

Secure Payroll Exchange



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Fraud is an ever-increasing problem for our financial institutions. Criminals use a number of creative methods to access our personal information, and attack these and other organisations through which we do business.

When we apply for a credit card, loan, mortgage, current account or cell phone contract, we are at risk. This may be caused by innocent administrative oversights, such as incorrect address or ID number typos, to more deliberate misinformation, like inflated income details.

“Minor” inconsistencies like these are becoming increasingly difficult to spot among customers. Application fraud is a critical problem to address, as it directly affects a financial institution’s profitability, its customer experience and its bad debts.

Application fraud increasingly occurs at third-party level, where the fraudster steals the identity of a customer and applies for a new credit product. This type of fraud is often only identified by the organisation when genuine customers realize their identities have been compromised and call to deny knowledge of a credit application.

Typically, as much as 40% of application fraud can be third-party fraud. Business urgently needs to make the shift and be seen as a safe haven by its customers.

Preventing Application Fraud

How can a business prepare to counteract fraud, before it happens?

Key is enabling consumers to share their personal information, including banking and payslip details, without handing this over to unscrupulous fraudsters in the process of applying for services.

Banks already leverage various techniques to identify and stop application fraud before criminals make off with fresh credit cards or loans. Ironclad authentication procedures have emerged that can verify applicants' identities and weed out both stolen and synthetic identities as well as applicants with suspect histories that could signify first-party fraud.

The best application fraud defenses rely on multilayered approaches that optimise both authentication and machine learning. No type of fraud can be stopped entirely, but enough defenses can bring it from an industry-wide menace to just an occasional nuisance — and save banks and their customers millions of Rands in the process.

Up to now, the only way for banks and credit providers to verify payslips provided by a potential consumer is to go the extra mile and call the employing company to verify employment, employee number and salary. This is usually only done when they are suspicious of the documents used for a credit application, which means that many fake documents slip through the cracks. This process of verification, depending on the number of employees applying for credit can become an administrative burden for the employer. Anecdotal evidence suggests that some HR teams of relatively small companies field up to 5 calls per day to query employment details.

With this in mind, Accsys (a division of Transaction Capital Transactional Services) has partnered with Comcorp in integrating PeopleWare with Secure Payslip Exchange (SPX). With over 26 years of experience, Comcorp are trusted by South Africa's major banks and credit providers. Their unique technological solutions mitigate data and identity fraud by using world-class biometric facial recognition functionality, that manages client authentication and POPI consent compliance.

Accsys has offered employee management software solutions for the past 40 years to the South African and African market.

What is Secure Payslip Exchange?

SPX enables organisations to provide employees' payslip information to registered Financial Services Providers (FSP), through a secure platform. Participating FSP's then access the necessary payslip data once the individual employee provides consent to the FSP during a financial application.

Use of SPX is proven to substantially reduce the risk of application fraud, while protecting individuals, companies and lenders. It allows banks and credit providers to access payslip information with full consumer consent, electronically, in real-time, securely and directly from source.

This removes the challenge of detecting fraudulent documents and eliminating the possibility of document tampering.

SPX benefits to employers:

- Reduced administration and calls from creditors for verification of employee income and employment.
- Stronger POPI act compliance.

- Reduced inconvenience of employees having to take time off work to apply for credit
- Reduced administration in terms of providing copies of payslips, either printed or via email
- Supports responsible lending practices and deters the need to resort to unscrupulous lenders for loans.
- Fully automated process requiring zero administrative effort
- Secure data transfer and is held at source mitigating the risk of identity fraud.
- Endorsed by the local banks of South Africa and recommended by the Banking Association of South Africa (BASA) as a means to reducing fraud in South Africa.
- There are no additional costs to the employer or employee.

SPX benefits to employees:

- Reduced time out of the office to complete credit applications.
- No need to hand over / email copies of sensitive information to possibly unscrupulous service provider personnel
- No requirement to have documentation authenticated by Commissioner of Oaths
- Applications take less time to complete and receive approval from the FSP.
- Biometric authentication ensures secure transfer of data

SPX benefits to service providers and lenders:

- Instantly and reliably accesses applicant's payslip information from source data held by participating employers
- Reduces the of risk of credit application fraud for lenders by obtaining income documentation directly from a trusted and secure source
- Improves application turnaround time thereby improving the rate at which credit is extended to consumers
- Provides more accurate approvals to more customers through technology and automation.
- Ensures detailed analysis of a potential customer's financial position complies with responsible lending.
- Reduces the extent of manual intervention presently required to view a payslip, recapture income information and telephonically contact the employer to confirm employment.



Links, References and Notes

Accsys, a division of Transaction Capital Transactional Services (Pty) Ltd. provides people management solutions i.e. Payroll, Human Resources (HR), Time and Attendance as well as Access Control/Visitor Management. The company develops, implements, trains and services our solutions. We provide readers, turnstiles, booms and CCTV. We run both on premise and in the cloud, as well as mobile options for ESS. Recruitment, online education and Business Process Outsourcing (BPO) are part of our offering, too.

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Comcorp has, for the past 26 years, focused on solving business challenges in the financial services sector, by developing proprietary software solutions. Comcorp has developed an innovative toolkit which enables businesses to effectively and compliantly onboard customers, whilst mitigating their risk of processing fraudulent transactions.

www.comcorp.co.za

<https://www.comcorp.co.za/secure-payslip-exchange/>

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References:

<https://www.pymnts.com/fraud-prevention/2020/deep-dive-why-new-hacking-technology-application-fraud/#:~:text=Some%20studies%20have%20found%20that,stealing%20them%20from%20existing%20individuals.>