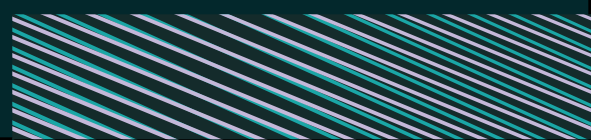# Veriff H1 Fraud Report

Crypto

veriff

Veriff's industry-leading identity verification, KYC, and AML technology is able to process more than 10,200 government-issued ID documents from over 190 countries and harness Biometric Authentication to verify millions of identities across the globe.

Veriff's H1 2022 Identity Fraud Report shares the insights that our specialized fraud team has encountered in the first half of 2022. This year we decided to focus on the constantly fluctuating crypto market and the troubles it's facing when it comes to fraud.

What types of fraud are we discussing here?

Document fraud (Synthetic fraud)	Identity fraud (Identity theft)	Technical fraud (Scamming)	Recurring fraud (Pattern fraud)
Document fraud (Synthetic fraud)	Attempted impersonation	Images and/or videos are streamed	Velocity abuse
Fake documents	Attempted use of printed out copies or images shown from screen	Fraudulent access to the session	Continue attempting verification if previously successful

Fraud types

Document fraud - altering the information on ID documents or creating fake documents with the aim of defrauding the verification process.

Identity fraud - attempts to appear as someone other than oneself by using someone else's physical ID document or coercing/forcing/duping someone else to undergo the verification process.

Technical fraud - attempts to bypass the set verification flow or process, for actions such as submitting streamed videos or fraudulently accessing sessions that were meant for a separate individual.

Recurring fraud - based on the historical trends and known key motivators of fraud, we are continuously detecting and preventing recurring and systematic fraud attacks. Through an established process monitoring traffic analysis, we detect and prevent these bad actors from causing damage.

A Global View Across Industries

Technical fraud saw the biggest jump in H1 2022 increasing by 51.9% globally. In Europe technical fraud grew 110.3% and 31.7% in the U.S.

The second most significant increase was in recurring fraud which grew by 35.8% globally. Europe and the U.S. saw 7.3% and 2% fraud growth respectively.

Identity fraud grew 8.6% globally, declined by 27.9% in the U.S. and grew 7.7% in Europe.
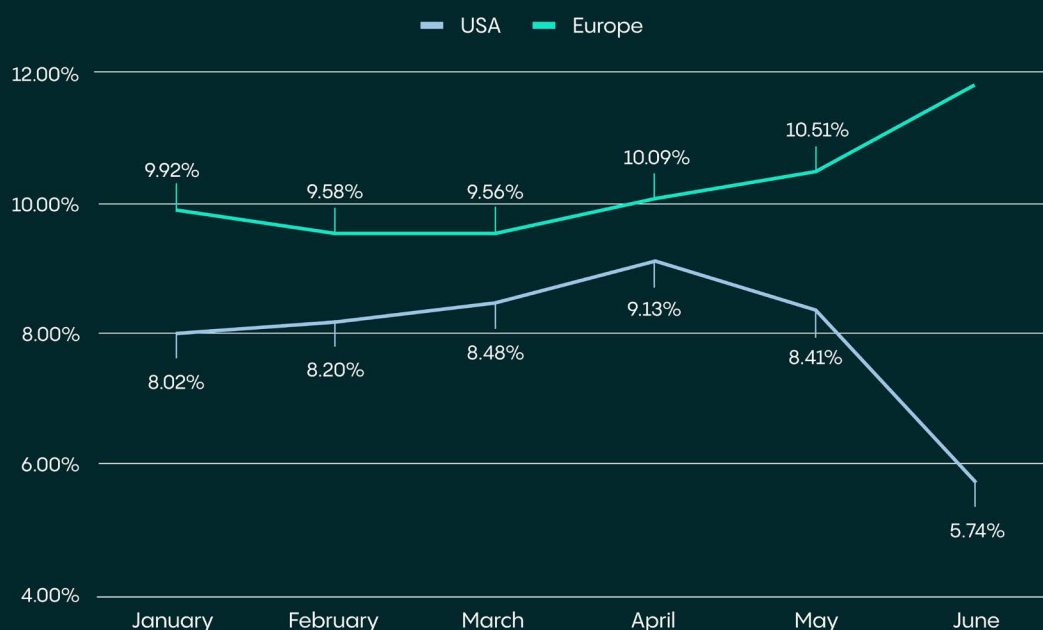
What's happening with crypto & fraud?

Data collected from Jan. 1, 2022 – June 8, 2022

Fraud continues to grow across industries and regions, but time and time again we see the most fraud in one industry — cryptocurrency. Crypto experienced more fraud than Veriff's other selected industries: mobility and fintech. In Q2 of 2022 there was 11.3% more fraud in the industry compared to Q1. The most significant growth (71.1%) in crypto came from document fraud.

When looking at the fraud types, then technical fraud saw the biggest jump (51.9%) during H1 2022. Second most significant growth was in recurring fraud which grew by 35.8% globally. Identity fraud grew 8.6% globally during the first six months of 2022.

Technical fraud 6%

Document fraud 14%

Recurring fraud 38%

Identity fraud 42%
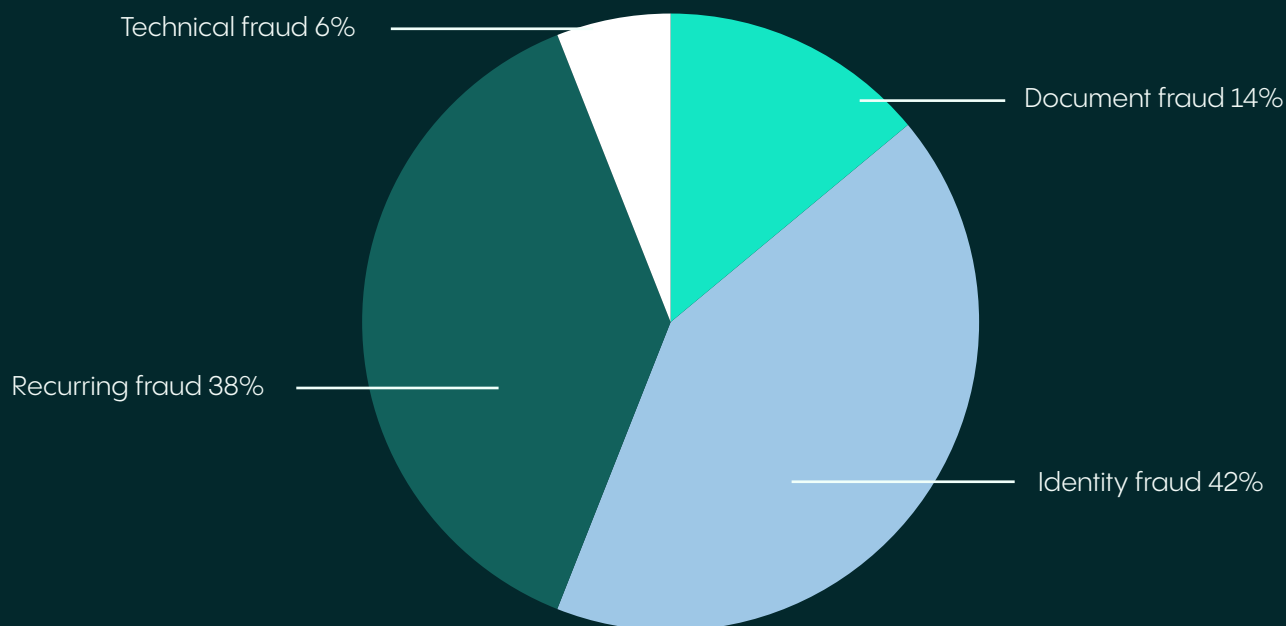
In Q2 Europe and the U.S. saw a reverse in their fraud trends — Europe saw a significant increase in fraudulent activity after a downtrend and the U.S. saw a downtrend when it had been seeing a rise in fraud in quarters past.

USA — Europe

	January	February	March	April	May	June
Europe	9.92%	9.58%	9.56%	10.09%	10.51%	
USA	8.02%	8.20%	8.48%	9.13%	8.41%	5.74%

A previous Veriff report highlights the many ways fraudsters can capitalize on crypto's processes. "Cryptocurrency transactions between users are generally anonymous and take place in seconds," the report states. "Due to the speed of the transactions and the anonymity provided, criminals sometimes use cryptocurrencies in an attempt to evade conventional controls relating to money laundering."

Veriff is constantly evolving with our customers and their industries, and we're focused on catching fraud in crypto and making KYC and AML compliance simple and effective. We work with global leaders in crypto, such as Blockchain.com, and have adapted to changing landscapes to scale with our customers so that they can scale their user base seamlessly.

Veriff's Recommendations

Know Your Customer (KYC) compliance laws are constantly evolving across the globe, particularly among exchanges and wallet services that include the use of fiat currencies.

With the regulatory environment changing, it is recommended that cryptocurrency and blockchain-powered companies implement comprehensive identity verification as soon as possible to minimize the friction that can occur as a result of this transition.

Talk to us

If you'd like to learn more about Veriff's fraud prevention technology, you can visit our website or contact us via sales@veriff.com.

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