

## **Preventing escalating business fraud in SA starts with robust KYC**

While legislation and the introduction of new regulations aim to combat fraud and corruption, South African businesses have the power to fight financial crimes by ensuring consistent Know Your Customer (KYC) procedures are in place.

This is according to Sameer Kumandan, Managing Director of SearchWorks, South Africa's largest innovative data aggregation platform. SearchWorks allows users to perform live, credible individual, company, and property searches via more than 160 different search types. "With the obvious exception of the Financial Intelligence Centre Act (FICA), there is no universal set of KYC protocols for businesses to follow. Although demand is growing for more vigorous checks, the risk of businesses not carrying out KYC checks is substantial," notes Kumandan.

PwC's biennial Global Economic Crime and Fraud Survey found that South Africa's rate of economic crime continues to remain significantly higher than the global average of 47 percent. Added to this is the stark reality that the incidence of high-value serious economic crime, or crimes with a value greater than US\$100 million, is now 4 percent.

"Keeping the tainted funds of corrupt individuals and their networks out of the legitimate financial system is a vital outcome of effective KYC procedures. SearchWorks offers business the ability to perform a detailed Politically Exposed Person (PEP) and Sanctions checks when onboarding new customers, as well as during the ongoing review of clients, to ensure that the organisation's reputation, revenue and capital are well protected," says Kumandan.

He adds that with respect to financial regulations, a Politically Exposed Person (PEP) refers to an individual entrusted with a prominent public function. A PEP generally presents a higher risk for potential involvement in bribery and corruption by virtue of their position and the influence that they may hold. "Equally important is a Sanctions screening check which confirms whether a person has been placed on global law enforcement and sanctions lists and are allowed to make financial transactions. These quick, simple and cost-effective checks give businesses instant access to crucial data to foresee and mitigate serious financial and reputational harm."

SearchWorks recently added new search types aimed at enhancing KYC checks, these include a new ID photo verification search which enables the retrieval of an individual's

most recent identity or passport image by using just an ID number, as well as a CSI spousal verification check to verify whether associated spousal information is available.

“It is impossible to eliminate risk completely. However, by broadening the basic requirements of FICA and implementing more stringent KYC measures, more South African businesses can stop fraud and financial crime in its tracks,” says Kumandan.

**Ends.**