

4.1% of all transactions in SA suspected digital fraud

TransUnion's [2024 State of Omnichannel Fraud Report](#) found that in 2023, across industries, 4.1% of all transactions where the consumer was in South Africa were flagged as suspected digital fraud – a 27% YoY increase.



Source: © 123rf [123rf](#) TransUnion's 2024 State of Omnichannel Fraud Report has found that in 2023 4.1% of all transactions in SA were flagged as suspected digital fraud

The rate of suspected digital fraud attempts in telecommunications where the consumer was in South Africa when transacting was the highest among industries analysed in 2023 at 15.5%, having increased by 78% year-over-year (YoY).

The logistics industry experienced the lowest rate of suspected Digital Fraud attempts during 2023, at 0.3%, a -30% YoY decline.

Fraud on newly created accounts

The TransUnion report revealed that nearly one in seven (13.5%) newly created accounts are suspected to be created via digital fraud globally in 2023, largely driven by bad actors using fabricated or stolen identities.

This may indicate a shift in the tactics deployed by fraudsters hoping to engage earlier in the transactional process.

Examples of the types of transactions during the account creation process include account signup, registration and loan origination.

Among the industries globally that saw the highest percentage of digital account creation transactions suspected to be digital fraud globally in 2023 were retail (44.7%), travel & leisure (36.0%), and video gaming (31.5%).

“This early phase, new account digital fraud may represent a paradigm shift among fraudsters globally,” says Amritha Reddy, senior director for solutions at TransUnion South Africa.

“Instead of using traditional tactics to gain access to and ultimately compromise existing accounts, they are increasingly choosing to create new accounts that they can control themselves.”

In contrast, for transactions where the consumer was in South Africa, the highest percentage of suspected digital fraud in the online customer journey occurred at account login, at 5.5%, varying widely by industry.

Fraud in global digital transactions

The study found that 5% of all global digital transactions were suspected to be digital fraud in 2023, with the volume of risky transactions up 14% YoY and 105% from 2019 to 2023.

This growth continues to outpace the growth in digital transactions, which rose 90% from 2019 to 2023. Globally, retail surpassed gaming as the industry saw the highest rate of suspected digital fraud in 2023 at 8.7%, up 21% YoY.

In addition, the telecommunications industry saw a 111% YoY increase in the suspected digital fraud rate, up to 4.5%. “Fraudsters are constantly seeking and finding different entry points across all industries,” Reddy says.

“Businesses need to stay alert and apply solutions that protect the consumers they serve, and themselves, against evolving fraud trends and methods.”

Digital fraud based on intelligence

TransUnion conclusions about digital fraud are based on intelligence from its identity and fraud product suite that helps secure trust across channels and delivers efficient consumer experiences – TransUnion TruValidate.

The rate or percentage of suspected digital fraud attempts reflects those that TransUnion customers determined met one of the following conditions:

1. Denial in real time due to fraudulent indicators.
2. Denial in real time for corporate policy violations.
3. Fraudulent upon customer investigation.
4. A corporate policy violation upon customer investigation —compared to all transactions assessed.

The report’s findings are based on proprietary insights from TransUnion’s global intelligence network and include data from South Africa, Botswana, Brazil, Canada, Chile, Colombia, the Dominican Republic, Hong Kong, India, Kenya, Mexico, Namibia, the Philippines, Puerto Rico, Rwanda, Spain, the UK, the US and Zambia.