

# Week of Integrity 2017

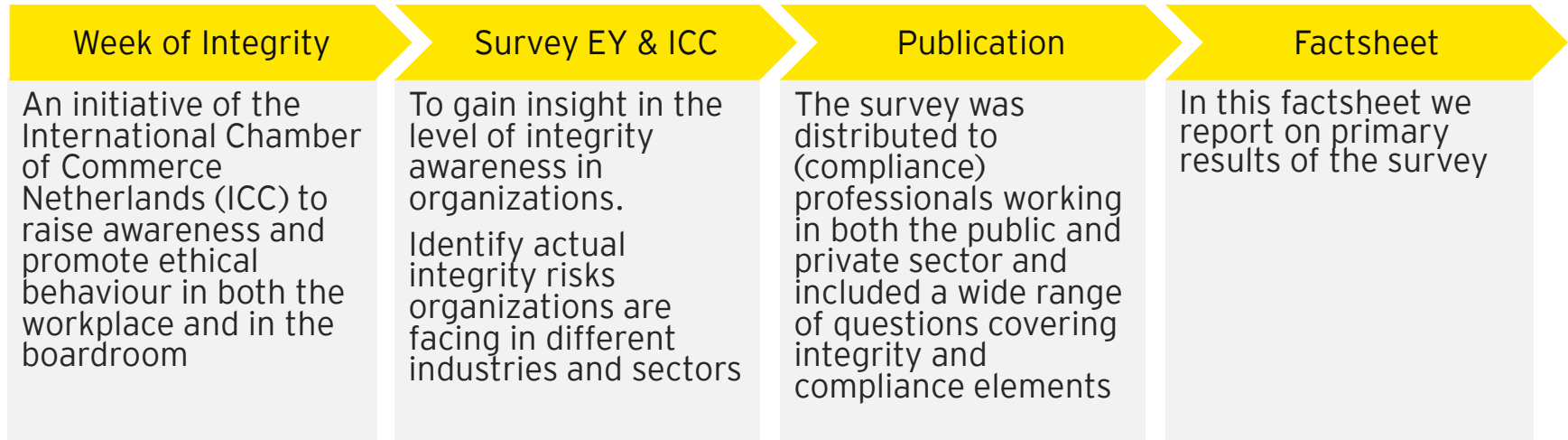
1 - 9 December 2017

Results Integrity Management survey

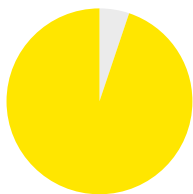
90% of respondents consider the risk of bribery/corruption and fraud applicable to their business

73% of respondents report that their financial impact of all fraud, corruption and/or money laundering incidents is over €25.000 per incident

# The 'Compliance & Integrity Survey' provides insight in awareness and the level of integrity

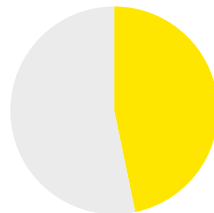


### Participants



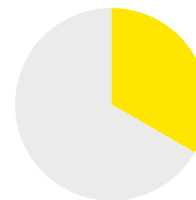
■ Public sector 5%  
■ Private sector 95%

### Private sector



■ Financial sector 46%  
■ Non-financial sector 54%

### Public sector



■ Government 33%  
■ Semi-Government 67%

**53%** of the respondents are Compliance Officers

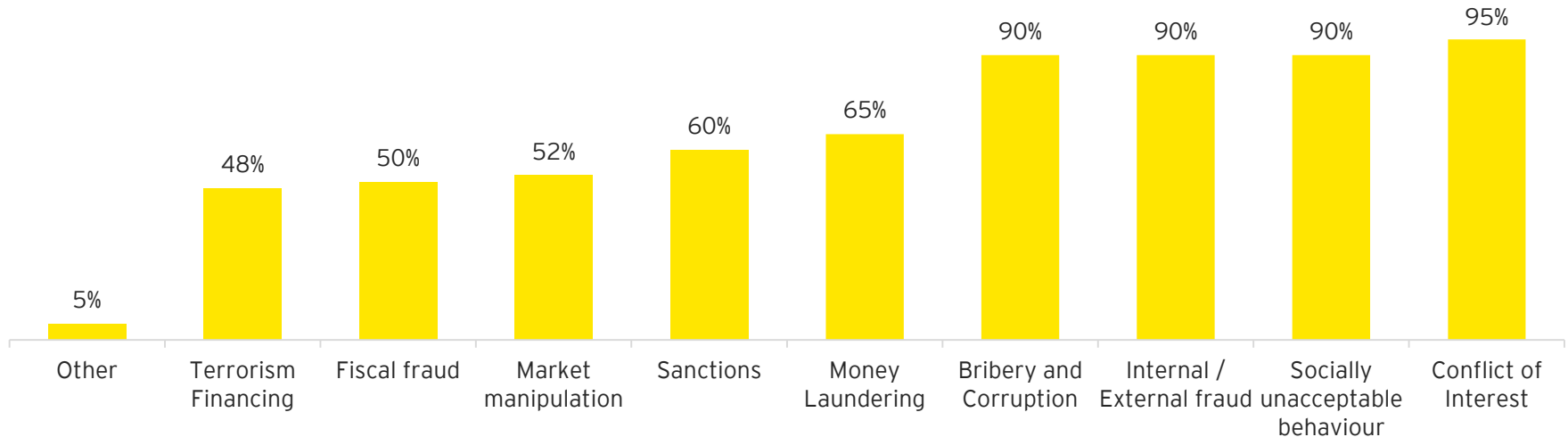
# Integrity and compliance remain of crucial and increasing importance for organizations

**96%** of respondents indicate that **integrity risks are evaluated** in their organization

**84%** of respondents indicate that **the risk assessment** leads to **appropriate mitigating measures**

**85%** of respondents indicate that there is an **integrity training program in place** for the employees in their organization

Most applicable integrity risks to business recognized by respondents

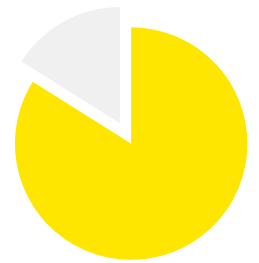


# Integrity breaches and incidents are on top of mind of the respondents of the survey



**85%** of respondents have faced a (suspicion) of fraud, corruption or money laundering

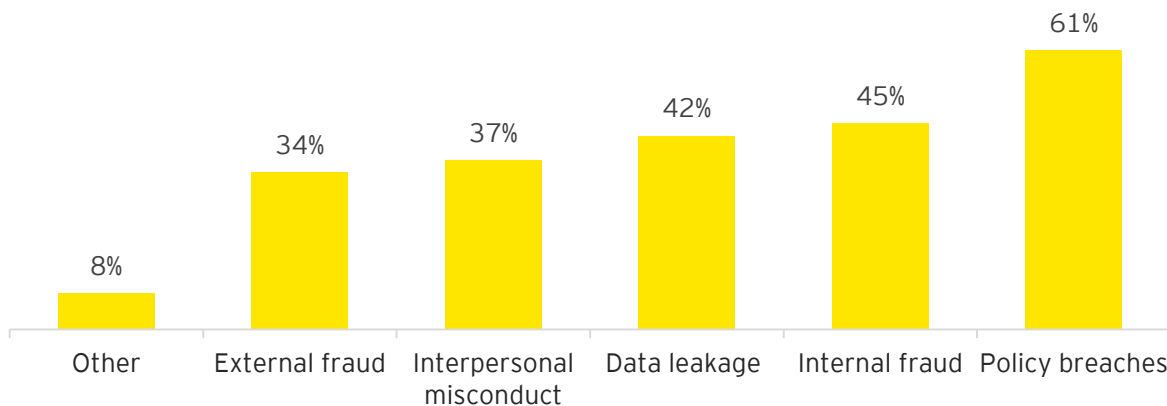
My company has an incident management process in place



■ Yes 84% ■ No 16%

The respondents indicated **58 integrity incidents** per year on average. However, there was one respondent who noted that he faces **4.000 incidents** a year

Most common integrity breaches



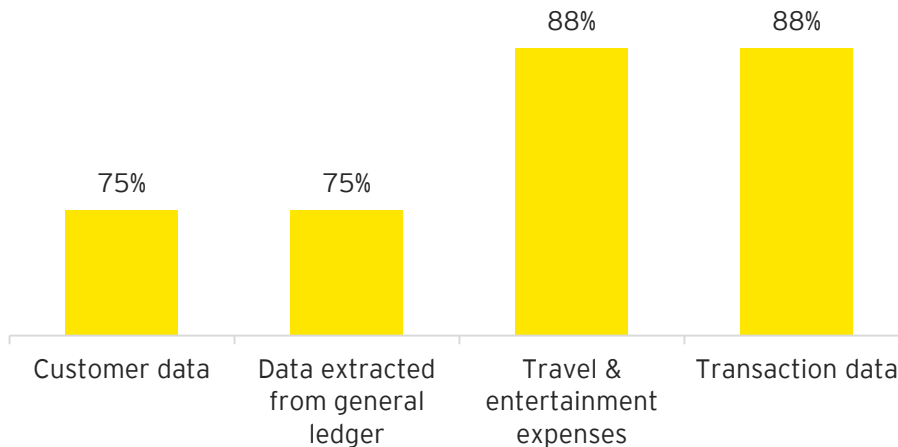
**60%** view the number of incidents over time as **stable** taking into account current cases of fraud, corruption and/or money laundering

# There is a huge opportunity to use Data Analytics in compliance control

**48%** of respondents **do not** use data analytics on a regular basis to **assess integrity risks**

**54%** of respondents indicate that their organization **USES** data analytics to monitor the **effectiveness of compliance controls**

Data components captured to monitor effectiveness of integrity framework



The outcome of the survey and the increasing pressure from both regulators and Boards of Directors will require management to demonstrate an effective compliance program which includes anti-fraud, bribery and corruption initiatives.

Effective and efficient solutions are needed to gain insight in the ever-increasing amount of structured- and unstructured data that companies are generating nowadays. The use of data science can allow a more timely and thorough response. More cross-referential insights can be given by using a variety of statistical and visual techniques from modelling, machine learning, and data mining that analyze current and historical facts. These drive useful insights into potential patterns and behavioral trends that were not previously apparent.

The use of data science can optimize compliance programs and transaction monitoring activities. Besides that, it is cost efficient since it reduces manual intervention. This approach should enable companies to further confidently expand their business operations taking into account the relevant Financial Economic Crime risks.

# Integrity risks are hard to detect, but can cause significant impact to organizations

Any (international) operating organisation may face integrity risks - often unintentional and sometimes even unknown to management. These may remain unidentified due to a lack of transparency.

An event, related to these integrity risks may end up in financial losses, loss of clients or even damage to the reputation of the organisation and its management. This can harm the organization and in some cases it may result in serious trust issues with your stakeholders.



Geographical risk



Client Risk



Transaction /  
product risk



Third party / agent  
risk



Employee  
risk



System / data risk

Does this apply to me? Some key questions to find out:

1. Are we operating on an international level?
2. Are we active in countries with an increased risk for sanctions, bribery or money laundering?
3. Do we know the key facts and circumstances of our buyers and suppliers or other parties involved in the process?
4. How are my systems and (client) data protected?

Your starting point should be a proper risk assessment, in which the different integrity risks are assessed, taking into account multiple risk factors.

By identifying the key risks it is possible to define mitigating measures which should help you to prevent these risks, such as:

- ▶ Policies and procedures, including sanctions policy framework
- ▶ Transaction filtering and monitoring
- ▶ Due diligence on third parties
- ▶ Incident management process
- ▶ Whistleblowing policy
- ▶ Employee training and awareness
- ▶ System security controls
- ▶ Data analytics / data science

# Feel free to contact us!



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