# Fraud rivals drug trafficking in scale as scams surge globally, experts warn



Fraud has emerged as a significant global issue, increasingly interlinked with financial crime, particularly as it relates to sanctioned activities and illicit money flows. The surge in personal scams is drawing attention from experts, highlighting a need for urgent and coordinated action among financial institutions worldwide.

In recent discussions, Taavi Tamkivi, CEO and co-founder of Salv, a European anti-money laundering (AML) and intelligence-sharing platform, emphasised the evolving nature of fraud. "Fraud and anti-money laundering were traditionally seen as distinct challenges, but now they are mixing more and more," Tamkivi stated, noting that the heavy increase in scam fraud is creating new complexities in financial systems. He revealed that scamming is potentially as large as global drug trafficking by volume and has exceeded trillions in monetary value, a shift that has surprised many within the industry.

According to the Global Anti-Scam Alliance's recent report, conducted in collaboration with the UK’s leading fraud prevention service, Cifas, scams in the UK resulted in losses exceeding £11.4 billion in 2024, a stark increase of £4 billion from the previous year. Tamkivi explained that the market for traditional fraud is limited to individuals who are willing to engage in illegal activities, whereas scams have a practically limitless market. "The whole world is their market for scam fraud schemes," he added, highlighting the vulnerabilities that ordinary individuals face.

Jessica Cath from Thistle Initiatives also commented on the convergence of fraud and AML. “Around 37 per cent of all UK crime, for example, is fraud—a very high number—and around 70 per cent of cases have ties to overseas,” Cath noted. She pointed to complex ties such as scam factories in Southeast Asia, where trafficking victims are forced to execute scams across borders. Despite the financial impacts on victims, she stressed the broader context of financial crime, including money laundering connected to geopolitical issues, such as the ongoing conflict in Ukraine.

Tamkivi identified a significant challenge in how financial institutions are responding. Despite substantial financial losses reported across the US, UK, EU, and Australia in recent months, the resources allocated to combat fraud appear inadequate. He advocates for a collaborative, cross-industry approach to address these emerging threats more effectively. “Firms need strong monitoring frameworks to identify, report, address and stop fraud from happening,” Cath stated, underscoring the importance of rapid risk assessment for incoming payments.

Recent regulatory changes in the UK have mandated that banks cover fraud victims' losses; however, the maximum compensation has been reduced from £415,000 to £85,000, with the addition of a £100 excess. Many victims, especially those whose losses fall below this threshold, may find themselves without compensation, creating a challenging situation for both financial institutions and the affected individuals.

Tamkivi further elaborated on the intricate nature of fraud. Criminals often develop sophisticated tactics to target victims, using channels like social media to extract information and execute scams. “Understanding how different types of crime are happening” is crucial, he said, as is addressing the flow of illicit proceeds from victims' accounts.

In light of these challenges, the experts believe that improving data sharing among financial institutions is essential. Misconceptions regarding data-sharing regulations are causing institutions to hold back from collaboration, despite guidance from the UK government encouraging communication aimed at combating economic crime. Tamkivi lamented that existing fears about complying with privacy laws have led to a “zero-risk” approach rather than a proactive risk-based strategy that could effectively combat fraud.

While both Tamkivi and Cath acknowledge the complexities and magnitude of the issue, they concur that with better cooperation and innovative technology, there is potential for significant improvements in the fight against fraud and financial crime. They point to the need for a broader, more engaged effort from all stakeholders involved, emphasising that the momentum created by recent awareness could lead to better resource allocation and strategic initiatives to tackle this pressing global issue.

Source: [Noah Wire Services](https://www.noahwire.com)

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