LexisNexis® RISK SOLUTIONS

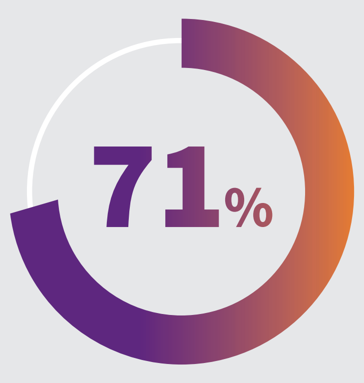
The True Cost Of

Fraud In South Africa

In this study, Forrester conducted a global online survey of **1,845** senior decision-makers at financial institutions and retail/e-commerce institutions to evaluate the cost, current state, and challenges presented by fraud. Survey participants from Europe, the Middle East, and Africa (EMEA) include **541** senior decision-makers across **9** EMEA markets.

Below are some of the key results for South Africa.

As adoption of digital services increases in Europe, the Middle East, and Africa (EMEA) and daily life grows more digitized, cybercriminals see more opportunities to exploit both consumers and businesses. Across the region, more than half of respondents surveyed reported an increase in fraud (by 6% or more) over the last 12 months, with **52% of fraud originating from digital channels**. However, even as organizations increase their investments in fraud prevention solutions, criminals continually introduce new, more sophisticated fraud methods (e.g., synthetic identities) to circumvent these solutions.



The impact this has on organizations is multifold. Accounting for fines, fees, and effort spent on investigating fraudulent transactions, organizations incur fraud costs between three and five times the actual value lost to fraudsters. This does not even consider the impact on the customer experience, **with 71% of respondents noting a detrimental impact on customer conversion rates.**

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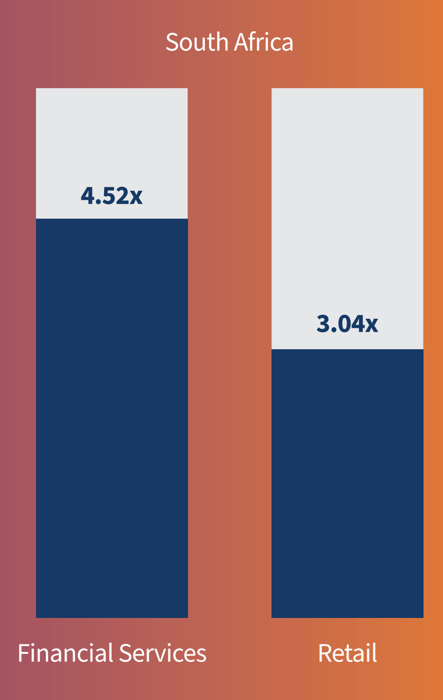
Every fraudulent transaction costs

3.78x

the lost transaction value on average.

For retailers, this includes the costs of fees and interest paid as well as cost of replacing lost/stolen merchandise.

With more extensive regulations requiring additional investigative efforts, higher labor costs, and liability in refunding consumers, the total cost of fraud is even higher for financial institutions.



Base: 541 decision-makers across EMEA with responsibility for fraud strategy in their organizations Source: A commissioned study conducted by Forrester Consulting on behalf of LexisNexis - Risk Solutions, July 2023

Main Increasing Types Of Online Fraud

Financial Services

1. Fake Account Registration Fraud
2. Scams
3. Digital Wallet Fraud
4. Identity Theft Fraud
5. Synthetic Identity Fraud

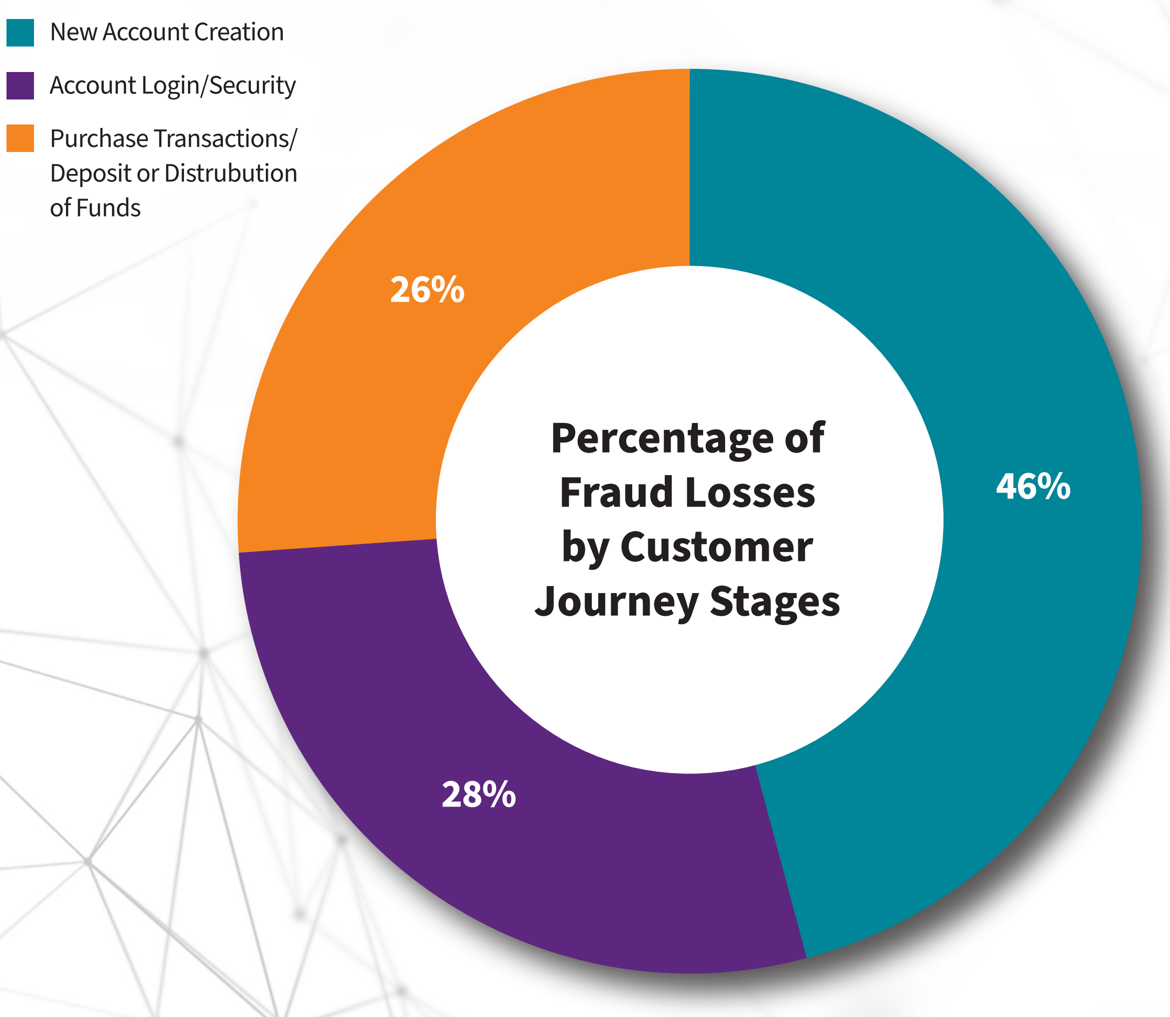
Retail

1. Promotion Fraud/ Policy-Abuse Fraud
2. Fraudulent Chargeback
3. Fake Reviews and Ratings

Stolen And Synthetic Identities Are The Largest Contributors To Fraud Losses

Criminals are capitalizing on the popularity of digital banking and digital commerce to use stolen or synthetic identities to open new accounts.

Nearly half of all losses can be traced back to fraudulent new-account creation.



Keeping Up With Constantly Evolving Trends And Threats

Top Fraud Prevention Challenges

1. Inability to Manage and Prevent Fraud for New Transaction Methods
2. Lack of Consumer Education
3. Difficulty to Understand What Solutions are Needed
4. Inability to Stay Current and Defend Against New, More Sophisticated Payment Frauds
5. Privacy Concerns

Fragmented Use Of Identity And Transaction Verification Solutions

New Account Creation	Account Login	Purchase Transactions & Distribution Funds
Geolocation	Geolocation	Device ID/Device Fingerprinting
Email Risk and Verification	Government Issued Identification Document	Authentication of Customer Using Biometrics
Name/Address/DOB	Name/Address/DOB	Phone Number Risk and Verification

Download **LexisNexis® True Cost of Fraud™ Study** to learn more about how to balance fraud prevention friction and seamless customer experience.

Download The Study

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