

MIE BACKGROUND SCREENING INDEX (BSI)

FINDINGS 2018

WE GIVE YOU THE FULL PICTURE

FOREWORD

Fraud, Corruption, Misappropriation of assets, Misconduct, Misrepresentation. These, among others, are incidences continuously being publicly exposed and reported on in the media the world over. While such incidents justly hold repercussions for the party found guilty of any under-handed or illicit actions, unfortunately they may also carry an implied reputational, or even legal or financial, risk to all associated entities too.

In addressing this implied risk – and particularly in today's highly publicised, digital environment – public and private sector entities are increasingly realising the need to be more vigilant about the people, suppliers, and clients they choose to associate themselves with. As a result, the adoption of background screening and verification services and solutions as part of employment and procurement practices is expected to grow more rapidly across global markets in the coming years.

To put this into context, the global employment screening services market is forecasted to grow to US\$ 5.46 billion by 2025. With this, as pressures mount to combat and eradicate all forms of fraud and corruption, markets are also seeing a steady increase in demand for quality, comprehensive and cost-effective solutions for conducting background checks and verifications across the board.

Locally, during 2018, MIE completed 2 874 096 transactions across all regions within the company's global network. The company saw an increase in the number of transactions completed for 2017, which indicates that despite another year of subdued economic and business growth, there is still movement in the job market and steady demand for and adoption of background screening and verification services.

We understand that far more robust risk management is often a key predictor of business success, especially in the complex, competitive and highly regulated operating environments of today. Therefore, in our efforts to keep the market informed, we have launched this eighth edition of our Background Screening Index (BSI) report, where the enclosed findings highlight the trends and challenges that continue to shape the industry – and the associated risks that all entities should be aware of, in order to better prepare.

Michelle Baron-Williamson
CEO of Managed Integrity Evaluation (MIE)

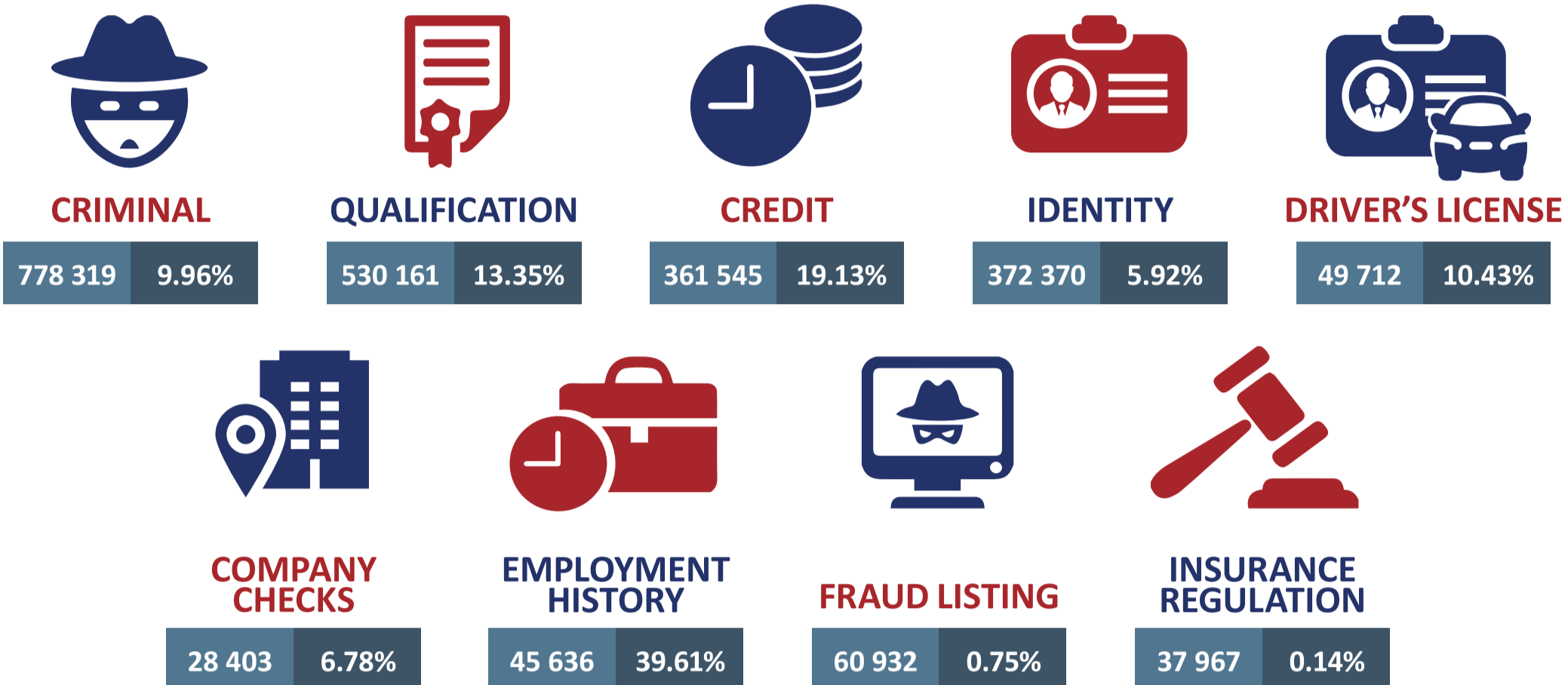
2018 YEAR IN REVIEW: SNAPSHOT

THE DATA DISPLAYED BELOW DEMONSTRATES THE VOLUMES OF CHECKS CONDUCTED, BY CATEGORY, AND THEIR ASSOCIATED RISK. WHILE THE ASSOCIATED RISKS VARY BY CATEGORY, THESE INCLUDE, THOUGH NOT EXCLUSIVELY:



Volume of checks completed

Risk Percentage



TRENDSPOTTING

- There has been an increase in demand for company checks - which highlights growing market awareness on the importance of supplier vetting.
- Requests for fraud listing and insurance regulation checks have increased, in line with regulation adoption, and especially within the financial services sector.
- Steady market demand for and uptake of background screening and vetting of candidates and employees;

27.1%

This is despite unemployment in South Africa remaining high at 27.1%, according to Q4 2018 stats, which is indicative of fewer jobs being available in the marketplace.

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Safety and mitigating risks associated with an unsuitable hire remains the top priority, however, background checks also offer added assurance of the high calibre of skilled hires.

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Qualification and criminal checks, alone, are not sufficient to gauge a candidate's suitability and there is growing market recognition on the importance of conducting employment history checks and comprehensive vetting of the candidate's CV.

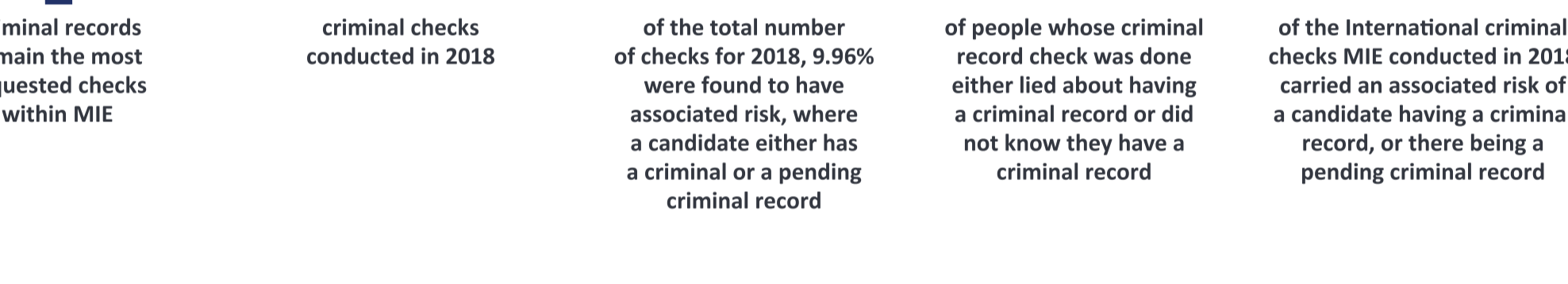
THERE IS GROWING MARKET AWARENESS ON THE IMPORTANCE OF CONDUCTING BACKGROUND SCREENING CHECKS ON PART-TIME EMPLOYEES.

CANDIDATE BACKGROUND CHECKS

CANDIDATE SCREENING

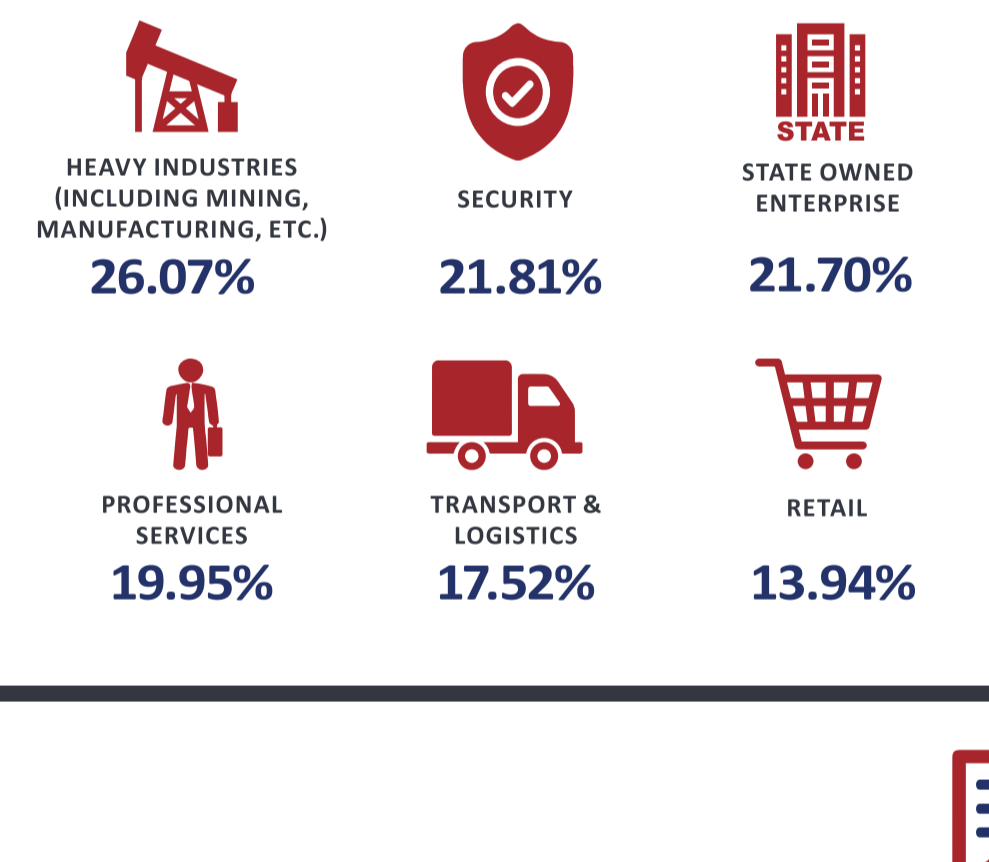


CRIMINAL



SECTORS WITH HIGH ASSOCIATED RISK

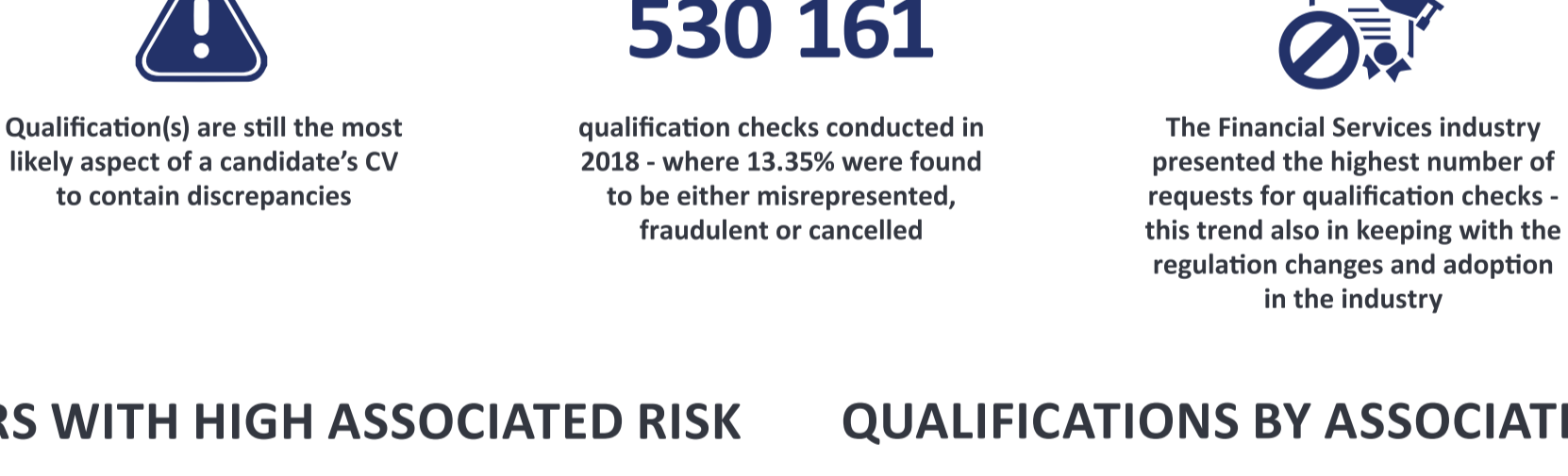
CRIMINAL RECORD STATS



CRIMINAL RECORDS	RECORD %	PENDING %
VIOLENT CRIMES	26.13	35.66
THEFT OFFENCES	24.88	17.84
NARCOTICS (DRUGS/LIQUOR)	16.85	10.41
CRIMES AGAINST STATE	22.32	29.51
WHITE COLLAR CRIMES	9.16	5.77
OTHER CRIMES	0.66	0.81

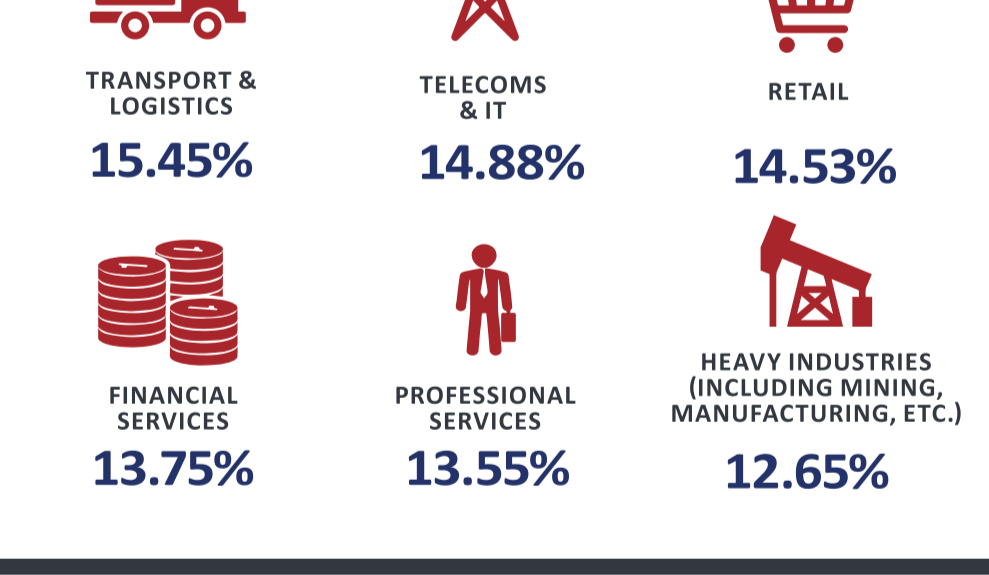


QUALIFICATIONS



SECTORS WITH HIGH ASSOCIATED RISK

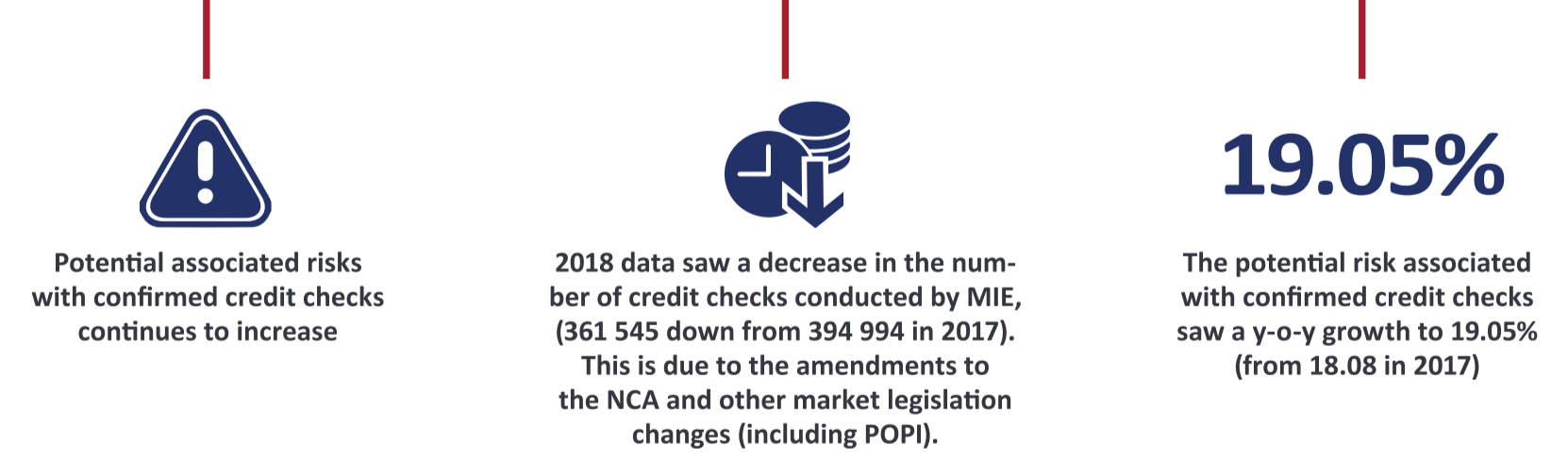
QUALIFICATIONS BY ASSOCIATED RISK



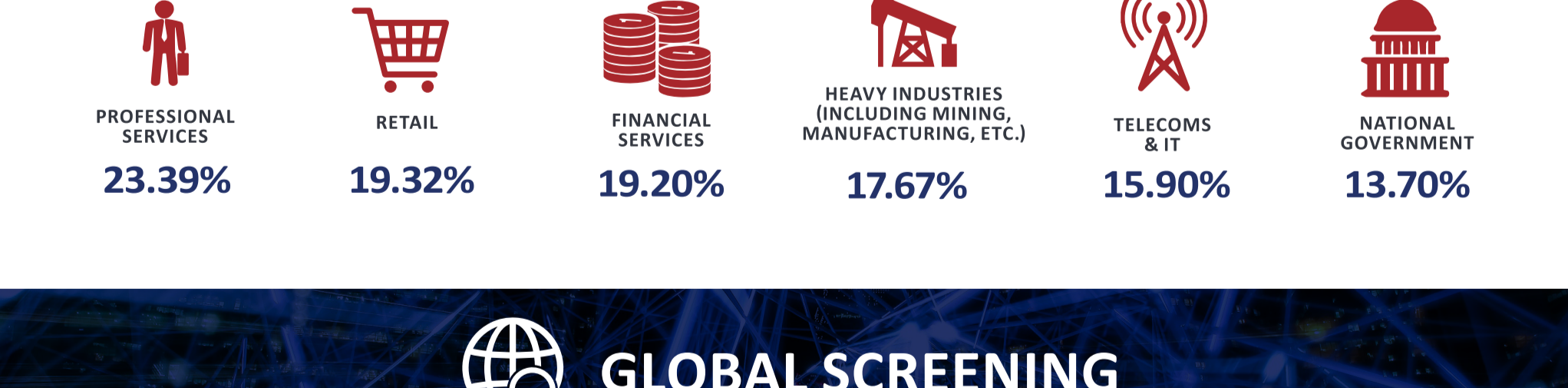
QUALIFICATION TYPE	RISK %
INTERNATIONAL	42.22
AFRICAN	22.29
TERTIARY COURSE	22.00
NATIONAL TERTIARY	15.80
MATRIC	13.40
MEMBERSHIP	7.53
NATIONAL QUALIFICATIONS REGISTER	3.63



CREDIT



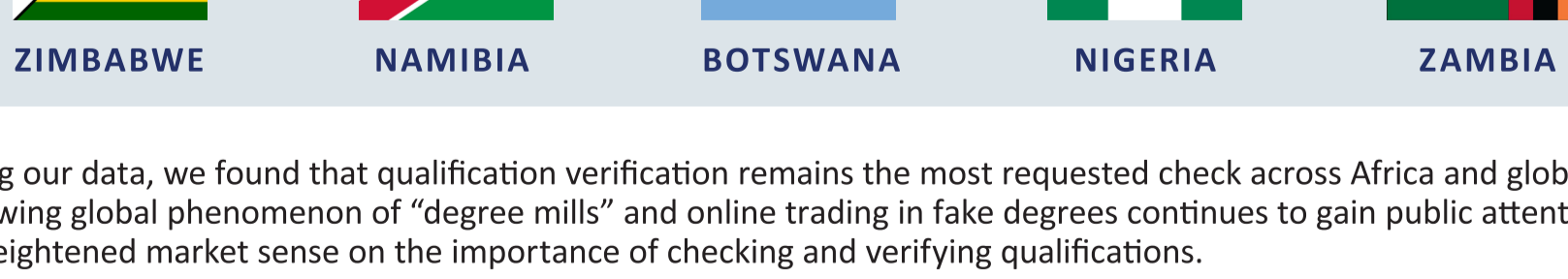
SECTORS WITH HIGH ASSOCIATED RISK



GLOBAL SCREENING

Globalisation and growing world volumes is driving demand for access to comprehensive international screening programmes and services – on candidates/employees, suppliers and clients. MIE Global offers comprehensive screening services in over 30 African countries and boasts a network of reputable screening partners from all 6 continents.

Top five countries – outside of South Africa - with the highest adoption and requests for background screening services for the year 2018 included:



In reviewing our data, we found that qualification verification remains the most requested check across Africa and globally. As the rapidly growing global phenomenon of "degree mills" and online trading in fake degrees continues to gain public attention, there is certainly heightened market sense on the importance of checking and verifying qualifications.

South African public and private entities who look to onboard non-national candidates – whether on a temporary secondment or to fulfil a permanent position – should be vigilant and continue to conduct comprehensive background screening checks. Such checks should be conducted in each/every country the candidate has previously resided in.

Similarly, hiring entities who want to manage their procurement risks should continue to screen suppliers irrespective of where they are from – and suppliers should be screened based on the credentials of the applicable country.

Across all checks, the associated risks vary considerably, from country-to-country and across categories. Understanding the local environment and in-country partnerships are therefore crucial to successfully providing quality and comprehensive international screening services.

FORECAST: 2019 AND BEYOND

- We expect that adoption of background screening and verification services and solutions will continue to grow in South Africa – and even during tougher economic times, as public and private sector entities, alike, become more aware of the value added to their proactive and operational risk management.
- Social Media checks will continue to see an uptake as year-on-year growth shows increase and clients finding value in the information provided.
- Public and private sector entities implementing re-checking on current employees and making this a part of the going HR policies.
- Greater demand for Commercial Screening solutions, as public and private sector entities are not only undertaking screening of candidates and employees, but suppliers they are doing business with.

In compliance with the Protection of Personal Information Act (POPI), MIE only conducts background verifications on consenting candidates. As a registered Credit Bureau, MIE is also compliant with the regulations in the National Credit Act Amendment 19 of 2014 (NCAA), which came into effect in March 2015.