



2013

MANAGED INTEGRITY EVALUATION (PTY) LTD

WE CHECK YOUR CHOICES

# Background Screening Index

## INTRODUCTION

In 2013, Managed Integrity Evaluation (Pty) Ltd (MIE) celebrated 25 years in the Background Screening Industry. Established in 1988, MIE remains a major and growing player in the credentials verification industry.

The 2013 report highlights the statistics that MIE found regarding where the highest incidence of adverse results occurred in background screening services in all South African business sectors. The percentages are based on the total number of requests received by MIE per verification type.

The risk identified in the 2013 report highlights the importance of background screening as a critical function in the stringent employment processes that all organisations need to undertake. The time and cost associated with systematic pre-screening will, without a doubt, outweigh the threat to an organisation as opposed to not doing it.

Clients are reminded that re-screening of current staff is as important as pre-screening new recruits!

## AFRICA

African business activity has grown considerably in the past decade with the World Bank's latest Global Economic Prospects, issued in June 2013, illustrating the robustness of Sub-Saharan Africa with a 5.2% growth predicted for the 2013-2015 period.

When focusing on Human Resources, two trends emerge as a sign of greater and busier times ahead:

- ✓ Today, 40% of the African population lives in urban areas; a percentage close to China's.
- ✓ 37 million new and stable wage-paying jobs have been created over the past decade.

If the trend continues, Africa will create 54-million new, stable wage-paying jobs over the next 10 years. If recruitment is on the rise then it stands to reason that the demand for background screening will also increase.

This hypothesis is not new to MIE. In fact, it has already been tried and tested. In the relatively short period that MIE has operated in the greater continent, so to speak, MIE has witnessed the demand for and the growth in sales of its African product bundle first-hand.



In 2012, MIE offered services in the following countries:

- ✓ South Africa, Botswana, Namibia, Zimbabwe, Swaziland, Zambia, Tanzania and Mozambique

Towards the end of 2013, this increased to 16 countries with the addition of:

- ✓ Nigeria, Ghana, Kenya, Rwanda, Uganda, Lesotho, Mauritius and Seychelles.

MIE is passionate about Africa and proud of the successes thus far. However, there is still a long way to go for both Africa and MIE. Should you be interested in finding out more about MIE in the rest of Africa, please do not hesitate to contact the MIE Marketing Department for additional information.

## SAFPS LISTINGS (for fraudulent Qualifications)

MIE verifies in excess of 45 000 qualification checks per month. As a proud member of the Southern Africa Fraud Prevention Services (SAFPS) and a loyal participant of the South African economy, MIE is committed to combating fraud.

Once a qualification is verified with the relevant institution; including NQR™ and is found to be fraudulent, MIE lists the particular individual's details with the SAFPS, which remains on record for a period of three years. Contributors to the SAFPS database include a vast number of organisations, including banks and financial institutions. As a result of these

listings, MIE's findings reflect that entries made on the SAFPS database impact on the individual's integrity standing at various credit providers.

Individuals, who submit fraudulent certificates for verification, create the certificate themselves, modify a certificate belonging to another individual, alter symbols or buy the qualification on the Internet. The table below reflects the increase in the number of individuals who have tendered fraudulent qualification certificates when applying for employment:



\* Totals indicate the actual number of fraudulent qualifications tested

## QUALIFICATION CHECKS

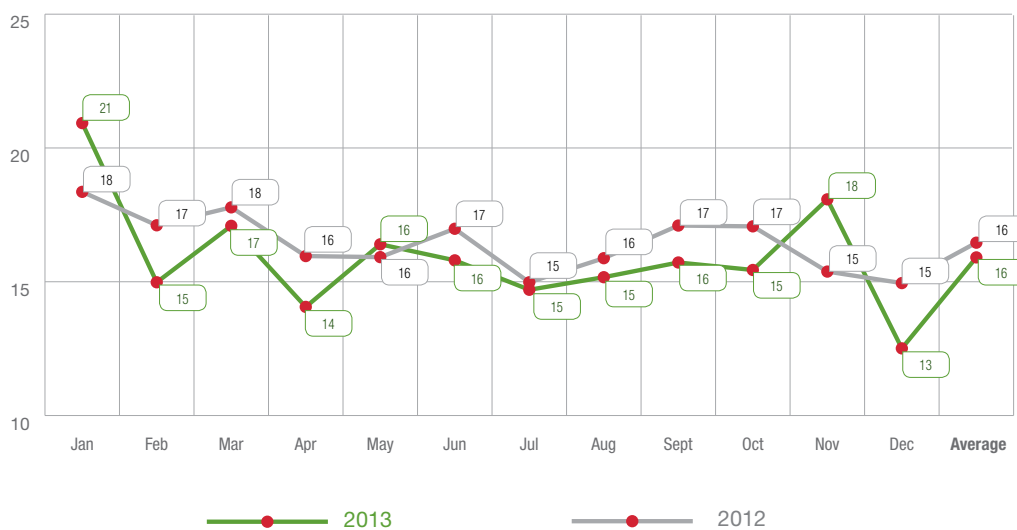
Individuals using fraudulent degrees are a growing concern. MIE is aware of almost 700 “degree mills” and the list keeps on growing. These include websites that offer fraudulent certificates posing as legitimate tertiary institutions, notwithstanding institutions that are not accredited and do not provide any form of education.

Some job applicants make use of certificates they have forged themselves. There are even bogus accreditation

bodies that will verify that forged degrees are in fact from accredited tertiary institutions.

While the buying and selling of fraudulent qualification documents is a criminal offence, the demand in South Africa for the supply of fraudulent certifications continues to proliferate for both secondary and tertiary qualifications.

The percentage of individuals who tendered fraudulent certificates when making application for employment is illustrated in the graph below:



\* Values on this graph is percentage values and have been rounded off to the nearest 10



## QUALIFICATION DETAIL PER CATEGORY

There are a multitude of qualification classes that MIE processes. Each qualification is classified according to the level and source of the qualification. Simply put, this means that MIE is able to derive statistics directly from the entity that holds the data used to verify the qualification.

The category with the lowest risk percentage is the National Qualifications Register (NQR™), a database of containing over 3.5 million graduate records, and operated by MIE. The awareness that MIE has brought to the employment arena in terms of verifications conducted using the NQR™, has caused many job seekers to refrain from making false representations about qualifications obtained from NQR™ subscribing institutions. NQR™ verifications are renowned for being quick, accurate and reliable.

The category that holds the highest risk is the secondary qualifications pre-1992 which are verified with the National Department Education. Over 36% of all National Secondary Department qualifications in this category in 2013 returned a result that carried risk.

It is prudent to note that International and African qualifications carry a risk rate in the region of 50%. The perception in the market is that an employer won't be able to, or won't attempt to, verify a qualification from another country. MIE works tirelessly to build relationships with all International and African institutions to make these verifications possible. In addition to these relationships, MIE during 2013, added its first non-South African University to the NQR™; the Polytechnic of Namibia.



\* Values on this graph is percentage values and have been rounded off to the nearest 10

**MIE has noted a slight decrease in fraudulent qualifications, with 26% of all qualifications verified by MIE in 2013 carrying risk.**



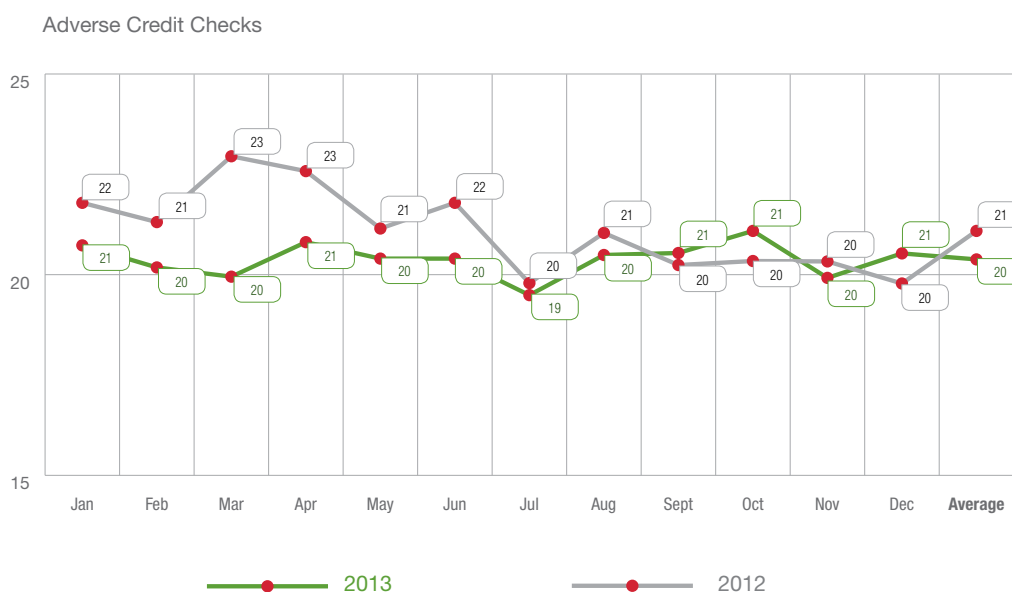
## CREDIT CHECKS

According to TransUnion Credit Bureau; South Africa has approximately 19-million credit active consumers. These are individuals who make purchases using credit that is available from a wide range of credit providers. Every credit-active consumer has a credit report which is compiled by credit bureaus from their credit transaction history.

The percentage of adverse entries listed against candidates for credit verifications conducted by MIE in 2012 was in the region of 20%-23% per month. These figures were based on the total number of credit requests received per month

by MIE. Adverse entries listed against an individual included Disputes, Defaults, Consumer Notices, Judgments, Debt Reviews and Sequestrations.

When compared with transactions verified in 2012, the percentage of adverse entries listed against candidates for credit verifications received and conducted by MIE in 2013 indicate a similar percentage of risk – namely 20%, which includes Disputes, Defaults, Consumer Notices, Judgments, Debt Reviews and Sequestrations.

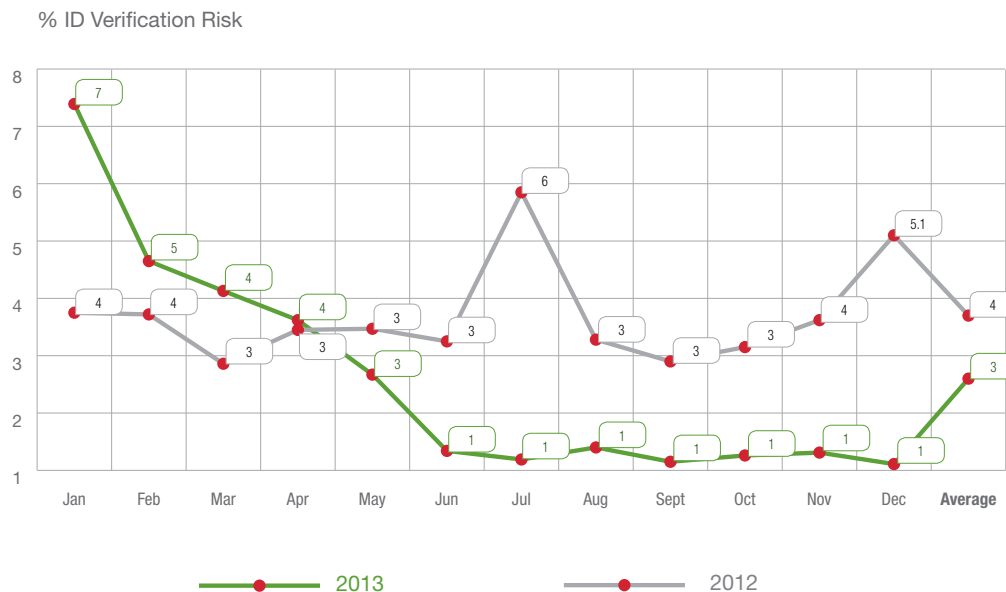


\* Values on this graph is percentage values and have been rounded off to the nearest 10



## ID VERIFICATIONS

The graph below indicates the risk whereby the ID number supplied by a candidate did not correspond with the candidates name and surname. MIE verifies this information through channels to the Department of Home Affairs.



\* Values on this graph is percentage values and have been rounded off to the nearest 10

The Southern Africa Fraud Prevention Service (SAFPS) has indicated that they receive in the region of 20-25 calls per day from individuals claiming to be victims of identity theft and/or fraud. Based on the year to date figure, 1370 cases had been reported to the SAFPS at the end of April 2014.

(New Age, 2014-06-23)

According to Compuscan Credit Bureau Director; Frank Lenisa, "Consumers are often unaware that they have fallen victim to identity theft, and this could lead to a severe knock-on effect in their ability to obtain credit in the future."

(The Citizen 23/06/2014)

Individuals are advised to contact the major credit bureaus regularly to see if enquiries have been made against their personal details.

## DRIVER'S LICENSE CHECKS

A driver's license is not difficult to obtain in South Africa, especially if there is a bribe and an alleged corrupt official involved. A survey conducted in 2013 indicated that 59 % of licensed respondents claimed to know people who bribed to get their licenses. (*mybroadband*, 29-05-2013)

Obtaining a fraudulent license is not only illegal, but can cost the lives of innocent people. Many accidents involving drivers who do not hold legitimate driver's licenses were reported in the news during 2013. The perpetrators were South African citizens, as well as non-South African citizens, such

as the Pinetown truck driver who allegedly had a fraudulent Swaziland public driving permit. (*News24*, 16-10-2013)

The apparent ease with which fraudulent driver's licenses can be obtained clearly illustrates the importance of conducting background screening checks.

The prevalence of identity theft and lack of adequate controls to prevent the issue of fraudulent driver's licenses places unwitting motorists at risk of being arrested and imprisoned through no fault of their own.



\* Values on this graph is percentage values and have been rounded off to the nearest 10

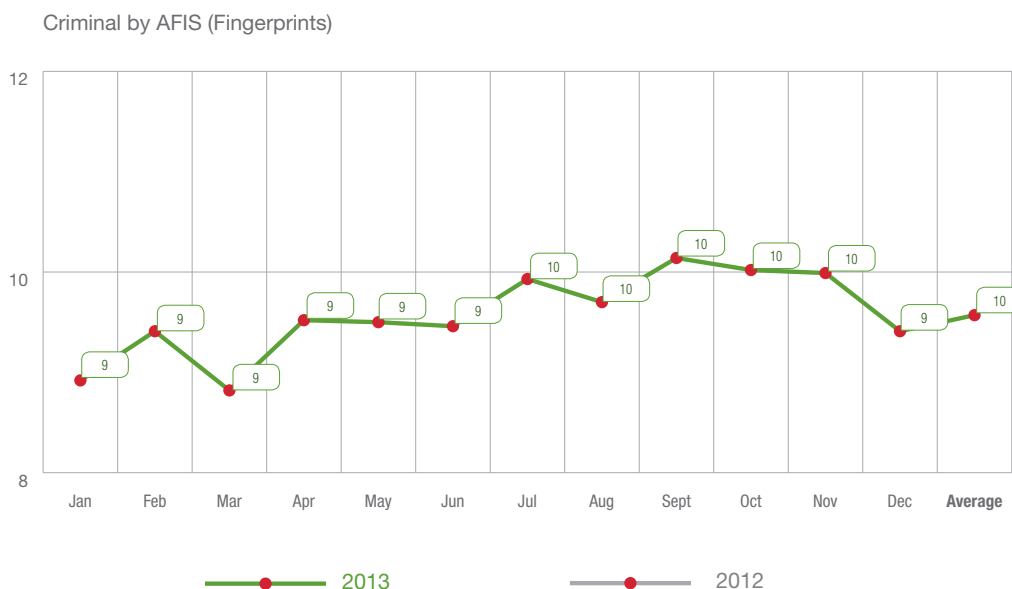




## CRIMINAL VERIFICATION BY AFIS CHECKS

While Criminal checks by AFIS remains the only trusted and legal verification method, the onus lies with clients to ensure compliance to AFIS quality standards when submitting fingerprints for verification. The verification process promises accuracy of results provided good quality fingerprints are submitted for verification. The below graph indicates the percentage of adverse criminal records verified in 2013.

MIE understands the risks associated with the integrity of information and, as a pre-emptive measure, has implemented the AFIS Compliance Assessment process. The process aims to address fingerprint quality issues, thereby alerting clients to any possible fingerprint capturing irregularities that may jeopardise the AFIS verification process.



\* Values on this graph is percentage values and have been rounded off to the nearest 10



## CRIMINAL DETAIL PER CATEGORY

The release of the South African Police Services (SAPS) National Crime Statistics for 2012/3 revealed that Government and the criminal justice system initiatives to fight crime are credible. The crime rate was reduced by 4% during this period.

Statistics show that there has been a steady decline in the crime rate over the past nine years. Strategic partnerships held with the banking sector (SABRIC), Business Against Crime and LeadSA could have contributed to this decline through their contribution to collective crime prevention and reduction programmes.

MIE reminds clients that the return of a “Possible” result on Criminal Record Checks is not a conclusive result. Since the “Possible” result is “inconclusive,” clients are advised to exercise caution pending the outcome of the SAPS Illicit

Activity Report, but should not discount the candidate’s application for employment.

A “Possible” result indicates that further investigations by the SAPS will ensue to confirm the accuracy of the result. These conclusive results will reveal whether the prospective candidate has a “No illicit activity” or a “Positive illicit activity” recorded against their name.

Criminal Detail of Positive illicit Activity Per Category



\* Values on this graph is percentage values and have been rounded off to the nearest 10

## IMPLICATIONS FOR THE INDUSTRY IN 2014

### PoPi

The Protection of Personal Information Act (PoPi) was signed by South African President Jacob Zuma and came into law on the 26 November 2013.

Although not yet implemented, PoPi will regulate access to personal information by both public and private entities and will stipulate how personal information must be handled, stored and secured. However, when the commencement date has been promulgated, PoPi will allow the South African community an additional year to comply with the legislated requirements.

Regardless of when the Act comes into effect, it is advisable for companies to become compliant ahead of time as non-compliance will carry substantial penalties. Anyone who contravenes the Act's provisions will face a possible prison term and fines of up to R10-million.

### Credit Amnesty

The Credit Amnesty Bill came into effect on 01 April 2014. Approved by Cabinet, government introduced a new credit amnesty allowing records of prescribed debt to be removed from the credit system.

The Bill has permitted the removal of all adverse credit information of consumers who have paid up their debts. Their records have been wiped clean once-off and this will be ongoing on a continuous basis in the event that the consumer settles their debts. On the face of it, this seems promising, however, it mitigates against the matter of consumers' failure to meet their obligations to pay off their debts.

According to the National Credit Regulator, the purpose of the amnesty is to provide a new credit opportunity; reducing the cost of credit repair and helping consumers pay less for their credit.

Companies looking to vet prospective employees will still be provided with adverse judgements listed against a consumer for debts that have not been settled.

Additionally, previous employment history, address history and ID verification will also reflect on credit reports. This includes new adverse credit information and new judgements as well. Thus, companies need not worry about Credit Amnesty's impact on their background screening processes.



## REPORT SUMMARY

With all of the evidence before us, “Don’t be sorry, be sure” ought to be the maxim within all organisations.

MIE offers an impressive and growing bouquet of services that will enhance your organisation’s capacity to confirm the validity and authenticity of an individual’s credentials, safeguarding your organisation and enhancing the calibre of new employees.

Please visit our website – [www.mie.co.za](http://www.mie.co.za) – to keep abreast of important developments within the workplace. For personalised assistance with custom-designed background screening solutions for your organisation, kindly contact the MIE Marketing Division.

## CONTACT MIE

### General Contact Information

**Internet Web Site:** <http://www.mie.co.za>

**Mail Address:** [info@mie.co.za](mailto:info@mie.co.za)

**Postal Address:** PO Box 525, IRENE, 0062

**Physical Address:** Jean Park Chambers  
Units 1 & 2  
252 Jean Avenue  
Centurion;  
South Africa

**Telephone:** +27 (12) 644 4000

**Facsimile:** +27 (12) 644 2055

© Managed Integrity Evaluation (Pty) Ltd.  
All rights reserved.

