FIRST ORION
TRANSPARENCY IN COMMUNICATION

Scam Call Trends and Projections Report

Summer 2019

Contents

Source: First Orion Internal Data, Copyright First Orion Corp.

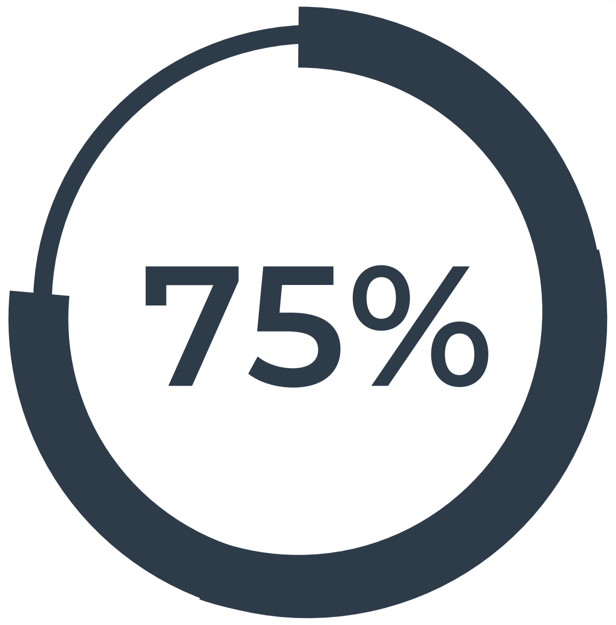
A Scam Call Made Just For You

Major companies have been victimized in recent years by massive **data breaches that exposed billions** of customers' personal identifiable information. Fraudsters are now using this stolen personal data to masquerade as trusted companies in a new, more effective scam strategy called Enterprise Spoofing.

In a 2018 Scam Report, **First Orion reported that nearly half of all mobile calls would be scam calls in 2019** and while volume remains high, still trending to over 40% on the year, it turns out that scammers are now shifting to a "quality over quantity" approach for the first time using more sophisticated techniques than ever.

28% of all scam calls targeted victims using personal data

First Orion analyzed over 40 billion calls made to customers in the first half of 2019 and commissioned a blind study of 5,000 mobile phone subscribers in the United States who had answered their phones and spoken to scam callers directly.



75% of all scam victims were called by scammers who already had their personal information

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Enterprise Spoofing Emerges

As consumers stop answering their phones, fraudsters are recalibrating their strategies to maximize effectiveness, leading to an increase of a "quality over quantity" approach.

1 out of 3 scam calls are answered because the calling number is familiar

According to a recent Consumer Reports survey, 70% of consumers do not answer incoming calls from an unknown number. As a result, **Enterprise Spoofing is on the rise** – impersonating a legitimate business by spoofing their main outbound calling number – and it is incredibly convincing.

32%

Nearly 1 in 3 people who experienced a loss of at least $1000 thought they were answering a call from a business they knew

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They Know Who You Are Before Calling

The combination of having personal information with the ability to pose as a trusted source can give scammers the edge over their targeted victims. **Ongoing data breaches** have exposed billions of personal records and opened the door for scammers to appear credible.

6x more likely to experience loss when scammers have personal information

Nearly 4 in 10 victims said scammers knew their home address

The leading information provided to scam targets included their home address, mother's maiden name, user names and passwords, social security number details and products and services that they had purchased.

Over a quarter of victims reported that scam callers could identify specific products and services they had purchased, while **a staggering 17% of scam victims reported that the scam callers were able to verify all or part of their social security number.**

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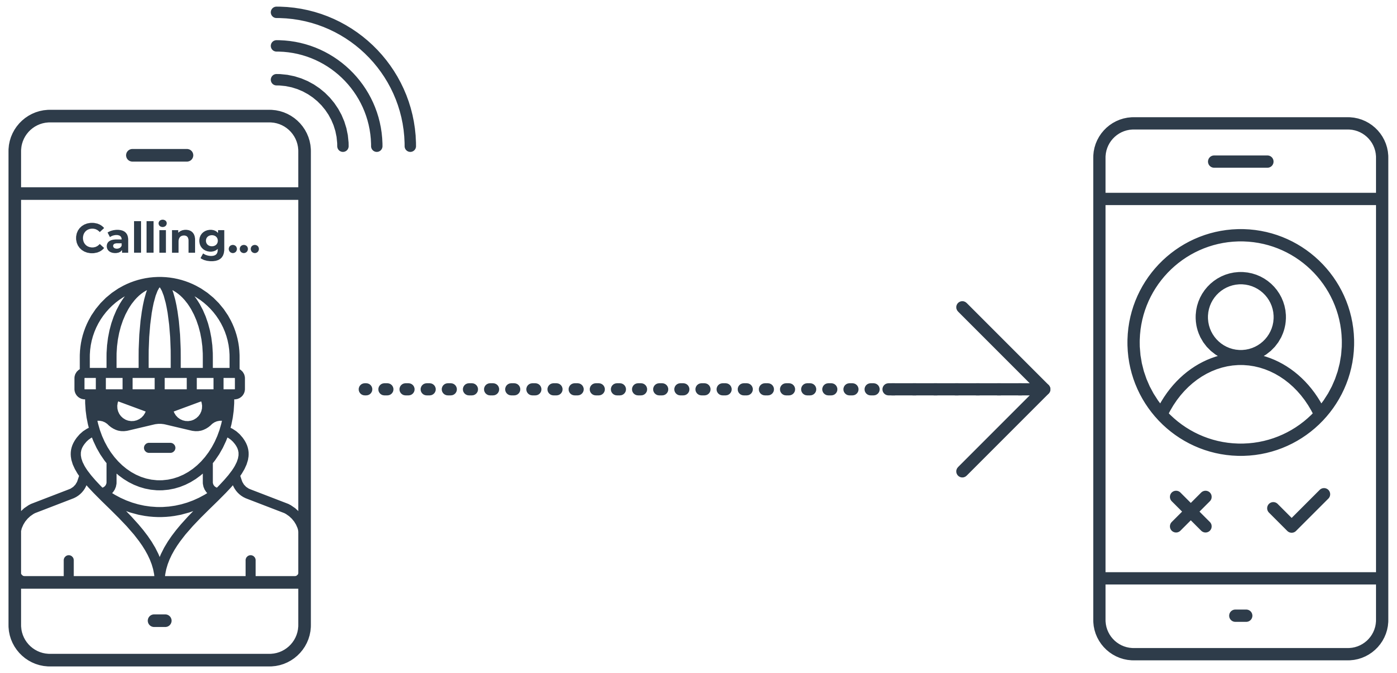
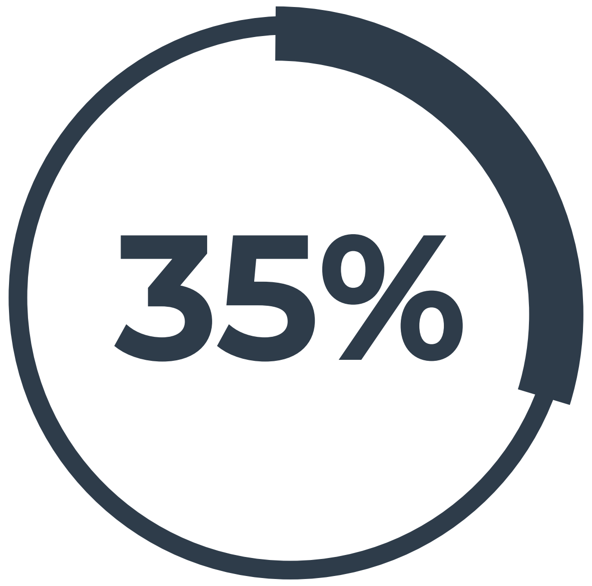
Get You to Answer and Then Provide Credibility

Overwhelmingly, 83% of all scam callers featured a familiar phone number, either an area code similar to theirs ("Neighbor Spoofing") or a business name or number that the intended victim already knew ("Enterprise Spoofing") to lure victims into answering their phones.

Once the targeted victim answered the phone, **35% continued the conversation** because the scammer was able to confirm key personal information that the victim believed was private.





Over a third continued talking to fraudsters because they verified personal info

> "Neighbor Spoofing" Projected to Drop 20% as Scammers Adopt "Enterprise Spoofing" in 2019

Recently, **the Federal Communications Commission (FCC) responded to the scourge of illegal robocalls** by giving mobile carriers the ability to block calls by default instead of only those who opted-in.

Additionally, the legislation would accelerate the roll-out of STIR/SHAKEN, an industry-wide call-authentication standard, **but still doesn't address the challenges of handling legitimate business-to-consumer calls**.

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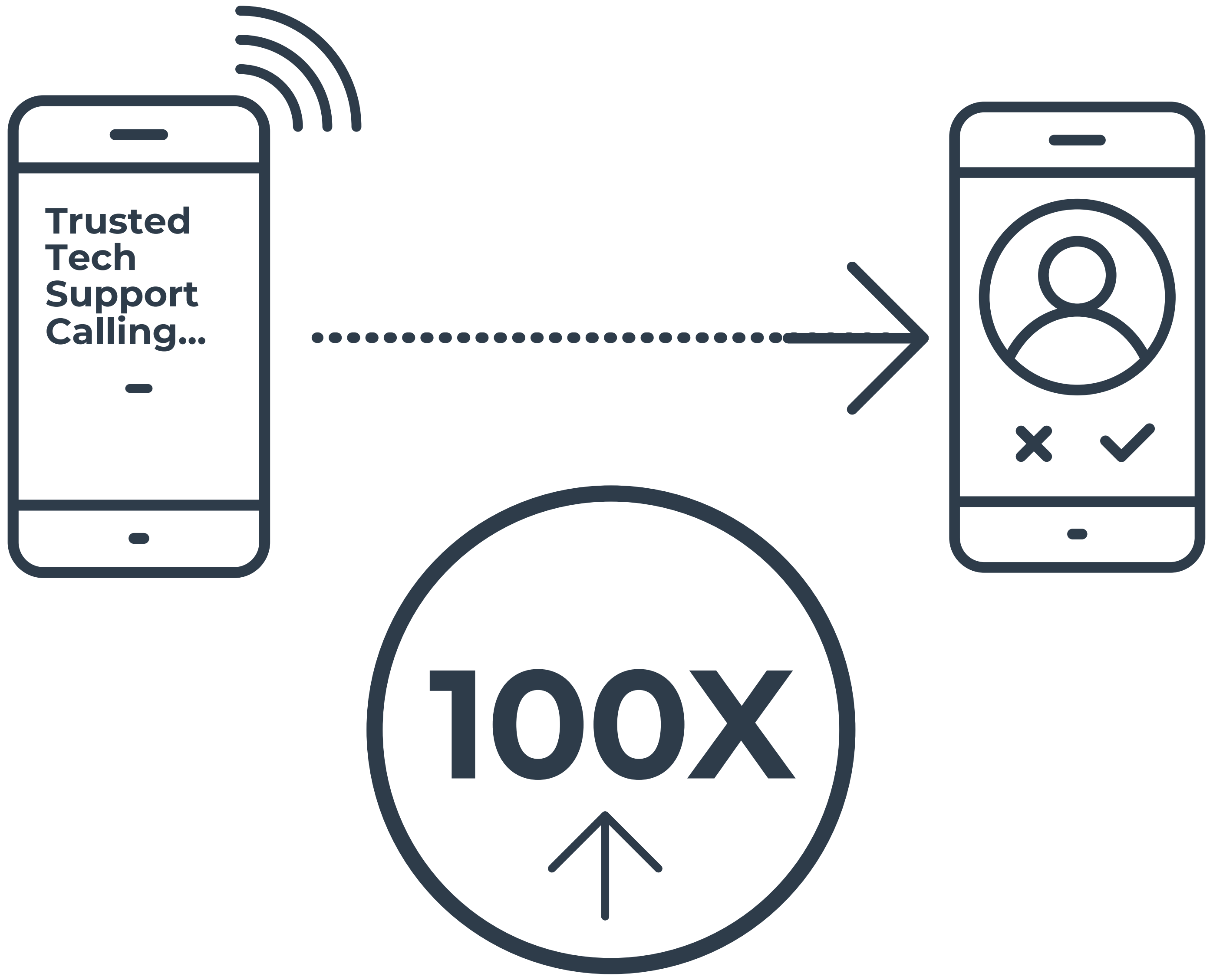
High Stakes at High Volume

The **combination of Enterprise Spoofing with sensitive personal information** about the targeted victims means that scammers can masquerade as trusted phone numbers, leading to a double threat of credibility under the cover of high volume scam activity on high volume, trusted numbers.

Victims see a number they trust, and are presented with personal information that is credible, which equates to **a scam designed just for them**. Known high volume callers exhibit massive traffic spikes when scammers are treading on their brand to scam their customers.

> Scammers posing as known businesses can drive call volume spikes of **100X** in a matter of hours



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Key Takeaways

Scammers continue to relentlessly inundate mobile phones with scary and increasingly effective calls. Widespread action must be taken to eliminate the multitude of issues within the industry.

- **Scammers are increasingly sophisticated, targeting consumers with specific scams that leverage their personal information**
- **Enterprise Spoofing is on the rise in 2019 as scam callers begin impersonating the most trusted phone numbers, with high volume outbound business numbers showing spikes up to 100X in a matter of hours**
- **Data breaches have opened the door for scam callers to appear credible and to target specific consumers with customized scams**
- **Government agencies must work closely with mobile carriers and solution providers to support appropriate solutions**

About First Orion

First Orion currently provides call control, call blocking, call transparency and call management solutions to millions of mobile handsets. First Orion's Engage technology tells mobile subscribers who is calling and why, empowering them with the ability to take action, while also providing businesses the ability to verify their identity when calling their customers. With branded and white-labeled applications as well as in-network solutions, First Orion assists phone carriers in protecting mobile and fixed line subscribers by identifying and stopping millions of scam calls every day. For more information, **please visit www.firstorion.com**.

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