

## **The Impact of Tourist Perception of Fraud Risk on Tourism Planning**

1. Rasha Kassem, PhD (r.kassem@aston.ac.uk)

2. Daniel Santamaria, PhD (ac7034@coventry.ac.uk)

### **ABSTRACT**

Fraud risk impedes tourism planning and competitiveness, and prior studies have shown that tourists are increasingly concerned about fraud risk. However, tourists' perceptions of fraud risk have been given little attention in the tourism and consumer behaviour literature. Understanding tourists' perceptions of fraud risk improves tourism planning and informs new marketing and communication strategies to mitigate some psychological barriers to travel post-pandemic. The aim of this study is two-fold. First, it sheds light on the impact of fraud risk and tourists' perception of fraud risk in the tourism, travel, and hospitality sectors. Second, it investigates tourists' perception of fraud risk during the COVID-19 pandemic through a survey sent to two-hundred domestic and international tourists in the UK. The findings show that tourists perceive increased fraud risk during the pandemic. Specific types of fraud include insider, cyber, payment frauds, fraudulent holidays, refunds, and deals. We infer from these results that the perception of fraud risk is a new mediating factor behind the "word of mouth" effect and, as such, could inform communication and marketing strategies aimed at mitigating some psychological barriers to travel post-pandemic. Our findings have important implications for tourism, travel, and hospitality businesses in targeted investment, governance, and policy that we later discuss.

**Keywords:** COVID-19; Fraud risk; Tourism; Hospitality; Perceptions; Ethics and morality; attributions and inference making

## 1. INTRODUCTION

Fraud risk impedes tourism planning and its competitiveness (Das & Dirienzo, 2010) and acts as a barrier to tourism flows (Propawe, 2015) and investment in the tourism sector (Tosun & Timothy, 2001). Fraud affecting the tourism industry is a fasted growing crime involving rental fraud, air-ticket fraud, fake poison food fraud, etc. Losses to potential holidaymakers are considerable and are increasing. In a recent global fraud study by the Association of Certified Fraud Examiners (ACFE, 2020), the median loss due to insider fraud in the food and hospitality industry amounted to \$114 million and in the travel industry was about \$150 million.

In the aviation industry, EasyJet has been a victim of cyber fraud resulting in the misappropriation of the personal information of nine million customers. The media reported that this breach raises the possibility of EasyJet paying a massive fine when the coronavirus pandemic has put it under severe financial pressure (UK National Cyber Security Centre, 2020; Jolly, 2020). Just before the pandemic, British Airways was fined £183m in 2019 due to a cyberattack resulting in the loss of the personal information of half a million customers. In the same month, the Marriott hotel group was fined £99.2m for a breach that exposed the data of 339 million customers worldwide.

Fraud risk and tourists' perceptions of fraud risk can significantly impact the tourism, travel, and hospitality industries. Understanding tourists' perceptions of fraud risk improves tourism planning and informs new marketing and communication strategies to mitigate some psychological barriers to travel post-pandemic. Despite its adverse impact, there is little understanding of tourists' perceptions of fraud risk

under normal circumstances, even less during pandemics. Hence, this chapter investigates two hundred local and international tourists' perceptions of fraud risk in the UK during the COVID-19 pandemic. In doing so, we build on the limited literature on the heterogeneous risk perceptions of tourists (Seabra et al., 2013).

Intuitively, this study is motivated by two critical strands in the literature. On the one hand, a body of literature reports that fraud affects the tourism sector on a number of levels. For instance, personal and physical security perceptions influence tourists' decisions and destination choices (Lepp & Gibson, 2003; Taylor & Toohey, 2007). Tourists and consumers who fear future fraudulent attacks believe that protection from fraud is the businesses' responsibility. Failure to do so will result in reputational damage and loss of consumer loyalty (Ekata, 2019), which is an onerous cost for businesses, especially during these unprecedented times.

Another motivation of this paper concerns the WoM (word of mouth) effect on first-time and repeat visitors to the destination country (Garin-Munoz & Montero-Martin, 2007). The impact of misleading online reviews observed by previous studies (Litvin et al., 2008) as one of many mediating effects is "*word of mouth*". These mediating effects range from product and service familiarity (Sundaram & Webster, 1999); to the relationship between customers and service providers (Gremier et al., 2001), plus the information source (Laczniak et al., 2001), to list a few. Therefore, this paper is timely and important given the impact of fraud on the tourism, hospitality, and travel industries documented in the literature, particularly considering the COVID-19 pandemic (Iacurci, 2020; Marks, 2020).

We find that more than half of the tourists in our study perceive increased fraud risk in the UK during the pandemic. All tourists in our study particularly anticipate an increase in fraudulent holiday refunds and deals (e.g., coupons, discounts, and credit), cyber fraud, payment fraud, and insider fraud. Cyber fraud is fraud committed against an individual or organisation through a computer or other information technology (Budi & Adzmi, 2015). Payment fraud occurs when a consumer or business is socially engineered into making a bank transfer or card payment to a payee/account they consider to be correct but is, in fact, in the direct control of a fraud criminal (PwC, 2019). Insider fraud is fraud committed against an organisation by its employees, managers, and/or executives. It includes asset misappropriation/theft and abuse, fraudulent financial reporting, and corruption (Wells, 2011). Our results also reveal that few local tourists have been victims of fraudulent holidays and payment fraud during the pandemic. The findings have important implications for businesses in the tourism, travel, and hospitality sectors that we discuss later in the paper.

This chapter offers two key contributions. First, this chapter opens a new debate on the importance of tourists' perception of fraud risk and offers new avenues for future research in tourism planning, hospitality, or consumer-related online economy. We build on an understudied area in the tourism and consumer behaviour literature: Tourists' perceptions of fraud risk, which, up to now, has primarily focused on the impact of fraud on the tourism industry (Tosun & Timothy, 2001; Taylor & Toohey, 2007; Das & Dirienzo, 2010; Propawe, 2015) and consumer consumption (Chan et al., 2013), but not as much on tourists' perceptions of fraud risk. Second, we contribute to an important strand in the tourism literature on the WoM effect

(Garin-Munoz & Montero-Martin, 2007; Gounopoulos et al., 2012), introducing the perception of fraud risk from the tourist as a new mediating effect behind “*word of mouth*”. Intuitively, shedding some light on mediating the WoM effect has implications for managerial practice. Knowledge about tourists’ perceptions of fraud risk as a new mediating factor could assist businesses in designing effective marketing and communication strategies that respond effectively to tourists’ fear of fraud as a psychological barrier to travel. In turn, considering fraud risk could reduce reputational damage and increase tourism flows and brand loyalty. Lee & Jin (2019) noted that commitment to ethical behaviour and fraud prevention influences brand loyalty. Finally, we contribute to the limited literature on the tourist’s perception as potential victims in destinations (Boakye, 2012; Seabra et al., 2013) by focusing on their perception of fraud instead of other forms of crime.

The following section reviews existing studies on the impact of fraud and tourists’ perceptions of fraud risk in the tourism, hospitality, and travel sectors. It then highlights the impact of the COVID-19 pandemic on fraud risk. After that, the research methodology is introduced, followed by the analysis and discussion of the findings in section four. The chapter ends in the conclusion and implications section.

## **2. RELEVANT LITERATURE**

### **2.1. Tourists' perception of fraud risk and its impact on the tourism, travel, and Hospitality sectors**

Fraud is not a victimless crime; its impact often goes beyond financial losses (Rezaee, 2005; Wells, 2011; Button et al., 2014). Limited academic research in this area conclusively reports the negative impact of fraud on the tourism sector on several levels. Tosun & Timothy (2001) report that fraud and corruption increase barriers to investment in the tourism sector and international tourism movements. Significantly, Das & Dirienzo (2010) uncover that bribery and fraudulent business practices can damage a country's social and cultural image and impede tourism competitiveness. Further, Propawe (2015) finds that corruption harms tourism flows by increasing travel costs and uncertainty. Tourists might incur additional costs in bribes, such as obtaining a visa or getting decent service in restaurants (Fourie et al., 2020). Papathanassis (2019) concludes that corruption appears to be more than an exception for holidaymakers. Tourists often associate corruption with a broad spectrum of incident types, including personal integrity threats to service, delivery failure, and heritage/attraction mismanagement.

As online reviews have become increasingly prevalent in recent years and their influence on consumers' purchasing decisions has grown exponentially (Litvin et al., 2008), there is a growing body of evidence on the negative impact of misleading reviews on future visitors. For instance, evidence that travel operators were posing as independent reviewers, reportedly using online identities to post misleading reviews to promote themselves or tarnish the reputation of their competitors (Ibrahim, 2008; Litvin et al., 2008; Larson & Denton, 2014). Credibility is critical in travel planning because of the intangible nature of tourism products and the economic and psychological risks associated with travel decision-making

(Dellarocas, 2003; Loda et al., 2009). Further, Xie et al. (2011) and Chakraborty (2019) find that the perceived source credibility of online reviews reportedly significantly affects participants' intention to book a hotel. Moreover, Luca & Zervas (2015) document the extreme nature of fake reviews relative to other reviews and, as such, undermines the credibility of reviews and affects consumer choices (Munzel, 2016). In essence, the negative impact of misleading reviews undermines the ability of tourists to make informed decisions, not in terms of travel but also in maximising the tourism experience and satisfaction, as reported in early studies (Hui et al., 2007; Neal & Gursoy, 2008). As a result, fake online reviews fall into digital deception that misleads readers in their purchase decisions (Choi et al., 2017).

Similarly, tourists' perceptions of fraud risk could negatively impact the tourism, travel, and hospitality sectors. The literature in this area is sparse and limited but indicates that personal and physical security perceptions influence tourist decisions and destination choices (Lepp & Gibson, 2003; Taylor & Toohey, 2007). Subjectively, perceived risk is often the focus of tourism researchers, as the consumer and manager's perceptions of risk influence their decisions (Ritchie & Jiang, 2019). Similarly, Baker et al. (2005) suggest that consumer vulnerability is contingent on self-perceptions and not others' perceptions. Fraud is one of the factors related to consumer vulnerability, as indicated by Langenderfer and Shimp (2001), and hence tourists' perceptions of fraud risk matter.

Attribution theory is critical to the perception that fraud risk matters, which stipulates that tourists are more likely to attribute responsibility for insider crises to their organisations, terminating customer loyalty and spreading the negative WoM effect (Faulkner, 2001; Breitsohl & Garrod, 2016). According to attribution theory,

tourists and consumers are more likely to guilt businesses unprepared to mitigate fraud risk and may not consider them in future travel plans.

Fraud against businesses and tourists compromises both businesses' ability to deliver services and customer experiences. From a tourism or consumer demand perspective, the implication could be significant in terms of the WoM effect on the first-time and repeat visits to the destination country (Garin-Munoz, 2006; Garin-Munoz & Montero-Martin, 2007; Gounopoulos et al., 2012). However, understanding the potential effects of fraud on the WoM effect and, hence, on the tourism industry requires identifying the mediating drivers of "*word of mouth*". Whilst the literature in this area is vast, it provides some clues. For instance, when faced with unfamiliar consumer brands, the WoM effect on customers is more likely to be subject to revision than familiar products (Sundaram & Webster, 1999).

On the other hand, Gremler et al. (2001) report that a positive relationship between stakeholders (in this case, banks and their customers and dental patients and dental care providers) spreads a positive WoM effect. The source of information given to consumers is also a critical mediating driver of the WoM effect (Laczniak et al., 2001). However, in building on this strand of literature, Gruen et al. (2006) find that online reviews affect customers' perceptions of the value of a product and the degree of customer loyalty by reducing information asymmetry. In essence, and for this paper, the potential impact of misleading online reviews on the tourism sector could be significant, given that it is exposed to a broader audience of different backgrounds and perspectives (Litvin et al., 2008).



In a related strand of the literature, a few studies report tourists' concerns about potential fraud risk. For instance, employee behaviour during service is a pivotal determinant of tourists' perception of service quality and customer satisfaction (Kattara et al., 2008). On the other hand, Howard (2009) finds that tourists regard fraud as the most challenging holiday experience. Other studies report a link between casino gaming and tourists' vulnerability to fraud and corruption (Park & Stokowski, 2011). One key observation Harris (2012) made is the perception of most tourists of overcharging by service personnel in the hospitality sector (including restaurants, bars, hotels, transportation, and tour service workers) by most tourists relative to non-tourist customers. Critical here is the importance of trust that studies report influences consumers' attitudes, perceived risk, and intention to purchase travel online (Agag & El Masry, 2017).

According to the 2019 survey by Ekata (a leader in global digital identity verification data), consumers who fear future fraudulent attacks believe protection against fraud is the responsibility of companies with access to personal data, including payment details. The survey also suggests that in the event of fraud, consumers will not only stop using those companies again in the future but will also tell others about their fraudulent experience. Other surveys report that consumers and tourists are increasingly concerned about fraud risk and are unlikely to build strong relationships and brand loyalty with companies that do not prevent unethical and fraudulent behaviours. According to the 2019 survey by TransUnion, an American consumer credit reporting agency, almost half of the consumers (out of 2,593 American adults) reported their worries about being victims of cyber fraud (Bitzionis, 2019).

Lee & Jin (2019) assert that companies providing false and exaggerated advertisements or false information and facilitating bribes are unlikely to maintain consumers' brand loyalty. Similarly, surveying 10,000 consumers in the US, U.K., France, Germany, and Australia revealed that 72% want retailers to take more decisive action and create standards to prevent deceptive or fraudulent reviews. The study concludes that businesses that do not ensure the integrity of their reviews will suffer longer-term brand erosion (Sterling, 2020). Similarly, Chan et al. (2013) find evidence of an association between moral violations (including fraud) and consumer consumption.

In summary, tourists' perceptions of fraud risk could affect their travel choices and plans, purchasing and payment behaviour, brand loyalty, and business trust. Understanding tourists' risk perceptions might assist in formulating marketing and communication strategies that will consider various dimensions of risk perceptions and mitigate some psychological barriers to travel (Fuchs & Reichel, 2011).

## **2.2. COVID-19, fraud, and the tourism, hospitality, and travel sectors**

The COVID-19 pandemic has not only affected the tourism industry's financial health (Ozili & Arun, 2020; Yang et al., 2020; Farzanegan et al., 2020) but has also

increased fraud risk in the sector. Indeed, travel and vacation fraud are among the top reported fraud categories during the pandemic (Iacurci, 2020; Marks, 2020). From a UK context, a recent report commissioned by Cifas reported a sharp rise in holidaymakers contacted by criminals purporting to be from travel companies, tour operators and insurers offering to refund or rebook cancelled holidays. Besides, fraud criminals have set up fake websites to claim holiday refunds and compensation on behalf of holidaymakers (Cifas, 2020)—the statistics back up these reports. Recent figures from Action Fraud show 105 reports about COVID-19 fraud cases since 1 February 2020, with total losses reaching nearly £970,000 (Action Fraud, 2020). The UK government's counter-fraud profession has estimated that potential fraud losses during COVID-19 will be around £2-£21 billion.

In the United States, COVID-related fraud cases have cost individual victims \$13.4 million since the beginning of 2020, and consumer complaints related to COVID-19 have reached 7,800, according to the Federal Trade Commission. The average loss for a consumer deceived by one of these frauds is nearly \$600, which adds up to nearly \$5 million nationwide (Iacurci, 2020; Marks, 2020). Several intelligence sources (e.g., Cifas, 2020; City of London Police, 2020) have also reported increased cyber fraud attacks on businesses during the pandemic. For instance, EasyJet has been a victim of cyber fraud in the aviation industry (UK National Cyber Security Centre, 2020; Jolly, 2020). Ruth et al. (2020) report evidence of increased fraud risk in the hospitality industry, particularly restaurants, due to the lack of anti-fraud controls.

To sum up, our review highlights that although fraud risk has always been a concern for tourists and consumers, even before the pandemic, current statistics show that this concern is more likely to increase during the pandemic and poses a threat to tourism planning. COVID-19 has aggravated for fraud criminals to defraud consumers and businesses, resulting in an increase in fraud risk.

### **3. METHODOLOGY**

To investigate tourists' perception of fraud risks during the pandemic, a survey of 200 local and international tourists in the UK was sent from March to July 2020. We used snowballing techniques to gain access to the participants through social media such as LinkedIn, Twitter, and Facebook. Snowballing requires the random invitation of subjects to participate in the study and hence does not create estimation issues and biases (Krishen et al., 2019). Previous studies also used this method (Krishen et al., 2016; Li et al., 2020). All participants were in the UK during data collection. To verify this, the questionnaire included a question to determine if the participant was in the country during data collection. The participant information sheet also instructed participants to participate in the survey only if they were UK tourists and were available in the country during data collection.

We designed the online survey using the Bristol Online Survey (<http://www.onlinesurveys.ac.uk>). The survey consists of eight questions over three pages. The first question asked the participants if they were in the UK during the survey. The other four questions focused on tourists' perceptions of fraud risk in the UK during the pandemic. Specifically, we asked each tourist the following: (i) if they thought fraud risk has increased during the pandemic; (ii) what type(s) of fraud they

think is/are more likely to be committed during the pandemic? (iii) whether they have been victims of fraud during the pandemic, and if so, they were asked to identify the type of fraud in this case.

The remaining three questions considered participants' demographics, including nationality, age, and gender. Tourists in this study are from various age groups, including 37% of participants in the age group from 30 to 39 years old, 20% from 40 to 49, 17% from 20 to 29, 15% from 50 to 59, 9% from 60 to 69, and 2% from 70 to 79. The participants come from some countries in America, Europe, and the Middle East; however, most come from Europe (56%). Our sample is equally split between males and females.

To ensure the reliability of the data, we adopt several measures recommended in the literature (Saunders et al., 2009; Teddlie & Tashakkori, 2009; Creswell & Clark, 2011). For instance, we developed the survey in consultation with three senior academics to ensure the wording, structure, and questions were straightforward to understand. The research addressed all relevant ethical issues, including anonymity, confidentiality, and loss or damage to data. Before conducting this study, we obtained ethical approval and participants' consent (see consent form in the appendix). A detailed participant information sheet was also provided to each participant to explain the purpose of this study and their rights as participants (a copy is available in the appendix).

The survey began by describing the research objective and emphasising that complete anonymity would be provided to the participants and that they have the right to withdraw their data. The participants were presented with an information

sheet before data collection, which included details related to the purpose of the current study, why participants were chosen, and their right to participate in the current study and withdraw their data if they wished.

#### **4. FINDINGS AND DISCUSSIONS**

Using cross-tabulation analysis between age, gender, and tourists' perception of fraud risk, we find that more than half of the tourists in our study (60%, 119 out of 200) perceive an increase in fraud risk in the UK during the pandemic. When broken down to age and gender, we find no correlation between tourists' age and perception of fraud risk; however, participants aged 30 to 39 years old seem to be the most concerned about fraud risk. We also uncover a weak correlation between tourists' gender and perception of fraud risk, with more males (58%) than females (42%) believing fraud risk has increased during the pandemic. Overall, our results indicate that fraud risk in the UK is a concern for tourists regardless of their gender and age group.

Some implications can be drawn from these results. Tourists' perceptions of personal and physical security influence their travel and destination choices (Lepp & Gibson, 2003; Taylor & Toohy, 2007; Ritchie & Jiang, 2019). Therefore, the results of our study imply that fraud risk could be a barrier to tourists' travel decisions even after the pandemic and that tourists' perception of fraud risk as a potential mediator is not dependent on either gender or age. These findings highlight the need for businesses in the sector (e.g., travel agents, airlines, hotels) to embrace a more proactive approach to risk management (at the firm and industry level) in their fraud

prevention efforts and communicate with tourists about their plans for mitigating fraud risk.

Table 1 presents an analysis of the likelihood of fraud types based on the respondents' perceptions. Interestingly, we report that tourists in our study anticipate an increase in fraudulent holidays refunds and deals (76%); cyber-fraud (55%); payment fraud when used to pay for hotels, holidays, and flights (49%); fraudulent financial reporting (39%); corruption (29%) and finally, asset misappropriation (27%). Additionally, 5% of our study participants have reported being fraud victims during the pandemic. Specifically, tourists identified fraudulent holiday refunds (1%) and payment fraud when they booked holidays (1.5%), hotels (1.5%), and flights (0.5%) online.

[Please insert Table 1 here]

As shown in Table 1, most tourists (76%) expect increased fraudulent holidays and deals. The results are consistent with recent reports from intelligence sources indicating that there has been an increase in fraudulent holiday refunds during the pandemic (Cifas, 2020).

Our results also reflect tourists' fears of deception by fraud criminals into fraudulent holiday refunds and deals in the future. The trust issue is a mediating driver of the WoM effect and the perception of fraud. Indeed, the issue of trust influences consumers' attitudes, perceived risk, and intention to purchase travel online (Agag & El Masry, 2017). Moreover, the results shed some light on the importance of integrity and credibility as mediators for trust in e-commerce, as consumers rely on the truthfulness and honesty of presented information and the

promises contained therein, including refunds of the price paid (Corbitt, 2003; Fam et al., 2004). The key highlights of our findings relate to tourists' perception of fraud risk regardless of the type and the extent to which it could be a mediating driver behind the WoM effect observed in the tourism demand literature (Garin-Munoz, 2006; Garin-Munoz & Montero-Martin, 2007; Gounopoulos et al., 2012).

Finally, our results also point out that varying perceptions of specific sources of fraudulent risk could have significant implications for different service providers critical to the tourism sector. For instance, the perception from 55% of respondents that the threat of cyber fraud increased during the COVID-19 pandemic could represent a significant risk posed to service providers in the tourism industry. This observation is based on the notion that cyber fraud reportedly negatively impacts consumers' trust in online banking and shopping, purchasing, and payment behaviours (Syms, 2017). Intuitively, such a result demonstrates the importance of tourism businesses investing more in cyber-security to maintain confidence and reassure tourists that payment details and personal data remain secure.

A perceived rise in fraudulent financial reporting amongst 39% of respondents, followed by the risk of corruption and asset misappropriation, demonstrates how insider fraud risk perception (Wells, 2011) is increasingly concerning for international tourists during a pandemic. In other words, the increasing perception that fraud is committed against a business by its employees, managers, and executives raises doubts about the effectiveness of governance mechanisms in the tourism sector. This is because effective fraud risk management is at the heart of sound corporate governance; hence failure to reduce fraud risk can be viewed as a significant weakness in governance (Dunn, 2004; Albrecht et al., 2008). Insider fraud is costly and common in the tourism industry. Recent results



from the ACFE global fraud study (2020) confirm a median loss of \$150 million in the travel industry due to insider fraud. When fraud against businesses deters businesses' ability to deliver services, compromising customer experience (Sterling, 2020). Moreover, companies providing false information and facilitating fraudulent activities and bribes are unlikely to retain consumers' trust and brand loyalty (Lee & Jin, 2019).

## **5. CONCLUSION AND IMPLICATIONS**

This chapter investigates local and international tourists' perceptions of fraud risk in the UK during the COVID-19 pandemic. It is timely and essential given the impact of fraud and tourists' perception of fraud risk on the tourism, hospitality, and travel industries documented in the literature, particularly considering tourism planning in risk management.

The findings reveal that fraud risk is a primary concern for local and international tourists in the UK regardless of their gender and age groups. Tourists' perceptions of risk, particularly their personal and physical security, influence their travel decisions and destination choices. Therefore, the results imply that fraud risk could be a barrier to tourists' travel decisions even after the pandemic and that tourists' perception of fraud risk as a potential mediator is not dependent on either gender or age. As such, our findings highlight the issue of trust as a mediating driver of the WoM effect and the perception of fraud. Indeed, the issue of trust influences consumers' attitudes, perceived risk, and intention to purchase travel online.

Moreover, the findings shed some light on the importance of integrity and credibility as mediators for trust in e-commerce. Tourists rely on the truthfulness and honesty of presented information and the promises, including refunds of the price

paid. Besides, the perception of tourists in this study shows that insider fraud is more likely to increase and urges businesses in the sector to consider designing effective anti-fraud strategies.

Many tourists expect increased fraudulent holidays and deals, payment fraud, cyber fraud, and insider fraud. Some of them have fallen victim to fraudulent holidays and payment fraud. Therefore, our study points out the specific types of fraud that tourists in the UK are concerned about. By doing so, we provide an opportunity for businesses in the sector to respond to tourists' concerns effectively by proactively mitigating the risk of these types of fraud.

These implications for this study are significant in several ways; for instance, it suggests that tourists' perceptions of fraud risk and trust potentially mediate the WoM effect, which the tourism literature documents as an essential factor in the decision-making of new and repeat visitors. In other words, the decision to engage in the future in the services the firm previously used – whether a travel agent, airline, hotel, or an internet service such as TripAdvisor through the WoM effect.

The findings demonstrate the importance of service providers at the micro-level. For instance, the perception of local and international tourists that fraud risk has increased during the current health crisis highlights the importance for businesses to invest in effective anti-fraud strategies. Equally, increasing fraud risk perceptions as a new mediating driver of the WoM effect highlights the importance of an effective communication and marketing strategy to rebuild trust amongst tourists to re-engage with service providers. One prominent example could involve businesses communicating their plans to mitigate fraud risk to tourists using their websites, newsletters, forums, emails, or posts. Tourism industries have a valuable role in developing a solid health communication strategy, and their communication

should cover all the risks tourists are concerned about, especially during the COVID-19 pandemic. Sharma et al. (2020) argue that inconsistent news and communication from different sources could cause confusion and panic during the pandemic.

Further, the findings point to the need for service providers to strengthen governance and policy depending on the source of a perceived increase in fraud risk. Specifically, the results' heightened perceptions of insider fraud indicate poor governance (Dunn, 2004; Albrecht et al., 2008). Consequently, businesses in the sector must strengthen their corporate governance system by ensuring the board's commitment to integrity and ethical values and designing effective anti-fraud strategies and controls, including continuous monitoring to tackle insider fraud. Yet, increased concerns amongst tourists about fraudulent holidays indicate the importance of regular fraud audits on transactional data and identifying fraudulent bookings as a matter of operational risk management and policy. For instance, staff training in identifying fraudulent activity and high-risk transactions could deter this fraud, as noted by the UK's National Fraud Intelligence Bureau (NFIB) (2011).

Finally, tourists' perception of cyber fraud risk highlights the importance of targeted investment in cybersecurity to restore trust amongst tourists and consumers that payment details and personal data will remain secure online. Increasingly, Information Communication Technologies (ICTs) play a critical role in the competitiveness of tourism organisations and destinations as well as in the entire industry (Buhalis & Law, 2008), especially during the COVID-19 pandemic (Xiang et al., 2020). Given that we infer the perception of fraud risk as a new mediating effect behind the WoM effect, our results demonstrate the need for businesses providing online services to effectively communicate the efforts to strengthen cybersecurity to restore the confidence of new and repeat tourists (Syms, 2017). For that reason,

businesses in the tourism sector need to invest more in cybersecurity, including anti-viruses, strong passwords, firewalls, and backups. Cyber intelligence providers, as noted by Miller & Minder (2020), “use software to mine markets, conversations, forums, and other sources looking for customer-specific data. Countermeasures that the tourism and hospitality sector could adopt to restore trust and a positive WOM effect include locking or reissuing credentials and certificates and, on a micro-level, payment technology using a chip card reader to avoid payment fraud (Weaver, 2020).

This chapter opens a new debate on the importance of tourists’ perception of fraud risk and offers new avenues for future research in tourism planning, hospitality, or consumer-related online economy. Future studies could investigate this issue using disaggregated data from questionnaires based on age, gender, nationality, education levels, country of origin and purpose of visit. This information has significant implications for marketing, strategic planning, and targeted investment at industry levels because of ever-increasing engagement with technology by potential tourists in using online services in the tourism sector.

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## Tables

**Table 1:** Tourists' perceptions of the likelihood of fraud types

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**Q:** Based on your perception, what types of fraud may have increased or are more likely to increase in the tourism sector in the UK during the coronavirus crisis?

<b>Types of fraud</b>	<b>Number of responses</b>	<b>Percentage of responses</b>
Fraudulent financial reporting*	77	39%
Asset misappropriation*	53	27%
Corruption	57	29%
Fraudulent holidays refunds and deals*	152	76%
payment fraud*	98	49%
Cyber fraud*	110	55%
<b>Total</b>	<b>200</b>	

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Notes\*:

- Examples of fraudulent holiday refunds include coupons, credit, or discounts.
  - Payment fraud occurs when a consumer or business is socially engineered into making a bank transfer or card payment to a payee/account they consider correct but is directly controlled by a fraud criminal.
  - Cyber fraud is fraud committed against an individual or organisation through a computer or other information technology.
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- Asset misappropriation is the abuse and theft of an organisation's assets by its employees, managers, or directors for personal gain.
  - Fraudulent financial reporting is the manipulation of an organisation's financial statements by its employees, managers, or directors for personal gain.
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