

# SA can prevent payments fraud crippling businesses, local municipalities

By [Ryan Mer](#)

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Technology can be a powerful tool against the fraud and corruption plunging South Africa's municipalities and businesses into financial crisis.



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According to a recent report in *News 24*, a former OR Tambo District Municipality project accountant who defrauded the municipality out of R9.8m was recently sentenced to 15 years in jail. She was the authorised officer responsible for processing claims from service providers and effecting payments to their bank accounts. Money was transferred to companies belonging to her former boyfriend and sister even though no services were rendered by said businesses. Another *News 24* report details how nine people who allegedly defrauded the City of Tshwane out of R53m in December 2019 when the city's servers were allegedly hacked, were finally arrested by the Hawks in March 2021.

Cases like these have become all too common, an indication of the troubling severity of the problem. Last year the *City Press* reported that in 2020 alone more than 100 people, many of whom in the employ of provincial and municipal government at the time, were arrested for their involvement in various fraud and corruption scandals. Worryingly for the private sector, the global Cyber Exposure Index ranks SA sixth on its list of most-targeted countries for cyberattacks, with the highest concentration of exposed businesses.

At a broad level, rampant fraud and corruption signify a financial crisis for the country's local and municipal government. National Treasury has described the problem as 'a serious financial risk', while South Africa's Auditor General put the losses to fraud in the 2018/2019 financial year at a staggering R32bn.



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## Most vulnerable affected

While figures in the billions are almost unfathomable, the grim reality is that the poorest and most vulnerable in our society are affected most by the misuse of public funds. It prevents basic services in communities and renders the provision of new infrastructure nearly impossible. Successful municipalities are essential for the country's success, which is why every tool at our disposal should be used to address the problem.

A common thread in cases of fraud is the human element which very often involves irregular payments to bad actors posing as service providers. By strengthening payment protocols, municipalities, and indeed any business vulnerable to fraud, can make it much harder for nefarious individuals to interfere with supplier data, verification processes, and other payment details. By way example, eftsure's platform provides organisations with the ability to digitise and automate the verification of payees and eft payment data, on a continuous basis through our KYP technology.

The technology required to protect organisations against fraud and error made through incorrect, fraudulently changed, or maliciously altered payee information is readily available and should be used to ensure businesses and municipalities beat corruption so that they can thrive – for the benefit of all South Africans.

## ABOUT THE AUTHOR

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