

Media Release

Association for Savings and Investment South Africa (ASISA)

4 June 2024

Expect investment opportunities punted via social media, Telegram and WhatsApp to be scams

Reputable and regulated financial services providers will never sell policies or investments via a WhatsApp group, Telegram, a social media platform, email or an unsolicited random phone call, according to a consumer alert from the Association for Savings and Investments South Africa (ASISA).

Jean van Niekerk, convenor of the ASISA Forensic Standing Committee, says member companies have seen a sharp rise in fraud committed via social media channels in recent years, prompting the warning to consumers.

“ASISA members have shared heartbreaking examples of how financially vulnerable consumers are frequently tricked into parting with the little money they have left. Most recently, a large asset manager alerted us to a WhatsApp scam using the profile and photo of the company’s CEO and targeting members of a support group for unemployed teachers.”

Van Niekerk says scammers create false marketing material using the logos of well-known regulated companies and often the profiles of their executives. This is distributed via social media, Telegram, and WhatsApp groups with promises of never-to-be-repeated investment returns.

“When you are desperate, and you see the CEO of a big financial services company promise huge investment returns, validated by fake testimonials, it is easy to throw caution to the wind and click on a link or make an investment,” says Van Niekerk. He adds that, unfortunately, this often leaves people already struggling financially completely destitute, and usually, there is no recourse.

He stresses that the CEOs of reputable companies will never promise investment returns to sign up investors or sell policies. “If you come across a group where the CEO of a financial services company appears to punt investment returns, you can be absolutely sure that this is a scam,” says Van Niekerk.

According to Van Niekerk, companies usually find out about the scams conducted in their name when desperate consumers turn to them for help once they are ghosted by the scammers after handing over the money.

“Our appeal to consumers is to make an effort to check with companies before handing over money and not once it is too late,” says Van Niekerk.

“Consumers are quick to turn to social media platforms and WhatsApp and Telegram groups asking whether something is a scam instead of calling the company under whose stolen identity the fraud is being perpetrated. Instead of making an effort to establish

whether you have been scammed once it is too late, do your homework before clicking on links or paying over money."

Van Niekerk offers the following pointers to avoid falling victim to a social app or platform scam:

- If you are tempted by an investment opportunity being promoted on Telegram, a WhatsApp group, or any other channel, take the time to verify the opportunity and the company offering it. Scammers will put you under pressure by making it seem that the investment opportunity is available for a limited time only to prevent you from doing the proper checks.
- Telegram is popular with cybercriminals because of its anonymity features. If you are approached via Telegram with an investment opportunity or are encouraged to switch to Telegram to finalise a transaction, your alarm bells should be ringing. Reputable financial services providers do not do business via Telegram.
- ASISA member companies will not ask you to open a cryptocurrency account to transfer money into an investment account. When this happens, you are about to be scammed.
- No regulated life company, investment company or financial advice company will send you links requesting you to log in or share personal details via WhatsApp, Telegram, text messages, email or social media platforms.
- Remember, you cannot invest in a regulated financial product without going through the verification process required by the Financial Intelligence Centre Act (FICA). Any process that requires you to deposit money without following this process is a scam.
- Don't fall for a scam twice by paying an advance fee when you want to realise some of the promised returns. Legitimate investment products do not require you to make a second investment in order to gain access to your investments.
- If you are charged an annual premium for life cover without specifically requesting this, you are likely to be scammed. South African life insurers offer monthly premiums as well as annual or once-off premiums.
- ASISA members will never charge applicants an application fee for an advertised employment opportunity.
- If you apply for a short-term loan and the lender instructs you to pay application or legal fees to process your application, you are being scammed. Reputable companies will not ask for fees in advance for loan applications.

Van Niekerk says while the chances of recovering your money are slim once you have been scammed, it is worth alerting the company in whose name the fraud was committed. This enables the forensics department of that company to investigate and alert other consumers. The company will also alert the industry regulatory body, the Financial Sector Conduct Authority (FSCA), which will alert consumers via the media.

If you have fallen victim to a scam, it is critical that you immediately alert your bank as well as the bank used by the scammer to receive your money via the bank's fraud hotline, adds Van Niekerk. "If you act quickly enough, the bank may be able to help you recover your money. If this is not possible, at least the bank can take action against the scammer and

close the account to prevent the scammers from targeting more honest and hardworking consumers."

Ends

To set up interviews please contact:

Lucienne Fild
Independent Communications Consultant
082 567 1533
lucienne@fild.co

Issued on behalf of:

Jean van Niekerk
Convenor of the Forensic Standing Committee
The Association for Savings and Investment South Africa (ASISA)

ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.