

FICO Survey: Rising Acceptance of 'Liar Loans' Among Filipino Consumers

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More than a third of Filipinos think it's OK to deliberately mislead on personal loans, mortgages, auto and other applications

MANILA, Philippines--(BUSINESS WIRE)-- (NYSE: FICO):

36% of Filipinos believe there are circumstances where it is ok for people to exaggerate income on a loan application, while 15% think it is normal for people to do this. (Graphic: FICO)

Highlights

- Half of Filipinos (51%) think it's OK or normal for people to

exaggerate their income on loan applications, significantly more than the global average of 39%

- One in six Filipinos (16%) believe it's normal for people to deliberately misrepresent their income on mortgage applications
- Falsifying insurance claims is viewed as the most taboo form of fraud, with more than three in five Filipinos (62%) believing it is not acceptable

Global analytics software leader FICO today shared its latest global consumer fraud research, revealing alarming attitudes toward first-party financial fraud both globally and in the Filipino market.

More than half of Filipinos think it is normal or acceptable in some cases to misrepresent their income on applications for a bank account (56%), automotive financing (55%), or mortgage (53%). Similarly, many Filipinos are fine with exaggerating income on personal loan applications, further complicating financial integrity.

Close to half (46%) of Filipino consumers believe it's never acceptable to exaggerate income on a personal loan

application, while a third (36%) find it acceptable under specific conditions. About one in seven views exaggerating income on personal loan, mortgage and auto loan applications as common and acceptable behaviour.

Globally, attitudes differ, with the survey revealing that the majority of consumers (56%) firmly reject the idea of exaggerating income on loan applications, viewing it as never acceptable. One in four (24%) consider it permissible in certain circumstances, while one in seven (15%) view it as a normal practice.

“With a noticeable percentage of Filipino consumers viewing income falsification as acceptable or justified, the problem of ‘liar loans’ calls for financial institutions to strengthen their risk assessment procedures,” said **Aashish Sharma**, APAC segment leader for risk lifecycle and decision management at FICO. “Banks play an essential role in steering consumers away from inadvertently committing fraud through robust fraud detection strategies and consumer education.”

More information: <https://www.fico.com/en/latest-thinking/ebook/consumer-survey-2023-digital-banking-customer-preferences-and-fraud-controls>

Growing Mortgage Sector at Risk of Application Fraud

The FICO survey reveals that close to two in five (37%) Filipino consumers believe it is acceptable under certain circumstances to lie on mortgage applications, and close to one in five (16%) view it as normal. With residential real estate prices of new housing units continuing to rise year-on-year, according to **Bangko Sentral Ng Pilipinas**, these findings highlight significant risk assessment challenges and potential bad loan rates that financial institutions face.

Even when a mortgage application from an existing customer appears legitimate on paper, the established banking relationship can be exploited to commit fraud. By exaggerating income, such as inflating self-employment earnings or overstating bonuses, as well as omitting debts or misrepresenting personal circumstances applicants can manipulate the loan process, making it difficult for lenders to detect these discrepancies without thorough and proactive verification measures.

“Financial institutions must adopt a holistic approach to data to overcome the unique challenges posed by application fraud,” noted **Sharma**. “This should include integrating comprehensive data analysis and continuously monitoring accounts for early detection of sleeper fraud.”

Falsifying Insurance Claims Is Most Taboo

Falsifying insurance claims is viewed as the most taboo form of fraud, according to FICO’s research. Around two-thirds of consumers globally believe it is never acceptable to exaggerate the value of stolen property or add false

items to a claim. This sentiment is echoed by three in five Filipino respondents (62%).

Matching global trends, attitudes shift regarding other financial products. Half of consumers globally, including two in five Filipinos (41%), feel it is unacceptable to exaggerate income on a mobile phone contract or an application for automotive financing.

“The FICO survey reveals an alarming acceptance of application fraud among consumers, potentially driven by rising cost-of-living pressures,” **noted Sharma**. “Financial institutions must evolve their fraud strategies to keep pace with such trends and prevent customers from unwittingly engaging into questionable or criminal behavior.”

The survey was conducted in November 2023 by an independent research company adhering to research industry standards. 1,001 Filipino adults were surveyed, along with approximately 12,000 other consumers in Canada, U.S., Brazil, Colombia, Mexico, India, Indonesia, Malaysia, Singapore, Thailand, U.K. and Spain.

About FICO

FICO (NYSE: FICO) powers decisions that help people and businesses around the world prosper. Founded in 1956, the company is a pioneer in the use of predictive analytics and data science to improve operational decisions. FICO holds more than 200 US and foreign patents on technologies that increase profitability, customer satisfaction and growth for businesses in financial services, insurance, telecommunications, health care, retail and many other industries. Using FICO solutions, businesses in more than 100 countries do everything from protecting 4 billion payment cards from fraud, to improving financial inclusion, to increasing supply chain resiliency. The FICO® Score, used by 90% of top US lenders, is the standard measure of consumer credit risk in the US and has been made available in over 40 other countries, improving risk management, credit access and transparency.

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