



SAFPS

SOUTHERN AFRICAN
FRAUD PREVENTION
SERVICE

The Scams Landscape in South Africa

Summarized version of SAFPS presentation at GASS 2023

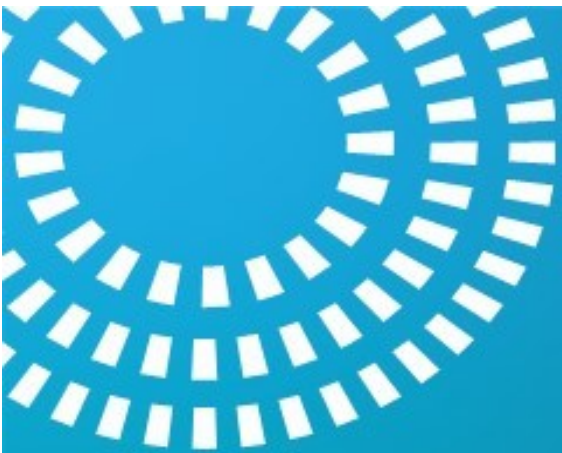
2023 Summit

GASA

Global Anti-Scam Alliance



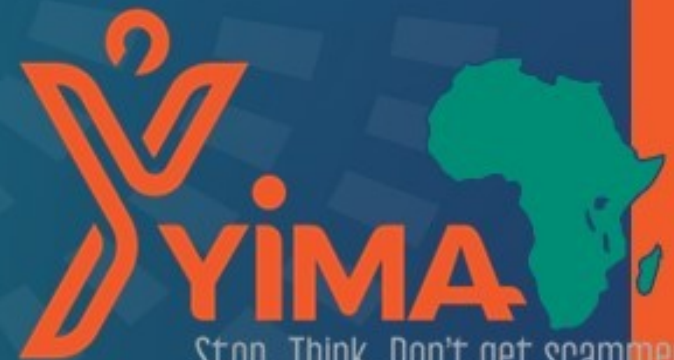
Stop. Think. Don't get scammed!



AGENDA

FRAUD & SCAMS LANDSCAPE IN SOUTH AFRICA

1. Who is SAFPS ?
 1. Our Role In Crime Prevention
2. What we know
 1. Fraud & Scams Statistics
 2. Modus Operandi Trends
3. What we doing about it
 1. Collaboration efforts
 2. Tools & Techniques



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SOUTHERN AFRICAN FRAUD PREVENTION SERVICE

ABOUT SAFPS

• ESTABLISHED:

- Non-Profit Organisation
- Over 20 years ago (2000) by Banking & Retail Sectors

• WHY:

- Implement Fraud Prevention & Awareness solutions
- Combat Identity theft
- Fight back against fraud for the consumers through collaboration
- Reduce operational losses for businesses

• HOW:

- Sharing of confirmed fraud incidents to prevent repeat offences

• MEMBERS:

- Over 50 members across ALL sectors in South Africa including
- Banking, Retail, Telecoms, Insurance, Health, Financial, Transport, etc.

• PRODUCTS & SERVICES

• Fraud Listings

- Members upload confirmed fraud listings to DB

• Victim Listings

- Members upload victims to confirmed fraud

• Protective Registrations

- Consumers register to prevent Identity Theft or further losses after falling victim to fraud or scams

• Financial Crime Analytics

- Big data analytic used to identify threats, hotspots, syndicates

• Yima Scams Prevention

- Dedicated scams awareness and prevention programme
- Empowering consumers to defend themselves against scams using innovative tools, technologies & solutions



WHO IS SAFPS (Southern African Fraud Prevention Service)?

- We are a not-for profit organisation established over 20 years ago, by just two banks.
- The aim: to facilitate fraud prevention and detection by sharing fraud incident data and learnings.
- We offer a range of products and services for both business and consumers to help prevent, detect, and action fraud incidents.
- This year we developed a scams prevention solution, Yima, which is dedicated to the consumers to help drive awareness at ground level.



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ABOUT SAFPS FRAUD DATA CENTRALISATION

CROSS SECTOR MEMBERSHIP

- Banking
- Education
- Insurance
- Micro-lenders
- Retail
- Telecoms
- Transport
- Public Sector Bodies & Regulator

2023 Q1-Q3 SAVINGS
Jan – Sep 2023: > **R 4.8 BILLION**

Confirmed Fraud data

Centralised Fraud DB

VICTIM REPORTS

- Scams
- Impersonation
- ID theft

PRODUCTS

- Fraud Listings
- Victim Listings
- Protective Registrations
- Scams Prevention Tools
- Consumer Alerts
- Awareness & Prevention info

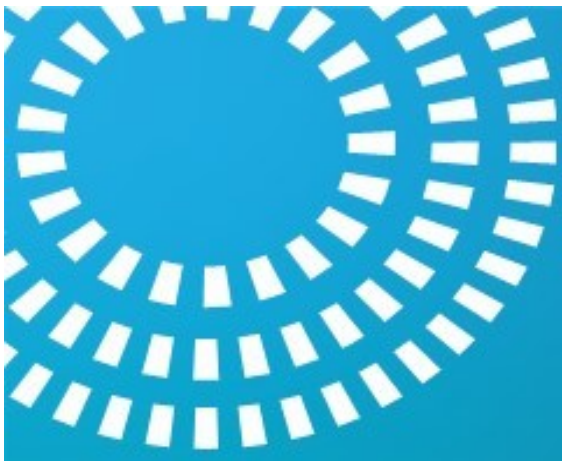
YIMA Stop. Think. Don't get scammed!

CROSS-SECTOR COLLABORATION

- Today SAFPS has over 100 members across all sectors of the South Africa, including the consumers.
- Our centralised fraud database helps facilitate prevention and detection efforts and reduce the number of incidents consumers fall victim to.
- The tools and services we provide helps save the South African economy billions of Rands each year.
- Thus far, this year, ending September 2023, we have confirmed over R4.8 billion in savings through our prevention efforts.

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Fraud & Scams in South Africa

WHAT DO WE KNOW





THE IMPACT OF SOCIOECONOMIC CONDITIONS

Its long been proven that socioeconomic conditions impact the crimes rate of a country, and South Africa is no different.

We experienced a 37% YOY increase in the number of fraud incidents reported to SAFPS and a 15% increase in the losses incurred in the first 3 quarters of 2023 compared to 2022

According to Statistics South Africa the constant increase in inflation has resulted in a staggering increase in the cost of living.

For Example: A loaf of bread used to cost about R12 in 2018. Now it can be as much R25. That's more than a 100% increase.

SOCIOECONOMIC INFLUENCES
IMPACT ON INCIDENT VOLUMES

"Socioeconomic conditions and social inequality play an important role in influencing whether or not certain individuals engage in criminal behaviour."
UN Office of on Drugs & Crime 2021

FRAUD STATISTICS		ECONOMIC STATISTICS
SCAMS INCREASED 150%	↑	POVERTY LINE 4.6% INCREASE YEARLY
EMPLOYMENT FRAUD INCREASED 57%	↑	UNEMPLOYMENT 31.5% INCREASE YEARLY
IMPERSONATION INCREASED 53%	↑	INFLATION 5% INCREASE YEARLY
MONEY MULES INCREASED 44%	↑	PEOPLES DESPERATION ?????%

37%
YOY Growth in number of fraud incidents reported

REPORTED LOSSES

Jan - Dec 2022: > R680M
Jan - Aug 2023: >R1 Billion

POPULATION

Total Population: 60 Million
Total Employed: 16.3 Million

*Losses as per SAFPS reports *Socioeconomic stats as per Statistics South Africa



Unemployment

The unemployment rate in South Africa increased by 31% and coincidentally Employment fraud increased by 57%.

- People desperate to find a job are now falsifying documentation to make themselves more appealing to potential employers and in so doing are committing first party fraud.
- Others are falling victim to employment scams in their desperate attempt to earn a living, with some even falling victim to human trafficking as reported by the Department of International relations and co-operation in South Africa.

Money Mules

Money Mules increased by a staggering 44%,

- Millions of rands worth of losses already incurred for 2023 can be attributed to Money Mules.
- The mules themselves are offered once off lumpsum payments for opening and handing over the accounts to the syndicates or in some cases, they sign-up and take a cut of the scam funds deposited into their accounts looking at it as an additional source of income.
- Analysis shows that majority of perpetrators are males between the ages of 26-35.

Scams

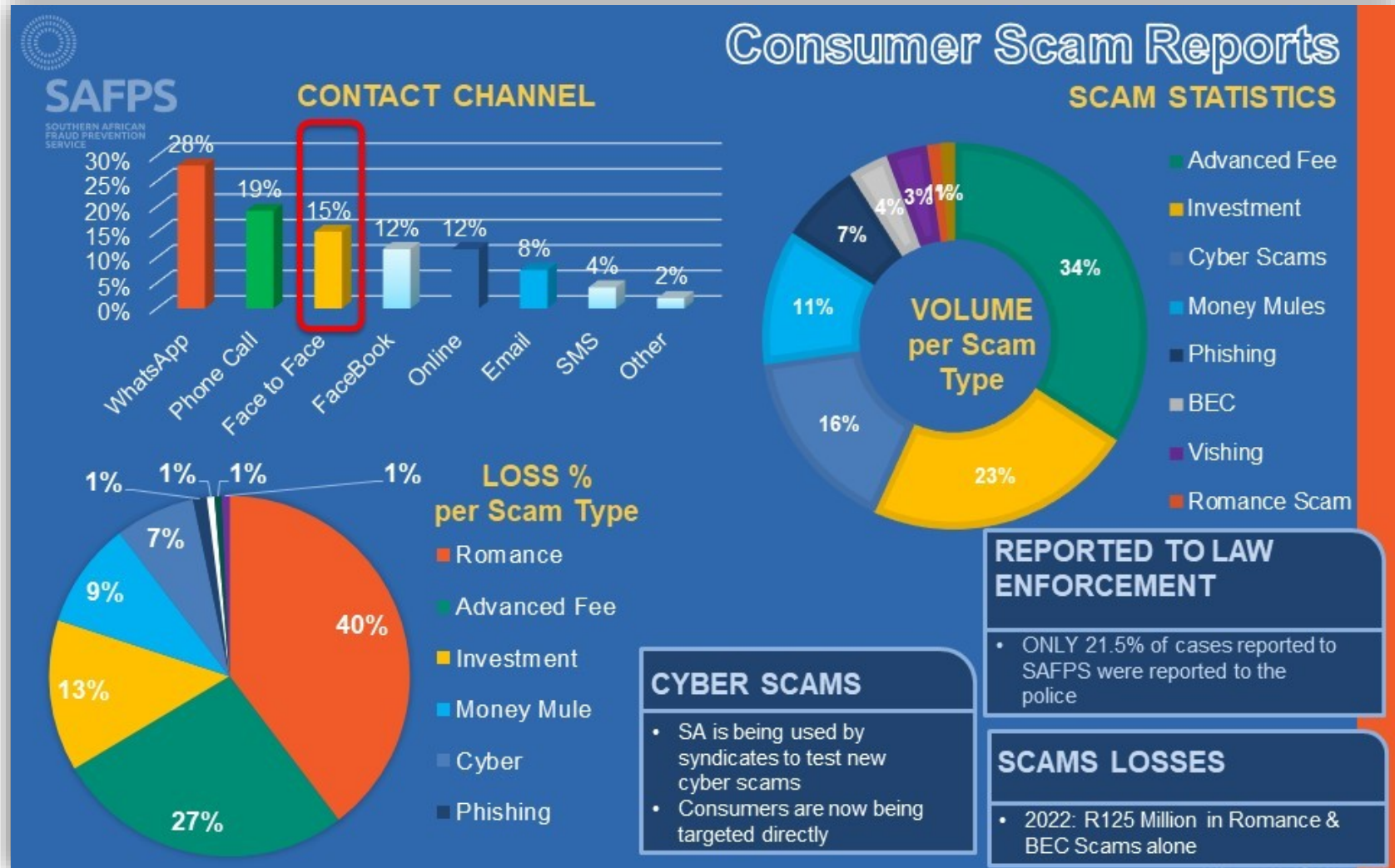
Scams increased by a whopping 150% compared to last year.

- The urgency in terms of this fraud trend cannot be stressed enough.
- The people's desperation and the scammers ingenuity is being reflected in the reported losses for the first 3 quarters in 2023, which already surpassed the total confirmed losses incurred in 2022.



SCAM INCIDENT STATISTICS

- **Volumes reflect the top 3 scams** reported by victims to SAFPS are Advanced Fee scams, Investment scams and Cyber scams.
- Advance fee scams makes up 34% of the total reports largely due to goods & services type scams & more recently, loan scams targeting consumers with low credit scores.
- This is followed by Investment scams at 23% , majority of which were online trading & crypto related scams
- Cyber scams make up 14% of the incident volumes, most of which is related to the hacking of social media accounts, malware & online impersonation.





Volume vs Value

- Irrespective of the volume of the incidents, the value of the losses seems to show a different picture in terms of the top 3 scams.
- Romance scams still hold the lead in 2023, making up 40% of the current losses incurred. Last year consumers lost over R125 million to romance scams.
- Advanced Fee scams hold 27% of the losses, followed closely by Investment scams at 13% in terms of loss value.
- Losses attributed to Cyber scams impacting consumers, have started making a mark at 7% of current losses, whereas last year majority of cyber losses were attributed to Ransomware attacks on businesses.

Interesting Observations

- Just over 15% of the victims who reported incidents to SAFPS have in fact met their assailants in person.
- WhatsApp remains the primary communication channel, either as the point of first contact or once the target is hooked, the scammer migrates the conversation to the WhatsApp platform.
- In the last 3 months alone, victim reports show a confirmed loss of over R15M. Keeping in mind that hundreds of incidents are still unreported, this number could be significantly larger.



WHY IS SOUTH AFRICA BEING TARGETTED?

- **Currently the Global Organised Crime Index**, places South Africa 7th out of 193 UN members, 3rd in Africa and 1st in Southern Africa, with Cybercrime, Extortion and Financial crimes holding a risk factor of 7/10.

- Irrespective of the current economic downturn, South Africa is still a vibrant and emerging economy, ranking in the top 5 economies in Africa.

- In addition, we are geographically well positioned between the east and west with an established infrastructure and transport routes and a population of over 60 million people, of which less than a third are digitally literate.

- **This makes SA a lucrative investment for organised crime syndicates.**

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FOCUS ON ORGANISED CRIME

WHY IS SOUTH AFRICA BEING TARGETTED?

REASONS FOR SYNDICATE INVESTMENT IN SA

- Growing Economy: Top 5 in Africa
- Established Infrastructure
- Location, location, Location
- Low Digital Literacy
- Police Over Capacitated
- Limited Technical Resources

GLOBAL ORGANISED CRIME INDEX

- 7th /193 UN Members
- 3rd in Africa
- 1st in Southern Africa

CYBER CRIME LOSSES

- Council of Scientific & Industrial Research
- Est, R2.2 Billion in losses per year

Why SA?

MONEY LAUNDERING
Global Syndicate, Local Syndicate

HUMAN TRAFFICKING
Global Syndicate

DRUG TRAFFICKING
Local Syndicate

VICTIM Money Mule

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* CSIR: Council for Scientific & Industrial Research (Appointed by parliament)



Syndicated Activity

- Local syndicates are recruited or working with global syndicates to help expand their networks and leverage off their mutual expertise and resources.
- They are collaborating and flourishing, experimenting, and testing the system to identify sweet spots to further their reach, and together they are fleecing billions of rands from the South African economy each year.
- Law enforcement has prioritised Human Trafficking, Money Laundering, Poaching & Drug trafficking as the main syndicated crimes in our country, and rightly so.
- However, the tide is fast changing to include Cyber Crime. South Africa is quickly becoming the playground to test new cyber trends and modus operandi.
- The Council for Scientific and Industrial Research is currently estimating financial losses due to Cyber Crimes at R2.2 billion per annum.



SCAMS TRENDING IN SOUTH AFRICA

Ancestry scams

- This scam manipulates both your emotions and also abuses the traditional African belief of communing with your ancestors for guidance and support in all aspects of your life.
- Scammers profile their victims, in some cases befriending the targets, some romantically, and then claim to commune with the victims' ancestors.
- They inform the victim that they need to be cleansed to remove the obstacles in their lives, getting them to believe that this is the reason for their financial, medical or relationship woes.



TRENDING SCAMS & MODUS OPERANDI

VICTIM LOOSE MILLIONS IN TARGETED SCAMS



ANCESTRY SCAMS

'Ancestral Spirits' scam:
Fake Sangoma fleece victims of millions



- Cultural & traditional beliefs used to scam victims
- Hallucinogens used to fake commune with ancestor spirits
- Female victims sexually assaulted
- Pensions cashed out
- Millions of Rands in losses incurred



LOAN SCAMS

R2.7M 'fees' for R1M loan:
How Cape farmer got scammed



- Established financial institutions impersonated
- Victims with low credit scores targeted
- Emails, smishing, vishing used to lure victims
- Fake loan approval documents generated



COMMODITY SCAMS

Millions Invested in fake mining commodity scams



- N. African Colton stone mining scam
- Targeting wealthy SA business investors
- Fake mineral testing reports, Government permits & licenses issued to facilitate payments.



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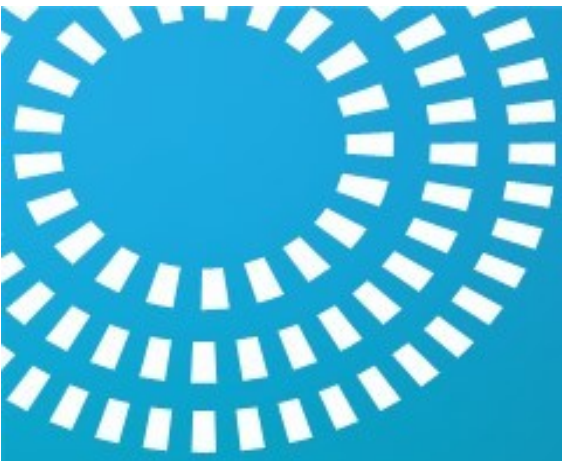
- Victims are drugged with hallucinogens, which result in them believing that they have in fact, seen and spoken to their ancestors and eventually follow the scammers instructions and cash out their life savings, even their pensions in the hope that it will be blessed and multiplied by their ancestors via the fake Sangoma.
- The money is then stolen by the fake traditional healer and in many cases the females are sexually assaulted.
- Millions of rands have been lost to this scam.

Commodity Scams

- Another scam that is impacting the region is a commodity scam, where foreign nationals from Northern Africa countries pretend to be mining executives offering lucrative investment opportunities to Southern Africans in the Colton Stone mining industry.
- The stone is used in the manufacturing of various electronics including laptops and cellphones.
- The syndicate profile their victims by targeting wealthy businesspeople, convincing them to invest in the expansion of the mine only to find out they were scammed.

Loan Scams

- Lastly the increase in the volumes in loan scams in the last 12 months has been staggering.
- Syndicates are impersonating established financial institutions offering fake loans to already desperate victims, like the victim who was trying to save his farm and lost R2.7m in a loan scam.
- The scammers claim that the fees required to be paid upfront are for administration, taxes, and insurance purposes.



Fraud & Scams in South Africa

WHAT ARE WE DOING ABOUT IT?



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WHAT IS THE ANSWER TO WINNING THE #WARONSCAMS?

Collaboration!

Collaboration is Key!

Scams cannot be addressed alone or separately.

It's a balancing act between the various **stakeholders** impacted, **the environments** that enable scams and **the sectors** that have the power to change the dynamics and implement the proposed solutions.

To help drive collaboration **SAFPS works with the various law enforcement and government agencies.**

These include the Hawks dedicated 419-scams task team, Financial Intelligence Agency & the South African Cyber

Task Team, which is an international collaboration across multiple law enforcement agencies around the world and private sector organisations wanting to actively make a difference.

The collaborative approach is proving itself successful, with joint operations between the stakeholders resulting in successful takedowns like the Black Axe syndicate in Johannesburg in Nov 2022, which cost citizens around the world over €6. million in romance scams alone.

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COLLABORATION IS THE KEY!

THE BATTLE CANNOT BE FOUGHT ALONE

ENVIRONMENT

- Technology developers & users
- Social Issues
- Environmental impacts
- Infrastructure

COLLABORATION

STAKEHOLDERS

- Citizens
- Businesses
- Governments
- Specialist Organisations

SECTORS

- Public Sector
- Private Sector
- Law Enforcement
- Local & Global partners

#WarOnScams





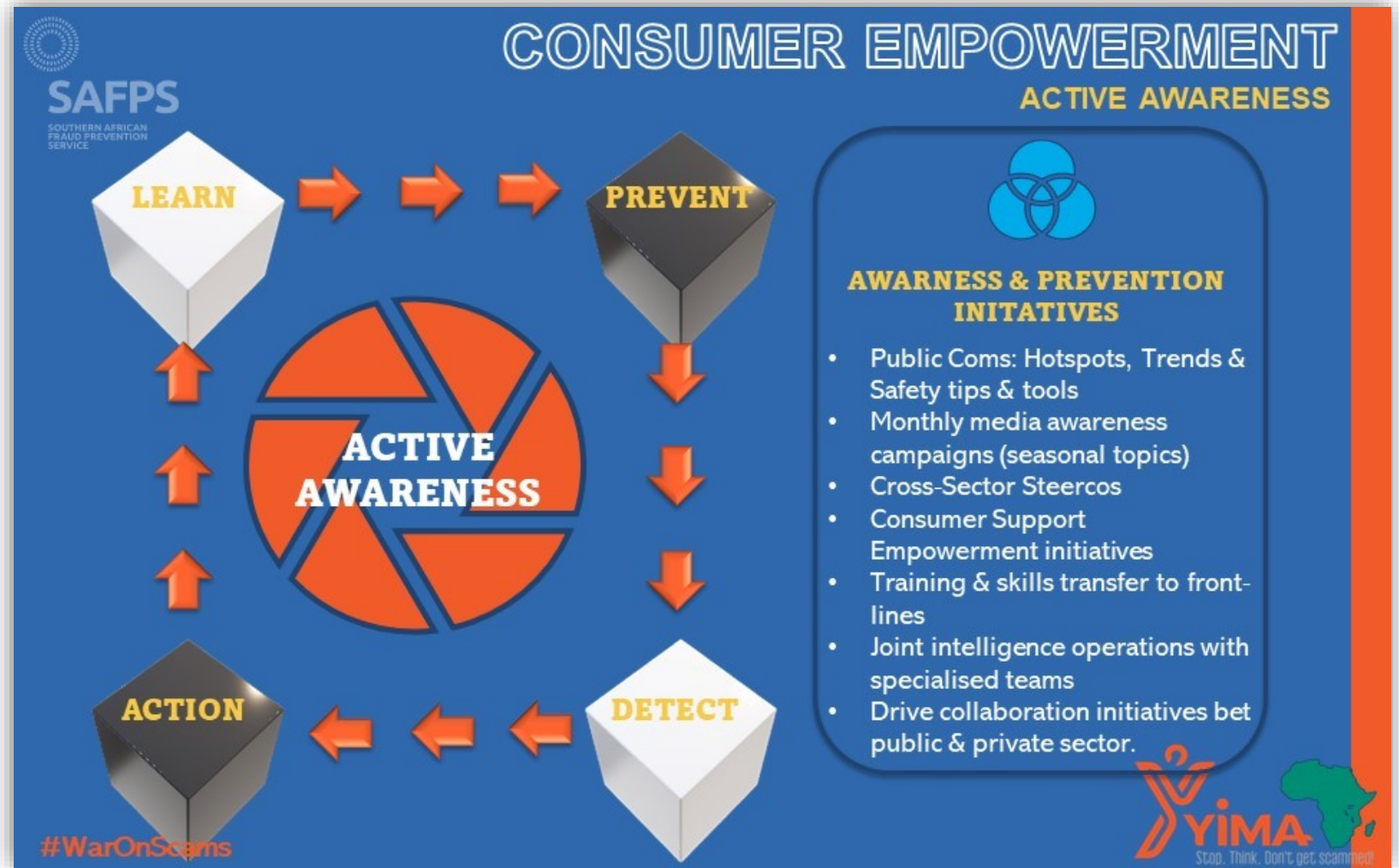
HOW DOES SAFPS COLLABORATE?

Active Awareness!

- We employ an active awareness approach.
- Don't just know what's happening but be part of the solution.

What is Active Awareness?

- Active awareness includes communicating trends, hotspots and prevention tips and tools to business and consumers.
- We do this via various online and media channels, as well as getting our members involved in communicating the message directly to their staff and customers.
- As part of our skills transfer programmes, we create training material that can be used to teach frontlines about the latest MOs, the tools and techniques used, and how to identify the various frauds and scams perpetrated, and most importantly how to support the victim.
- Sadly, many victims are turned away by the ill-informed and are told to seek civil recourse or are ridiculed for having fallen to a scam.



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EMPOWERING CONSUMERS

Consumer Participation

- One of our goals is to change the mindset of the public from **'what's the point of reporting'** to understanding their role in helping minimise the problem by becoming actively aware of the risks and how to prevent themselves from falling victim to fraud and scams.
- For that SAFPS created Yima, a solution made up of best practices and solutions in South Africa and around the world.

Consumers Toolbox

- Yima is a toolbox to empower consumers with information and solutions to fight back against scams and prevent themselves from falling victim.
- It contains tools to
 - Biometrically validate a fellow citizen against the Dept. of Home Affairs, which is great for romance and investment scams,

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CONSUMER EMPOWERMENT
ACTIVE AWARENESS continued...

CONSUMERS TOOLBOX

WATCH OUT FOR ONLINE SCAMS

VERIFY'EM
Verify A Fellow SA Citizen Biometrically

DNS SCANNER
Scans Website Details & Blacklisting

BROWSER EXT
Quick website scan shortcut

SCAM HOTLINE
IVR call directly to institutions fraud centers

AM I BEING SCAMMED
Consumer Self-help & Risk Tree & Knowledge Quiz

REPORT A SCAM
Consumer Incident Reports to SAFPS

SCAM ALERTS & NEWS
Scam news alerts & articles





- DNS (Domain Name System) scanners, to verify website URLs
- Incident reporting channels and even a tool to test if you are being targeted in a scam. Which it turns out is one of the most popular tools.
- The intel gathered from the reports made is helping understand the extent of the threat and spurring on syndicate identification and apprehension efforts.
- Since implementation of the initiative 3 months ago, we have
 - Identified numerous bank accounts directly associated to scams,
 - Completed over 5500 domain scans
 - Shutdown, Blocked or Blacklisted various domains including a phishing website that was imitating one of the biggest insurance application portals in South Africa for the last 2 years, and might have continued to do so, if a victim did not report it to Yima.
 - After our awareness campaigns even the volume of incidents reported to law enforcement has increased from 15% in April 2023 to just over 21.5% in October 2023.



MAKING THE CHANGE!

Consumer Participation

- Active awareness is a habitual cycle that needs to be imbedded within each and every person, from your kid who surfs the net, to you and the leaders of our communities and countries.
- We all need to be actively aware and prevent ourselves from falling victim, and **when we do...not if**, when we do, we need to stop and think before we act, and take responsibility to action the threat for ourselves and others.
- Collaboration is the key that will lead us to victory.
- Join us and support the **#WarOnScams**


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Collaboration is the key! each of us just need to find the door it opens, & that will lead us to victory.

#WarOnScams


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