

Citing a scam epidemic, FTC orders platforms to report how they vet advertisers

Article

The news: Citing a dramatic increase in the number of scam or fake advertisements, the Federal Trade Commission has ordered social and video platforms **Twitter, Facebook,**

Pinterest, YouTube, and Twitch to file a report on how they vet ads.

What's happening: The FTC has been pursuing a broad crackdown on online safety, launching inquiries into the use of advertising data, social media's impact on teens, and online security. Now, it's criticizing platforms for not properly protecting users from fraudulent ads and scams.

- According to the [FTC](#), consumers lost \$797 million to social media fraud in 2021. But last year, that number jumped to **\$1.2 billion**, more than any other contact method despite making up only 11% of fraud reports with contact methods listed.

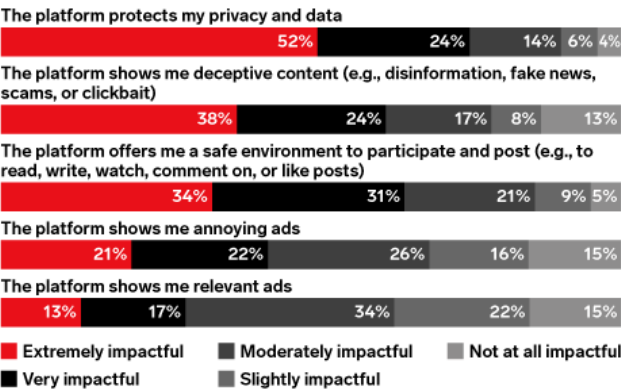
How did this happen? Last year's [cryptocurrency buzz](#) likely contributed to the high volume of [social media scams](#), but there's another culprit, too: Digital platforms have been starving for ad revenues, which has led to a lower standard for what ads get the green light.

- The most extreme example of ad quality declining is on Twitter. After **Elon Musk's** takeover in 2022, advertisers fled the platform rapidly. According to The Wall Street Journal, Twitter ad revenues [tanked 40%](#) in December.
- The result is visible to anyone using Twitter. Ads for major brands have often been replaced with ones for baffling, infomercial-like products and other questionable companies.
- But blaming the influx of social scams on Twitter and crypto alone would be unfair: The FTC's broad callout shows it feels the problem is prevalent across social media.

Our take: A rise in fraudulent social media ads can be attributed in part to shrinking revenues diluting the standards for what gets accepted. But it also shows that whatever automated processes tech giants have in place for vetting ads are allowing a large volume of bad actors to break in.

What Most Affects US Social Media Users' Decision to Engage* With Ads/Sponsored Content on Social Media Platforms?

% of respondents, June 2022



Note: n=2,225 ages 18-76; numbers may not add up to 100% due to rounding; *view, watch, click, share, comment
Source: Insider Intelligence, "US Digital Trust Benchmark 2022," Sep 2022
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