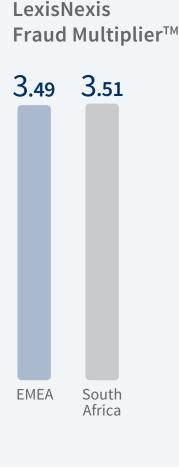
retailing the latest LexisNexis® True Cost of Fraud™ report reveals that cybercriminals are attacking a wider set of payment methods and driving up the cost of fraud to new highs.

Fraud Multiplier[™] for South Africa has increased by 41.5%

The 2021 LexisNexis®

compared to 2019 Every fraudulent



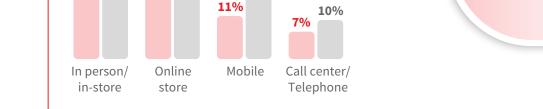


Consumer behaviors have changed with the acceleration of the digital transformation, including more remote channel use and more digital payment methods. Use of mobile/digital wallets has increased since 2019 and represents a similar share of transaction volume as credit and/or debit cards.

33% 2019 Now 28% 26% 25% 25% **21**% 18% **15**% 12% **10**% Credit Cards Cash Digital Wallet Cards Deposit

e-Commerce merchants have increasingly embraced an omnichannel approach through either opening their own physical locations or partnering with retailers for pick-up.

2019 Now

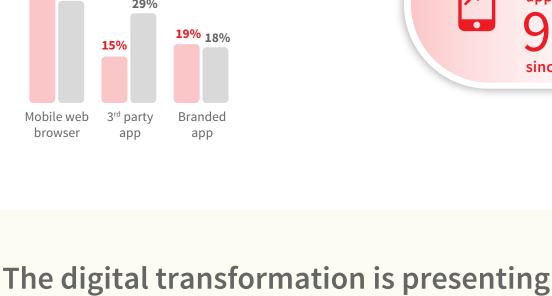


30%



2019 Now

With mobile channel transactions, apps are a key method



50%

38%

34%

29%

used by consumers.

64%



Average of

has almost

since 2019.

Mobile channel method use through 3rd party

app has increased

transaction volume

via mobile channel

Monthly malicious bot attacks have increased by

6%

35%

South Africa

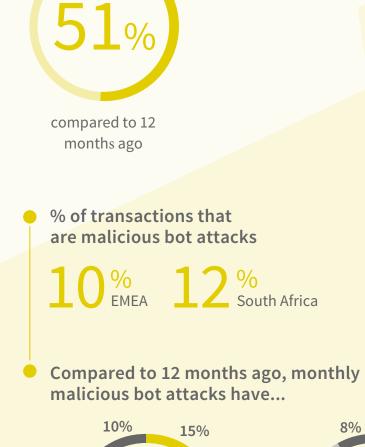
Decreased

Increased Not sure

Remained the same

opportunities for fraudsters, contributing

to the increase in fraud costs.





Customer Journey Stage

Most Susceptible to Fraud

For South African merchants and financial services

and lending firms, distribution of funds is perceived as

30%

51%

EMEA

45%

most susceptible to fraud - higher than EMEA average. Customer Journey Stage MOST Susceptible to Fraud New account creation Purchase transactions/Distribution of funds Account login

Retail & e-Commerce

11%

Financial Services & Lending 32% 48%+

to be a sizeable portion of mobile channel fraud costs, contactless payment methods are also contributing to fraud losses.

Fraud Costs by Mobile Channel

significantly higher than 2019

2% 1%

South Africa

17%

33%

26%

21%

21%

19% While mobile apps and browsers continue

Fraudsters have stepped up their attacks on the mobile channel. Fraud costs by 3rd party mobile app and contactless purchase are

34%

◆ Significantly or directionally higher journey stage in other industry segment within country

61%+

Contactless purchase 16% Text to pay Bill to phone Significantly or directionally 29% higher than 2019 % Distribution of Losses by Payment Method Losses via mobile, direct deposit and traditional payment methods have significantly increased since 2019

■ Mobile web browser

■ 3rd party mobile app Branded mobile app

Credit transaction

Debit transaction

16% _{15%} Mobile/Digital wallet Direct deposit ■ Tradicional (cash, check, gift card) **5**% Virtual (bitcoin, Facebook pay, etc) Significantly or directionally higher than 2019 South Africa 22% of South African financial institutions

and merchants surveyed have not

Integration of Digital/Customer Experience

Operations with Fraud Prevention

integrated fraud prevention programs yet.

Fully Partially Net: Not integrated integrated integrated

57%

A multi-layered solution approach is required, customized to

each phase of the customer journey and transaction channel.

Fraud prevention best practices:

22%

Account Account Account Login Creation **Transaction** Single point protection is no Further, each stage of the customer longer enough and results in journey is a unique interaction, requiring a single point of failure. different types of identity verification, data and solutions to let your customers in and keep the fraudsters out.

A multi-layered, strong authentication defense approach is needed. This

decision platform that incorporates

real-time event data, third-party signals,

and global, cross-channel intelligence.

includes a single authentication

with a multi-layered fraud defense. Our solutions combine physical, digital and behavioral insights with advanced decisioning, authentication and behavioral

Effectively manage complex fraud threats

biometric technology to enable your business to identify fraud.

and see how South Africa compares to other countries surveyed.

Download our full True Cost of Fraud™ – EMEA edition for a deep dive



As consumers transact across

locations, devices, and geographies,

user behaviors, such as transaction

patterns, payment amounts, and payment beneficiaries, are becoming

more varied and less predictable.

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