2024 TRANSUNION
KENYA:
EXECUTIVE INSIGHTS SESSION
EMPOWERING FINANCIAL FUTURES

In this session we will discuss the following:

Evolution of fraud industry

- Dynamics in customer experience.

- Focus and investment in customer experience.

- Fraud vulnerability arising from loopholes in CX.

- Causes of fraud vulnerability.

Omni-channel fraud trends

- Global digital fraud attempts by industry.

- Industries with the highest suspected fraud attempts.

- Common Digital Fraud Schemes.

Fraud mitigation strategies

- Striving a balance between CX and fraud controls.

- CX choice factors - online platforms.

- Fraud prevention strategies.

We are now living in a CX-first era….

Dynamics in CX in the Kenya financial sector:

ATM Machines	Agency Banking	Value of Transaction

- **0.83%** decline (by 19) in the number of Automated Teller Machines (ATMs) from 2,301 in December 2022 to 2,282 in December 2023.

Source: CBK annual report 2023

- **8.3%** drop in transactions undertaken through bank agents from approximately 158.4 million transactions recorded in 2022, to 145.3 million transactions in December 2023.

Source: CBK annual report 2023

- **9.8%** decline in the value of banking transactions undertaken through agents decreased from Ksh.1.8 trillion (USD 15.2 billion) in 2022 to Ksh.1.7 trillion (USD 10.5 billion) in 2023.

Source: CBK annual report 2023

The change in CX was mainly as a result of decreases in transactions relating to cash and increased use of mobile money and internet banking due to better CX.

As the focus in the financial sector shifts to better customer experience fraud is growing unabated.
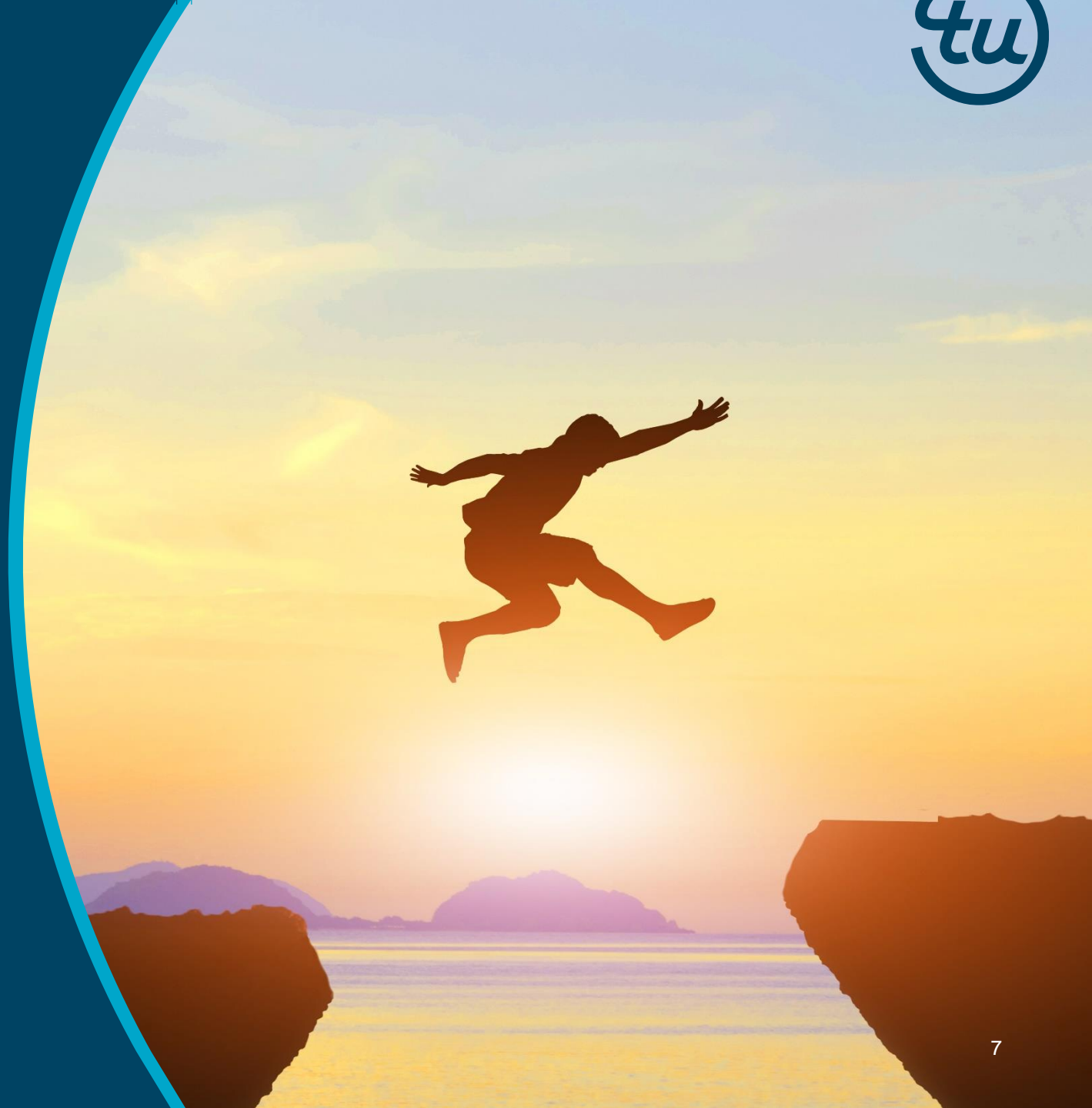
The improved CX has been accompanied by increased in fraud penetration due to:

Lack of consumer awareness,

Vulnerabilities in digital channels,

Weak cyber security measures

Use of sophisticated fraud techniques.

Global Digital Fraud Attempts by Industry

Gaming
(online gambling, poker, etc)

2023
5.3%
Promotion abuse

2022-2023
+2.9%

Communities
(online dating, forums, etc.)

2023
4.6%
Profile misrepresentation

2022-2023
+9.3%

Telecommunications

2023
4.5%
Credit card fraud

2022-2023
-7.6%

Financial services

2023
4.3%
True identity fraud

2022-2023
+5.8%

Travel & leisure

2023
2.3%
Credit card fraud

2022-2023
+25.0%

Insurance

2023
1.5%
Policy violation

2022-2023
+18.8%

Industries with the Highest Suspected Fraud attempts

Canada
Retail
8.4%

United states
Gaming
10.9%

Mexico
Retail
8.1%

Dominican Republic
Gaming
10.2%

Colombia
Gaming
9.5%

Puerto Rico
Gaming
10.2%

Chile
Communities
3.8%

Brazil
Communities
9.5%

United Kingdom
Government
7.9%

Spain
Gaming
9.7%

Kenya
Gaming
10.2%

Rwanda
Financial services
6.9%

Botswana
Financial services
9.7%

Zambia
Financial services
12.3%

Namibia
Retail
3.4%

South Africa
Telecommunications
15.5%

India
Financial services
12.5%

Hong Kong
Retail
8.4%

Philippines
Retail
11.8%

Common Digital Fraud Schemes

● Targeted and fell victim   ● Targeted but didn't fall victim   ● Not targeted   ● Most reported fraud scheme

Kenya	Zambia	Rwanda	Namibia	South Africa

Kenya
- 14%
- 13%
- 73%
- ● Smishing

Zambia
- 11%
- 20%
- 69%
- ● Smishing

Rwanda
- 11%
- 34%
- 55%
- ● Money Mule

Namibia
- 10%
- 35%
- 55%
- ● Phishing

South Africa
- 13%
- 32%
- 56%
- ● Money Mule

Chile
- 12%
- 59%
- 29%
- ● Vishing

Brazil
- 10%
- 60%
- 30%
- ● Stolen Credit Card
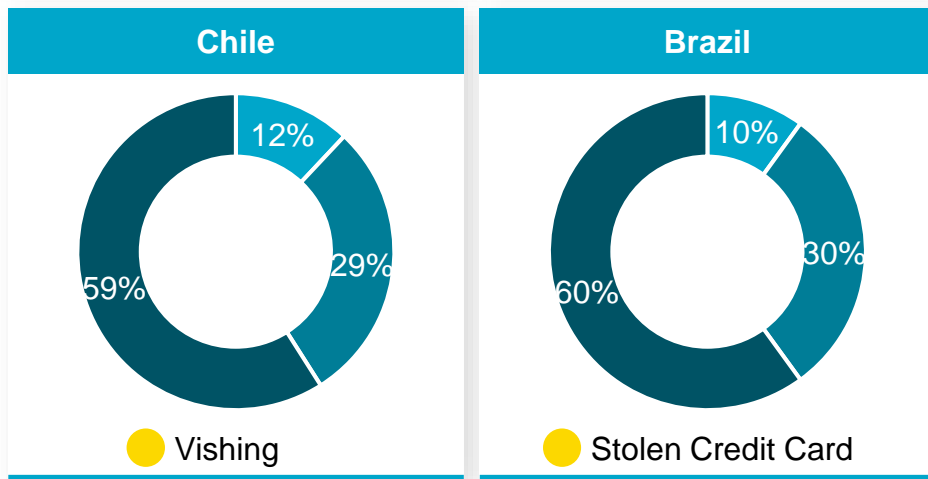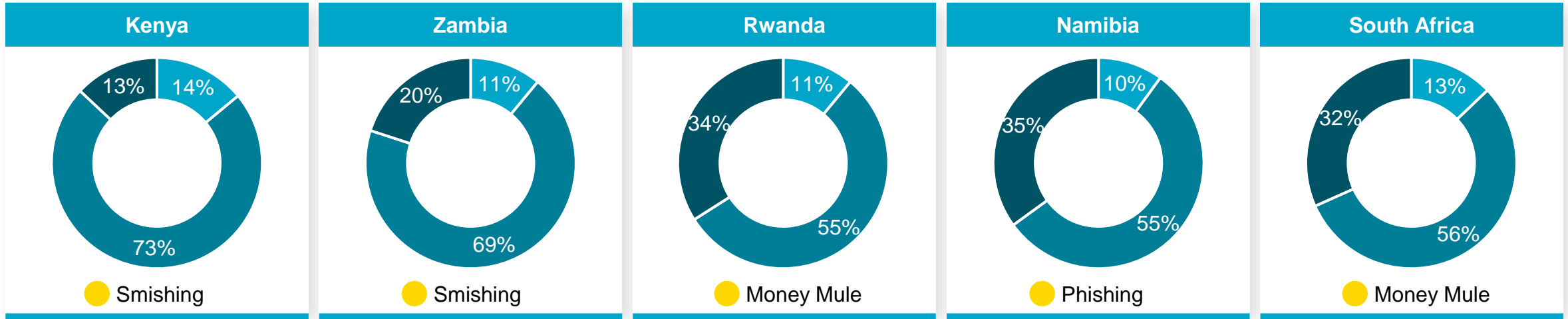
Smishing: fraudulent text messages meant to trick you into revealing data.

Phishing: fraudulent e-mails and websites meant to steal data.

Vishing: fraudulent phone calls that induce you to reveal personal information.

Money muling is a type of money laundering where a person who receives money knowingly or unknowingly moves illegally acquired money to obscure the origin of illicit funds.

Stolen credit card: Credit card fraud can occur when unauthorized users gain access to an individual's credit card.

Finding a balance between greater CX and robust fraud controls is essential to success in CX.

Customers needs and preference for better CX

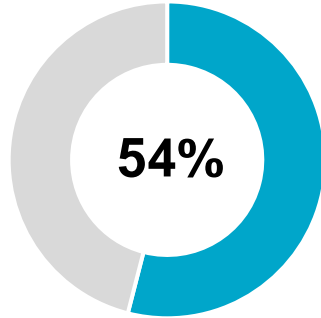Digital Fraud

Intrusive Fraud Controls

More friction and Increased Abandonment
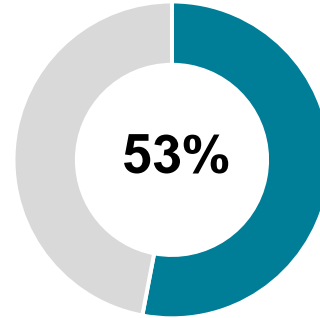
Reduction in new customers and revenue
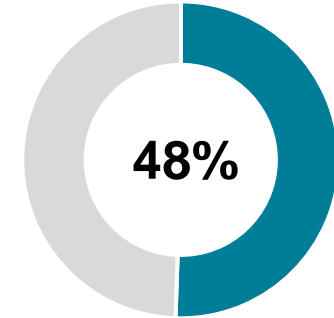
Consumers Reasons for Platform Abandonment

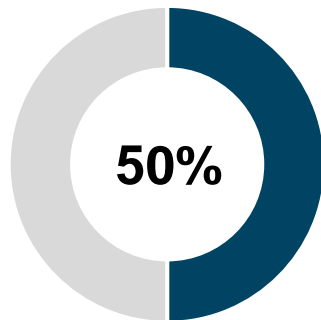**Kenya**

54%

Too much information requested / required

Namibia

53%

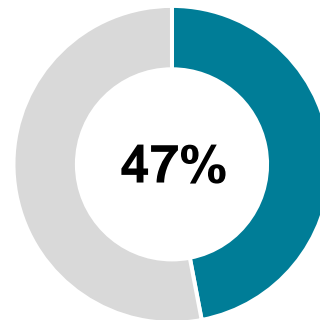Didn't trust personal data would be secure

Rwanda

48%

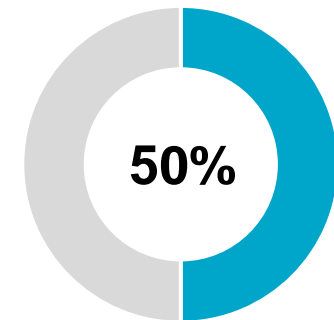Didn't trust personal data would be secure

United Kingdom

50%

Process was frustrating

South Africa

47%

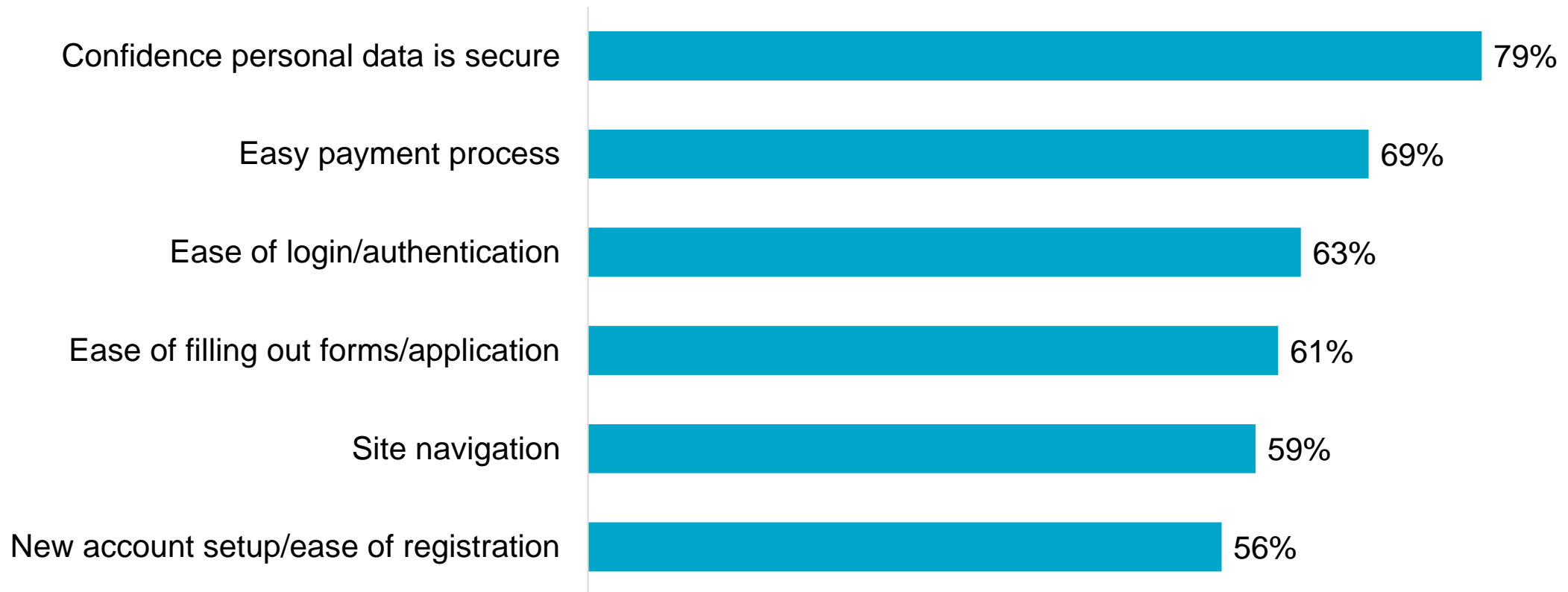Didn't trust personal data would be secure

Zambia

50%

Too much information requested / required

CX Choice Factors - Online Platforms

Stated important features when choosing whom to transact with online
Very important

Feature	
Confidence personal data is secure	79%
Easy payment process	69%
Ease of login/authentication	63%
Ease of filling out forms/application	61%
Site navigation	59%
New account setup/ease of registration	56%

Download full Report: https://www.transunionafrica.com/fraud-trends/kenya/reports/2024-omnichannel-fraud-report

Pillars of robust fraud prevention strategy

Consumer education and awareness

KYC and Identity verification

Secure digital onboarding processes

Robust Cybersecurity systems

Transaction monitoring and alerts

Threat intelligence and incident monitoring
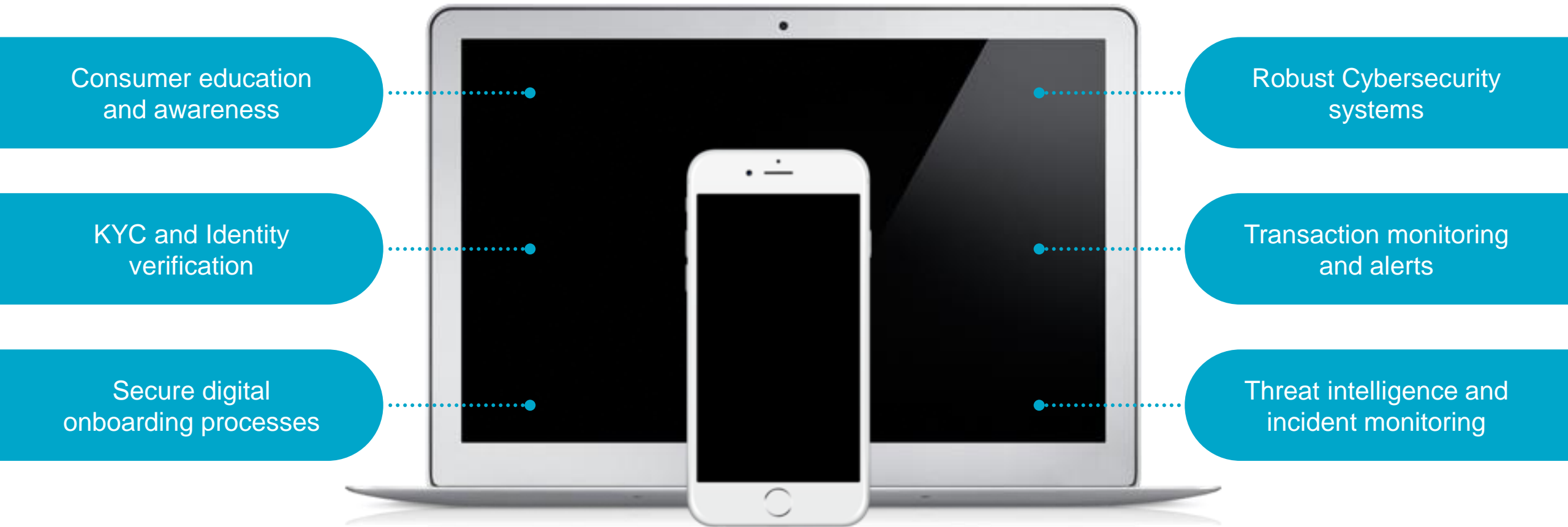
Thank You

TransUnion Digital Onboarding **combines digital** identity to the physical identity to mitigate against Data breaches and Identity theft.

Layered defense and identity intelligence
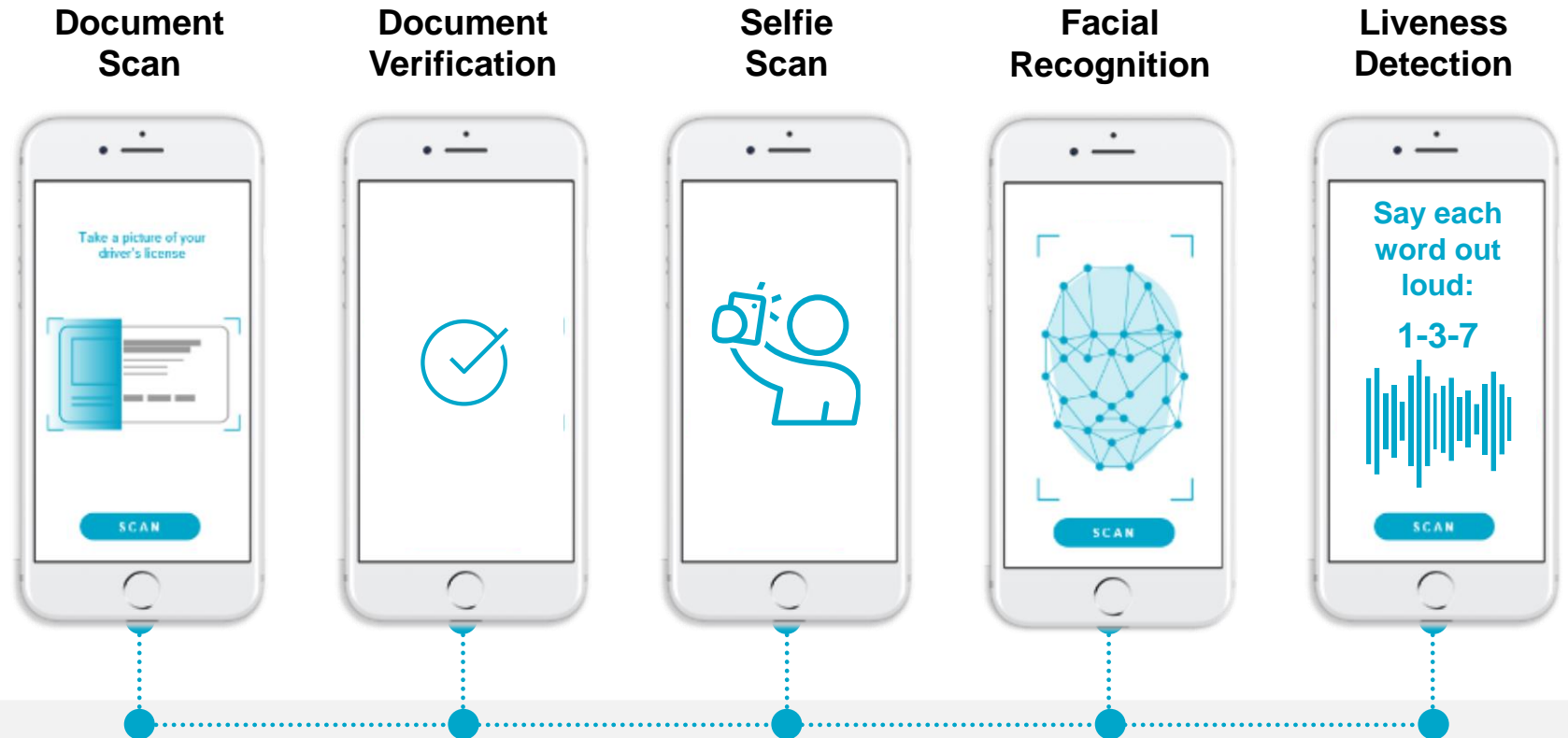
Document verification

Facial recognition

Device Risk

Phone Number Risk

Email verification

Watchlist verification

ID Establishment and Verification
Accomplished in just a few quick steps

Document Scan	Document Verification	Selfie Scan	Facial Recognition	Liveness Detection

Take a picture of your driver's license

SCAN

Say each word out loud:

1-3-7

SCAN

SCAN

TransUnion Digital Onboarding spans your full onboarding process – from application to fulfillment

Digital Identity

Device Intelligence

>7B devices seen by proprietary global network with >83M fraud reports, protecting ~33M transactions per day

Phone Numbers

100% coverage of phone numbers backed by global carrier network in >170 countries

Email Addresses

Proprietary databases of >150M known toxic email addresses and >350M active domains

Online Behaviour

~7B billion transactions monitored each month for ~100M users

Watchlist verification screens against individuals to ensure they are not flagged on any sanctions or watchlists to meet regulatory and compliance checks

Layered defense and identity intelligence

Document verification

Facial recognition

Device Risk

Phone Number Risk

Email verification

Watchlist verification

- ✓ 120k+ sources across local newspapers, trade publication, TV / radio and academic journals
- ✓ Coverage from 240 countries
- ✓ 3bn+ articles scanned in the last decade, making RDC the world's most formidable and global "negative news" franchise

- ✓ Sanctions Connect provides information on individuals and organizations associated with sanctioned entities
- ✓ Other specialized datasets include:
  - – Iran Connect
  - – Panama Papers
  - – Marijuana-Related Business Database

Adverse Media

Sanctions & Watchlists

GRID® Database of 12mm+ Profiles

Special Collections
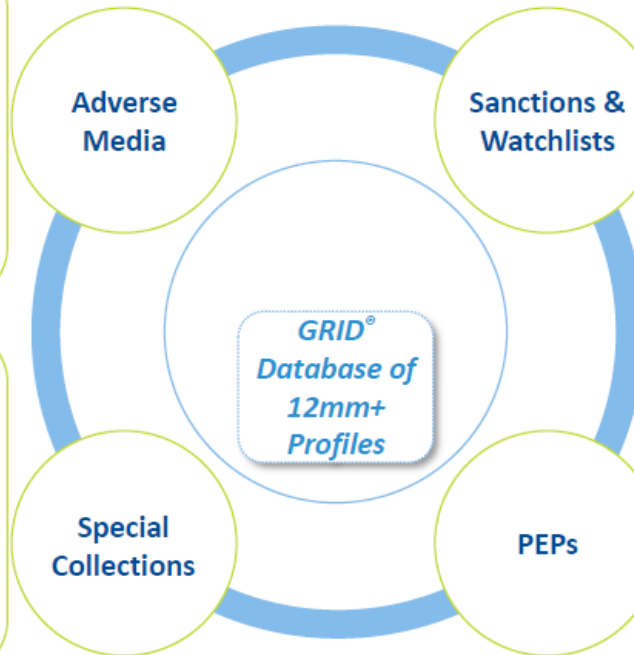
PEPs

- ✓ 1000+ regulatory and disciplinary authority / government lists
- ✓ Covers fugitives, exclusions, fraud warnings, debarments, sex offenses and law enforcement actions
- ✓ Features local, state and federal sources from across the world

- ✓ 1.7mm+ PEPs featured from a full spectrum of government, media and academic sources
- ✓ Regional desks covering 70+ languages and local dialects
- ✓ Features global database of government officials, military and judicial figures, family, associates, advisors and state-owned enterprises

Data Enrichment

| Design & Source Validation | Domain-Driven Quality Control | Monitoring & Refresh | Data Aggregation & Classification | Profile Creation & Update |

Summary of how **TransUnion's Digital Onboarding** can help you

Streamlined consumer experience and enhanced customer loyalty
Fewer inputs, quick turn-around time, rule block for prefill, eligibility computation in real-time

Reduced abandonment
Higher conversion rate of applicants

Fraud protection
Prevent losses before they happen

One stop shop for solutions
Allows access to multiple services and capabilities using one single Vendor, reducing time and hassle for our customers

Increased speed to market
Solutions are plug & play, easing customer integration and delivery speed

Reduced Manual Operational Costs
Reduction in False Positives requiring less manual review