

Fraud Detection And Prevention - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Fraud Detection And Prevention Market size is estimated at USD 47.89 billion in 2024, and is expected to reach USD 126.69 billion by 2029, growing at a CAGR of 21.48% during the forecast period (2024-2029).

Fraud detection is typically a central component of a firm's loss prevention strategy, and in some cases, it is part of an organization's broader AML (anti-money laundering) compliance efforts. When fraud detection and related functions are incorporated into a broader AML context, the combination of the two is sometimes called "Fraud and Anti-Money Laundering" or "FRAML."

Fraud detection helps companies protect their customers' transactions and accounts by spotting fraudulent activity before or as it occurs. According to the FBI, elder fraud victims lost an average of over USD 35,101 per victim in the United States in 2022, resulting in an overall loss of over USD 3 billion. Global fraud losses in 2021 exceeded USD 55 billion with technology enabling illegal funds to cross borders.

Moreover, synthetic identity fraud cost US financial institutions an estimated USD 20 billion in losses in 2023. As the world becomes more digital, fraudsters are continuously evolving their tactics, and businesses need to improve their fraud prevention measures to protect assets and clients from fraud.

As the world comes to terms with fraud's increasing diversity and sophistication of typologies, more regulation and enforcement will impact compliance requirements across the board. While a firm may not be directly subject to direct

requirements today, fraud is a prerequisite for money laundering and can be linked to a broader criminal network. Firms incorporating fraud into their overall risk management strategy can improve consumer protection, compliance, loss management, and financial crime prevention.

The efficiency of fraud mechanisms backs each vertical based on customer expectations. Fraud across various industries may include card payment fraud, healthcare reimbursement fraud, data anomalies, suspicious activities, money laundering, and various transaction risks.

Various systems or fraud prevention tools make it difficult to cover all lines of defense and maintain a holistic view of risk exposure. Furthermore, they can result in a poor customer experience. If a consumer is using multiple vendors for different types of fraud detection across various channels, it is challenging to implement a consistent, integrated approach and the right risk balance. This is expected to restrain the market's growth.

However, investments are being made to improve the fraud infrastructure and the preventative control framework. Firms are integrating machine learning and automated alert generation with behavioral analytics to better prevent bad actors from accessing their networks. In particular, machine learning and behavioral analytics will help identify fraudulent patterns that enable agile preventative controls to be developed and adapted to the latest fraud trends. Increasing fraud training and awareness will strengthen a company's prevention strategy and help fight fraud. Thus, with the growth in future investment in fraud detection solutions, the market is expected to grow in the forecasted period.

Fraud Detection And Prevention Market Trends

BFSI Sector to be the Largest End-user Industry

Fraudulent activities in the BFSI industry have evolved over the decades. While it was previously limited to cheque frauds and wire frauds, with the growth of the cybersphere and the accompanying expansion of the cybercriminal realm, it has taken on more virtualized forms.

The increasing technological penetration, coupled with digital channels such as Internet banking and mobile banking, are becoming prominent choices of customers for banking

services, making it a crucial need for banks to leverage fraud prevention solutions.

Fraud prevention and detection represent one of the biggest areas of concern for financial institutions and are likely to become prominent drivers of IT spending. Moreover, online transactions, insurance claims, and card-related frauds have been increasing the usage of these solutions in the insurance, banking, and financial services sectors.

The potential risk of fraud has been one of the biggest in online and digital payments, and it is anticipated to grow with the availability of digital customer relationships as more companies offer online payments.

Asia-Pacific is Expected to Hold Significant Market Share

Digital transactions in North America and online banking are increasing remarkably, thus increasing the chances of fraud. Fraud detection and prevention solutions can help prevent any online breach of sensitive data and transactions. Rising fraud cases are expected to propel the market's growth over the predicted period.

Cybercriminals are increasingly targeting businesses and medical institutions to gain the personal data of the victims. Personal data is often used for engineering attacks, which is more likely to trick the victim than traditional cyberattacks. In 2023, the number of data compromises in the United States stood at 3,205 cases. Meanwhile, over 353 million individuals were affected in the same year by data compromises, including data breaches, leakage, and exposure.

The region has a strong foothold of fraud detection and prevention solution vendors contributing to the market's growth. Some include IBM Corporation, SAS Institute Inc., DXC Technology, RSA Security LLC, and Oracle Corporation.

Various regional companies are continuously involved in product innovations to meet advanced cyber threat requirements. For instance, in November 2023, Abrigo, a provider of compliance, credit risk, and lending solutions for financial institutions, entered a strategic partnership with Mitek, a mobile deposit and fraud prevention player. This partnership provides community financial institutions the tools to combat financial crimes like check fraud.

Fraud Detection and Prevention Industry Overview

The fraud detection and prevention market is fragmented and very competitive. The major players in the market are SAP SE, IBM Corporation, SAS Institute Inc., ACI Worldwide Inc., and many more. However, owing to significant innovations in product lines, only some new entrants are attracting major investments into the market.

In March 2024, ACI Worldwide (ACI) announced a strategic partnership with comfote AG (comfote AG) to support customers' compliance with PCI DSS (Payment Card Industry Data Security) standards. ACI and Comfote will work together to meet the new PCI DSS standards (v4.0). As part of the partnership, Comfote will provide ACI with data-centric solutions that ACI has thoroughly tested to ensure they are interoperable with ACI solutions.

In October 2023, Fiserv announced that it had acquired Skytef, a leading distributor of Software Express' SiTef® in Brazil, from Fiserv. Skytef brings Fiserv's distribution network in Brazil to over 1,000 partners, including more than 600 Independent Software Vendors (ISVs) and 27,000 merchants.

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