

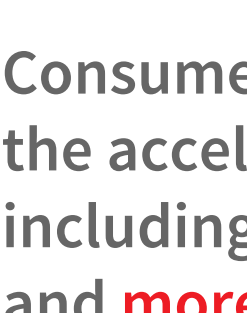
True Cost of Fraud
South Africa FocusExplore insights from
the LexisNexis® True Cost of Fraud™
Study

As digital transformation continues apace in financial services and retailing the latest LexisNexis® True Cost of Fraud™ report reveals that cybercriminals are attacking a wider set of payment methods and driving up the cost of fraud to new highs.

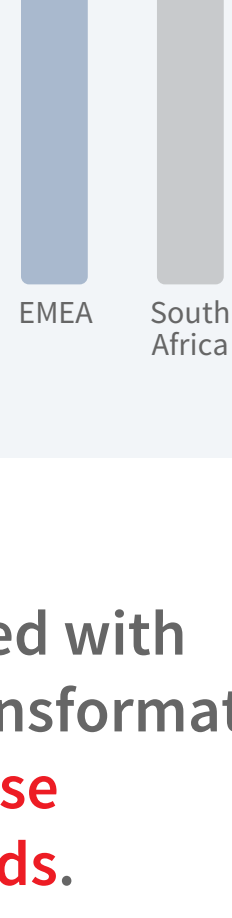
The 2021 LexisNexis®
Fraud Multiplier™ for South
Africa has increased by

41.5%

compared to 2019

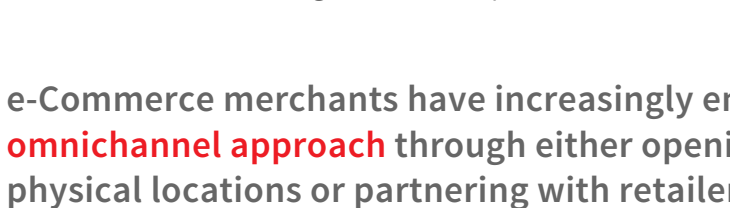


Every fraudulent
transaction costs
3.51 times
the lost transaction
value on average

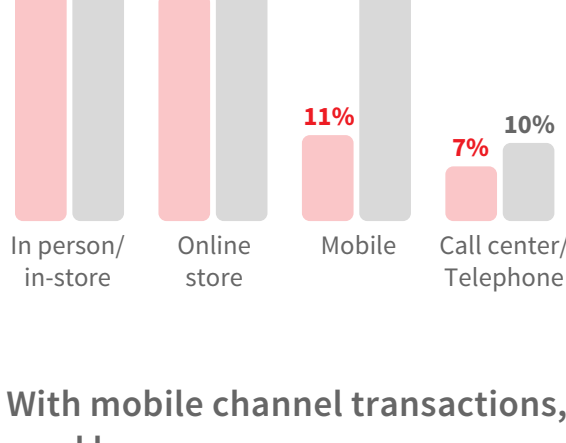
LexisNexis
Fraud Multiplier™

Consumer behaviors have changed with the acceleration of the digital transformation, including **more remote channel use** and **more digital payment methods**.

● Use of **mobile/digital wallets** has increased since 2019 and represents a similar share of transaction volume as credit and/or debit cards.

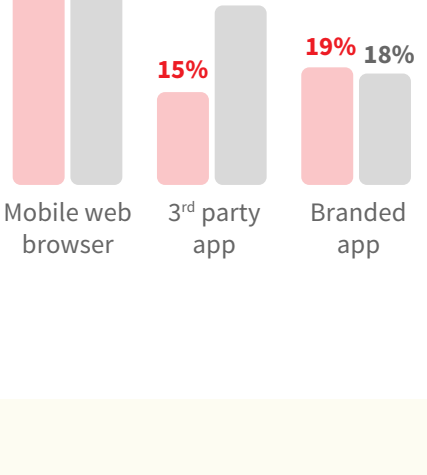


● e-Commerce merchants have increasingly embraced an **omnichannel approach** through either opening their own physical locations or partnering with retailers for pick-up.



Average of
transaction volume
via mobile channel
has almost
tripled
since 2019.

● With mobile channel transactions, apps are a key method used by consumers.



Mobile channel
method use
through 3rd party
app has increased
93%
since 2019.

The digital transformation is presenting
opportunities for fraudsters, contributing
to the increase in fraud costs.

Monthly malicious bot
attacks have increased by

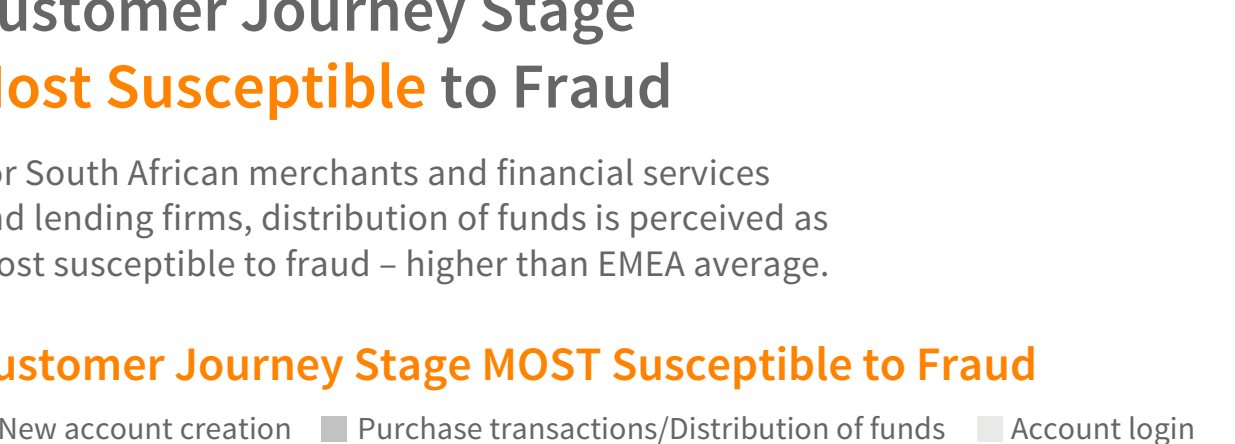
51%

compared to 12
months ago

● % of transactions that
are malicious bot attacks

10% EMEA 12% South Africa

● Compared to 12 months ago, monthly
malicious bot attacks have...

Customer Journey Stage
Most Susceptible to Fraud

For South African merchants and financial services and lending firms, distribution of funds is perceived as most susceptible to fraud – higher than EMEA average.

Customer Journey Stage **MOST** Susceptible to Fraud

■ New account creation ■ Purchase transactions/Distribution of funds ■ Account login

✦ Significantly or directionally higher journey stage in other industry segment within country

Retail & e-Commerce

27% 61%+ 11%

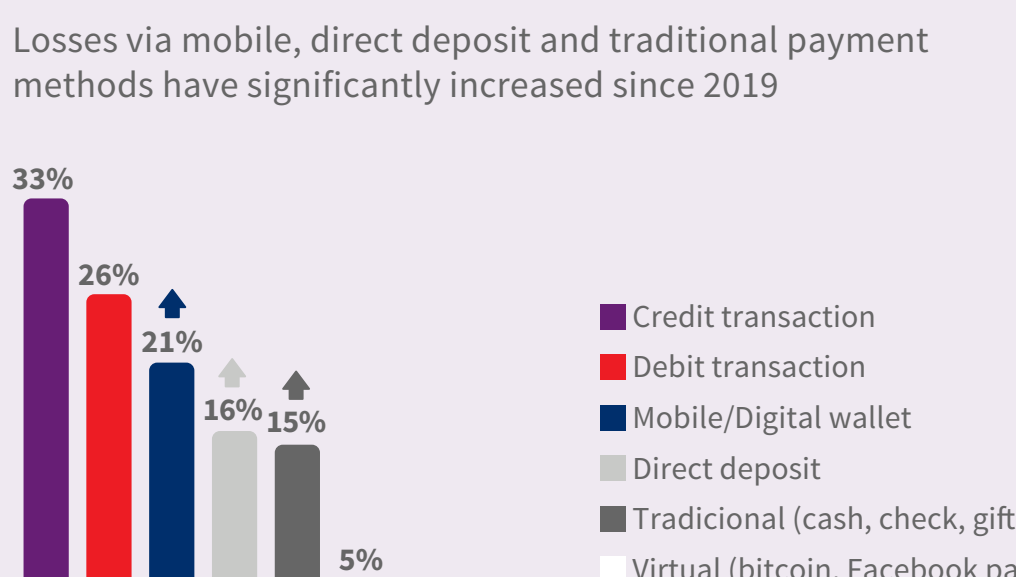
Financial Services & Lending

32% 48%+ 19%

While mobile apps and browsers continue
to be a sizeable portion of mobile channel
fraud costs, **contactless payment methods**
are also contributing to fraud losses.

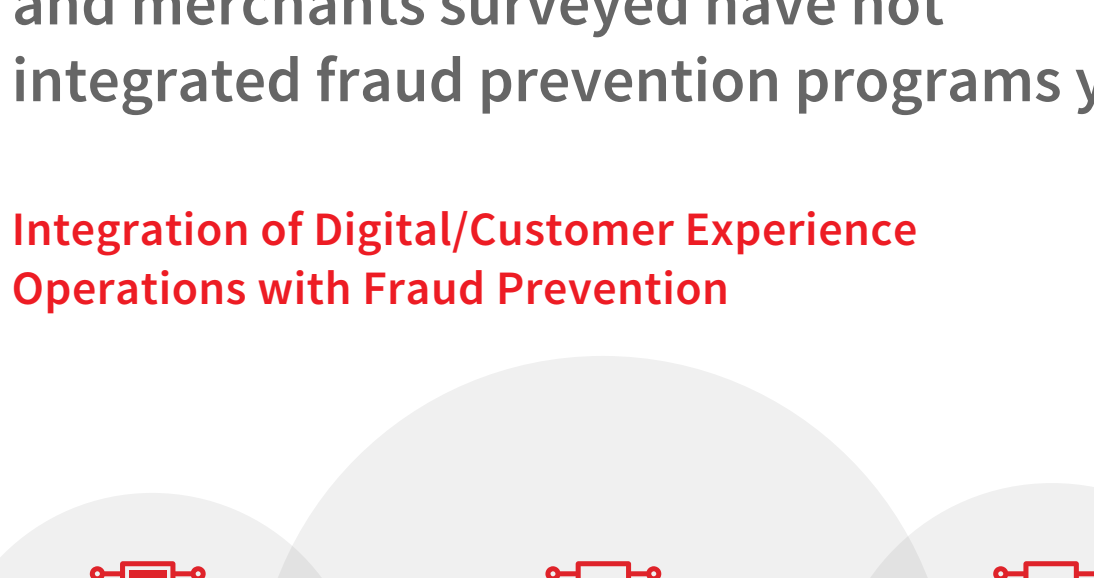
Fraud Costs by Mobile Channel

Fraudsters have stepped up their attacks on the mobile channel. Fraud costs by 3rd party mobile app and contactless purchase are significantly higher than 2019



% Distribution of Losses by Payment Method

Losses via mobile, direct deposit and traditional payment methods have significantly increased since 2019

22% of South African financial institutions
and merchants surveyed have not
integrated fraud prevention programs yet.Integration of Digital/Customer Experience
Operations with Fraud PreventionFully
integrated

21%

Partially
integrated

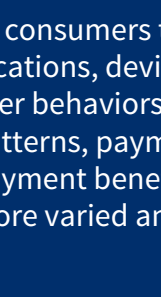
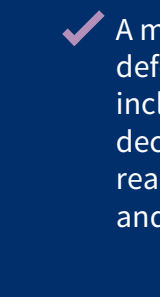
57%

Net: Not
integrated

22%

Fraud prevention best practices:

A multi-layered solution approach is required, customized to each phase of the customer journey and transaction channel.

Account
CreationAccount
LoginAccount
Transaction

✓ Single point protection is no longer enough and results in a single point of failure.

✓ As consumers transact across locations, devices, and geographies, user behaviors, such as transaction patterns, payment amounts, and payment beneficiaries, are becoming more varied and less predictable.

✓ Further, each stage of the customer journey is a unique interaction, requiring different types of identity verification, data and solutions to let your customers in and keep the fraudsters out.

✓ A multi-layered, strong authentication defense approach is needed. This includes a single authentication decision platform that incorporates real-time event data, third-party signals, and global, cross-channel intelligence.

Effectively manage complex fraud threats
with a multi-layered fraud defense.

Our solutions combine physical, digital and behavioral insights with advanced decisioning, authentication and behavioral biometric technology to enable your business to identify fraud.

Download our full **True Cost of Fraud™ – EMEA edition** for a deep dive and see how South Africa compares to other countries surveyed.