

Recognising & Avoiding Financial Scams / High-Risk Investments

A Practical Guide for South Africans

Bilnor Staffing Solutions – Financial Wellness Resource

DISCLAIMER:

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Scams and high-risk investments can quickly destroy your savings and financial stability. Being informed and cautious is the first line of defence. This guide will help you identify common scams, understand the risks, and protect your money.

1. Understand Common Financial Scams

Types of Scams to Watch For:

- **Ponzi Schemes / Pyramid Schemes:** Promise high returns with little effort; early investors are paid using funds from new investors.
- **Phishing Scams:** Fraudsters impersonate banks or authorities to steal personal information.
- **Fake Investment Opportunities:** Claims of guaranteed high returns, often in stocks, crypto, or forex trading.
- **Lottery / Prize Scams:** You are told you've won a prize but need to pay a fee to claim it.

Tip: If it sounds too good to be true, it probably is.

2. Recognise High-Risk Investments

High-risk investments can result in significant losses, especially if you are inexperienced.

Warning Signs:

- Promises of guaranteed returns.
- Pressure to invest immediately.
- Lack of clear documentation or regulatory approval.
- Complex products you don't fully understand.

Tip: Always research the investment and check if it is registered with the **Financial Sector Conduct Authority (FSCA)**.

3. Protect Your Personal Information

Fraudsters often rely on stolen information to commit scams.

Best Practices:

- Never share banking details, passwords, or personal ID numbers online or over the phone unless verified.
- Use strong, unique passwords for online accounts.
- Monitor your bank accounts regularly for suspicious activity.

4. Verify Before You Invest

Before committing any money:

- **Check the FSCA** to confirm the company or product is licensed in South Africa.
- **Research online reviews** and forums for warnings from other investors.
- **Ask for official documentation** and take time to review it carefully.

5. Responding to Scams

If you suspect a scam or high-risk fraud:

- **Do not send money** or provide personal information.
- **Report** to the FSCA (www.fsc.co.za) or your bank immediately.
- **Keep records** of all communication and transactions.

Being cautious, informed, and proactive protects your money from scams and risky investments. Stick to regulated, understandable, and realistic opportunities, and always verify before you invest.