Crime In a Growing Cyber Criminal Market

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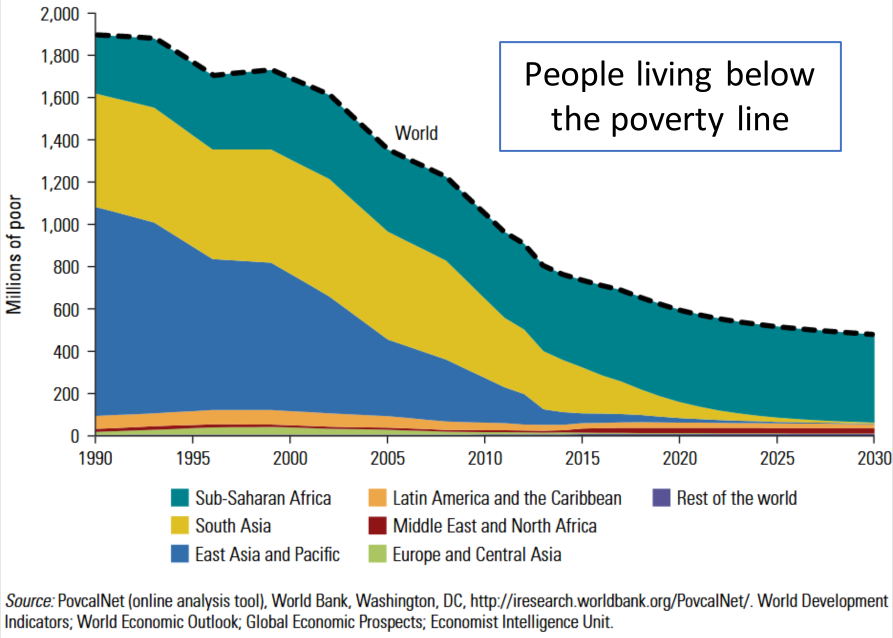
Poverty & Crime

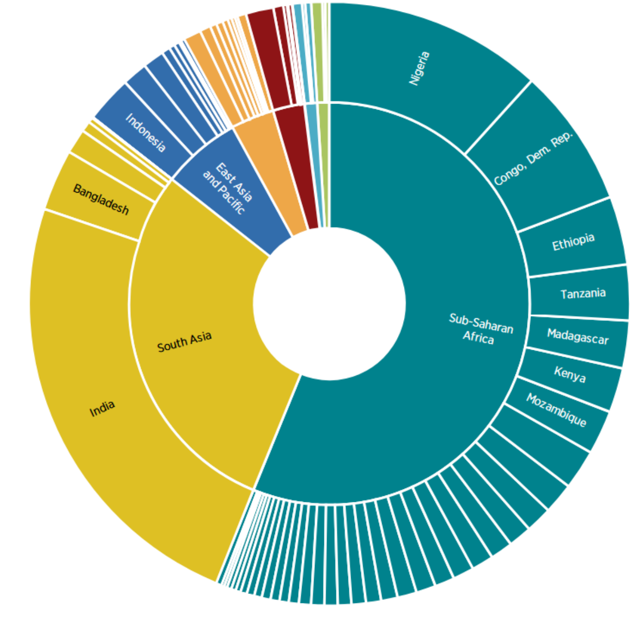
“Crime was both the cause and consequence of poverty, insecurity and underdevelopment” (Antonio Maria Costa, Executive Director of the United Nations Office on Drugs and Crime (UNODC)).

Poverty and crime have a very "intimate" relationship that has been described by experts from all fields, from sociologists to economists. The UN and the World Bank both rank crime high on the list of obstacles to a country’s development.



People living below the poverty line

Source: PovcalNet (online analysis tool), World Bank, Washington, DC, http://iresearch.worldbank.org/PovcalNet/. World Development Indicators; World Economic Outlook; Global Economic Prospects; Economist Intelligence Unit.

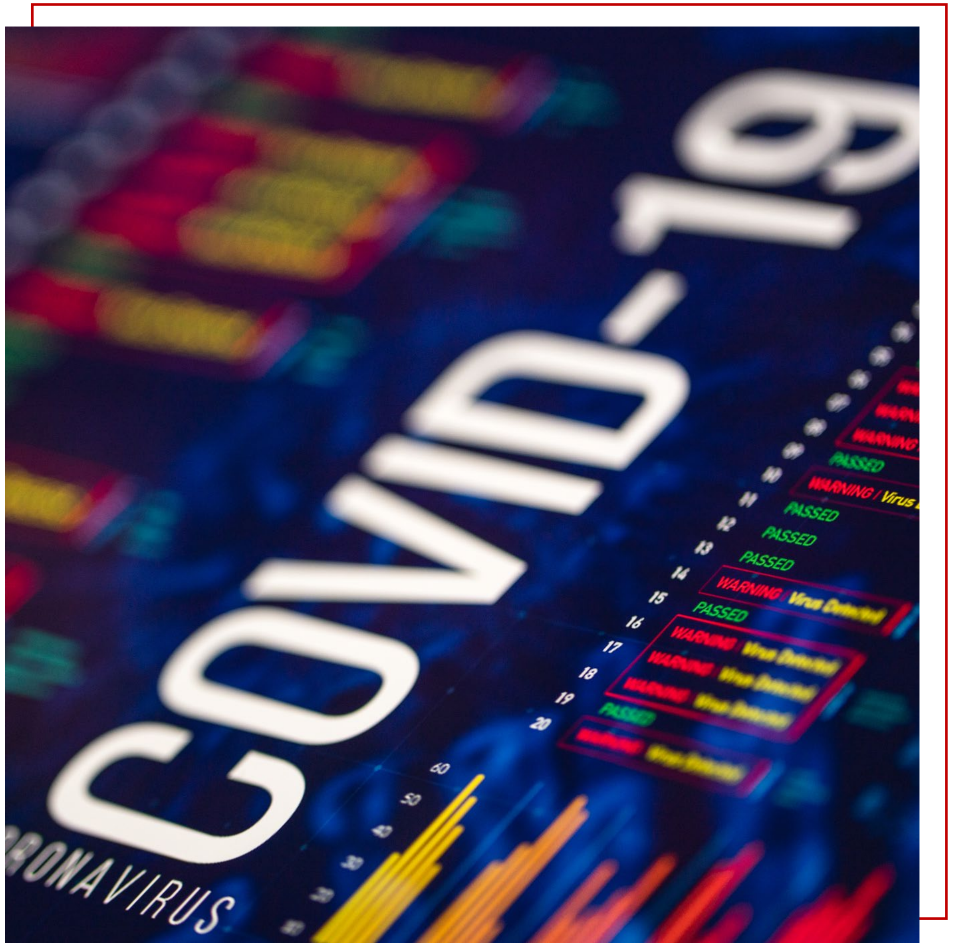


Source: PovcalNet (online analysis tool), World Bank, Washington, DC, http://iresearch.worldbank.org/PovcalNet/.
Note: The inner circle is proportionate to the percentage of the total population of poor people living in each region. The outer circle is similarly proportionate, but at the country level. The 10 countries with the most poor people in the world are listed.

South African crime in a COVID landscape

The statistics below indicate the increase in crime immediately post-lockdowns:

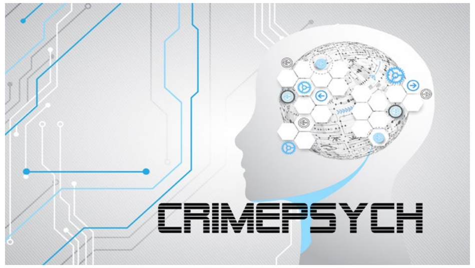
- **Murder:** Increased 66.2% (6.7%)
- **Sexual offences:** Increased 74.1% (5%)
- **Property related crimes:** Increased 6% (-24%)
- **Assault:** Increased 42% (0.5%)(>15000 were domestic violence related)
- **Trio crimes:** Increased 92.2% (13.1%) (truck hijacking increased 107.6% (45.2%))
- **CITs:** Increased 142% (21.1%)
- **Commercial crime has seen the biggest increase of 14.4% post lockdowns.**



Crimes perpetuated against the insurance industry

- The Association for Savings and Investment South Africa (ASISA) reported that South African life insurers detected 2 837 fraudulent and dishonest claims to the value of R537.1 million in 2019. This is likely to increase substantially for the 2020 year.
- “Unfortunately, the financial strain caused by Covid-19 is still with us, for now. This means that fraudulent claims are likely to go up further in 2021 as we see the longtail effects of the economic strain ripple through the market,” Craig Baker (MiWayLife).
- FRISS: Globally, 18% of all claims contain a fraud element (increased from 10% to 18% through the COVID pandemic).
    - The top fraud schemes that saw an increase in popularity during COVID-19 are staged accidents and vehicle thefts, procedure billing or phantom services, and fake accidents occurring at people’s homes.
- In South Africa it is estimated that 32% of all insurance claims submitted could be fraudulent (Moonstone, 2020).

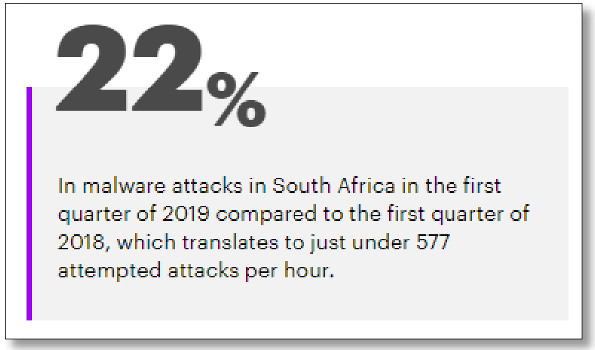
The criminal mind and the cyber landscape – a backdrop



- “As an increasing proportion of the population begins connecting to the Internet for the first time, this inexperience paired with increased exposure is a potent combination that cyber criminals try to exploit”. *iDefense 2020*

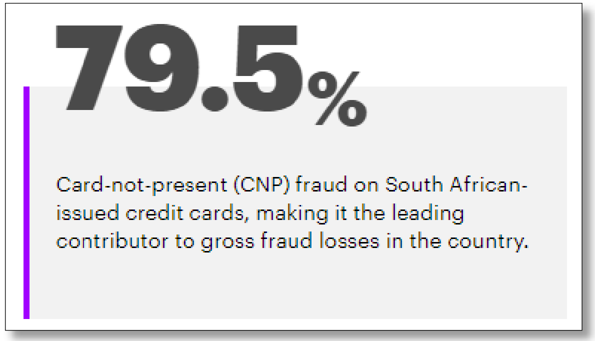
- South Africa experienced a cross-industry spike in cyber attacks in 2019. The following facts and figures, taken from a variety of sources over the past 12 months, indicate the scale of the problem: *iDefense 2020*

- Threat actors may perceive South African organisations as potentially having lower defensive barriers than those more developed economies. They may also think they face a lower chance of incurring consequences for their malicious activity. That’s because there is low investment in cyber security and developing cybercrime legislation in South Africa. Threat actors are taking notice.



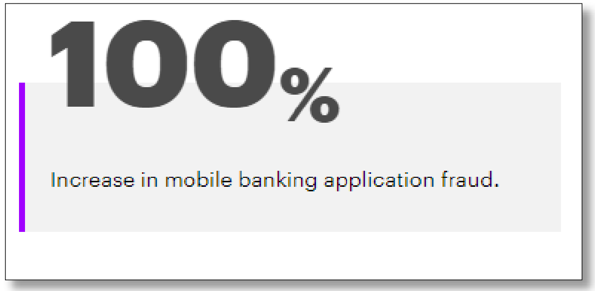
22%

In malware attacks in South Africa in the first quarter of 2019 compared to the first quarter of 2018, which translates to just under 577 attempted attacks per hour.



79.5%

Card-not-present (CNP) fraud on South African-issued credit cards, making it the leading contributor to gross fraud losses in the country.

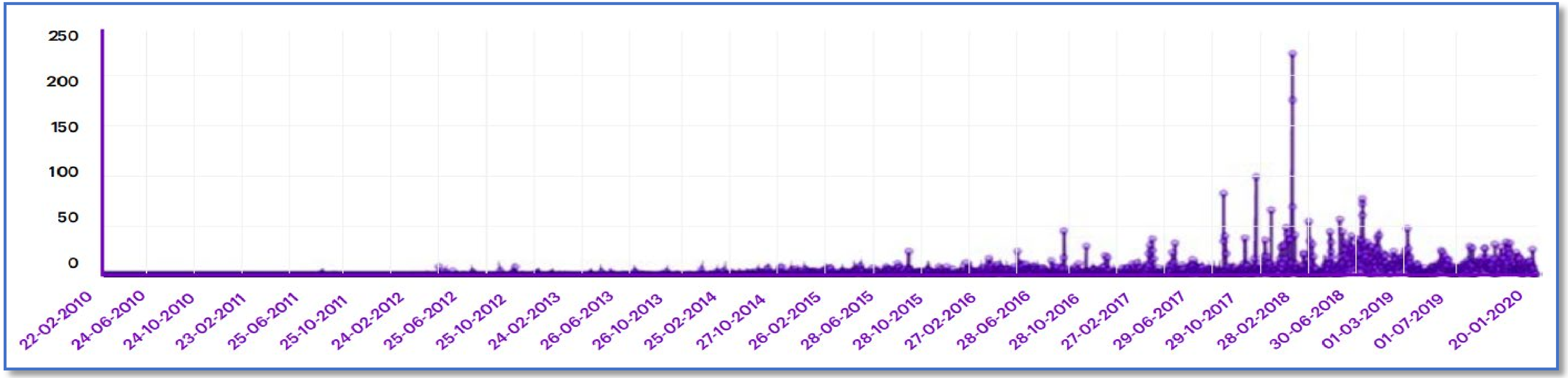


100%

Increase in mobile banking application fraud.

The criminal mind and the cyber landscape – a backdrop

- Mentions of “South Africa” between 2010 and 2020 on the Dark Web. *iDefense 2020*

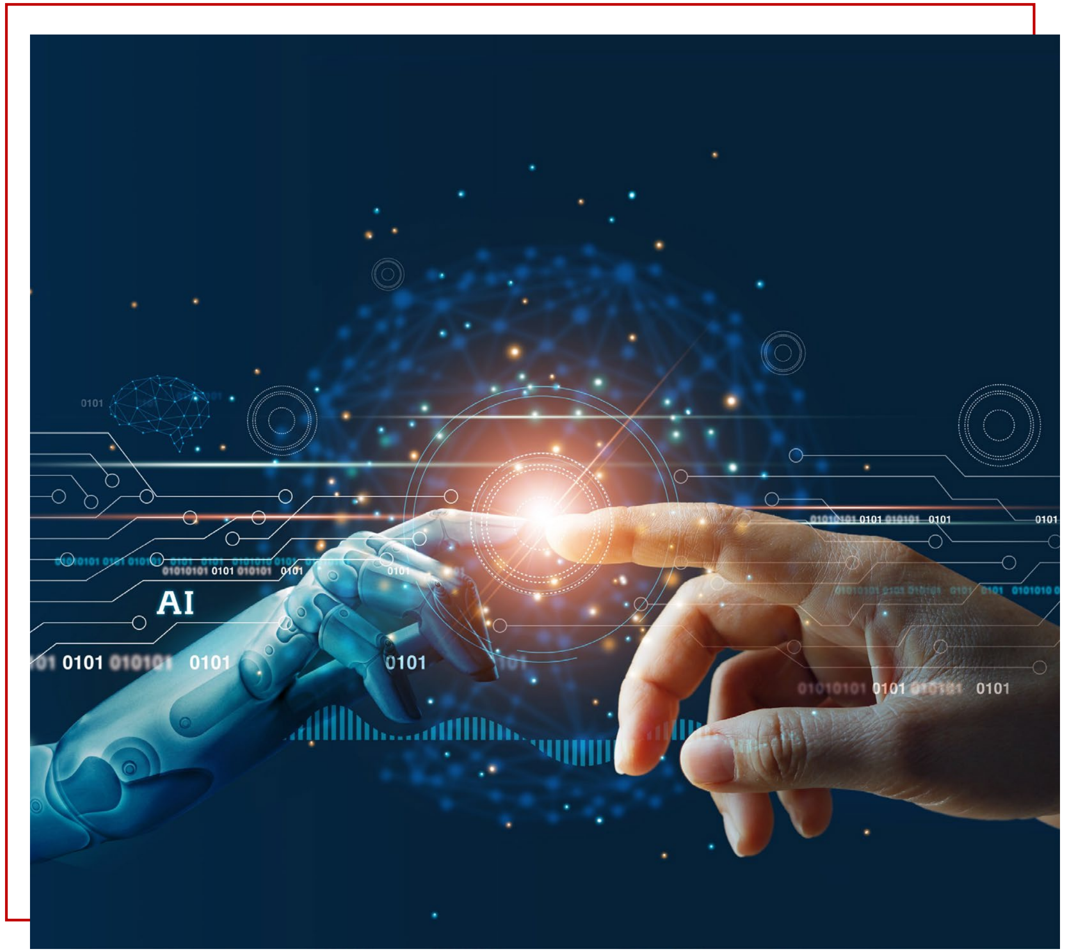


- Criminal planning, targeting, recruiting, and first-phase execution are performed more in cyberspace now than in the past.
- South Africa lags behind in the use of social media to fight, resolve and prevent crime
- 0% CSI spend from South African business in the plight to change the crime landscape

The criminal mind and the cyber landscape – the offender transition

- **"Organised Crime"** in Cyberspace or **"Organised Cybercrime"**?
- The Ecosystem of Cybercrime: Business models
  - ***A self-sufficient digital underground economy***
  - ***Criminal-to-Criminal and Crime-as-Service models***
  - ***Money Laundering and Money Mules***
- Syndicated Crime in Cyberspace: moving away from the traditional view of 'organised crime'.
  - ***Offline organised criminal groups are completely different sets of actors to online organised criminal groups***
- Increasing the Geographic footprint/reach for offenders: No need to be present.
- Exploiting Human Vulnerability

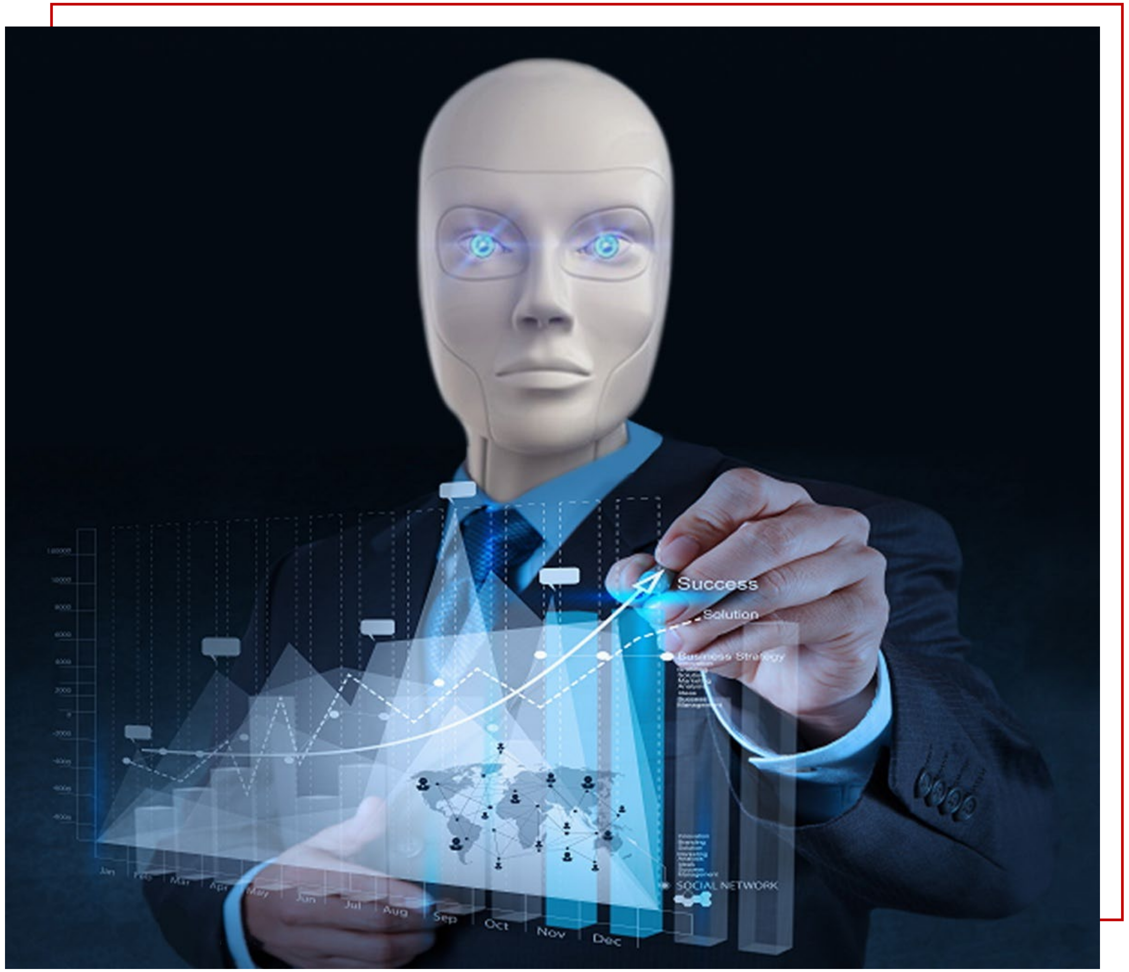
The eminent threats going forward



- Lack of investment in cybersecurity
- Cybercrime legislation and law enforcement
- Poor public knowledge
- Threat actors are taking notice of South Africa
- Economic hardship and the perpetuation of syndicated crime
- Lack of Intelligence

Addressing the challenge

- **Human capability:** reducing frontline vulnerabilities
- **Adopting the mindset:** "*when* it's going to happen" not "*if* it's going to happen"
- **Borderless cyberspace:** international collaboration is key
- It takes a criminal to catch a criminal
- Why do you rob banks? Because that's where the money is
- Readdressing the 80/20 principle
- Predictive analytics and AI
- Investment and collaboration



THANK YOU

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