

Future of Consumer Security

Fighting AI with AI



Scams vs. Identity Fraud

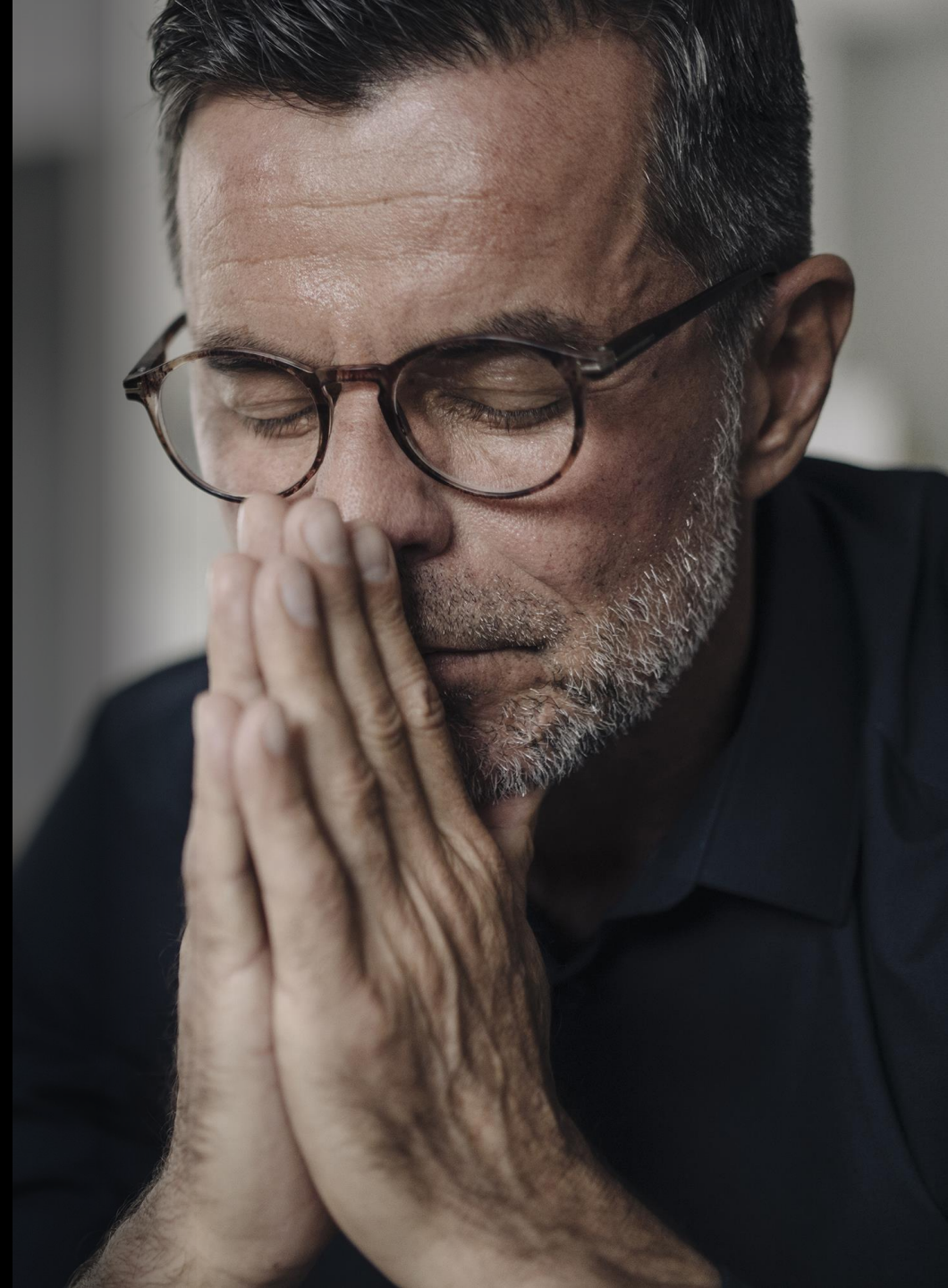
Often conflated, these are two inherently different crimes:

Identity Fraud

Criminals compromise the identity of their victims to access accounts or open new ones in their name

Scams

Victims are encouraged to send money or share personal information under false pretenses





The Impact of Scams



A Global Problem with Massive Local Impact

According to GASA, at the end of 2024, scams were the most reported crime on the planet Earth.

For Americans, that has meant:

- \$12.5 billion in reported losses¹
- \$2 billion lost through bank transfers¹
- 1 in 4 were scammed into giving away personal information²

Businesses are also Targets

- **BBB 2022 vs 2023** | Phishing & Social Engineering targeting employees twice the rate.
 - Channels: Text, Email and Deep Fakes
 - Types: HR, Payroll, and Executive to Employee
 - Virtual setting allows scammers to target employee in isolation
- A typical organization receives five highly personalized spear phishing emails per day.
- 88% of Organizations Faced Phishing Attacks During a Single Year.

Source: [Barracuda](#)

Source: Proofpoint

FIs Take the Brunt

Scams are a technology-enabled societal threat that significantly undermines the financial ecosystem because every institution and customer is at risk.

- **Scams are on the rise:** Online scams targeting banking customers rose by 28%.
- **It affects customers of all ages:** Gen Z consumers were three times more likely to get caught up in an online scam than Boomers were (16 percent and 5 percent, respectively).
- **Victims look to their institutions for help:** unsurprisingly, financial institutions are the first place most victims call (69%).
- **Banking relationships suffer:** nearly 1 in 5 scam victims (19%) switched financial institutions as a result of being scammed.

Regulatory Response

- Government agencies, such as the CFPB and NY State AG, are targeting financial institutions with **billion-dollar lawsuits**.
- Legislators have produced continue to apply pressure to financial institutions, social media, and telecom company executives, with ongoing calls for changes to **financial liability**.





AI and the Democratization of Scams

Victims are Struggling as AI Supercharges Scams



AI is empowering scammers to:

- **Improve the quality of phishing messages** with better grammar and spelling, as well as graphics that closely mimic trusted brands
- **Conduct in-depth research** on targets at scale making every scam a spearphishing attempt
- **Take advantage of deepfakes** to impersonate well-known figures, personal connections, or otherwise attractive individuals

Scammers Don't User Their Own Identities

- The two most prolific scams today are **romance** and **investment scams**, which lead to losses that of orders of magnitude greater than any other scam
- These scams also happen to be the types of scams that are most likely to involve the use of *deepfakes* to build trust and mislead victims into sending funds



Work Smarter, Not Harder

Scammers have professionalized and industrialized their businesses.

Like each of you, they are looking for ways to become more efficient.

That includes using tools designed to improve their ability to create high quality marketing materials, quickly.


AI tools no longer require specialized knowledge. They are ready to use right 'off the shelf'.

This video and logo were created in less than 10 minutes.



Patent pending. Do not distribute without express permission.





How are these videos made?

There are various approaches to artificial intelligence.

Solution like ChatGPT use **generative AI**, which have been trained to **predict and generate the words in sequence**, making them powerful tools for creating written content – like phishing emails.

But deepfake images and videos utilize **diffusion AI**, which gradually **refines and eliminates noise in an image until it approximates the training data**.

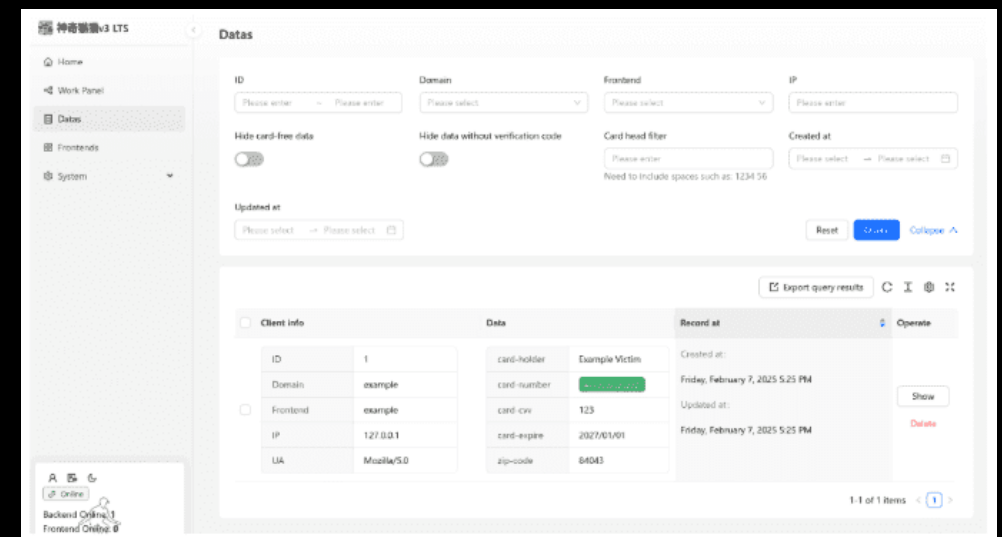
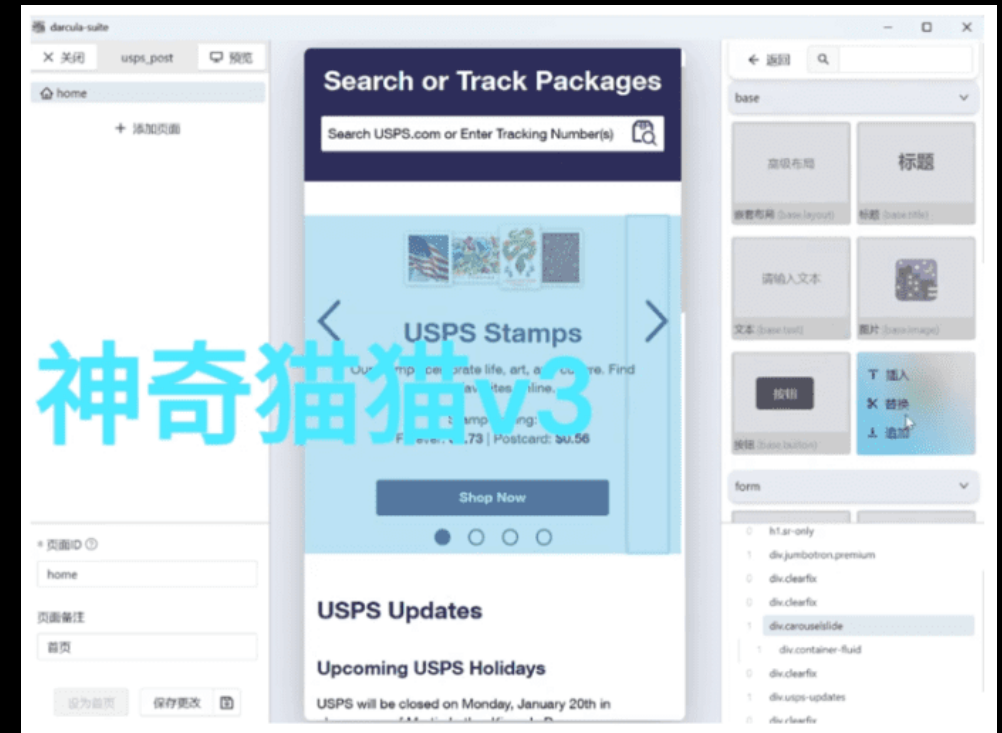
The Broader Trend

The use of AI by scammers is part of a broader trend:

The democratization of scams through technology – whereby new technology has **lowered the bar to entry** for scammers, **improved their effectiveness**, and allowed them to **scale quickly**.

This includes the availability of all-in-one platforms that provide access to malicious LLMs (WormGPT and FraudGPT) and even solutions to build complete campaigns, such as Darcula (as shown).

Patent pending. Do not distribute without express permission.



Images courtesy of Netcraft.



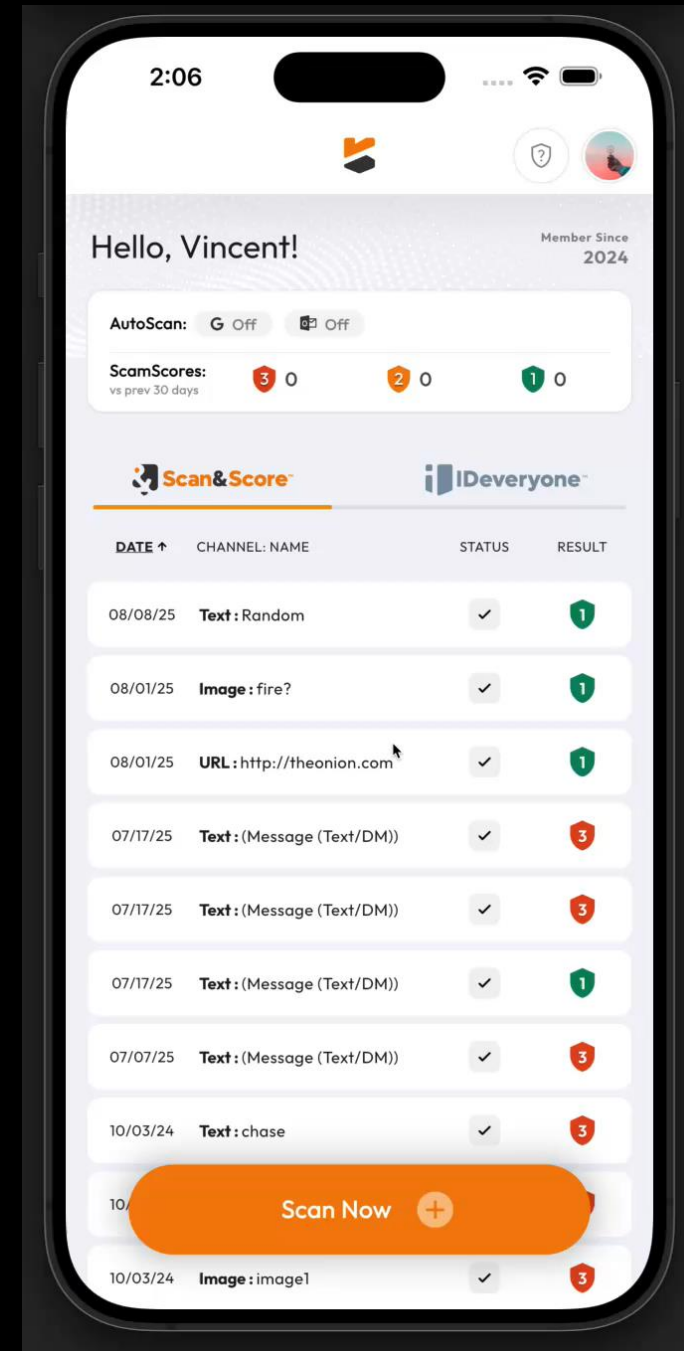
Fighting Back

Detecting Deepfakes

Scammers are becoming increasingly sophisticated.

With built-for-purpose deep fake tools readily available on platforms like Github and Telegram, as generally-available well as marketing platforms, they are leveraging deepfakes to build confidence in their communications with victims.

Which is why we are releasing deepfake detection utilizing advanced AI to identify fake or manipulated video.





Conclusion

Five Key Takeaways

1. Scams are the most reported crime on the planet
2. They affect consumers and businesses, alike
3. Regulations that shift liability are on the horizon
4. Artificial intelligence has lowered the bar for scammers
5. Technology exists to detect deepfakes and stop scams

The Solution: Empower Consumers with What They Want and Need to Stop Scams

Scamnetic is the only provider with a comprehensive set of AI-powered, patent-pending capabilities that empower consumers through their trusted service providers (as a standalone, as well as via API) to quickly and easily detect all types of scams.

Key Features

- ✓ **Scan&Score™**: scans email, text messages, social media messages along with images, QR codes, websites/links/URLs, video, and even physical mail to understand the risk from any incoming communication.
- ✓ **IDeveryone™**: verifies the identity of any counterparty using enterprise-grade data sources and analytics, enabling users to know exactly who they have been speaking with anytime, anywhere before completing a payment.
- ✓ **Scam Intervention™**: scam hotline with trained scam experts who work tirelessly pre or post scam to answer any questions or concerns. If victimized, we help to restore your assets and peace of mind.

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