

# A challenging, risk-driven environment awaits us

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As many parts of the world deal with the third wave of Covid-19 infections, there are growing concerns that South Africa may face harsher lockdown measures in the future as the country ramps up its vaccine roll-out programme.



*Photo by Clint Patterson on Unsplash*

This will have a telling impact on society and will only accelerate the reliance on e-commerce business models as the public prioritises their health and safety. Unfortunately, this also means that there will be a challenging, risk-driven environment ahead of us when it comes to fraud. This was highlighted at the Southern African Fraud Prevention Service (SAFPS) and Insurance Crime Bureau International Fraud Summit – which was held virtually on 19 May 2021.

## Increased risk

“We are really reaching a critical point when it comes to the economy and the extreme measures that criminals will use to perpetrate fraud,” says Manie van Schalkwyk, CEO SAFPS, “the 2020 statistics, that were collected by the SAFPS, indicate that there are significant increases in key areas and that there is a long road ahead to address this challenge.”

The SAFPS reports that an area that saw a major increase was fraud listings – which increased by 62%. In addition, victim listings increased by 54%. Perhaps the most concerning statistic coming out of the recent SAFPS report is that impersonation fraud has increased by 337%.

“This is extremely concerning. Impersonation fraud is the act of a criminal impersonating another person by stealing their identity and then opening accounts in their name. The fraudster has details of the victim and is trying to take over the account. The credit provider will ask the questions normally asked to the account holder. Because of data breaches, this information is available to the fraudster making it easier to take over the account. They then take over the account and leave the victim with massive amounts of debt that they never took out in the first place,” says Van Schalkwyk, who adds that technology has also improved significantly and it is currently very easy to make a fake application look very legitimate.

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### The importance of biometrics

One of the most significant stats from last year is that impersonation fraud has increased by over 300%. This has highlighted the importance of biometrics and the role that it will play in the future fight against fraud.

Dalene Deale is the newly appointed executive head of Secure Citizen and delivered an insightful presentation that focused on keeping ahead of fraudsters with biometrics.

“Fraudsters are relentless when it comes to coming up with new ways to steal information and impersonate consumers. They use technology, tenacity and time, as their basic tools. And they only need to get in once to craft a new modus operandi,” says Deale.

Legitimate business owners working with clients' information must get it right every time. So do your consumers, they must know how to protect their data and be proactive about it. “Another thing that fraudsters use to their benefit, is the fact that legitimate businesses don't share as liberally as they do. It is important to highlight that there are two kinds of victims in an impersonation scam, both the consumer and corporates. We don't teach enough, speak up enough, work together to find ways to fight against it. Regardless of industry,” says Deale.

She adds that fighting fraud is a collaborative effort. “In our business, we have partnered with the trusted custodians of fraud prevention in southern Africa, and we too use technology, tenacity and innovation to fight against fraud to create a trusted way for everyone to use the digital era. With data breaches on the rise, relying on information to prove the authenticity of an individual's identity is no longer enough. We have to use the unique attributes of an individual to verify that they are who they claim to be. It is for this reason that Secure Citizen uses multimodal biometrics to close the gap between corporates and consumers, leaving no place for fraud! Only consumers have the right to use their biometrics, it is their birthright. They also have a right to revoke permission for the use thereof and this is the foundation of our business model,” says Deale.

Secure Citizen enables consumers to either enrol themselves or they can be digitally enrolled via corporates into the Secure Citizen registry. Biometrics are enrolled and verified using artificial intelligence and all future interactions are verified by the consumer, through either face, voice or fingerprint.



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### Other factors

Van Schalkwyk points out that when it comes to combating fraud, one needs to use every tool at their disposal to make sure that consumers have adequate protection.

“In addition to voice biometrics, facial matching is important because these are important elements when it comes to building the full profile of the consumer. Secure Citizen offers solutions that range from a quick verification of the consumer in a transaction to know-your customer (KYC) – which is something that every company aims to achieve. Especially when it comes to financial institutions,” says Van Schalkwyk.

Mike Haley, chief executive of Cifas in the United Kingdom, provided some insights into facial matching while Vanda Dickson, executive head of OneVault and Brad Scott, co-founder of Onevault Africa and group executive: operations and product, launched the Imposter Voice Service to SAFPS members at the summit.

### **Driven by data**

The reason why fraudsters are so capable of impersonating consumers and representatives of the financial institutions that consumers belong to is that they have access to huge amounts of data that provide personal information that is needed to perpetrate this kind of fraud.

The only way to combat this is to beat them at their own game. Key to the success of Secure Citizen, as well as other key services that are offered by the SAFPS, is that they are run by huge amounts of data that is processed in real-time and can provide an accurate picture of a consumer that companies can use to ensure that they are dealing with the right person.

Portia Matsena, CIO of BankservAfrica, discussed how data is an enabler for artificial intelligence and biometrics at the summit.

### **Important protection**

In addition to the risk that consumers face when it comes to fraud, the landscape when it comes to data protection is also currently significantly risk based.

In 2020, South Africans faced two major data breaches. “The Protection of Personal Information is becoming a major issue,” says Van Schalkwyk, “consumers need to know that the information that they hand over to their banks and other financial institutions will be handled in a responsible manner and that the data leaks that we experienced last year cannot be a regular occurrence.”

While consumers do face some measure of risk when it comes to this, there is growing protection in the form of the Protection of Private Information Act. Era Gunning, director of banking and finance at ENSafrica, discussed this in her presentation at the summit.

### **A new environment**

“One of the trends that we have seen during the Covid-19 pandemic is that there is a definite shift towards online consumerism and that there needs to be a significant adjustment in the shaping of business post-Covid-19. This applies not only to consumers, but to companies and those who fight against fraud,” says Van Schalkwyk.

There was a key panel discussion covering this topic of a changed future between Mark Brits, senior general manager at Prudential and The Banking Association of South Africa; and Johan van Graan, the chief risk officer at Vodacom.

“At the end of the day, there is no substitute for awareness and vigilance. As always, the SAFPS urges consumers to be vigilant when it comes to fraud and to remain cognisant of the fact that they face increased risk of becoming victims,” says Van Schalkwyk.

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