



DUN & BRADSTREET CHIEF OPERATING OFFICER ON MANAGING AND ASSESSING COMPLIANCE RISK

A heightened risk of bribery, corruption and identity theft exists as “bad actors” seek to mitigate the economic fallout from the pandemic

Written by Julian Prower, Chief Operating Officer, International Chairman of the Board and Country Leader, Dun & Bradstreet India

The COVID-19 pandemic is unprecedented and has sparked an economic crisis like no other, engulfing businesses of all statures. As a result, the world economy could witness the biggest contraction in almost a century, and many companies are struggling to stay afloat. As the pandemic develops, the role of business leaders is also being elevated to new heights. Not only do they have to drive demand but also they must identify the ‘bad actors’ to protect their business and remain compliant.

Driving growth while managing compliance risk

Most businesses across the world are faced with a challenging balancing act, with increasing pressure to grow the topline while remaining compliant and delivering a strong bottom-line performance. For many companies, compliance has never been more complex, with information dispersed across multiple disparate sources. Navigating the unknown without trusted data and insights is likely to stifle growth potential and amplify compliance risk.

The pandemic has forced many businesses to re-engineer, redesign and restructure their supply chains and operations to remain viable, productive and healthy. Polls conducted during Dun & Bradstreet webinars reveal that nearly half of the businesses are looking to onboard alternative vendors. As a part of long-term supply chain resilience measures, several companies have expressed their intention to diversify production facilities. These decisions increase exposure to third-party risk and the challenges associated with validating potential third-party business partners during the current government-enforced lockdowns. The digital age has

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brought about new types of business-related fraud, and the 'bad actors' are smarter and adopting more creative ways to take advantage of companies big and small. Businesses that extend trade credit are at high risk of being victimized by these types of scams, and the resulting financial damages can be significant. According to the Association of Certified Fraud Examiners, business-to-business fraud costs US companies an estimated US\$7 billion every year.

As more organizations go global, carrying out appropriate and adequate third-party due diligence becomes even more critical, considering the monetary and reputational costs of non-compliance with economic sanctions and anti-corruption and anti-money laundering laws. There is also a heightened risk of bribery, corruption and identity theft as 'bad actors' seek to mitigate the economic fallout from the pandemic. According to Dun & Bradstreet's High Risk and Fraud Insight (HRFI) team, identity theft traditionally increases after major natural disasters and national crises. Our current estimate indicates an overall 258 percent spike in business identity theft since the beginning of 2020.

'New Normal' for doing business

The Dun & Bradstreet Data Cloud—providing comprehensive data and information on more than 360 million total businesses—has enabled us to assess the potential risk and impact of the pandemic for ourselves and most importantly

our clients. Our cloud-based compliance management tool, with deep, live business identity insight, has helped many of our clients during these trying times. Using robust firmographic, operational and financial data and checks against OFAC (Office of Foreign Assets Control), AML (Anti-Money Laundering), PeP (Politically Exposed Person) watchlists and other compliance sources, we have helped businesses to verify the legitimacy and compliance of their third parties when the possibility of physical checks was next to nil.

Businesses that will survive the impact of COVID-19 will be those who have adapted quickly to the new way of doing business and shown resilience in the face of adversity. We've seen a marked shift in our clients' approach to third party due diligence. Along with adapting to cloud-based platforms for screening, monitoring, and establishing the corporate linkages, we have observed a growing trend in accepting e-acknowledgement instead of e-signature as a temporary measure, depending on geo-tagging as an alternative to physical address verifications and complete adaptation to e-learning or virtual training while onboarding new partners.

Maintaining an ethical culture in the era of uncertainty

As we moved to remote working, consistent communication from top management to the employees was crucial. Periodic reminders to employees on "Doing the Right Thing" is of paramount importance. At Dun & Bradstreet India, we have launched our proprietary "Doing the

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Right Thing Version 3" training to emphasize key areas of risk while reminding employees that ethical, compliance and people obligations continue in times of crisis. The message is driven from the top down, and the training is mandatory for all of our 650 employees across seven offices. It is a key priority for our leadership team to make certain all employees complete the training. We also believe it is of extreme importance during this time, when all interactions are virtual, to respect the criticality of regular reviewing of any employee and whistleblower complaints. Overlooking red flags that are brought directly to the company's attention is a sure recipe for disaster.

The pandemic has taught us to adapt to new ways of operating and managing our organization. Businesses who are agile and adapt to new ways of working will be those most likely to survive and even thrive beyond the crisis.

Author Biography



Julian Prower is Dun & Bradstreet's International Chief Operating Officer (COO), accountable for supporting the development and execution of the company's international strategy to accelerate growth across its owned, joint venture and partner markets. In addition, he serves as the chairman of the D&B UK and India boards, with a recent expansion of his responsibilities to include Managing Director for the Dun & Bradstreet India business. Mr. Prower joined D&B in 1985 as a member of the European Technology organization.