



Top 5 fraud prevention challenges and how to overcome them

By Wilnes Goosen, Fraud Consultant, Experian Africa

The fight against fraud is constantly evolving. [Experian's recent fraud research](#) shows that 71% of the fraud leaders in our survey are struggling to keep up with the rapidly evolving fraud threat. But as new technology creates opportunities for fraudsters, so too does it enable better fraud prevention.

This balance between fraud attacks and prevention is highly dynamic, and the only way to stay ahead of fraudsters is to take advantage of the latest fraud detection technology. The demand for new technology is clear, with 73% of businesses in the survey seeing their fraud losses increase in the past 12 months.

So, what are these critical technologies that can help businesses combat fraud more effectively?

Our research indicates that Artificial Intelligence (AI) and Machine Learning (ML) are now pivotal technologies in this fight, and when combined with device data and biometrics, can help swing the balance in businesses' favour.

Here are the top five challenges that are limiting fraud prevention and the solutions can fill these gaps:

- 1. Device Fingerprinting:** Our study shows that 56% of respondents consider the lack of device fingerprinting as their biggest challenge. Device fingerprinting, an essential tool for effective fraud prevention, allows businesses to monitor user sessions continuously. With ML analysis incorporated into device data, suspicious devices can be flagged before any fraudulent activity occurs, enhancing security while improving customer experience.
- 2. Physical Biometrics:** The second most significant challenge (54%) is the lack of physical biometric identity verification. Despite the advancement of deepfakes, facial recognition combined with active liveness detection remains the best practice for identity authentication. This method not only enhances security but also improves customer experience by providing a fast and simple way to verify identities against government-issued ID documents.
- 3. Multiple Fraud Solutions:** Managing various types of fraud prevention software and associated costs is another significant challenge (52%). As fraud threats become more complex, businesses need a variety of solutions to stay ahead. [CrossCore](#), developed by Experian, addresses this issue by integrating multiple fraud solutions into a single platform, reducing IT complexity and ensuring a more holistic final decision.
- 4. False Positives:** The fourth biggest fraud challenge is an inability to align fraud prevention and revenue growth strategies (52%). Central to this challenge is the issue of false positives. According to our research, a staggering 70% of respondents state that false positives cost them more than fraud losses. To overcome this issue, businesses need to balance effective fraud prevention with high-quality customer experience. This balance can be achieved through continuous and passive monitoring methods like device fingerprinting and behavioural biometrics, known collectively as device intelligence.
- 5. Referrals:** The final challenge is the growing number of referrals causing increased delays and costs (51%). Large numbers of manual reviews indicate an inefficient fraud prevention strategy. By introducing ML-powered fraud solutions that use device and biometric data, businesses can automate their fraud decisioning process, reducing reliance on manual reviews and streamlining operations.

In conclusion, the digital world's safety is a shared responsibility. At Experian, we're committed to providing cutting-edge fraud detection technology that continually adapts to mutating fraud threats. However, it's crucial for businesses to stay informed, understand the evolving challenges, and implement strategic solutions. By doing so, we can collectively build a safer digital world, protect our customers, and ensure business continuity.

ENDS