Unveiling the Surge in Fraud Attacks: Insights from Experian's Latest Research Report

- *76% of SA survey respondents have seen an increase in fraud losses*
- *73% of fraud managers are struggling to keep up with the rapidly evolving fraud threat*
- *70% agree that Machine Learning (ML) based fraud detection is the most effective way to prevent fraud*

Johannesburg, 21 May 2024: At Experian's annual Fraud Forum held last week in Johannesburg, industry experts convened to discuss the pressing trends, challenges, and priorities in fraud prevention as highlighted in Experian's [Defeating Fraud Report](#) conducted in partnership with Forrester Consulting. The report reveals that 76% of South African respondents have seen an increase in fraud losses over the past year, underscoring the urgency of effective fraud prevention measures.

The report surveyed 308 fraud managers in financial services, telecom, and retail organisations across ten countries, including South Africa, to gain insights into their perspectives on fraud prevention measures. The research* delves into the alarming increase in fraud losses that continues to impact many organisations' bottom line and provides valuable insights on how businesses can effectively counteract this rising threat.

The findings reveal that the volume of fraud attacks has gone up in almost every category, with account takeover attacks showing the highest growth for Financial Services and Telcos. This is closely followed by synthetic identity theft attacks and bot or credential stuffing attacks. In the eCommerce sector, synthetic identity attacks have grown the most for merchants, followed by friendly fraud attacks.

In the South African context, the research reveals that the two biggest challenges limiting businesses' ability to prevent fraud are an inability to align fraud prevention and revenue growth strategies (59%), and the increased costs associated with using multiple types of fraud prevention software (59%).

Mark Wells, Chief Customer Officer at Experian Africa, "As businesses expand their fraud prevention capabilities, with multiple fraud services, connecting them via a single platform and Application Programming Interface (API) is crucial. This capability was highlighted in the research, where 'reducing the number of platforms across the business' (65%) was shown to be the top fraud-related priority."

Fraud prevention priorities

More than half (56%) of the SA respondents believe that the future of fraud prevention will be driven by Artificial Intelligence (AI) /Machine Learning (ML)-powered solutions. This is important, considering that 61% of businesses find that false positives cost their business more than fraud losses. Additionally, the research shows that the most important factor when considering AI/ML-based fraud prevention – for 85% of respondents – is the ability to automate more decisions for legitimate customers.

The main benefits of using ML fraud solutions are an increase in acceptance rates, reduced losses through greater fraud detection accuracy and a decrease in the volume of manual reviews and false positives.

"Our survey results highlight how ML has become essential for fraud prevention, as it allows for improved detection of both fraudsters and legitimate customers. ML also provides the analytical backbone for behavioural biometrics and device fingerprinting, which enables businesses to continuously and

passively monitor customers without impacting the user experience – this is the key to balancing revenue growth with adequate fraud prevention," **concludes Wells.**

Last month, Experian was named a Leader in the IDC MarketScape: Worldwide Enterprise Fraud Solutions 2024 Vendor Assessment. The report evaluates each vendor's advanced fraud detection capabilities, alignment with customer needs, and future strategy and roadmap for innovation.

Experian's integrated digital identity and fraud risk platform, CrossCore, was particularly commended for its sophisticated orchestration and analytics-driven outcomes. Utilising multiple data partnerships, CrossCore leverages various tools and intelligence types to confirm identities and protect against synthetic identity fraud, providing a comprehensive understanding of fraud risks and exposures.

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Notes to the editor:

*Methodology

Experian's fraud report is based on a survey of 308 fraud managers in the Financial Services, Telco and eCommerce sectors across ten countries in the EMEA and APAC regions: Australia, Denmark, Germany, India, Italy, New Zealand, the Netherlands, South Africa, Spain and Turkey. The research was conducted by Forrester Consulting during July 2023 to better understand the fraud threat and how businesses are responding.

To learn more, you can download the full report here.

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