymous verification statistics on millions of users from various industries worldwide, compared year-over-year between 2021 and 2022. All data is gathered from internal sources and supported by detailed analysis from our AI/ML experts.

21
industries analyzed

500,000+
fraud cases studied

Millions
of verifications used to gather anonymous data

Key takeaways

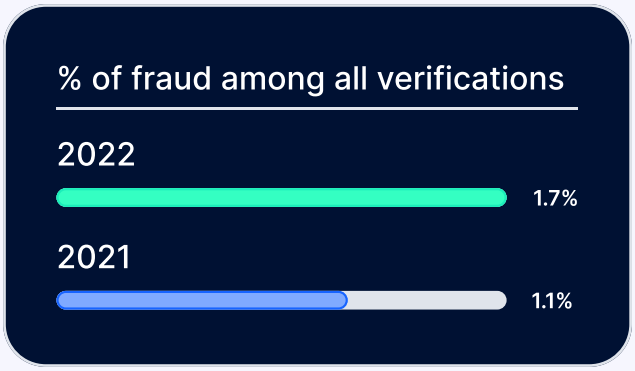
Fraud as an industry is evolving rapidly

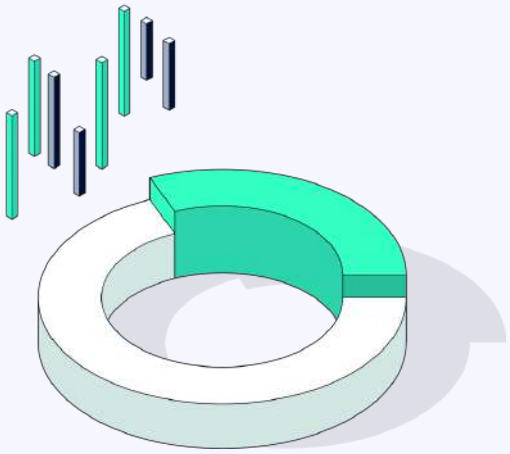
Common attack vectors—such as image tampering or using a phone screen—are falling out of fashion.

Deepfakes can now fool verification systems more easily and are cheaper to acquire.

As a result, businesses should opt for a strong verification provider in order to prevent fraud attacks of increasing scale and sophistication from occurring.

Global fraud statistics 2021/2022





Axie Infinity, a popular blockchain-integrated game, lost approximately $615 mln to an attack due to insufficient security measures

Entain Group, a gambling company based in the UK, was fined £14 mln for insufficient security and money laundering countermeasures

The UK trading industry saw a total of £609 mln stolen by fraudsters and scammers in just the first half of 2022

Key takeaways

Industries

E-sports

lead the fraud charts with a 2.9% share of total fraud cases

Crypto and banking

both experienced a nearly two-fold increase in fraud cases

Consulting

is no longer as popular for fraudsters and yet it still had a 0.3% increase in fraud

Most commonly forged documents

- 8 out of the top 10 document types used for fraud are ID cards;
- 8% of Bangladeshi ID cards used for verification are counterfeit;
- Every 10th ID card originating in Vietnam was a forgery.

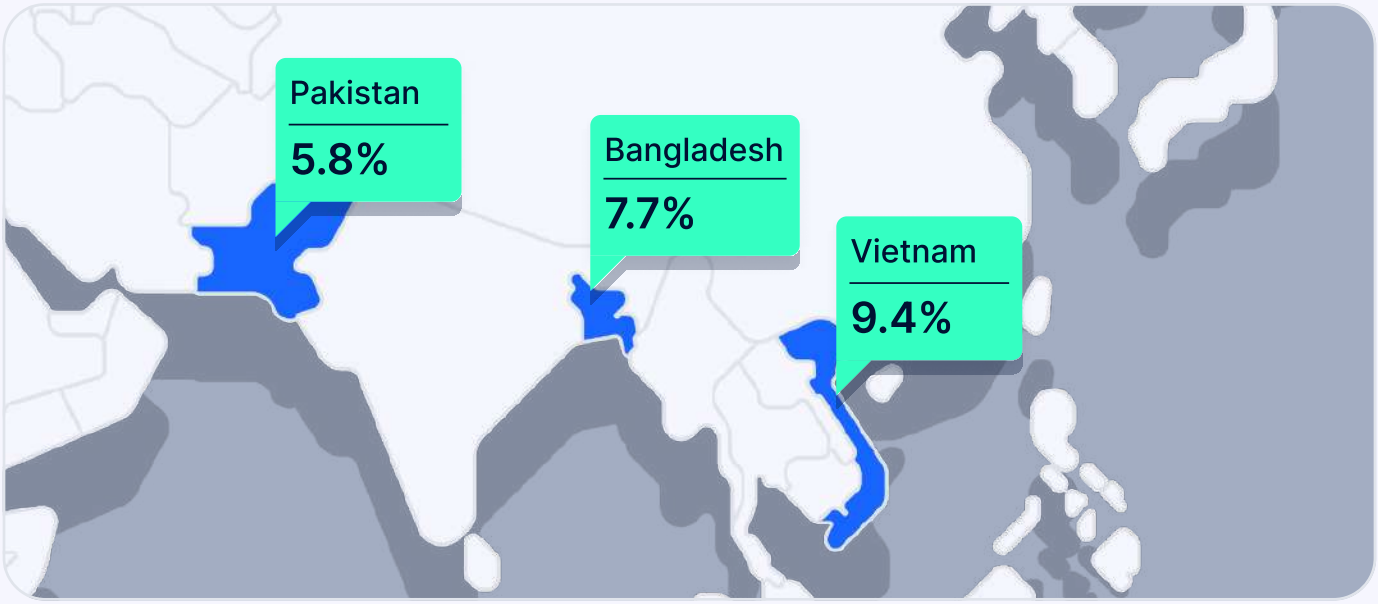
Age and gender

- 79% of all forged documents in 2022 use people of male gender;
- 29.4% of all fake documents belong to people aged 20-25.

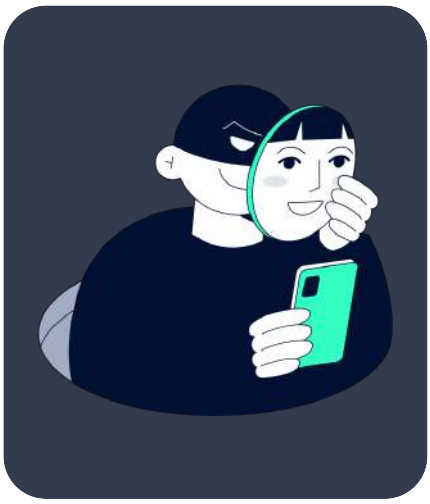
Transaction fraud

- 40% growth in payment fraud occurred from 2021 to 2022.

Countries most vulnerable to fraud (fraud cases per total number of applicants)



Top 3 fraud trends in 2022

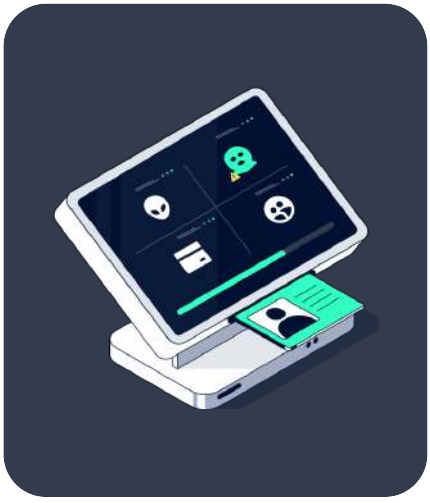


Deepfake usage

Fraudsters have developed more advanced deepfake technology, and the software required to create one is increasingly available on the internet. Depending on the input data, some deepfakes are incredibly hard to distinguish from reality, and only sophisticated antifraud algorithms can detect them reliably.

Complex fraud patterns

Since fraud technology is advancing rapidly, pattern recognition is becoming a must-have in order to catch fraudsters early.
For instance, behavioral analysis can indicate if a person spends too much time (or too little) on the check. This can be a possible red flag.



Advanced forgery

Fraudsters no longer rely on blatant attacks like printed images, document photos plastered on top of the original, phone screens, etc. Now, just about every attempt at bypassing verification is made with the help of carefully crafted deepfakes and fabricated IDs that require robust anti-fraud technology to detect.

Fraud trends by industry

Fraud cases are going up across the board

COVID-19 has given online services a tremendous boost. However, fraudsters have also upped their game during this time.

- An approximately twofold increase in crypto fraud—from 0.7% of all cases to 1.5%
- E-sports takes the cake as the most fraud-targeted industry
- Banking has experienced nearly 100% growth in fraud cases
- E-commerce has seen an explosion of fraud from 0.1% to 1.3% of all cases

Andrew Barron

VP of Legal
at ShiftMarkets

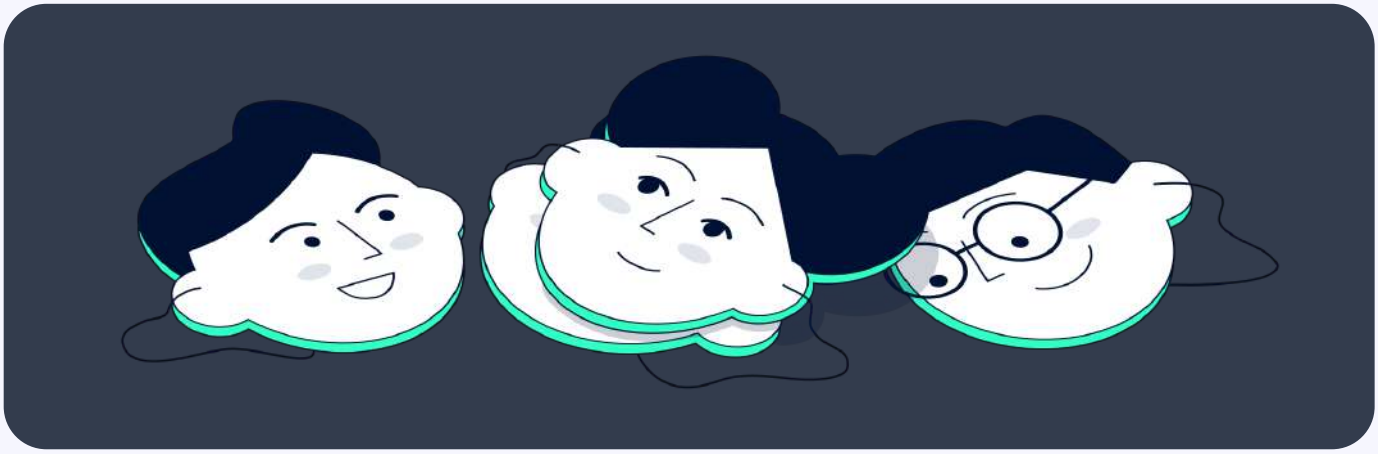
In 2022, we saw an influx of documents suspected of manipulation, particularly documents attesting to individual's proof of residence. With regulators increasing efforts across the globe, we expect to see a different style of fraud in 2023, likely tied to identity theft rather than forgery.

Fraud trends by industry

% fraud by industry 2021/2022

Industry	%Fraud		Industry	%Fraud
E-sports			Banking	
2022	2.9%		2022	1.4%
2021	1.0%		2021	0.6%
Classified advertisement			Ecommerce	
2022	1.7%		2022	1.3%
2021	0.6%		2021	0.1%
Payment			Social Network	
2022	1.5%		2022	1.2%
2021	1.3%		2021	0.7%
Crypto			Software	
2022	1.5%		2022	1.1%
2021	0.7%		2021	0.7%
Real estate			Consulting	
2022	1.4%		2022	1.1%
2021	0.9%		2021	0.9%

2021 had a completely different landscape in terms of the industries targeted by fraudsters. In 2022, the payment industry no longer leads the chart, and consulting has dropped in popularity. Instead, fraudsters began targeting E-sports more frequently due to the explosive growth of the industry over the past two years and low onboarding barriers.



Fraud trends by industry

Insight from CryptoProcessing.com — crypto payment gateway:

While crypto processing does, in fact, combat certain kinds of fraud, such as illegitimate chargeback requests, on the flip side, the greater anonymity involved leads to a higher risk of money laundering, the purchase of illicit goods, and even terrorist financing. That's why businesses that deal with crypto ought to be farsighted, while employing state-of-the-art KYC & KYB vehicles. This procedure is paramount.

Alexey Sidorowich

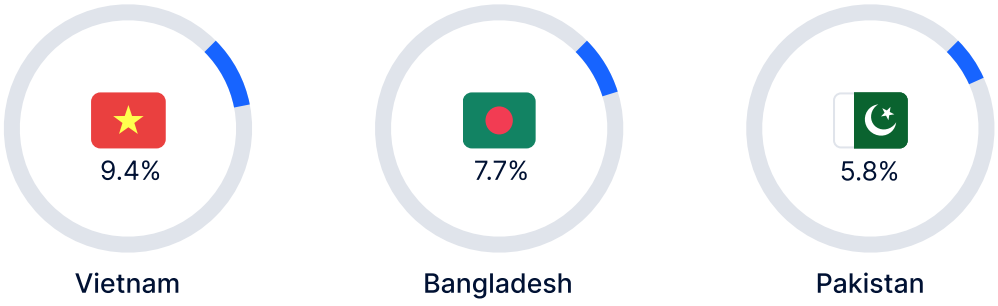
CCO at Merkeleon.com

KYC is a contentious topic in the DeFi and CeFi spaces; how can you ask someone for a copy of their identity when anonymity is a key value of decentralisation? On the other hand, how can you be sure in the absence of criminal activity if KYC isn't required? As such, it's important to find a balance; due diligence should be enough to detect criminal activity but not invasive as to hinder industry development.

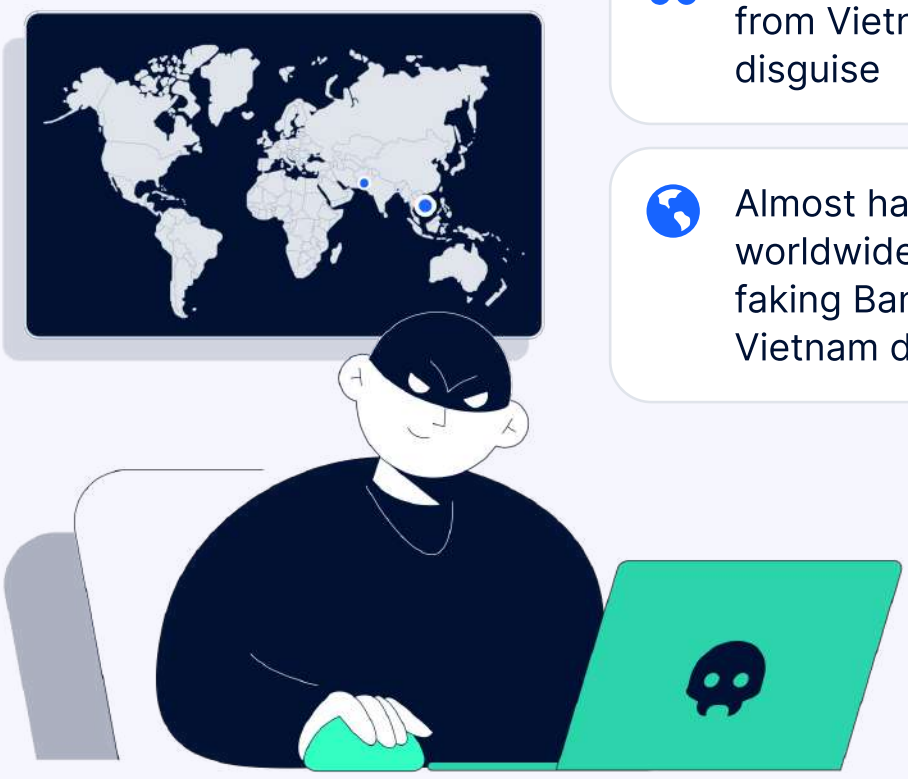
Fraud trends by region

Fraudsters prefer to use documents from countries where forgery is easier to pull off. On top of that, we've detected fraud cases rising in all countries that lead the charts in 2021.

Countries most vulnerable to fraud:



Percentage of fraud attempts by total share of applicants from a given country



On average, every 10th applicant from Vietnam is a fraudster in disguise

Almost half of all fraud attempts worldwide are performed by faking Bangladesh, Pakistan, and Vietnam documents

Fraud trends by region

Fraud percentage by country 2022

Country	%Fraud
Vietnam	9.4%
Bangladesh	7.7%
Pakistan	5.8%
United States	2.5%
Nigeria	2.4%
Indonesia	2.0%
India	1.4%
UK	1.3%
Ukraine	0.9%
Brazil	0.4%

Fraud percentage by country 2021

Country	%Fraud
Bangladesh	4.4%
Pakistan	4.1%
Nigeria	2.4%
UK	1.2%
Spain	1.2%
United States	1.0%
Ukraine	0.9%
France	0.9%
India	0.7%
Canada	0.5%

Bangladesh, Pakistan, and Nigeria led the charts in 2021. Interestingly, Nigeria no longer leads in 2022 and received no negative or positive upturn in fraud over the year.

In 2022, Vietnam, Bangladesh, and Pakistan lead the charts for the most fraud cases. The US is actively climbing the chart, with a 1.5% increase in fraud over the last year.

Fraud trends by document

The types of documents stolen or faked vary by country. In 2022, ID cards take the lead.

8

out of the top 10 document types used for fraud are ID cards

8%

of Bangladeshi ID cards used for verification are counterfeit

6%

of Pakistani ID cards are fake or stolen

In 2021, Nigerian driving licenses were the most common ID type used for fraud. In 2022, fraud attempts using these documents have practically vanished.

Every 10th ID card originating in Vietnam ends up being a fake used in an attempt to gain illicit access

Fraud trends by document

Fraud percentage by document type 2022

Country	Docyment Type	%Fraud
Vietnam	ID card	10.1%
Bangladesh	ID card	8.1%
Pakistan	ID card	6.0%
Nigeria	ID card	2.7%
USA	DL	2.4%
Indonesia	ID card	2.0%
India	ID card	1.1%
Ukraine	Passport	1.7%
Ukraine	ID card	0.7%
Brazil	ID card	0.5%

Fraud percentage by document type 2021

Country	Docyment Type	%Fraud
Nigeria	DL	7.6%
Bangladesh	ID card	4.9%
Pakistan	ID card	4.2%
Nigeria	ID card	2.6%
Ukraine	ID card	1.7%
UK	Passport	1.7%
France	ID card	1.0%
USA	DL	1.0%
Ukraine	Passport	0.8%
India	ID card	0.5%

*DL - Drivers License

In 2021, Nigerian driving licenses were the easiest documents to fake. This year, the only driving license to make it to the top 10, is the US driving license.

In 2022, 55,8% of all fraud detected worldwide is attributed to 5 countries: Bangladesh (22%), Pakistan (15.2%), Vietnam (8.1%), Nigeria (5.4%), USA (5.1%).

Fraud schemes popular in 2022

Multi-accounting

This type of fraud is very common in the gambling and betting industries. Fraudsters attempt to register more accounts than permitted to perform welcome bonus abuse, arbitrage betting, and other fraudulent activity. Multi-accounting is preventable with liveness checks.

Account takeover

Gaining access to another person's account is still highly commonplace. We highly recommend augmenting 2FA with a liveness check to ensure complete protection at no expense to the user experience.

Biometric spoofing

This requires getting truly creative. To fool biometric systems, criminals use life-like masks, deepfakes, and other advanced methods, so only the most sophisticated verification platforms can stop them.

Chargeback fraud

Fraudsters use stolen cards to issue illegitimate chargebacks by raising fake disputes with the bank. Bank card verification can prevent this from happening by thoroughly checking if a card belongs to the user or not.

Transaction fraud in 2022

Fraudsters are especially keen to make use of stolen bank cards, which target multiple industries, chiefly financial services, e-commerce, and gambling industries.

3.6% of all e-commerce revenue in 2022 has been stolen by fraudsters

40% of payment merchants now prioritize the prevention of illegal chargebacks

46% growth in payment fraud occurred from 2021 to 2022, significantly increasing the share of this type of fraud worldwide

Complex fraud schemes include both identity theft and use of stolen bank cards. Transaction monitoring and assessing high-risk cases prior to payment authorization is the only reliable way to prevent illegal chargebacks and money laundering.

Discover our KYT solution to this problem

Behavioral fraud trends

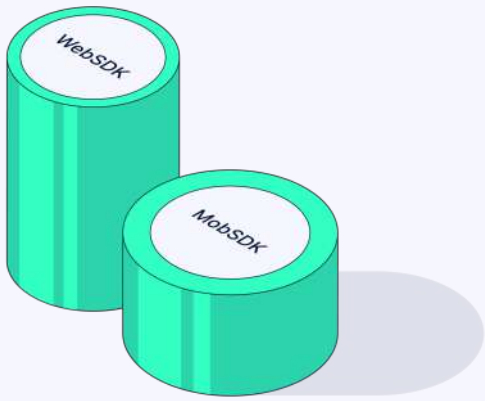
The technology used to fabricate documents is advancing

That's why it's crucial to focus on more than just document authenticity—user behavior during verification is also an important factor in determining fraud risks.

In 2021, fraudsters targeted companies via mobile and desktop websites indiscriminately—there is no tangible preference.

Fraud percentage Website vs Mobile app

Platform	%Fraud
WebSDK	
2022	1.7%
2021	0.8%
MobSDK	
2022	1.3%
2021	0.7%



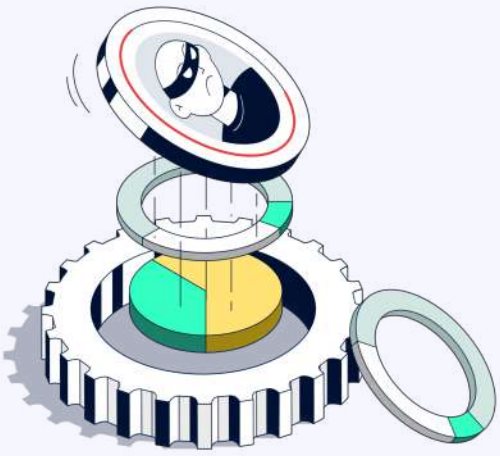
In 2022, however, websites are getting attacked more often, and mobile attack vectors are not as popular. The number of cases continues to grow on both mobile and desktop in any case.

Behavioral fraud trends

Fraud percentage by mobile operating system

Operating system	%Fraud
Android	
2022	1.7%
2021	0.8%
iOS	
2022	1.4%
2021	0.7%

In 2021, mobile fraud was more or less evenly split between iOS and Android, with the latter having a slight lead. In 2022, Android extended its lead, seeing 0.4% more fraud than iOS, as opposed to 0.1% in 2021.



Gender stats for fraud attempts

Gender	%Count
Female	
2022	21.1%
2021	28.1%
Male	
2022	78.9%
2021	71.9%

Based on our data, male documents make up the majority of forgeries. This gender gap has grown even more in 2022, reaching 79%, as opposed to 72%.

Behavioral fraud trends

Age is also an interesting parameter to review. Fraudulent documents purport to be people under 30 years old. The most common ages are 20, 21, and 22. This dynamic remains unchanged in 2022.

Top 10 fraud attempts by age group in 2021/2022

Age	%From all fraud attempts	
21	2022	6.1%
	2021	4.7%
22	2022	5.7%
	2021	4.2%
24	2022	5.1%
	2021	3.9%
23	2022	5.0%
	2021	4.1%
20	2022	5.0%
	2021	4.3%

Age	%From all fraud attempts	
23	2022	5.0%
	2021	4.1%
25	2022	4.6%
	2021	4.0%
19	2022	4.3%
	2021	3.6%
27	2022	3.9%
	2021	3.4%

Fraud forecast for 2023

The current global economic crisis is driving fraud more than ever

Job cuts greatly contribute to societies in any given country resorting to criminal activity. For instance, Amazon is planning to lay off 10,000+ employees, and Twitter will cut 4,400 jobs as well. Another similar crisis happened during the COVID-19 pandemic, which had similar fraud trends.

On top of that, we expect **developing countries to lead fraud charts** due to the vulnerability of local documents. Advanced fraud tools are now easier to acquire, and it is likely that the **crypto trading ecom**, trading, and e-commerce industries will **take the biggest hit** from fraud attempts.

Both image and voice AI-generated **deepfakes** have seen a breakthrough in terms of quality and commercial availability, opening new avenues for fraudsters to use.

Pavel K.

Head of AI/ML department at Sumsub

Deepfakes are a growing trend in 2022 that will continue in 2023. Recent breakthroughs in image generation technology will make them even better in quality and cheaper to produce. AI democratization will also continue, and while this enables companies of various scale to employ their own set of technologies (for instance, liveness detection), it also makes fraudsters more powerful. Nevertheless, I believe that if the antifraud industry stays up to date, we will have an advantage over fraudsters.

How Sumsub fights fraud

Sumsub's anti-fraud system is powered by an advanced AI with years of training data. Every single fraud countermeasure has been developed in-house by industry experts. We constantly monitor the situation and update our systems to stay ahead of even the most sophisticated and recent fraud attack vectors.

The platform includes document checks, graphic editing detection, cross-checks against global watchlists, and advanced facial biometrics technology.

All this helps to ensure the user's physical presence and document ownership during verification. That's how we achieve the highest levels of fraud protection while ensuring high pass rates.

See how mining platform NiceHash lowered security incidents by 80% with Sumsub

Check how Cake DeFi boosted approval rate by 80% and detected 20x more fraudsters with Sumsub

How Sumsub fights fraud

Every level of Sumsub's AI-powered anti-fraud system is fully developed in-house. The platform consists of:

Screenshot and screen recapture checks

Used to confirm that real photographs are submitted rather than screenshots

Image-based analysis

Pixel analysis, security features & fonts check, and graphic editor detection are all used to confirm document authenticity

Behavioral risk analysis

AI-powered assessments of risk signals associated with the user's profile, such as IP location, device fingerprints, and more

Liveness

Confirmation of the user's physical presence, which is handy for authentication and prevention of multi-accounting

Database cross-checks

Government databases speed up the verification process and can be used to double-check documents with official sources

Transaction risk monitoring

Detection of suspicious transactions to prevent chargeback fraud and the use of stolen bank cards

Want to safeguard your business from fraud while achieving high pass rates?

Book a demo today →

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