

Better Business Bureau of Wisconsin: Research finds certain groups more vulnerable to scams

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MILWAUKEE – A new analysis of consumer scam reports submitted to the Better Business Bureau® (BBB) indicates certain demographic groups are more likely to lose money to scammers. The findings come from researchers at the University of Minnesota and the University of Southern California who used data collected through the BBB Scam Tracker consumer reporting platform between January 2017 and September 2020. They analyzed over 167,000 reported scams, with particular attention to scams reported between March and September 2020, and their report gives a broader perspective than previous analyses about how scams impact minority communities.

Risk Factors for Victimization

Women were much more likely than men to report an attempted scam and were twice as likely as men to report money loss; however, men who did lose money lost higher amounts than women. In this analysis, age did not appear to have a significant effect on the rate of monetary loss, though older victims tended to pay more once victimized.

In order to understand how reported victimization (money loss) is affected by income, education, and other demographic variables, BBB Scam Tracker data was combined with zip code variables from the U.S. Census. In a two-stage regression, researchers estimated how these factors affected both victimization and dollars

lost. This regression controlled for all collected scam variables (e.g. scam type, means of contact) and other reported variables (e.g. age, gender, and student status). The results indicated that those reporting from zip codes with a larger portion of Black, Hispanic, Asian, and other racial minorities are more likely to lose money when targeted by scammers. Likewise, those reporting from zip codes with a population less likely to have GED or high school equivalent education, are more likely to lose money when targeted by scammers. However, none of these factors is associated with higher dollar losses. Those reporting from zip codes with a higher-than-average median income are more likely to be victimized and to lose higher dollar amounts.

When interpreting these results, it is important to address any potential reporting bias in the BBB Scam Tracker data. Specifically, one cannot be certain that victims not reporting to BBB Scam Tracker are generally similar to those who do. To identify the impact of such a potential bias, researchers regressed the per capita number of BBB Scam Tracker reports per zip code and found more reported incidents of scams in zip codes with less diverse populations and people who are more likely to have at least a high school education. In other words, if there is a reporting bias, it means reports will more often occur in regions with populations that are less diverse and more likely to have a degree. Therefore, the findings regarding loss rates among Black, Hispanic, Asian, and other racial minorities, as well as loss rates of those less likely to have GED or high school equivalent education, stand firm despite potential under-reporting from these populations.

General Findings

In this analysis, 30% of reported scams included a monetary loss, which is consistent with findings from the annual BBB Scam Tracker Risk Report. Scams involving online purchases were persistently the most common scam type reported, followed by phishing requests. Both of these scam types spiked in 2020 during the COVID-19 pandemic. The assessment of scams between 2017 and 2020 found that scams perpetrated in-person are more likely to lead to monetary loss, followed equally by social media and website-based scams.

Scams Reported During Early COVID-19 Pandemic (March - September 2020)

There was a notable increase in reporting of scams during March - September 2020, particularly for online purchase and phishing scams, as well as all scams related to

COVID-19. The rise and fall of COVID-19 scams coincided with the period of intense shortages, with the most common COVID-19 related scam in the U.S. involving the sale of masks and other personal protective equipment (PPE). The most common COVID-19 related scam in Canada was related to the sale of pets and pet supplies. There is no evidence that the rates of monetary loss across non-COVID-19 related scams changed substantially during this period; however, there was an increase in reported monetary losses during the COVID period, particularly in online purchases and phishing scams.

These latest research findings enable BBB and its partners to more effectively target consumer education initiatives. Further analysis of scams in 2020 will be released in the upcoming BBB Scam Tracker Risk Report, due out the first week of March.

To read the annual *BBB Scam Tracker Risk Report*, visit [BBB.org/RiskReport](https://www.bbb.org/riskreport).

To report a scam, go to [BBB.org/ScamTracker](https://www.bbb.org/scamtracker).

Read [BBB tips on common COVID scams and how to avoid them](#). For all BBB tips on COVID issues, go to [BBB.org/coronavirus](https://www.bbb.org/coronavirus).

To learn more about other risky scams, go to [BBB.org/ScamTips](https://www.bbb.org/scamtips) and visit our [scam news feed](#).

For more information or further inquiries, contact the Wisconsin BBB at www.bbb.org/wisconsin, 414-847-6000 or 1-800-273-1002. Consumers also can find more information about how to protect themselves from scams by following the Wisconsin BBB on [Facebook](#), [Twitter](#), [Instagram](#) and [YouTube](#)