

2024 predicts: GenAI realism, Digital ID progress, but social engineering mutates again

By [Gerhard Oosthuizen](#)

8 Jan 2024

While the past year will be remembered for some incredibly destructive events, the tech industry managed a show of some resilience, wrapping up ahead of expectations - although not without its own surprises. Entersekt, the Financial Authentication Company, takes a look at how 2023 surprised some, disappointed others, and casts a predictive eye on the year to come.



Source: 123RF.

"Most industry players entered 2023 with fairly low expectations, anticipating a crunch year. Fortunately, it was nowhere near as bad as predicted and we wrapped up with most of the bellwether tech shares trading up for the year. The Covid tech bubble seems to have worked its way through the economy, and things are back to semi-normal. Our outlook for 2024 is cautiously optimistic with a healthy dose of reality built in," says Gerhard Oosthuizen, chief technology officer at Entersekt.

A healthy reality check comes to generative AI

Last year was definitely the year of Generative AI. ChatGPT proved to be very useful when it came to small coding projects and school assignments and generally helping humans interact with computers. However, in the realm of fraud prevention, it has been a case of the old stuff is still the good stuff.

Looking ahead, we see generative AI moving past the peak of inflated expectations and entering a phase of disillusionment in 2024. This is a good thing and means it will be used in the most appropriate places rather than absolutely everywhere, as everyone was predicting. This is because in so many instances the unit economics of using ChatGPT and its ilk simply doesn't add up. Generative AI may be wonderful in lending a hand with the heavy lifting, but in many instances, people are finding it to be a very expensive calculator.

On the upside, the industry will benefit from all the investment that has been thrown at the technology, and in 2024 we'll see a wider AI ecosystem starting to come back into focus. Unfortunately, like all new technologies, bad actors are cashing in and it's now easier than ever to impersonate people via email, voice and even video. And we're even hearing about bots being used to groom potential victims of romance and investment scams.

The next evolution of social engineering

It's a sad reality that as technology improves, so too does the sophistication of social-engineering fraudsters and we saw a rapid growth in 'pig butchering' last year. The unsettling term refers to the scammer fattening the unsuspecting 'pig' with solid investments before making off with their money. The FBI says the US saw losses of \$2.6bn from pig butchering and other crypto scams, which was more than double the previous year.

The UK, meanwhile, saw a small dip in their fraud losses last year, reaching £1.2bn, largely driven by lower (17%) Authorised Push Payment (APP) fraud numbers, but companies are still struggling to keep customers safe from wily fraudsters who prey on their vulnerabilities.

The big worry for 2024 is the move toward turning unsuspecting customers into accomplices. Students and others who are looking to earn a little on the side often unwittingly become money mules, helping criminals move and launder money. The UK's Economic Crime Plan 2 has earmarked muling networks as a major threat, saying they go so far as to involve even children in their nefarious endeavours.



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Meta once again found itself in the crosshairs of the security industry when it was revealed that a significant amount of fraud originated on its three main platforms: Facebook, Instagram and WhatsApp. The latter is a growing concern when it comes to friends and family fraud with a sharp spike of this fraud during the year. In addition, Datos revealed 75% of fraud experienced by digital businesses was first party fraud which should be raising alarms for the year ahead.

Digital ID gets more support

This year marked both Apple and Google announcing they could load driver's licences or state ID cards to their wallets, taking us closer to ubiquitous digital identity. The regulators have also not picked sides, but are typically allowing for both the Apple favoured Mobile Drivers licence from ISO and the more community driven Verifiable Credentials category of standards, driven by the W3C.

The move towards digital identity continues to gain government support across the world with the European Commission pushing for 80% of their citizens able to access public services with their digital ID by 2030 and an initial launch in 2025. Meanwhile, the US is driving the digital ID uptake at a state level, although nowhere near as aggressively as the EU. However it's likely that the private sector will step into the national vacuum and be a significant catalyst for new users in the shorter-term.

Industry collaboration begins to bear fruit

Unsurprisingly, open banking continues to gain momentum and we can see the fruit of the industry's labour in Brazil where the number of PIX transactions outperformed card transactions in the fourth quarter of 2023. As the instant payment platform grows other countries will be encouraged to support their own initiatives, bringing easy, fast and affordable transactions to consumers.

Apple also leaned into the benefits of open banking this year, enabling UK consumers to access and view their account balances via Apple Wallet. And, while open banking is not yet shooting out the lights, it will continue to gain traction through the coming year.

A world without passwords is not quite there

Both Google and Microsoft now allow passwordless access which sets the benchmark in the industry, but the year also saw a bit of disillusionment creep in, largely due to poor UX when it comes to passwordless transactions.

And, while some clients are using FIDO for front-door protection, the industry must take a balanced approach. to both passwordless and authentication technologies. FIDO certainly has some exciting growth ahead of it, but it requires further evolution to truly enable consumer friendly banking.

Finally, no look at 2024 would be complete without acknowledging the divisiveness of 2023 when it came to geopolitics. It's likely that the widening global divide will continue to make itself felt in the tech world as governments seek to score political points by restricting through which platforms and technology consumers can access, both locally and abroad.

2023 has seen continued evolution of a mixed bag of technologies. The blending of these in innovative ways has the potential to disrupt our world for the better, making 2024 an exciting year to watch.

ABOUT THE AUTHOR

Gerhard Oosthuizen is the chief technology officer at Entersekt.

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