

PRESS RELEASE

Unmasking Digital Deception: Protecting EU Investors from Online Investment Fraud

Brussels, 7 October 2024 – BETTER FINANCE, the European Federation of Investors and Financial Services Users, emphasises the urgent need for enhanced protection and redress mechanisms for investors in light of a [recent report](#) revealing a significant rise in online investment scams across Europe. As digital finance and investing hold the promise of improved access to capital markets, reduced costs, and simpler product offerings for EU citizens, it is crucial that these advancements are not undermined by fraudulent activities.

The digital transformation of the financial sector has the potential to usher in an era characterised by greater transparency and the ability for investors to compare financial products easily. This evolution could empower individuals to make informed choices and invest in a diverse range of asset classes, from traditional stocks and bonds to emerging cryptocurrencies. However, this promising progress is threatened by a growing number of fraudulent entities targeting unsuspecting investors online.

Recent findings indicate that 67 fraudulent entities are currently targeting EU citizens, generating a staggering 1.3 million Google search impressions within a specific timeframe. These scams primarily focus on high-risk products, including cryptocurrency trading, which has shown a marked increase in fraudulent activity. BETTER FINANCE calls on regulators, technology companies, and financial institutions to take decisive action to protect investors from these malicious operations.

"Thanks to advance in digital finance, our financial ecosystem is on the verge of providing greater accessibility and affordability for investors, but we must not allow the scourge of online investment scams to derail this positive trend," said Aleksandra Mączyńska, Managing Director at BETTER FINANCE. *"We need to ensure that robust measures are in place to protect investors and that victims of fraud have clear and effective redress options available."*

To combat the rising tide of online investment fraud, BETTER FINANCE supports the recommendations outlined in the report by BrokerChooser and advocates for the following actions:

1. **Enhanced Regulatory Warnings:** Search engines should integrate regulatory warning lists directly into their search results, providing immediate alerts to potential investors about risky entities.
2. **Scrutiny of Digital Advertising:** Digital platforms must adopt rigorous monitoring of advertisements to identify and remove fraudulent promotions swiftly.

3. **Collaboration with Domain Hosting Companies:** A formalised partnership between regulatory bodies and domain hosting services is needed to expedite the shutdown of fraudulent websites.
4. **Public Awareness Campaigns:** Regulatory warning lists should be amplified through comprehensive public awareness campaigns, informing citizens about the risks of online investment scams and the importance of verifying investment opportunities.

“Investors must be equipped with the knowledge and tools to navigate the digital finance landscape confidently. We believe that informed citizens are less likely to fall victim to scams,” added Mączyńska. *“However, when fraud does occur, it is critical that we have robust redress mechanisms in place to support victims in their recovery efforts.”*

BETTER FINANCE is committed to advocating for a safe and transparent investment environment in Europe. By fostering collaboration among stakeholders and emphasising the importance of investor protection, we can ensure that the potential benefits of digital finance are accessible to all EU citizens without the looming threat of online scams.

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