

Small businesses challenged by fraud on top of a difficult macroeconomic environment

Survey finds more than 57% of small business owners have experienced fraud

AUSTIN, Texas - May 14, 2025 - In today's volatile macroeconomic environment, small businesses are facing serious threats from fraud in addition to broader financial uncertainty, according to a new survey from Abrigo, a leading provider of compliance, credit risk, and lending solutions for financial institutions. Over 57% of small business owners (SBOs) have experienced fraud. AI-based attacks, along with credit card, wire transfer, peer-to-peer payment, and check fraud, are some of the fraudulent activities small businesses have had to confront.

Financial fraud has been dramatically rising. More than \$12.5 billion was lost to fraud in 2024, a 25% increase from the year before. In the Abrigo survey, 85% of SBOs said they are extremely, very, or moderately concerned about rising AI-driven fraud, with 40% having experienced it personally. Despite their increasing experience with AI-based fraud, these business owners have a generally positive attitude toward AI-based fraud protection at 69%. In addition, 50% of owners report that their financial institutions use AI-powered fraud detection tools.

"Small businesses are the backbone of our economy, but they're now being hit from all sides by rising costs, tighter margins, inflation, and an alarming surge in fraud driven by sophisticated AI tools and other evolving tactics," said Jay Blandford, Chief Executive Officer at Abrigo.

"Community financial institutions play a critical role in supporting small businesses; they are often the first line of defense against fraud. Abrigo leverages the latest technologies, like AI, so that these institutions have a fighting chance in the battle against fraud."

Other findings from the Abrigo survey include:

- 85% of SBOs report satisfaction with their bank or credit union's response to fraud.
- 74% are more likely to reduce their banking engagement, such as credit card or bank use, if defrauded.
- Only 16% of SBOs feel extremely prepared against fraud. Check fraud is also a challenge, with 37% of SBOs having had checks stolen from mailboxes.
- SBOs reported a higher ability to fully recover from fraud (83%) compared to non-owners (74%).
- SBOs reported that they use multi-factor authentication (44%), along with transaction notifications (39%) and fraud alert services from credit bureaus (39%) to stay ahead of emerging threats.

Methodology

An online survey of 1,009 consumers was conducted by Propeller Insights between April 4th and April 8th, 2025. Respondents opted into an online database and from there they were targeted based on demographics. To further confirm qualifications, respondents were asked to verify their information in the survey itself, self-identifying qualifications, with the maximum margin of sampling error was +/- 3 percentage points with a 95 percent level of confidence.

About Abrigo

Abrigo is a leading provider of risk management, financial crime prevention, and lending software and services that help more than 2,400 financial institutions manage risk and drive growth in a rapidly changing world. We deliver transformational technology, product innovation, world-class support, and unparalleled expertise so our customers can face complex challenges and make big things happen.

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