



THE FRAUD CRISIS IN AMERICA: HOW ADULT CONSUMERS FEEL, WHAT THEY KNOW, AND THEIR ACTIONS THAT POSE RISKS

May 2024

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EXECUTIVE SUMMARY

Executive summary

This report presents insights that were gathered from a survey of 2,230 adults ages 18-plus. Specifically, the report examines what individuals are currently doing to protect themselves from fraud, their knowledge of top fraud tactics, and their sentiment about fraud in our society.

Theft through fraud has risen exponentially over the last five years. A recent report from the Federal Trade Commission (FTC), found that fraud losses topped \$10 billion in 2023, up from \$2.4 billion in 2019. This marks the first time that reported fraud losses have reached that benchmark.

Combatting rampant and growing fraud will take the actions of industry, law enforcement, policymakers and individuals. The findings from this study reveal a particular action that poses an elevated level of risk from frauds, namely answering phone calls, texts, or friend requests from people that we don't know.

- While most adults rarely or never answer phone calls, texts, or friend requests from people they don't know, a significant percentage of adults (i.e., 35%) usually or always do one or more of these actions. That's an estimated 120.2 million people.

Criminals will seize any opportunity to manipulate their target's emotions and lower their resistance. Not engaging on these platforms with people that we don't know may reduce our risks of victimization.



*Source: Federal Trade Commission (February 2, 2024). As Nationwide Fraud Losses Top \$10 Billion in 2023, FTC Steps Up Efforts to Protect the Public: Investment scams lead in reported losses at more than \$4.6 billion. (<https://www.ftc.gov/news-events/news/press-releases/2024/02/nationwide-fraud-losses-top-10-billion-2023-ftc-steps-efforts-protect-public>).

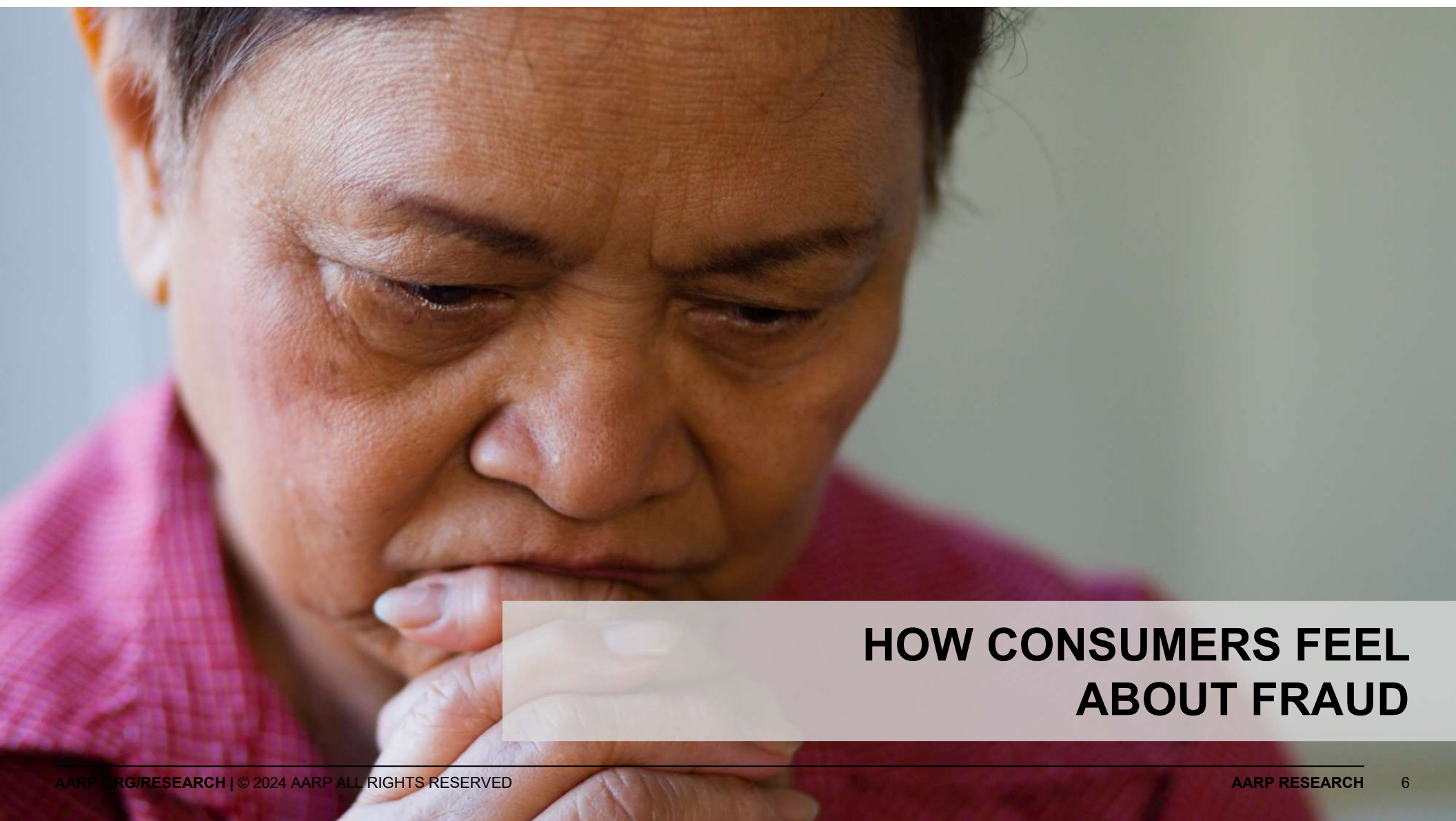
Executive summary (cont.)

Another area that poses an elevated risk of fraud is not maintaining the security of one's devices and online accounts.

- Most adults (an estimated 209 million people) do not use a VPN when on public wi-fi (which poses a risk to their personal information and privacy).
- Most adults (an estimated 194.9 million people) download free apps and/or take online quizzes on social media (which poses a risk of exposure to malicious software).
- Most adults (an estimated 222 million people) do not use distinctively different passwords on all their accounts. (A hack on one account puts the others at risk.)

The findings also show some good news:

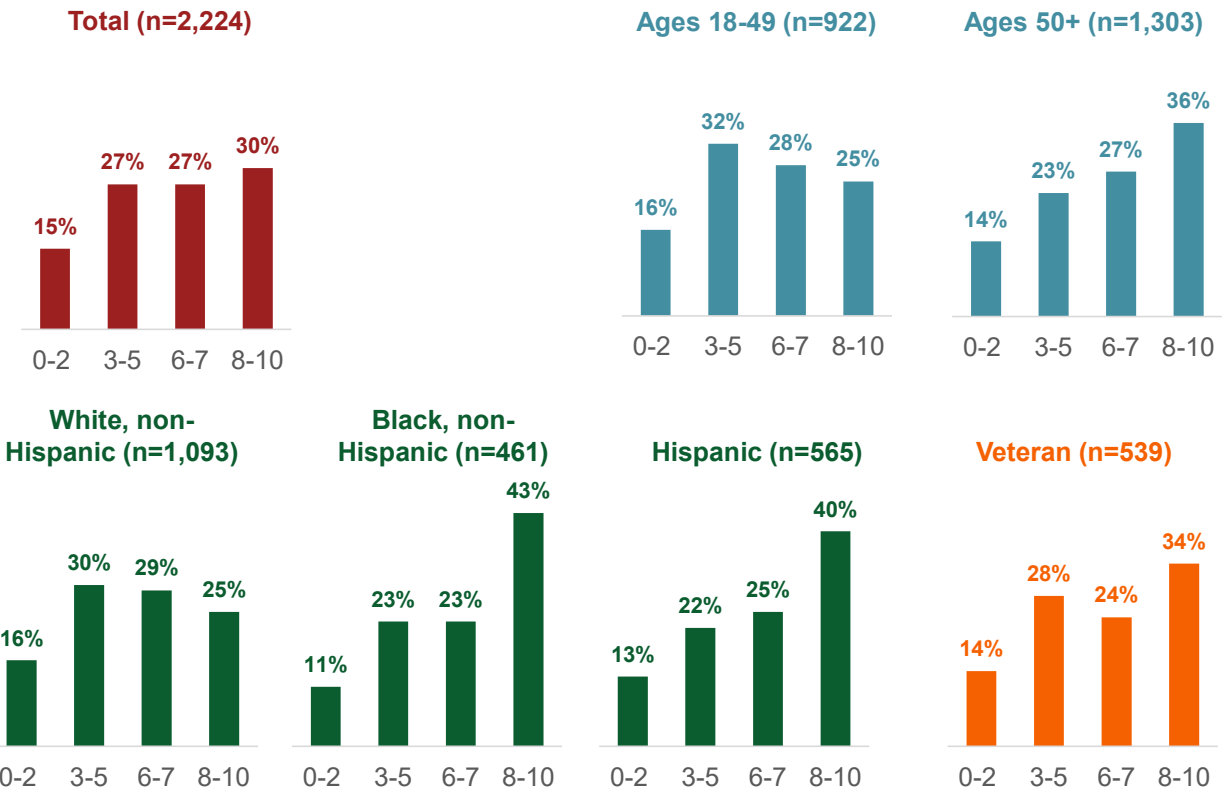
- Most adults (an estimated 123.4 million people) update their operating devices when prompted (often to address known vulnerabilities) and use multi-factor authentication (MFA) on their accounts.
- We asked questions about two common payment tactics criminals use and found most (i.e., about 216.4 million people) are aware of them. (Notably, however, Black Americans were slightly less likely than others to be aware of them.)
- The survey also showed that most adults (an estimated 144 million people) are worried about fraud, which reflects the significant growth of this crime over a short period of time.



HOW CONSUMERS FEEL ABOUT FRAUD

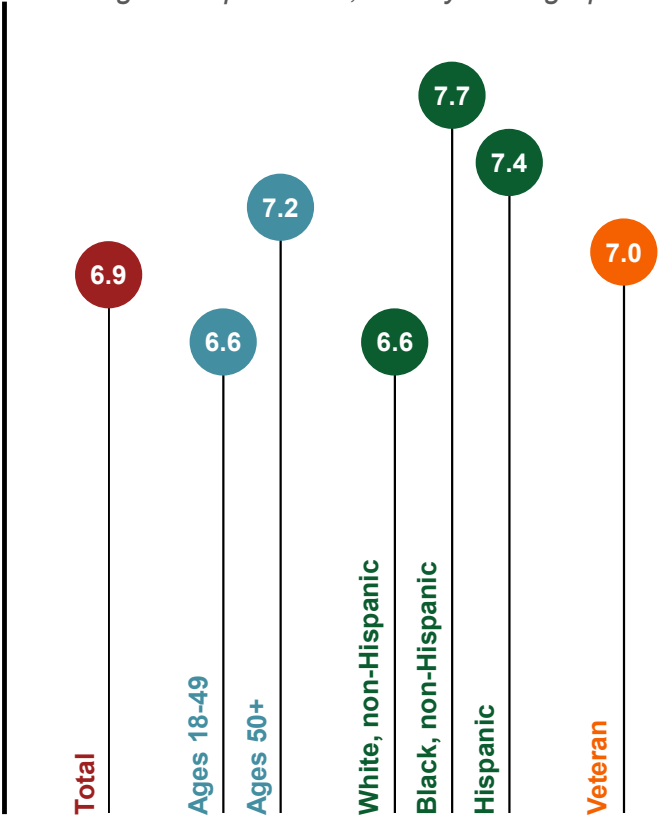
Many adult consumers worry about fraud.

Level of worry about scams and fraud (0–10 scale)
Among all respondents, and by demographics



Q. On a scale from 0 to 10, how much do you worry about scams and fraud?

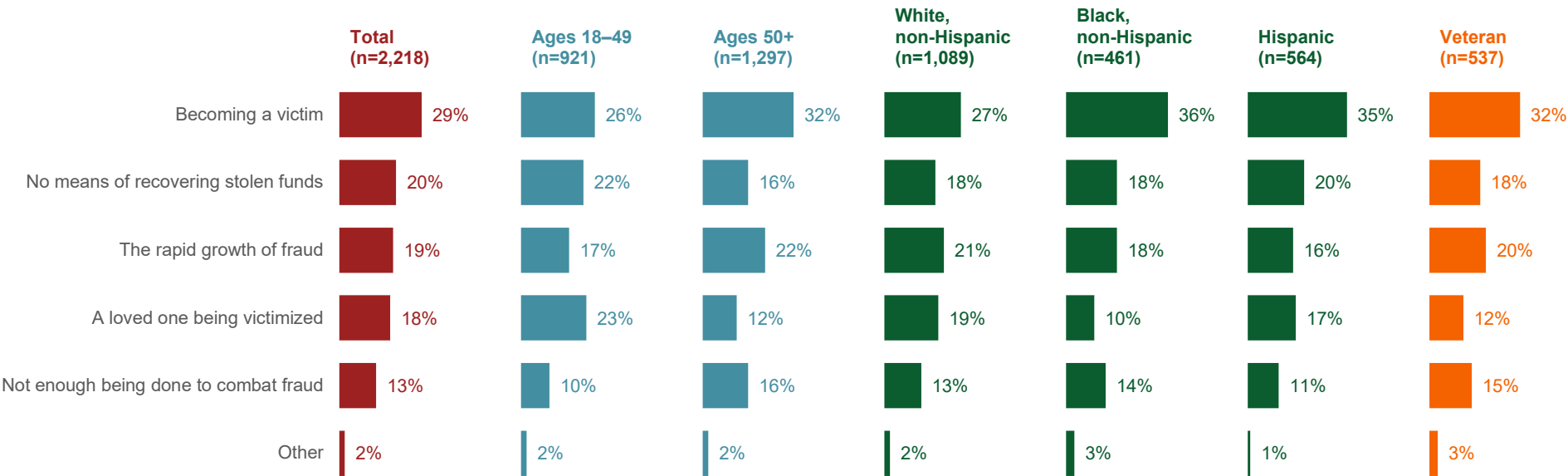
Average level of worry
Among all respondents, and by demographics



Being victimized and having no means of recovering their stolen funds are what most worry about.

A sizable percentage also worry more broadly about the rapid growth of fraud.

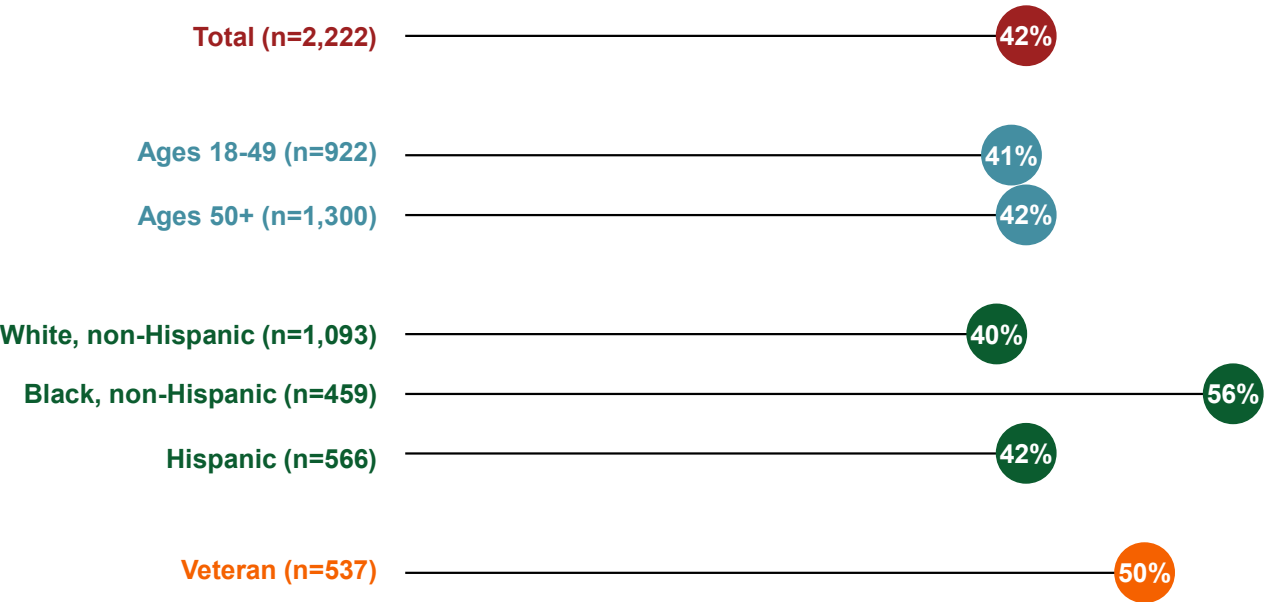
Most common worry about scams and fraud
Among all respondents, and by demographics



Q. What worries you the most about scams and fraud?

Many (i.e., an estimated 141.5 million adults) have had money stolen due to fraud or sensitive information obtained and used fraudulently.

Percent who have experienced fraud
Among all respondents, and by demographics

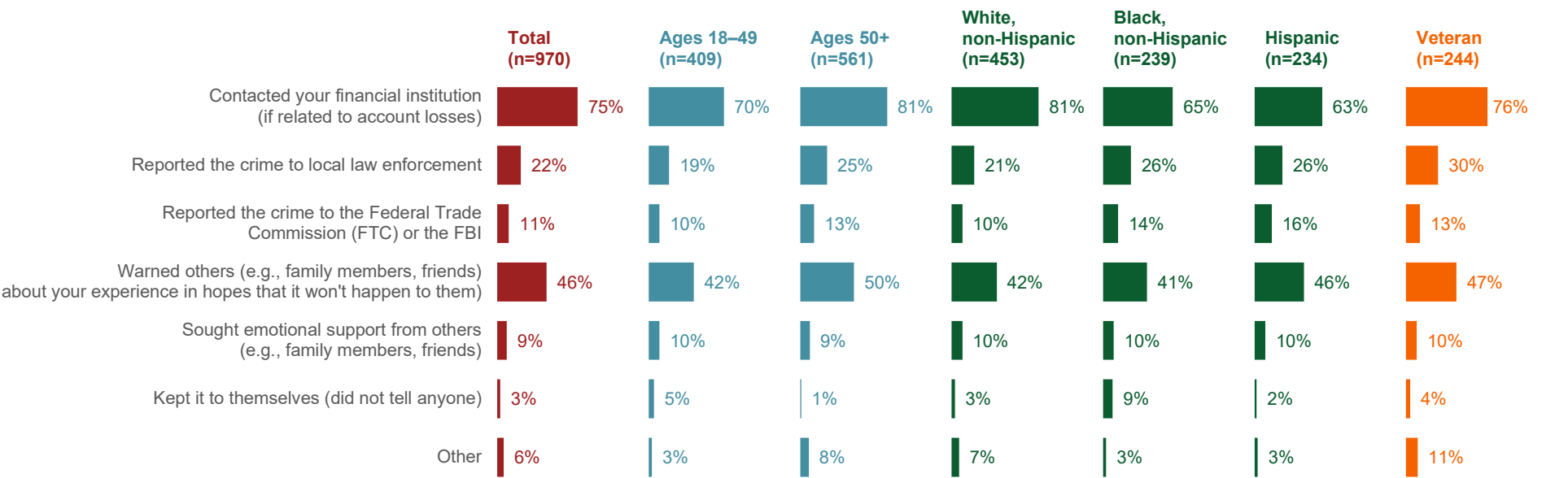


Q. Have you ever experienced fraud (i.e., money stolen through deception or sensitive information obtained and used fraudulently)?

After experiencing fraud, most have contacted their financial institution.

Also, many have warned others about their fraud experience with the hope that a similar experience won't happen to them. Few, however, have reported the crime to law enforcement or the Federal Trade Commission (FTC).

Actions taken after realizing they had experienced fraud
Among respondents who have experienced fraud, and by demographics



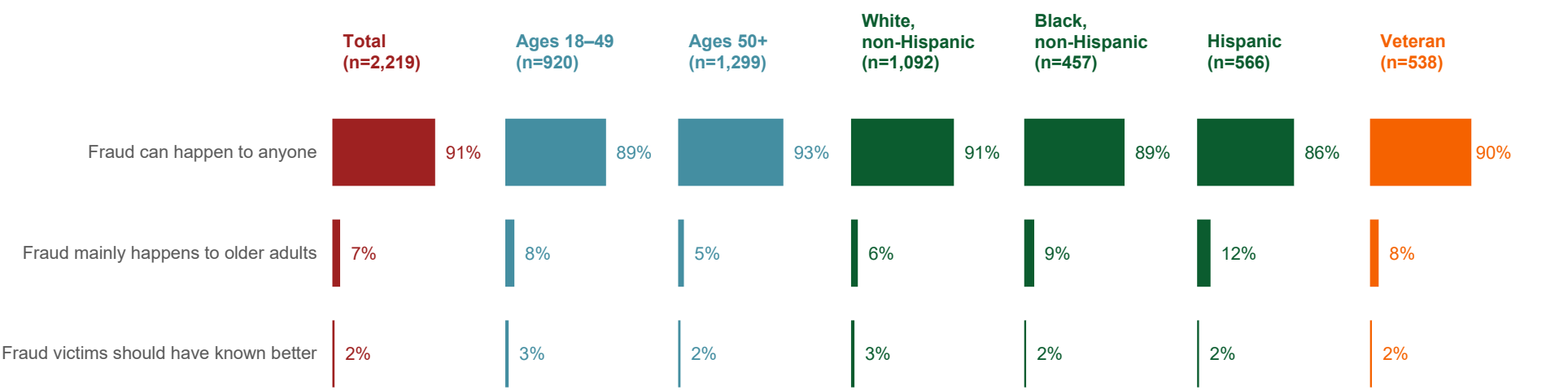
Q. What actions, if any, did you take once you realized you had experienced fraud?



WHAT CONSUMERS KNOW ABOUT FRAUD

The vast majority know that fraud can happen to anyone. This is a significant change in sentiment from 2019* when 90% of conversations online about fraud focused on older adults as the primary victims.

Statement that most closely reflects their views on fraud and fraud victims
Among all respondents, and by demographics



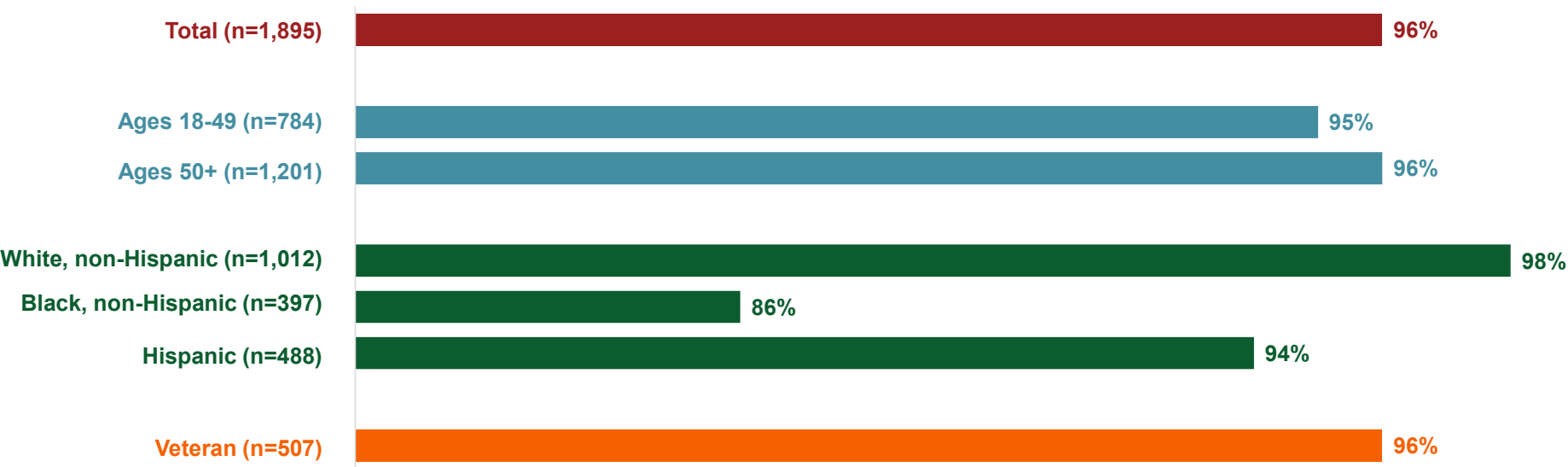
*Source: Arends, Brett. "Those Most Vulnerable to Financial Scams Are Not Necessarily Lonely, Older People with Little Money or Education." Market Watch, February 2019.
<https://www.marketwatch.com/story/those-most-vulnerable-to-financial-fraud-may-not-be-older-people-with-less-money-and-education-2019-02-26>

Q. Which statement most closely reflects your view on fraud and fraud victims?

Most know that being directed to purchase gift cards to handle an urgent financial matter is a scam tactic.

Notably, Black/African American adults, however, are slightly less likely than others to know this.

Percent who say being directed to buy gift cards and share the numbers to handle an urgent financial matter is a scam tactic (true)
Among all respondents, and by demographics

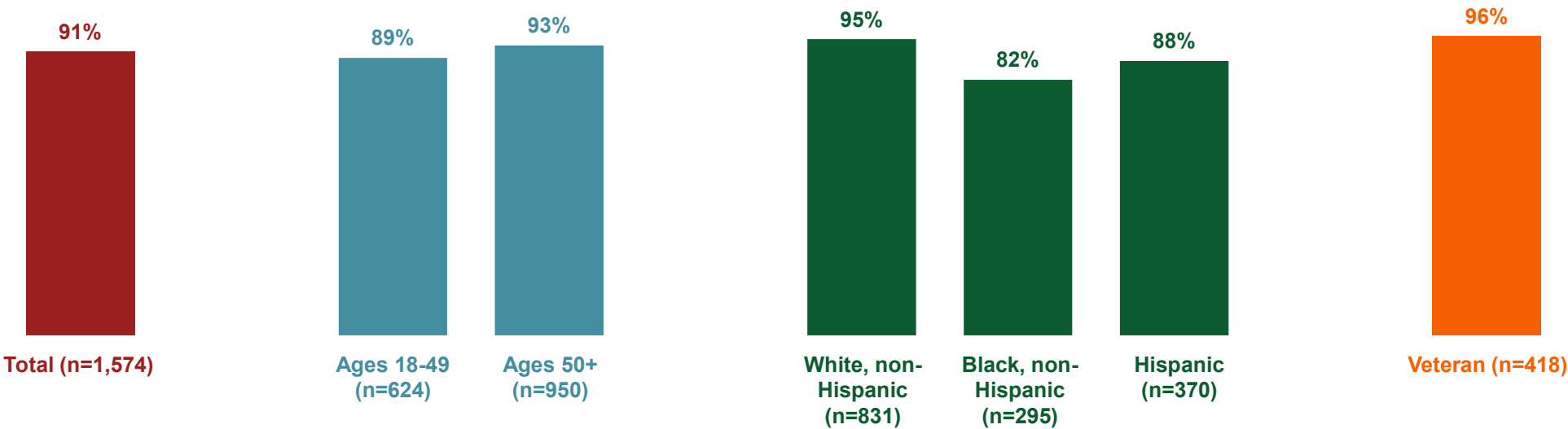


Q. True or False: Being directed to purchase gift cards and share the numbers to handle an urgent financial matter is a scam tactic

And most know that being directed to convert cash to bitcoin, to handle an urgent financial matter is a *scam* tactic.

Notably, Black/African American adults, however, are slightly less likely than others to know this.

Percent who say being directed to convert cash to bitcoin to handle a urgent financial matter is a scam tactic (true)
Among all respondents, and by demographics



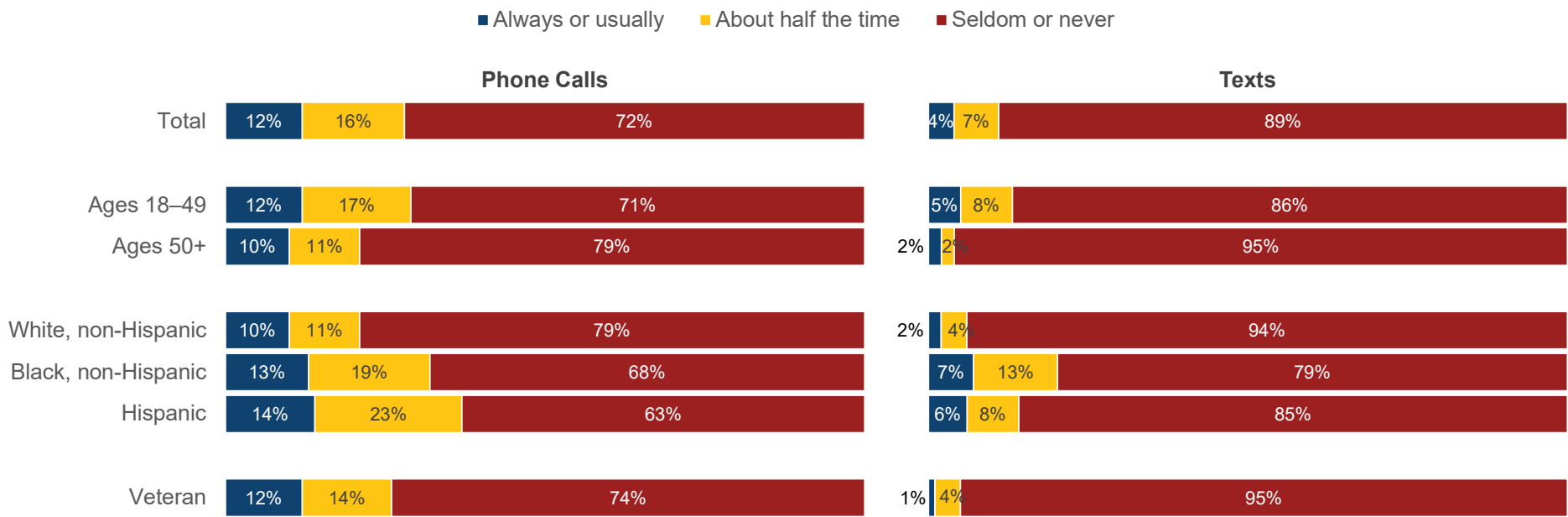
Q. True or False: Being directed to convert cash to bitcoin to handle an urgent financial transaction is a scam tactic.



CONSUMER ACTIONS THAT POSE A RISK OF FRAUD

Most adults rarely or never answer calls or texts from people they don't know or recognize—yet a sizeable percentage of adults always or usually do.

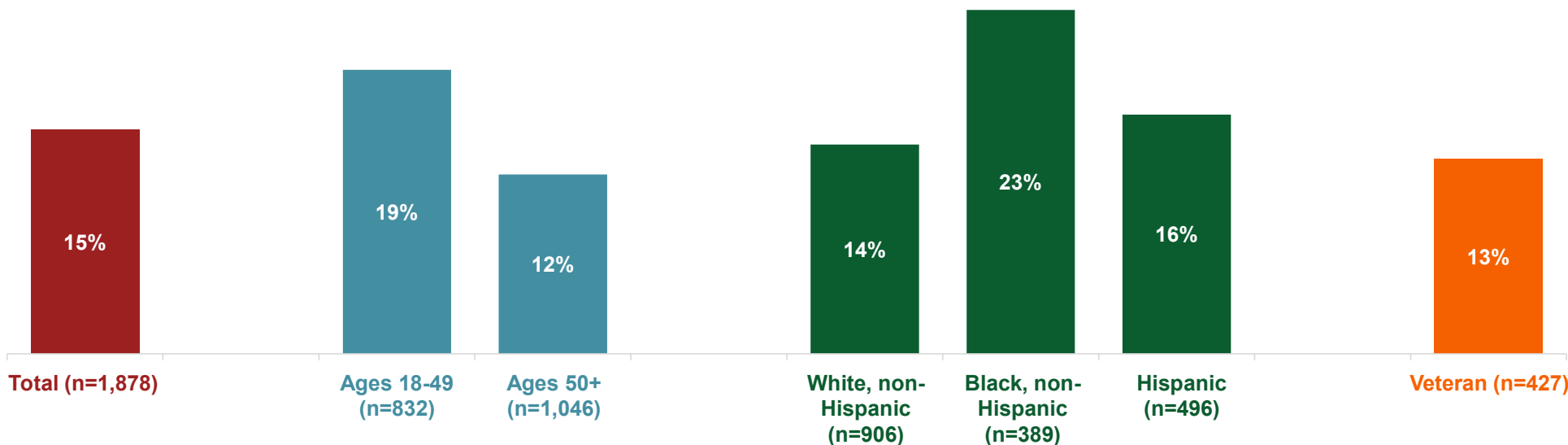
Frequency of answering calls and texts from people they don't know or recognize
Among all respondents, and by demographics



Q1. How often do you answer calls from phone numbers you don't know or recognize? (n=2,230) Q2. How often do you respond to texts that you don't know or recognize? (n=2,230)

Several also accept friend requests on social media from people they don't know.

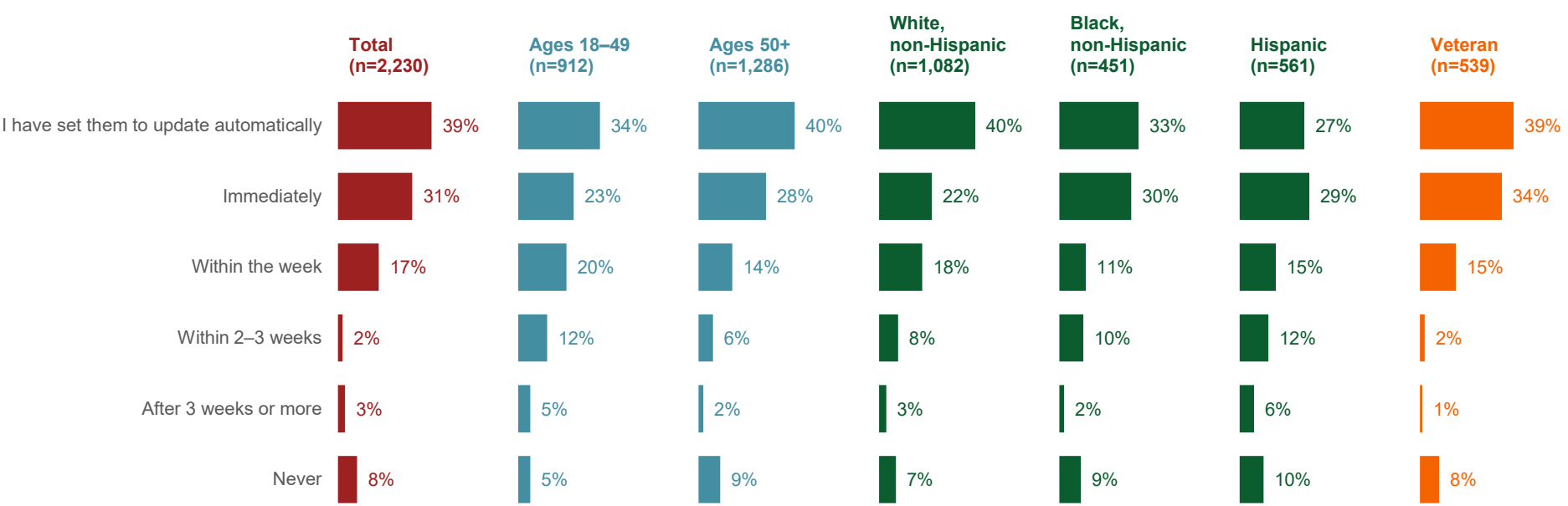
Percent who accepted a friend request on social media from someone they don't know in the past 12 months
Among all respondents, and by demographics



Q. In the past 12 months, have you performed any of the following activities on your social media account(s): Accepted a friend requests from people that you don't know? (n=1,878)

When new security patches or updates are released, most will update their devices within the week.

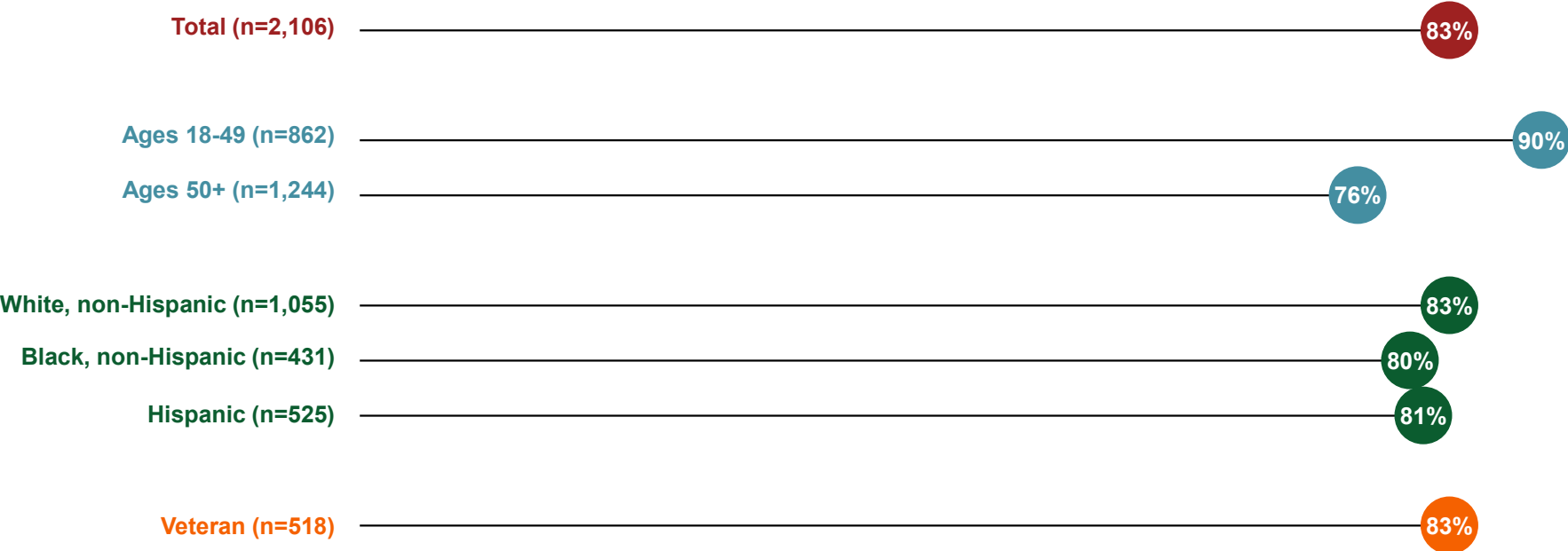
Typical time taken to administer operating system or protective software updates
Among all respondents, and by demographics



Q. After receiving notification that a security patch or update is available for your device’s operating system or protective software, when do you typically administer the update? (n=2,230)

However, some—particularly those 50-plus, Black or Hispanic—do not have multifactor authentication setup on any of their online accounts.

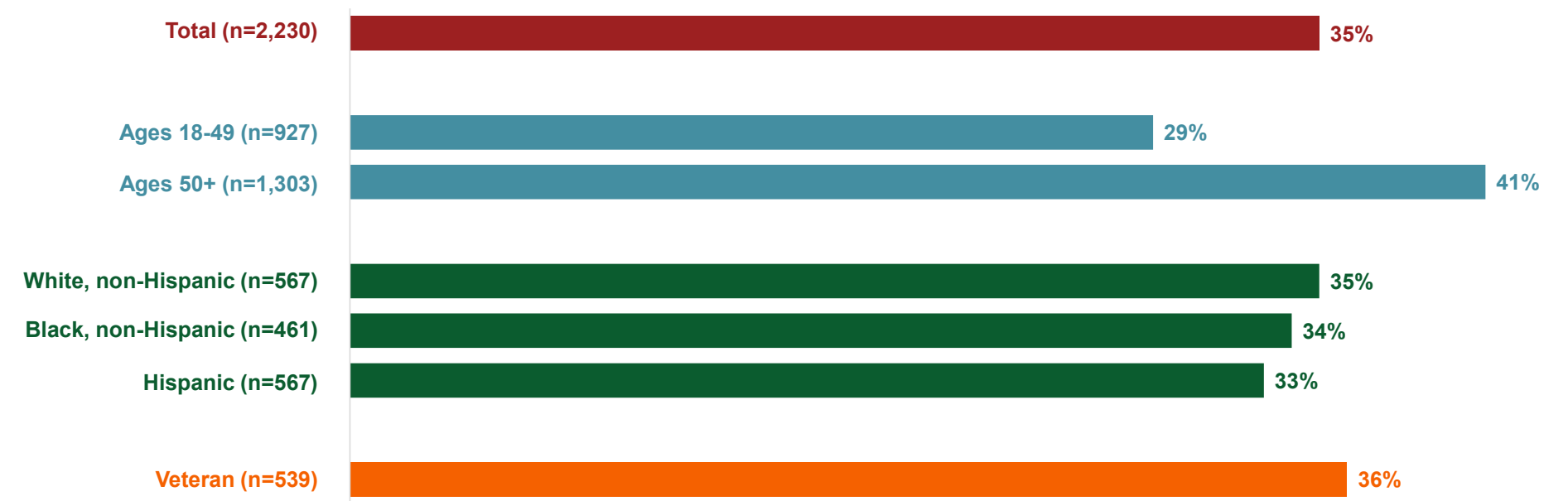
Percent who have multifactor authentication set up for their online accounts
Among all respondents, and by demographics



Q. Do you currently have multifactor authentication set up for your online accounts?

Most don't use distinctly different passwords for all their accounts.

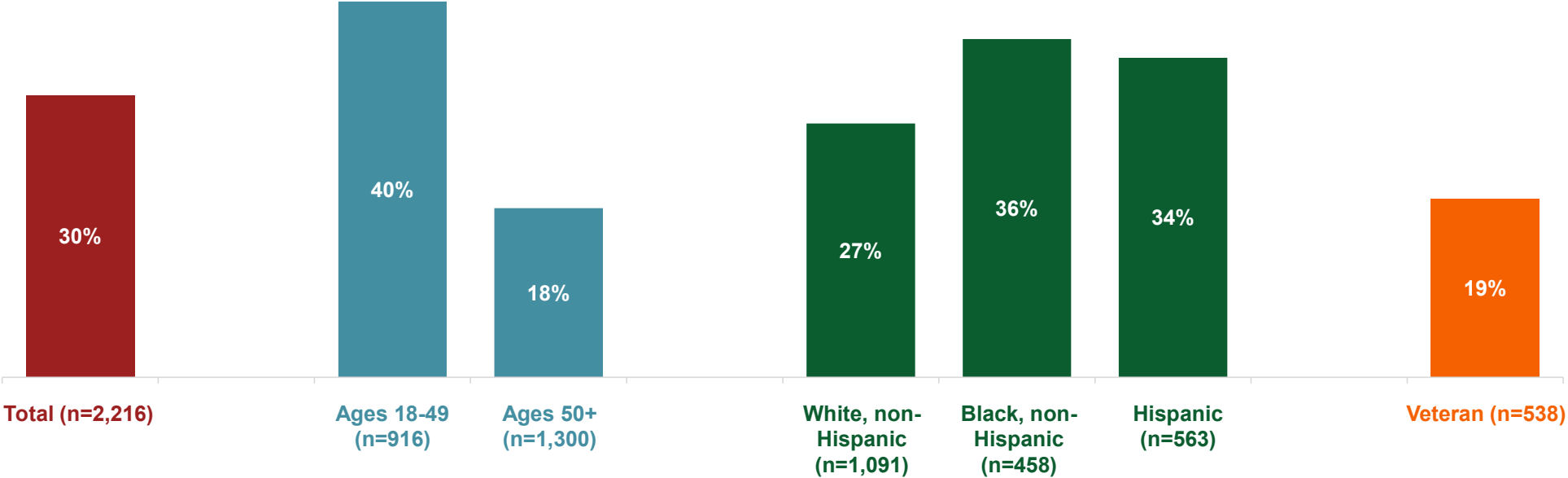
Percent who use a distinctively different password for each account
Among all respondents, and by demographics



Q. Thinking about all your online accounts. Do you use a distinctly different password for each account

And many use their social media account to login to other online accounts.

Percent who use their social media account(s) to log into other online accounts
Among all respondents, and by demographics

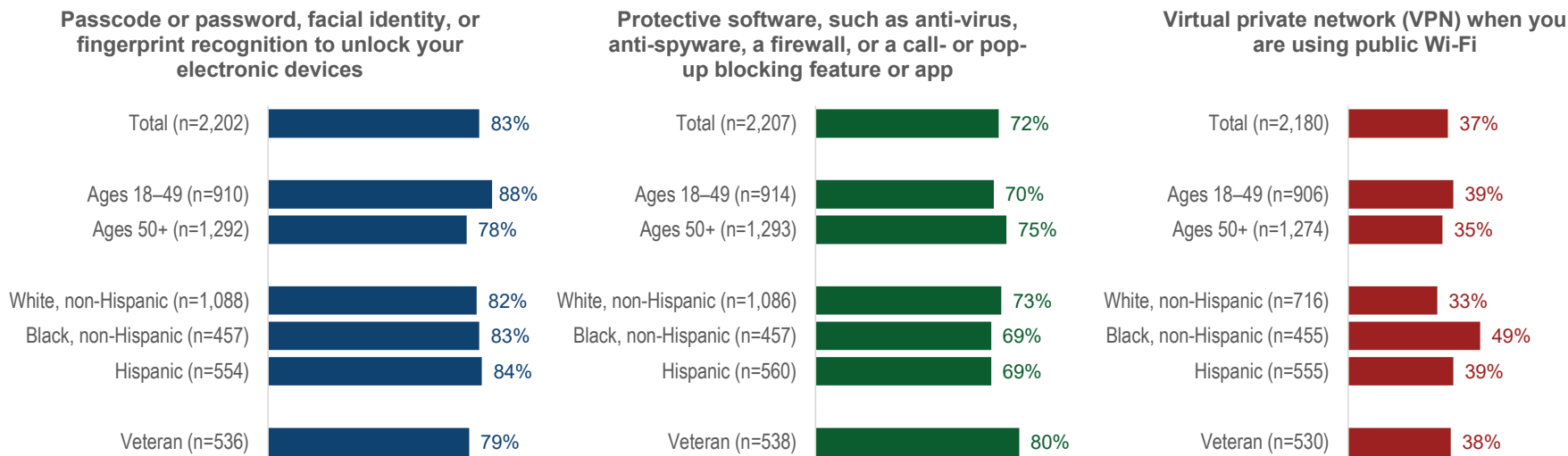


Q. In the past 12 months, have you performed any of the following activities on your social media account(s): used your social media account to login to other online accounts.

Although most use identity recognition and protective software on their devices, fewer use virtual private networks (VPNs)* when they are on public wi-fi.

Using public Wi-Fi networks without the protection of a VPN exposes them to vulnerabilities and risks, including unauthorized access to their personal information, malware, phishing attempts, and privacy breaches.

Percent who use the following methods to avoid online fraud
Among all respondents, and by demographics

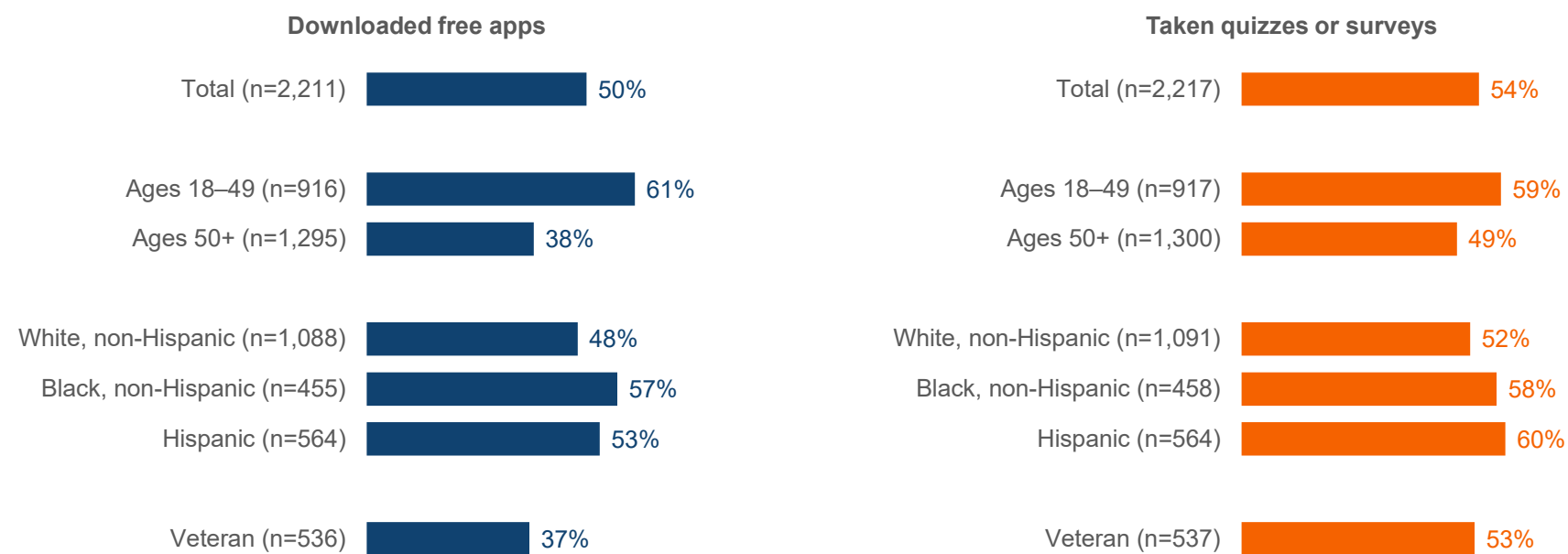


*NOTE: VPNs encrypt and conceal the user’s personal data and masks their IP address--making it nearly impossible for others to identify the user and monitor their activities.

Q. Which of the following methods do you employ to avoid online fraud?

On social media, most have downloaded free apps or taken quizzes or surveys.

Percent who have downloaded free apps or taken quizzes or surveys on social media
Among all respondents, and by demographics



Q. In the past 12 months, have you performed any of the following activities on your social media account(s): Downloaded a free app.



IMPLICATIONS

Implications

Consumer information on fraud abounds, and many consumers are aware of common tactics that criminals use. Despite the wealth of education, fraud has grown exponentially in the last five years. This strongly suggests that education and resulting consumer knowledge, while very important, cannot stand alone in the fight to combat fraud.

While AARP and others will continue and expand our initiatives to get out the message of fraud prevention, we need a “whole of society” response to this crisis. It will take actions by industry, law enforcement, policymakers, and individuals to mount a defense that can help to turn the tide on fraud against consumers.

Educators can use these findings to zero in on consumers’ areas of weakest defense: engaging on the phone, texts, or on social media with people they don’t know; and not maintaining the security of their devices. Additionally, it’s time for all of us to fully grasp the economic, emotional, and health impacts of fraud in our society, and commit to doing more to fight them.

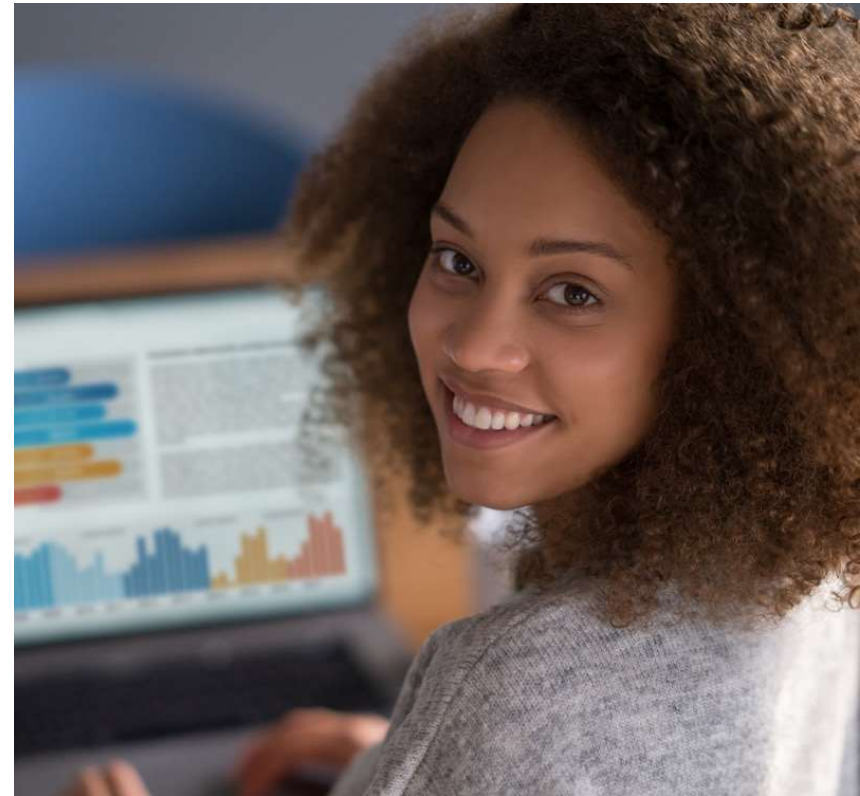




METHODOLOGY

Methodology

- **Objectives:** To explore U.S. adults' awareness of and experiences with fraud.
- **Methodology:** NORC Amerispeak Omnibus survey; administered in mixed mode: online, web, and phone. NORC's AmeriSpeak Panel.
- **Qualifications:** Age 18 or older.
- **Sample:** NORC Amerispeak Panel, n=2,230 adults age 18 and over (including oversamples among Black/African American adults (n=461), Hispanic adults (n=567), and veterans (n=539)).
- **Interviewing Dates:** February 9-11, 2024
- **Weighting:** The data are weighted to the latest Current Population Survey (CPS) benchmarks developed by the U.S. Census Bureau and are balanced by gender, age, education, race/ethnicity, and region.
- **Questionnaire length:** 5 minutes.
- **Confidence Interval:** Total sample: $\pm 3.0\%$





APPENDIX

About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age. With a nationwide presence, AARP strengthens communities and advocates for what matters most to the more than 100 million Americans 50-plus and their families: health security, financial stability and personal fulfillment. AARP also produces the nation's largest circulation publications: AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org/about-aarp/, www.aarp.org/español or follow [@AARP](https://twitter.com/AARP), [@AARPenEspañol](https://twitter.com/AARPenEspañol) and [@AARPadvocates](https://twitter.com/AARPadvocates) on social media.

About NORC

NORC at the University of Chicago conducts research and analysis that decision-makers trust. As a nonpartisan research organization and a pioneer in measuring and understanding the world, NORC has studied almost every aspect of the human experience and every major news event for more than eight decades. Today, NORC partners with government, corporate, and nonprofit clients around the world to provide the objectivity and expertise necessary to inform the critical decisions facing society. Please visit www.norc.org for more information.



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This research was designed and executed by AARP Research