



How Fraud Impacts Individuals' Wellbeing– Academic Insights and Gaps

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Abstract

Purpose: This paper discusses the impact of fraud on individuals' wellbeing by drawing on insights from the academic literature. It also highlights literature gaps and suggests new avenues for future research.

Methodology: The paper is based on a comprehensive literature review to gain insights into the impact of fraud on individuals' wellbeing and identify literature gaps. The review is not limited to a particular date or a specific discipline.

Findings: The results reveal a general consensus in the literature that fraud severely and negatively impacts individuals' wellbeing. Fraud's impact on victims goes beyond financial hardship. It could result in stress, anger, upset, worries, fear of future victimisation, shame, loss of self-esteem, health deterioration, loss of confidence in financial matters, suicide ideation, unemployment, homelessness, less happiness and life satisfaction, and broken relationships. However, research on how fraud impacts individuals' wellbeing is scarce and has yet to receive substantial attention.

Originality: This is the first comprehensive literature review compiling evidence on the impact of fraud on individuals' wellbeing.

Keywords: Fraud; Victims; Fraud impact; Wellbeing; Victim support

1. Introduction

Grasping the factors impacting wellbeing matters for individuals and society. Healthy wellbeing can add years to individuals' lives, improves recovery from illness, and is associated with positive health behaviours in adults and children. It also has implications for treatment decisions and costs, affects decisions about local services, and may ultimately reduce the healthcare burden so that public funds can improve other significant societal and economic areas (Department of Health & Social Care, 2014). Therefore, it is essential to understand the factors adversely impacting individuals' wellbeing and explore ways to reduce that impact. Crime is one of the factors adversely impacting individuals' wellbeing and sense of security (Fijwala et al., 2014). This paper discusses the impact of fraud on individuals' wellbeing and is based on a comprehensive review of the academic literature on this topic. The aim is to highlight fraud's impact on individuals' wellbeing to raise awareness about the topic and, in the meantime, to identify literature gaps to ignite academic debates on this significant topic.

Fraud is a serious crime involving intentional deception, trickery, manipulation, cheating, lying, or stealing. Fraud victims can either be individuals or organisations (Wells, 2011). The primary motivation for this study is the magnitude and speed by which fraud occurs and its impact, which usually goes beyond financial losses. According to the National Crime Agency¹ in the UK:

Fraud remains the most common crime type experienced by victims in England and Wales. Fraud costs the UK many billions of pounds every year. The impact of fraud can be devastating, ranging from unaffordable personal losses suffered by vulnerable victims to organisations' ability to stay in business. Fraud against individuals is typically targeted at the elderly and other vulnerable people, for whom the consequences can often be devastating – psychologically as well as financially.

¹ [Fraud - National Crime Agency](#)

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3 Another key motivation is that evidence on how fraud impacts individuals' wellbeing is scattered, and a review paper like the current one combining
4 evidence on this topic does not exist. Understanding the impact of fraud on individuals' wellbeing and how its adverse impact can be alleviated is
5 crucial in victim recovery. In the meantime, it can reduce future victimisation by aiding law enforcement to understand the extent of fraud victims'
6 sufferings, which could encourage them to offer more victim support and perhaps enhance their skills in fraud investigation (Cross, 2019).
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10 The results reveal a general consensus in the literature that fraud severely and negatively impacts individuals' wellbeing. Fraud's impact on victims
11 goes beyond financial hardship. It could result in stress, anger, upset, worries, fear of future victimisation, shame, loss of self-esteem, health
12 deterioration, loss of confidence in financial matters, suicide ideation, unemployment, homelessness, less happiness and life satisfaction, and
13 broken relationships. However, research on how fraud impacts individuals' wellbeing is scarce and has yet to receive substantial attention. The
14 findings have implications for practice, policy, and research, later discussed. The rest of the paper is organised as follows. Section 2 describes the
15 study's methodology. Section 3 presents the results, and finally, section 4 discusses the results and implications.
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22 **2. Methodology**

23 A comprehensive literature review was conducted to gain insights into the impact of fraud on individuals' wellbeing and identify literature gaps.
24 The review was not limited to a particular date or a specific discipline. Various databases were used to identify relevant papers by searching paper
25 titles, keywords, abstracts, and primary texts. The search engines and databases used were SocINDEX with Full Text, Business Source Complete,
26 CINAHL Ultimate, MEDLINE, ScienceDirect; Directory of Open Access Journals; Springer Nature Journals, EconLit with Full Text, JSTOR
27 Journals; and Scopus.
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33 The following screening criteria were applied to further ensure the selected publications' quality and relevance: (1) Only academic peer-reviewed
34 articles written in English were included in the analysis. (2) Only academic articles with an empirical or theoretical focus on the impact of fraud
35 on individuals' wellbeing were included.
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3 The keywords used in the search include "fraud AND wellbeing or wellbeing or well being"; "scam AND wellbeing or wellbeing or well being".
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5 The reference list was also examined when a relevant paper was identified to ensure that other relevant contributions were captured. In subsequent
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7 stages of analysis, the contents of relevant sources were read to ascertain the focus, scope, and, where relevant, the methodology. During these
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9 processes, articles were excluded from subsequent analyses because they did not mention the impact of fraud on individuals' wellbeing or referred
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11 to the wellbeing of businesses and the economy instead. At the end of the data collection and selection process, a final sample of 13 studies was
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13 collected for analysis. These studies are summarised in Table 1, including their findings, methods, and location.

14 (Insert Table 1 here)

15 16 17 **3. Results, Discussion, and Implications**

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19 There is a consensus in the literature that fraud can severely and negatively impact individuals' wellbeing. Button et al. (2014) highlighted that
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21 fraud is not a victimless crime and that fraud victims suffer financial hardship, broken relationships, mental and physical health problems, and
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23 psychological effects, including stress, anger, loss of esteem/shame, and upset. Likewise, Cross (2018) examined the experiences of
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25 online fraud victims and reported how the impacts experienced extend beyond financial losses to include deterioration in health and wellbeing,
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27 relationship breakdown, homelessness, unemployment, and suicidal ideation. Brenner et al. (2020) found a robust negative association between
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29 consumer fraud victimisation and individuals' perception of their financial wellbeing. They showed that fraud is more negatively associated with
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31 a loss in individuals' confidence in financial matters than with declines in their net worth. They suggested that people tend to doubt their abilities
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33 to handle financial matters after falling prey to fraud, which carries significant implications for subsequent financial decision-making. Dutt (2023)
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35 identified that digital risks, including online fraud, adversely impact users' wellbeing and that participants who have experienced digital financial
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37 fraud are more wary than others who have not experienced them.
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3 Similarly, Tavits (2008) examined the effect of corruption and representation on people's wellbeing. They found that people report higher levels
4 of wellbeing when (a) their governments perform well (i.e., are clean rather than corrupt) and (b) the party of their choice is in power. The effect
5 of corruption overshadows that of macroeconomic variables and conditions the effect of representation—having one's party of choice in power
6 increases wellbeing when governments are clean but not corrupt. Leon et al. (2013) argued that corruption can affect people's happiness and
7 satisfaction and generate a social cost.
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12 Tay et al. (2014) uncovered that national corruption lowers national income and institutional trust, which lowers wellbeing, particularly life
13 satisfaction. Besides, they showed evidence that individual and societal perceptions of corruption are detrimental to wellbeing. Ma et al. (2022)
14 suggested that the perception of official corruption is negatively related to subjective wellbeing, and satisfaction with government performance
15 plays a mediating role in the relationship between the perception of official corruption and subjective wellbeing. Yan and Wen (2020) reported
16 that income inequality and corruption significantly reduce the subjective wellbeing of the country's residents and that corruption is an essential
17 channel for the negative effect of income inequality on subjective wellbeing. Sulemana et al. (2023) uncovered that
18 experienced corruption undermines individual wellbeing for both bribe victims and recipients.
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25 Other scholars recommended ways to alleviate the adverse impact of fraud on individuals' wellbeing. Cross (2018) argued that eligibility to access
26 victim assistance schemes should consider harm suffered rather than the offence experienced. She challenged the notion that eligibility for victim
27 assistance schemes should be based solely on the experience of violent crime and called for a shift in eligibility criteria to facilitate much-needed
28 support to online fraud victims in Australia. DeLiema and Sur (2022) show that intervening in wellbeing causes a greater reduction in average
29 fraud susceptibility over time than intervening in total literacy. They added that even a 10% increase in baseline wellbeing significantly reduces
30 fraud susceptibility over time, regardless of participants' baseline income or educational attainment. They suggested that interventions that target
31 self-efficacy and a sense of purpose may even help reduce older adults' fraud susceptibility more than interventions that improve health and
32 financial literacy. However, both are promising targets for intervention. Lee et al. (2021) recommended using the Money Smart for Older Adults
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3 Programme, which alleviates concerns about financial exploitation and enhances the financial wellbeing of older adults. Their study highlighted
4 that this programme helped older adults increase financial wellbeing awareness and supported their financial decision-making.
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8 Dutt (2023) argued that although using self-discretion to protect oneself from digital risks is critical in staying digitally safeguarded, it may not be
9 enough to restrict adverse outcomes. The author suggested that effective digital risk management requires intervention on various levels, including
10 the government, digital policymakers, digital platform creators, university organisations, and end users. These interventions could include updated
11 regulations to protect users' data privacy, developing user-centric digital policies, national-level programs to raise awareness of digital risks, and
12 educational initiatives for digital risk assessment and management. Additionally, offering coping resources to fraud victims and implementing
13 practical measures such as removing users' private data from digital platforms upon request while supporting users' right to withdraw consent can
14 foster a safer digital environment. Equally, creating robust digital protection systems could help relieve digital risks. Xia and Porto (2022) found
15 that financial behaviour contributes the most to financial wellbeing in the case of fraud victims and advised more intervention to improve
16 individuals' financial behaviour to avoid future fraud victimisation. Yan and Wen (2020) concluded that anti-corruption and narrowing the income
17 gap are the two significant grippers to improving the wellbeing of the residents.
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25 To sum up, the findings reveal a general consensus that fraud negatively and severely impacts individuals' wellbeing. A closer analysis of previous
26 studies' findings shows that fraud's impact on victims goes beyond financial hardship and could result in stress, anger, upset, worries, fear of future
27 victimisation, shame, loss of self-esteem, health deterioration, loss of confidence in financial matters, suicide ideation, unemployment,
28 homelessness, less happiness and life satisfaction, and broken relationships. Figure 1 illustrates fraud's impact on individuals' wellbeing. These
29 results have implications for law enforcement and policymakers. They assert that fraud is not a victimless crime and that law enforcement,
30 government agencies, and society should not overlook or misunderstand its impact. At the same time, they imply the need for fraud victim support
31 programmes with a team that fully understands fraud impact and has the right skills and capabilities to deal with fraud victims. Policymakers
32 should also develop guidance on alleviating fraud's impact on victims' wellbeing and how fraud victims can build resilience. Explicit and strict
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3 regulations are also required to ensure law enforcement provides adequate support to fraud victims, and that fraud's impact is appreciated. The
4 present study summarises previous studies' recommendations to guide law enforcement and policymakers on fraud victims' support (See Table 2).
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8 (Insert Figure 1 and Table 2 here)
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10 The paper highlights a significant literature gap due to the little research attention given to fraud's impact on individuals' wellbeing. Only a handful
11 of studies explored this area, and half lacked empirical evidence. The analysis of the results shows that research on fraud's impact on individuals'
12 wellbeing is scant and has yet to receive substantial research attention. Most studies were based on secondary data analysis, lacking empirical
13 evidence (n=6; 46%). Moreover, more studies were conducted in the United States (US) compared to other countries (n=4; 31%). The remainder
14 of the papers used mixed-method or qualitative data analysis, mainly interviews (See Table 3).
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21 Therefore, there is a need for evidence-based research to understand better the magnitude of fraud's impact on individuals' wellbeing and whether
22 this impact varies by individual demographic characteristics. Although a few studies suggested ways to enhance fraud victims' wellbeing (Cross,
23 2018; Lee et al., 2021; DeLiema & Sur, 2022; Xia & Porto, 2022; Dutt, 2023), we still need more research in this area to support fraud victims
24 better and prevent future victimisation. In particular, future research should explore fraud victims' views on the level and form of support required
25 to secure their wellbeing.
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Tables

Table 1: Summary of Previous Studies

No.	Author(s)/Year	Methods	Location	Findings
1.	Lee et al. (2021)	In-depth interviews	US	The Money Smart for Older Adults Programme helped increase their financial wellbeing awareness and supported financial decision-making.
2.	Xia & Porto (2022)	Secondary data analysis	US	Regarding fraud victim status, financial behaviour contributes the most to financial wellbeing.
3.	Tay et al. (2014)	Secondary data analysis	Global	National corruption lowers national income and institutional trust, lowering wellbeing, particularly in life satisfaction.
4.	Leon et al. (2013)	Survey	Spain	A more accurate estimation of the social cost of corruption requires correcting the measures of satisfaction and corruption by the response scale bias. If the scale response bias is not corrected, then the social cost of corruption is undervalued.
5.	Sulemana et al. (2023)	Mixed-method: Semi-structured interviews and secondary data analysis	Africa	Experienced corruption undermines individual wellbeing for both bribe victims and recipients.
6.	Yan & Wen (2020)	Secondary data analysis	China	Income inequality and corruption significantly reduce the subjective wellbeing of the country's residents, and corruption is an essential channel for the negative effect of income inequality on subjective wellbeing.
7.	Brenner et al. (2020)	Secondary data analysis	US	There is a strong negative association between consumer fraud victimisation and individuals' perception of their financial wellbeing.
8.	DeLiema & Sur (2022)	Secondary data analysis	US	Intervening in wellbeing causes a greater reduction in average fraud susceptibility over time compared to intervening in total literacy.

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3	9.	Dutt (2023)	Semi-structured interviews	Norway
4				Digital risks, including online fraud, have several
5				implications for the users' wellbeing as they traverse the
6				digital space. Those participants who have experienced
7				digital financial scams are more wary than others who
8				have not experienced them.
9	10.	Cross (2018)	Semi-structured interviews	Australia
10				The author argues eligibility to access victim assistance
11				schemes should consider harm suffered rather than the
12				offence experienced.
13	11.	Ma et al. (2022)	Secondary data analysis	China
14				The perception of official corruption is negatively related
15				to subjective wellbeing, and satisfaction with
16				government performance plays a mediating role in the
17				relationship between the perception of official corruption
18				and subjective wellbeing.
19	12.	Tavits (2008)	Mixed-method: Survey and secondary data analysis	Europe
20				People report higher levels of subjective wellbeing when
21				(a) their governments perform well (i.e., are clean rather
22				than corrupt) and (b) the party of their choice is in power.
23				Having one's party of choice in power increases
24				wellbeing when governments are clean but not when they
25				are corrupt.
26	13.	Button et al. (2014)	Mixed-method: Interviews and secondary data analysis	UK
27				Button et al. (2014) highlighted that fraud victims suffer
28				financial hardship, broken relationships, psychological
29				effects, and mental and physical health problems.
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Table 2: Previous Studies' Recommendations

Recommendations	Source
<ul style="list-style-type: none"> ▪ Eligibility There should be a shift in eligibility criteria of victim assistance schemes to facilitate much-needed support to online fraud victims in Australia. 	Cross (2018)
<ul style="list-style-type: none"> ▪ Interventions that target self-efficacy and a sense of purpose may help reduce older adults' fraud susceptibility even more than interventions that improve health and financial literacy. However, both are promising targets for intervention. 	DeLiema and Sur (2022)
<ul style="list-style-type: none"> ▪ The Money Smart for Older Adults Programme, which alleviates concerns about financial exploitation and enhances the financial wellbeing of older adults, helped older adults in the US increase awareness of their financial wellbeing and supported their financial decision-making. 	Lee et al. (2021)
<ul style="list-style-type: none"> ▪ Updated regulations to protect users' data privacy, ▪ Developing user-centric digital policies, ▪ National-level programs to raise awareness of digital risks, ▪ Educational initiatives for digital risk assessment and digital risk management. ▪ Offering coping resources to fraud victims ▪ Removing users' private data from digital platforms upon request while supporting users' right to withdraw consent can foster a safer digital environment. ▪ Creating robust digital protection systems could help relieve digital risks. 	Dutt (2023)
<ul style="list-style-type: none"> ▪ Developing more interventions to improve individuals' financial behaviour to avoid future fraud victimisation. 	Xia and Porto (2022)
<ul style="list-style-type: none"> ▪ Anti-corruption and narrowing the income gap are the two significant grippers to improving the wellbeing of the residents. 	Yan and Wen (2020)

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Table 3: An Analysis of Previous Studies' Methods

Methods	Number of studies
Secondary data analysis	6
Interviews	3
Mixed-methods	3
Survey	1
Location	Number of studies
US	4
UK	1
Norway	1
Australia	1
China	2
Europe	1
Africa	1
Global	1
Spain	1

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Figure 1: Fraud's Impact on Individuals' Wellbeing



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