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One Year after COVID-19, TransUnion Research Shows Digital Fraud Attempts in South Africa Have Increased Exponentially

Rate of digital fraud attempts against businesses up 44% when comparing pre-pandemic to pandemic levels

Johannesburg, Tuesday 20 April – TransUnion’s (NYSE: TRU) latest quarterly analysis of global online fraud trends found that since the COVID-19 pandemic began, fraudsters in South Africa are increasing their digital schemes against businesses. In addition, TransUnion’s recent Global Consumer Pulse Study found that 37% of South African consumers have recently been targeted by COVID-19 related digital fraud.

TransUnion’s findings on fraud against businesses are based on intelligence from billions of transactions and more than 40,000 websites and apps contained in its identity proofing, risk-based authentication and fraud analytics solution suite, [TransUnion TruValidate™](#).

The research found the percentage of suspected fraudulent digital transaction attempts¹ against businesses that originated from South Africa increased by 43.62% between March 11, 2019-March 10, 2020, and March 11, 2020-March 10, 2021. March 11, 2020 is the date that the World Health Organization declared COVID-19 a global pandemic.

“Fraudsters are always looking to take advantage of significant world events. The COVID-19 pandemic and its corresponding rapid digital acceleration brought about by lockdowns is a global event unrivaled in the online age,” said Keith Wardell, product director at TransUnion Africa. “By analysing billions of transactions we screened for fraud indicators over the past year, it has become clear that the war against the virus has also brought about a war against digital fraud.”

In South Africa across industries, TransUnion found the cities with the highest percent of suspected fraudulent digital transactions against businesses coming from them were Durban, Johannesburg and Pretoria, in that order.

Consumers Targeted By COVID-19 Schemes

Provisional findings from TransUnion’s most recent Global Consumer Pulse Study – a survey of more than 10-thousand consumers globally, including 910 in South Africa from March 5-17 2021 – found that the 37% of South African consumers who said they had been targeted by digital fraud related to COVID-19 in the

¹ The percent or rate of suspected fraudulent digital transaction attempts are those that TransUnion’s customers either denied or reviewed due to fraudulent indicators compared to all transactions it assessed for fraud

last three months is higher than approximately one year ago. In April 2020, 25% said they had been targeted by digital fraud related to COVID-19.

Gen Z consumers (born 1995–2002) are currently the most targeted of any generation, at 39%. Among consumers in South Africa reporting being targeted with digital COVID-19 schemes, the top pandemic-themed scheme is unemployment scams, with 29% saying they were hit with it.

Examining Fraud Types and Their Impact on Industries

TransUnion analysed a range of industries for a change in the percent of suspected digital fraud attempts against them, comparing the periods of March 11, 2019-March 10, 2020 and March 11, 2020-March 10, 2021.

Suspected Digital Fraud Attempt Rate Post-Pandemic Declaration

Industry	Suspected fraud change coming from South Africa	Global suspected fraud change for industry	Top type of fraud globally
Gambling	239.87%	54.81%	Policy/License Agreement Violations
Financial Services	114.68%	57.49%	Identity Theft
Retail	86.32%	38.71%	Promotion Abuse
Telecommunications	46.26%	57.52%	Credit Card Fraud
Logistics	30.63%	4.87%	Shipping Fraud
Gaming	-4.96%	48.40%	Gold Farming
Communities (online dating, forums, etc.)	-15.71%	-11.10%	Profile Misrepresentation
Travel & Leisure	-35.09%	29.68%	Credit Card Fraud

“The pandemic has shifted South African and global consumer habits to shop and entertain online more than ever before, which has also attracted digital fraudsters who have are increasingly targeting related industries,” said Wardell. “Despite these threats, consumers expect that businesses are able to protect their transactions but still maintain convenient digital experiences.”

Fraud causes extreme financial and reputational damage to businesses, and corrupt practices are often not detected and prevented early enough. This is one of the many reasons TransUnion Africa has bolstered its portfolio of risk products by partnering with [Corporate Insights](#), which supplies automated lifestyle assessment products that proactively detect and prevent fraud risks. The partnership combines TransUnion’s rich data with Corporate Insights’ analytics experience to help with internal and supplier risk assessment, while assisting companies with compliance obligations.

“The challenge most business leaders face is the lack of information to reliably and continually assess their company’s vulnerability to corruption and reputational risk,” said George Nicholls, co-founder of Corporate Insights. “Organisations need to quickly and proactively categorise and rank risks across the entire company, and cut the cost of fraud detection by reducing dependence upon quite often costly traditional solutions.”

“With all these factors contributing to the rise of digital fraud, the war is most certainly not over. Automated lifestyle assessment, using the latest techniques and technologies around advanced analytics, data, information insights and machine learning, enables us to stay one step ahead of the fraudsters,” said Nicholls.

For more details about the above findings, visit this [blog post](#).

About TransUnion (NYSE: TRU)

TransUnion is a leading global information and insights company that makes trust possible in the modern economy. We do this by providing a comprehensive picture of each person so they can be reliably and safely represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things. We call this Information for GoodSM. TransUnion provides solutions that help create economic opportunity, great experiences and personal empowerment for hundreds of millions of people in more than 30 countries. Recognised as a leader in the African credit, risk and fraud markets, TransUnion provides consumer reports, risk scores, analytical services and decisioning capabilities to businesses across the continent. TransUnion is the only company in Africa's IT industry that manages multiple complex databases containing insurance, cellular, consumer, commercial and auto data assets. In addition, we manage leading African databases in property and deeds, qualifications and telecommunications.

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