

Consumers must beware of Tap and Go fraud

South African consumers have many payment options thanks to the advanced banking system. The Mastercard 2022 survey showed 95% of them used 'at least one digital payment method, while the National Treasury said it was encouraging cashless payment methods for small payments with tap and go cards. Woolworths said it was going cashless in its WCafé and FNB said half of its card payments in 2023 were cashless. Tap and go is easy and convenient, but Richard Frost, product head at Armata, cautions that it may have hidden costs for consumers.



Richard Frost, product head at Armata

"Imagine you're paying for petrol, and someone is standing near you," he says. "They're talking on their phone, it's completely normal. Nothing to worry about, right? Well, until you tap the Point-of-Sale device with your card, that is."

"As you tap, that person taps your card and the money comes off twice – once for the petrol, once for the fraudster. It's an incredibly easy scam to perpetrate as well, all you need is a credit card machine in your pocket, and you can take any amount you want from someone's card."



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By the time the consumer gets the two notifications from their bank that the money has come off twice, the person has disappeared, along with the funds. It's a concern, especially for customers that have become comfortable with the quick and easy method of payment that has led the way since the pandemic.

Of even more concern is the fact that many cards don't have a limit – users can pay upwards of R10,000 with a tap of their card. All that's needed to finalise the transaction for larger amounts is verifying an SMS from the bank, a step that could save them if they fall victim to this scam.

"You can spend quite a lot of money in one tap, which means that the skimming devices designed to siphon the funds at the moment of payment can really hit people hard," says Frost.

“ One tap, and suddenly their bank account is empty. It's a concern – where is the security? Where is the protection for the customer? ”

Well, for FNB customers, the protection is mandatory, the company is ending the tap and go functionality as of 2024. However, for anyone else, it's important to change the way they use their cards, particularly for large amounts in crowded or busy areas.

Some banks allow users to disable the tap functionality in their card, this is, says Frost, the best way to ensure financial security.

'Disable Tap-to-Pay as a backup'

"Disable the function and keep your card as a backup, somewhere safe where nobody can find it," he suggests.

"Only use it when you have to insert it into a machine and use your pin. The best option is to use your mobile phone with a virtual card or one of the digital wallet payment services like Google Pay or Apple Wallet. Your mobile phone has more security and when you tap it, the phone will only allow the amount to come off once."

"After that, any additional taps will fail which will prevent this type of fraud from happening. There's also a time-limit on your phone which means that the window of opportunity for someone to come up and tap your phone is significantly smaller. Then bolster this by making the tap amount on your phone small so you can protect yourself from the outset."

"Then, for the worst-case scenario, use a private folder on your phone to hide your banking apps," concludes Frost.

"There have been cases where people have been held at gunpoint and forced to do an EFT so don't have your account visible."

“ It's also worth investing into a protected wallet as this will add yet another layer of protection ”

Consumers should consider using their chip and pin function in their cards for expensive purchases, their mobile devices for quick tap and go purchases, and to always remain aware of their surroundings.

It's advisable to avoid making payments in a crowded space and to opt into payment solutions that require some form of authentication.