

Forensic Outlook 2020

Demonstrating integrity and
reinforcing trust to secure the
future

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Introduction

India's Economic Survey 2019-20 presented ahead of the Union Budget anticipated a modest growth outlook, projected between 6 - 6.5%¹ for the year and driven by several reforms to enhance the country's financial health, augment domestic demand and boost revival. However, the path ahead is laced with many risks. The COVID-19 outbreak has unleashed fury across the globe, impacting millions of human lives. Economic growth has seen an adverse impact worldwide, including India amidst an already tepid market outlook, resulting in a sharp fall in markets worldwide, plunging stocks, shrinking exports and business interruptions and lockdowns. While the risk appetite of companies dwindles, some of the other challenges ahead include market uncertainties, geopolitical tensions, international trade restrictions as well as fraud and corruption.

Transparency International's Corruption Perception Index 2019² saw India slip two ranks from last year, standing at 80 out of 180 countries, while the score remained stagnant at 41. The report further analyzed that several countries did not show any major change in the level of corruption since 2012. This is quite alarming given today's volatile environment where many businesses are struggling to handle internal and external threats. India's financial sector is still reeling under the impact of rising non-performing assets, money laundering; whistleblowing cases have seen an uptick and data privacy concerns have taken centerstage.

The responsibility and accountability of the management is skyrocketing, demanding a refresher in their roles and approach to deal with new risks and a young workforce. From an organizational standpoint, it has become critical to know and understand who they are dealing with - whether its employees, vendors or customers. Enforcement has inarguably strengthened over a period of time, and it's imperative to sustain momentum with regulations, resource allocation and implementation. Organizations need to reinforce an ethical stance through action, over and above compliance frameworks, which may exist only in form.

With this background, EY's Forensic Outlook 2020 lists key trends for organizations to demonstrate integrity, empower people and innovate to secure the future. These trends and the ongoing COVID-19 pandemic have prompted us to devise specific solutions to meet the challenges from a compliance and fraud risk standpoint in these unprecedented times. To summarize, our solutions help companies conduct an assessment of prevalent risks including digital, cyber, contractual, supply chain, effective monitoring and optimization of relief funds and help companies conduct remote investigations. We can also assist in preparing for the next phase by understanding the impact of business disruptions on contracts, assessing the financial exposure along with ethical, technological and employee related risks and preparing for any disputes in the future.



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Leadership matters: how refreshed CXO roles can shape strong ethical strategies



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Chief Executive Officers: at the helm of the integrity agenda

The Chief Executive Officer's (CEO) role in molding an organization's culture has always been critical, with the tone at the top playing a key role. However, the last couple of years has seen many reported cases where unethical behavior persisted, at times overlooked by senior management. The average tenure of a CEO has reduced globally because of various factors such as performance (financial, returns to shareholders), issues around governance and compliance, as well as cases of a demonstrated lack of ethics and integrity at the workplace. 2020 will cast a spotlight on the CEO's responsibilities and decision making capabilities when there are ethical dilemmas. Managing and responding to crisis situations, in light of the recent COVID-19 outbreak will be another factor defining leadership and building trust.

Another aspect that will need a refresher is the behavioral angle, compelling CEOs to shift from an aggressive people stance to a strategic one. This will consequentially impact their tenure at the helm. CEOs will also have to steer clear of the mindset to achieve success at any cost as it may no longer be acceptable. Inappropriate conduct will be reprimanded by all, including market participants. Today's digitally connected world will further offer more avenues for choices and actions to be highlighted, if a CEO is not walking the talk.

Independent directors: under unprecedented scrutiny

Recent regulatory developments have enhanced the role and powers of independent directors (IDs), but at the same time, exposed them to several unknown risks. Today, IDs are under significant scrutiny – more than ever seen and have been faced with the dilemma of if they should continue serving a particular company or not. However, they are one of the strongest pillars for corporate governance and in 2020, it will be important for them to step ahead and not take a step back. Their guidance to help organizations maneuver in a challenging business and economic environment will be instrumental in solidifying superior ethical and value-based decision making. 2020 will also see IDs take an active role in companies and not just be limited to the legal duties. Their advice will go above and beyond just maintaining the minimum standards of compliance and help create sustainable and purpose driven organizations.

Chief Information Officers: entrenching the human factor in technology

Chief Information Officers (CIO) will continue to drive digital transformation and preparing organizations for future risks. While the emerging technology will remain central, 2020 will see CIOs bring in the human element within it. Managing data has been an uphill task for many businesses and finding the balance between collecting and preserving data – whether personal or the company's, while maintaining individual privacy in line with regulatory requirements will be essential. The COVID-19 outbreak has resulted in a substantial chunk of corporate employees working remotely and CIOs will have to find the balance between providing remote access to enable work from home while at the same time, maintaining confidentiality of sensitive information.

As organizational workforce become more digital, CIOs will play a key role in making sure that ethical boundaries are not overstepped when handling personal data. Today's workplace has transformed significantly, with businesses encouraging a high performing workforce by offering flexibility, ease and motivation. CIOs will have to reassess the current access – restriction model so organizational assets are secure, without defeating the true purpose of the future of work.

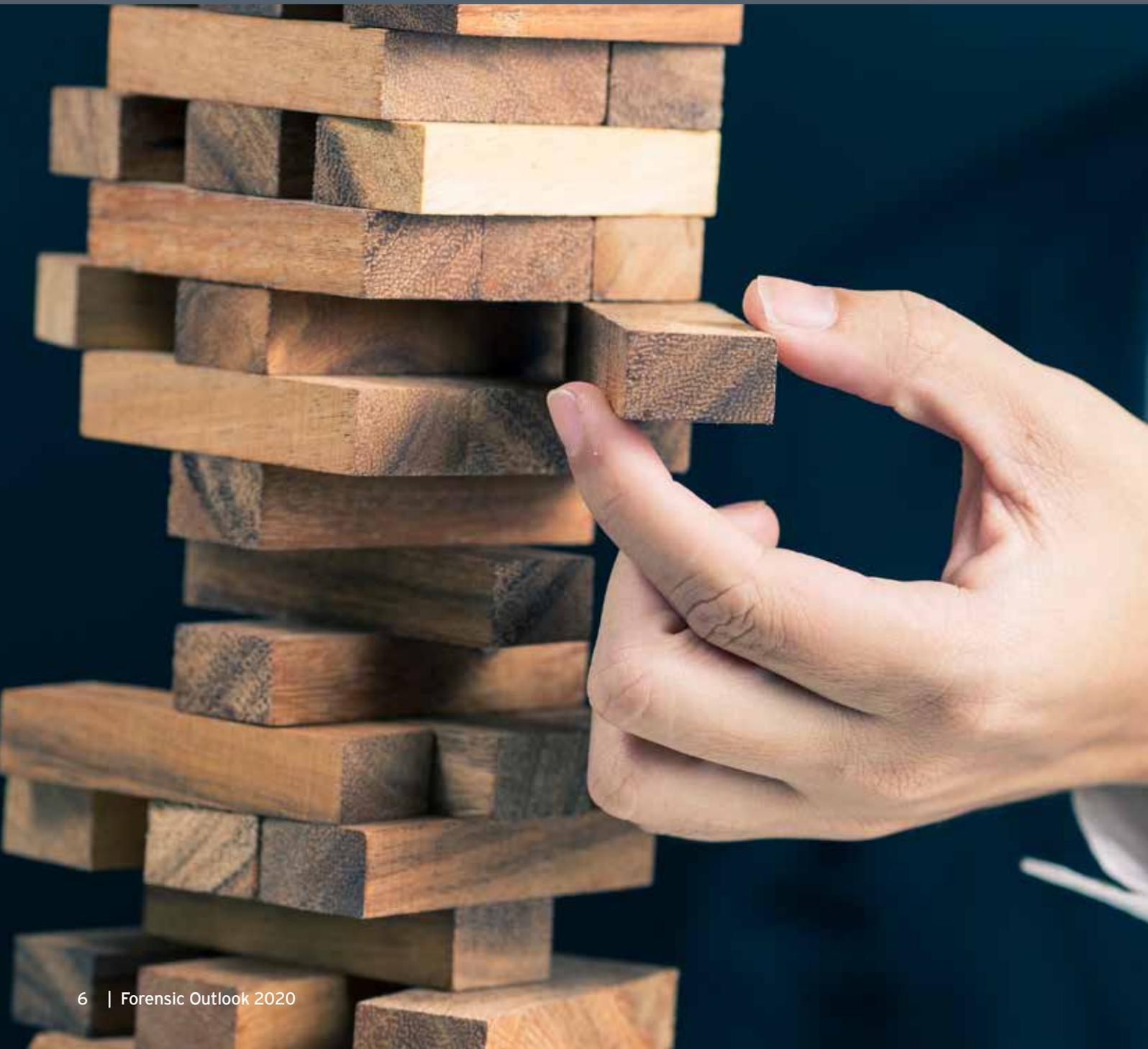
Chief Human Resources Officers: channelizing the power of first impressions

Chief Human Resources Officers (CHRO) are perfectly placed to make a long-lasting impact on corporate cultures and propel organization-wide efforts to whole new level when encouraging sound behavior and safe workplaces. 2020 will have CHROs charting a way to guide new and young professionals, including Gen Z to imbibe company values as they take their first steps in the organization. The initial days of onboarding and first impressions are pivotal for employees to get a pulse of their new work environment and will go a long way in adopting their work outlook. Different organizations hold different values, and there will be a need for speed in employees to learn, re-learn (or unlearn) their new organization's objective, mission and vision. In 2020, CHROs will have to make an effort to appeal to their employees' subconscious mind and create a positive link for success.

Traversing fraud and geopolitical risks in a transformative age



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Geopolitical risks limiting global growth prospects

The global economic climate is tempestuous to say the least, amidst unforeseen but escalating geopolitical tensions and trade wars that can have significant ramifications on countries worldwide. According to International Monetary Fund's (IMF) World Economic Report, a 3.3% rebound was initially forecasted for the year, from 2.9% in the previous year³. However, 2020 will see the resultant impact of potentially adverse factors such as the Brexit, rising debt levels, economic and political instability in many regions.

COVID-19 with its multiple concentration points has unleashed fury across nations, affecting thousands of human lives. The virus outbreak is pushing the world into its worst downturn since the global financial crisis with falling markets, plunging stocks, shrinking exports and disrupted business operations. The Organization for Economic Cooperation and Development (OECD) stated that growth could be cut in half if the outbreak continues to spread.⁴ While the initial half of 2020 is likely to witness muted or stagnant growth, the second half may shift toward stability and market recovery.

Fraud in India: companies and consumers in the line of fire

Market volatility in India has intensified because of both macro and micro economic factors. While the business sentiment remains cautious, fraud in India continues to thrive. In 2020, sectors such as e-commerce can expect growth, fueled by increased investor backing and consumer preferences. This will make the sector a lucrative target for fraudsters, either insiders or external agents. Accelerated data proliferation and hyper connectivity will also lead to greater cyber and online risks, with hackers selling customer data as well as capitalizing on the fear factor during phishing attacks. For example, certain countries will see a rise in cyber-attacks led by the coronavirus fears. An average consumer may inadvertently click unknown links as they let their guard down to get more information on the global virus outbreak.

Piracy will be another threat to the Indian ecosystem, spanning across content available on websites and mobile apps, as well as online streaming services. The availability of malware (including malware-as-a-service) on the dark web may become easier and with even lower price points, this can be leveraged extensively by hackers to steal sensitive consumer data and hold businesses hostage.

Operation fraud control: the tech way

While fighting fraud is deemed a priority for many organizations, the budget allocation toward compliance, fraud control and containment is still limited. Compliance is still perceived as a cost burden by many. However, intensive use of technology can not only minimize costs but also bring in operational efficiency and business compliance. 2020 will see organizations exploring many innovative methods and tools to manage corporate fraud and misconduct. Artificial Intelligence (AI), machine learning, the Internet of Things and analytics will be used in identifying areas of risk, monitoring internal and external threat vectors and investigations. Manual diligence intervention may be a challenge for companies and their compliance teams in the beginning. Monitoring will be a dominant area here to map suspicious transactions or patterns, anomalies and information flow.

Whistleblowing: a bulwark against corrupt practices

The last couple of years have seen whistleblowing emerge as a powerful tool against fraud and corruption. There have been several cases of enforcement action taken under the Foreign Corrupt Practices Act (FCPA) where whistleblowers have brought unethical practices to light. As per media reports, India had more than 50% of Nifty50 organizations getting over 4500 whistleblower complaints in FY19⁵. This was a 30% jump from FY18. In 2020, whistleblowing efforts will be led by government impetus, increased individual awareness as well as organizational efforts. For example, the Companies (Auditor's Report) Order, 2020 was notified early this year, mandating the disclosure of whistleblowing complaints in listed companies to their auditors. This will bring more transparency when addressing complaints, efficiency in addressing and resolving them. 2020 will see genuine whistleblowers being incentivized, organizations offering protection and maintaining anonymity to avoid any victimization in cases that may be sensitive. Organizations will also have to take necessary steps and provide trainings to employees, vendors and customers.

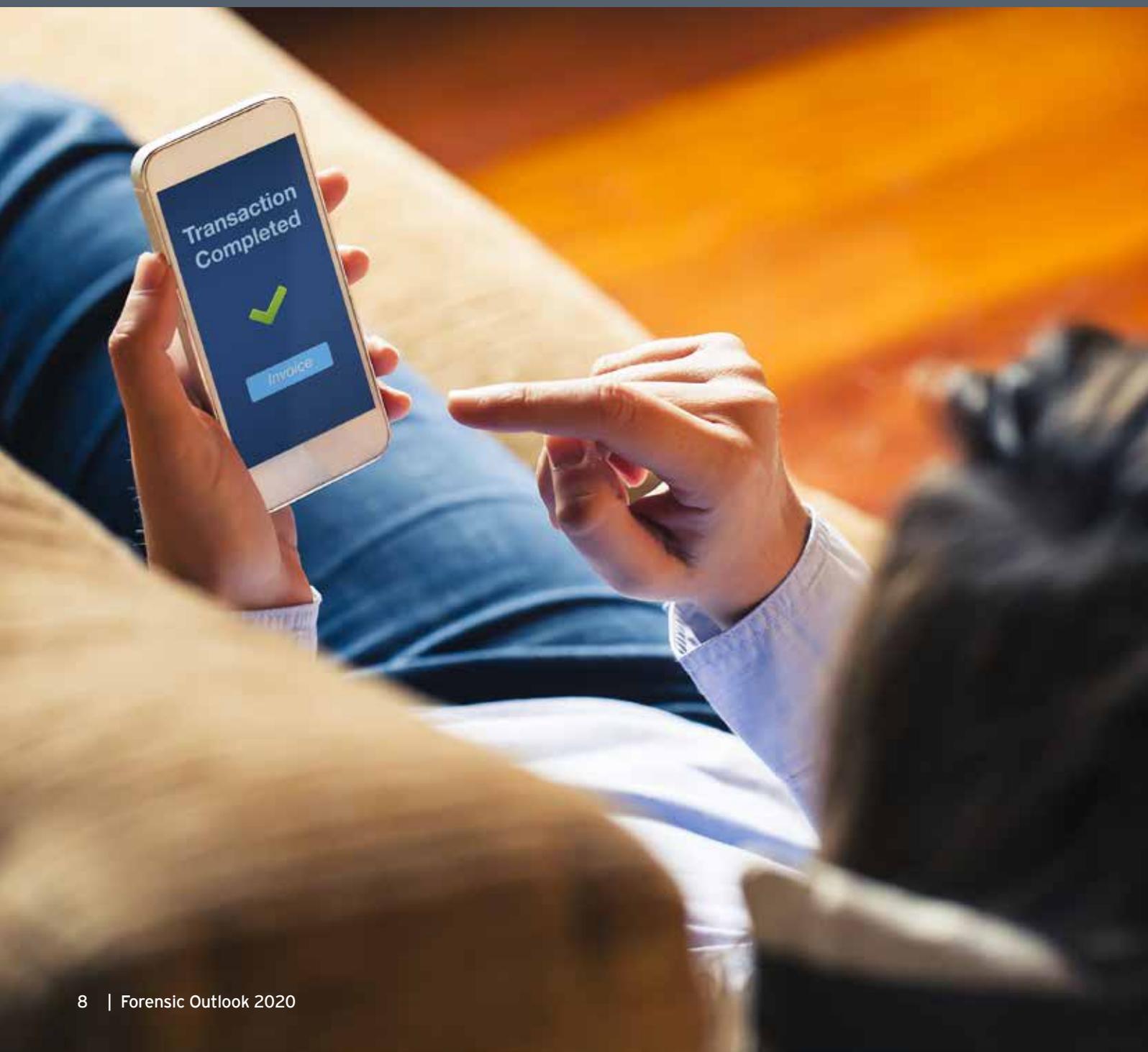
Inching toward the light at the end of the tunnel: India's banking and NBFC sector



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On the road to improved recovery with Insolvency & Bankruptcy Code

January 2020 marked India's Insolvency & Bankruptcy Code (IBC) 2016 completing three years, with first case being admitted in January 2017. Since the law came to force, over 2500 cases⁶ have been admitted under it with the expectation that Resolution Professionals (RPs) run the business on behalf of the creditors. One of the major challenges faced by RPs has been evaluating past transactions for any irregularity or under/over statement of potential liabilities.

In 2020, identifying such transactions with help of forensic auditors will continue to be key for all the cases referred under the code. Transaction audits under the IBC have revealed irregularities of more than INR 100,000 crore⁷ which include siphoning of funds, instances of transactions with related parties (without genuine business rationale) and multiple book entries to inflate or window dress books of accounts. In majority of the dozen high-profile cases referred for action by the Reserve Bank of India (RBI), irregularities were noticed and the same are being probed by the Serious Fraud Investigations Office (SFIO).

Under IBC, specific individuals and companies are debarred from bidding for those entities undergoing resolution. RPs will have to increasingly rely on the expertise of forensic auditors to assess that the resolution applicants are genuine and without malafide intentions. The RBI is considering allocating a lower risk weight to loans to companies admitted under the code. This will encourage banks to take bad loans to IBC as it would help them conserve capital and assist in reaching as well as sustaining the Capital Adequacy Ratio (CAR). With government focus on combating rising bad loans and fraudulent borrowers intensifying, and the plethora of changes being envisaged, recovering bad loans through IBC will continue to be a key economic activity. Forensic auditors and background checks under IBC will be a focal point in 2020.

Anti-money laundering monitoring trends to focus on enhancing customer risk categorization

India has seen significant developments in the anti-money laundering (AML) space including an increased focus around strengthening AML continuous monitoring frameworks. 2020 will see large financial institutions (FIs) exploring to upgrade their legacy AML monitoring systems with advanced technology stacks as there is significant scope to enhance existing frameworks with respect to global regulatory guidelines. The COVID-19 pandemic can have a significant impact on financial crime compliance for FIs as risk and compliance teams are extending support around business continuity planning (BCP) measures, there are issues

around remote accessibility including reduced monitoring and a surge in customer escalations. Automating key processes such as fraud monitoring, sanctions screening, AML suspicious reporting and vendor and customer onboarding due diligence can help FIs tide over some of the challenges.

Recommendations by the global governing body, Financial Action Task Force (FATF) to apply a Risk Based Approach (RBA) to the AML monitoring requirements will also see traction. FATF's guideline suggests that appropriate steps be undertaken to identify and assess money laundering risks at the start of a new business relationship. Key considerations include the nature of customers' business, geographic presence and complexity of business activities to arrive at holistic onboarding business risk assessment or an onboarding AML risk categorization score. The onboarding business risk assessment enables the FI to categorize its customers into risk buckets, ranging from low to high. This would also compel prioritizing the enhanced due diligence and AML KYC refresh procedures for high-risk customers (as compared to the others) and assisting in overall operational effectiveness of the AML continuous monitoring framework.

Automating this risk assessment process will be inevitable, given the large volumes of new relationships that FIs forge each day, and will support multi-geography regulatory requirements as well as KYC drivers in line with the AML risk appetite documentation. The required framework becomes a curated package of the requisite technological functionalities, local regulatory risk assessment guidelines along with global benchmarks and recommendations that is automated to retain an audit trail of the business risk assessment undertaken. Banks will also have to enhance their preparedness level for the upcoming FATF review toward the end 2020.

Analyzing customer behavior and pattern is the need of the hour

An explosive uptick in the use of digital channels for banking transactions across geographies has led to a rise in the number of frauds affecting customers. Banks and FIs have taken multiple initiatives, including educating customers to avoid share confidential information, being vigilant while performing transactions through alerts and written notices. However, fraudsters tend to identify new means to trick customers and siphon off funds. This menace will continue in 2020 and banks will up the ante to contain losses due to fraud, while managing a seamless digital customer experience. Banks across regions are considering sizable investments in implementing technology enablers to monitor transactions. But considering the volume of transactions and frequently changing scenarios as well as modus operandi adopted by fraudsters, the need of hour is to have technology enablers that can consolidate a digital profile of customers, analyze their behavior and detecting divergent patterns and transactions, that coupled with risk scoring can enable detecting fraudulent transactions and reduce false positives.

Technological transformation in a data-driven ecosystem



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The great Indian privacy debate

India's Personal Data Protection (PDP) Bill 2019 outlines that companies may collect and process the personal or sensitive personal data of Indian residents by fair, reasonable and lawful practices. Personal data can reveal a lot about an individual – identify them, their demographics, preferences, traits, opinions and behavior. As per the bill, companies will need to obtain specific, clear and freely given consent by the data principals (individuals) which can be withdrawn by the latter at any time.

In 2020, the role of Data Protection Officers (DPOs) will gain prominence as they will be entrusted with overseeing the organization's data privacy and protection strategy and be responsible for compliance with the proposed law. Another key area for DPOs is mandatory reporting to the Data Protection Authority if there is a data breach. This year will also see greater cognizance on user control and consent of data and DPOs will need to make data principals aware of and understand the privacy notice with respect to their personal data. The privacy notice will have detailed information about data principal rights, data processing activities, data recipients and grievance redressal process.

The PDP Bill as well as India's Consumer Protection Act 2019 expect data fiduciaries to maintain a transparent grievance redressal process to boost consumer trust. As the industry awaits further refinements to the bill, organizations should take a proactive approach and gear up to adjust to future changes around data processing activities as mentioned in the bill.

Blockchain: a pragmatic enabler for fraud mitigation

2020 is not just the start of another decade but is also the beginning of production-level implementations of blockchain technology. According to a report by Gartner, the value generated to companies by using blockchain is estimated to touch over US\$176 billion by 2025 and over US\$3.1 trillion by 2030⁸. The explosive adaptability of technology and proliferation of blockchain platforms (both private and public) has resulted in many organizations assessing on how can blockchain revolutionize their operations and value chain. From a forensics standpoint, this implies organizations being exposed to more cyber risks and frauds. As CIOs embrace blockchain and drive digital transformation, enhancing controls to mitigate fraud risks and strengthening cyber security should be a priority.

According to National Association of Software and Services Companies (NASSCOM), India had close to USD 20 billion investments across different industries in blockchain⁹. This shows that while cryptocurrencies and initial coin offerings (ICOs) were banned because of potential tax evasion and regulatory issues, organizations have embraced the usage of blockchain in other areas, leading to immense growth. The Supreme Court of India recently lifted RBI's ban on cryptocurrencies after two years, thus allowing FIs to trade and handle transactions. It's now important for companies, including start-ups to deploy strong regulations and policies to reduce the risk of cryptocurrency transactions being exploited for fraudulent activities such as money laundering, tax evasion and other cybercrimes.

CIOs operating in a global market will have to navigate through the complexities of new technology systems, consumer rights, regulations, and governance with a step-by-step approach. The process will be gradual as people, technology, and laws will continue to evolve and mature. While blockchain has significant potential in fighting fraud, establishing trust and enhancing transparency, the systems are as good as the data fed into them.

Mobilizing the benefits of process mining

Process mining, combined with advanced machine learning and AI algorithms, can be a game changer for organizations to understand their current processes, identify areas for improvement, reduce costs and augment customer experience. Additionally, organizations can benefit by taking data-driven decisions, optimizing areas, for instance where automation can reduce the manual dependency, as well as eliminate unnecessary steps.

2020 will see process mining being used increasingly in forensics to assess potential revenue leakages and weaknesses within the current processes. Proactive identification of these leakages and gaps would also help the organizations mitigate fraud, waste and abuse. For instance, the technique can be combined with the associated rule learning (ARL) or fuzzy associated rule learning – for early detection, as well as be used to identify anomalies based on the differences observed between the event logs and standard operating procedures (SOPs). Another use case for process mining in fraud detection is by incorporating it in the red flag approach. Traditional red flag-based approach typically just highlights unusual behavior but clubbing it with process mining goes a step ahead by enabling reconstruction and visualization.



Unravelling new risks in a treacherous world

Counterfeiting and brand protection

Counterfeiters have evolved substantially in their sourcing methods over time, targeting commoditized as well as luxury products. According to data released by the Authentication Solution Providers' Association (ASPA), the sale of counterfeit products in India resulted in close to INR1 trillion of losses annually¹⁰. While brand owners have attempted to address this issue over the last several years, the problem continues to hit their profitability as well as reputation. As India's digitally inclined consumer base soars, there has been a sharp shift in counterfeiters, who are now targeting e-commerce and online marketplace channels, from the typical general wholesale trade.

In 2020, the menace will amplify on online marketplace channels as it offers a wider scope and multitude of opportunities to counterfeiters. The COVID-19 outbreak had counterfeiters capitalizing on the consumer vulnerabilities, given the shortage in multiple product categories because of disruptions in the supply chain. The nation-wide lockdown has disrupted the supply of goods as most manufacturing operations are scaled down or suspended. Counterfeit operations have also suffered a setback as the supply of domestic and imported counterfeit products from overseas were affected. Counterfeiters were not able to supply goods due to shortage or non-availability of raw materials, labor and working capital. The limited availability of products will increase the demand of goods, create a vacuum in the market, which may influence counterfeiters to capture the market at high pace post lockdown. Marketplace digital platforms have also increased their ease in doing transactions with little worry of being tracked and caught for selling fake products from brand owners.

The rise in the counterfeit listing of products at online marketplace platforms has expectedly made brands wary. 2020 will see an increase in companies' brand protection initiatives, stricter controls and vigil mechanisms to prohibit leakages of raw materials and packaging from the company's own supply chain (scrap dealers or third-party vendors). The draft e-commerce policy by the Department for Promotion of Industry and Internal Trade (DPIIT) is on the anvil and is likely to cover a plan of action for both consumers and corporations around fake products offered online. Counterfeiters have also turned shrewd with time, improving the quality of fake products by printing superior and near genuine packaging material for mass distribution. For companies to stay ahead in the game, adequate investment, proactive measures such as regular modifications of packaging materials and technological solutions will be key. Many e-commerce players have already begun the journey by de-listing sellers with fake products and adopted various anti-counterfeiting online tools and solutions to keep a check as the problem progresses. From a technology standpoint, AI-based tools will be instrumental in identifying counterfeit listings and taking strict action.

Digital advertising fraud

Mobile Marketing Association (MMA) India's latest report stated that brand managers are losing as much as 20% of their digital advertising budgets to fraud¹¹. This issue has seen a rise as companies look to invest heavily in digital platforms, slated to increase further in the coming year. Some of the common types of fraud include generating fake impressions, ads that do not get viewed while they play or the user scrolls, ads not viewed completely, incorrect audience profiling, specialized click farms or bot-based traffic. The impact is not just limited to diminishing returns on marketing spends, but it may jeopardize the entire digital ecosystem with financial and reputational loss, even questioning the integrity of the stakeholders involved.

In 2020, organizations will have to take stringent measures to address concerns around the capabilities of their digital agency, if performance is evaluated appropriately and possible collusion between the parties involved. The agency selection process is likely to undergo serious checks around their technical knowledge and experience cited, contracts to have clauses against subcontracting and due diligence to mitigate the possibility of conflict of interest scenarios. 2020 is also expected to see robust monitoring mechanisms on the number of ad clicks being reported, if any spikes or trends are manipulated and benchmarking against established third party platforms. Organizations will leverage the power of analytics, identify and analyze the number of clicks and views generated and compare these number to the general market trend.

Employees integrity checks

Today's competitive corporate world has organizations vying to hire the best talent who can actively contribute to its growth objectives. But the urgency to onboard a potential candidate can turn out to be a risky proposition if adequate due diligence is not carried out. EY's EMEA Fraud Survey indicates that unethical behavior and high levels of mistrust are key characteristics of today's workforce, particularly among executives¹². Predictably, the last couple of years have seen an influx of cases around fake resumes, degrees, work experience and references, as well as misrepresentation of facts about the individual. The result has been high profile exits, posing a threat to the organization's credibility, possibility of data leakage and corporate espionage.

2020 will see extensive use of technology to drive these integrity checks, as opposed to manual ways to reduce costs and improve the turnaround time. This will be particularly important in a COVID-19 affected environment wherein virtual interviews and digital onboarding are the need of the hour. One way is to deploy tools wherein candidates' personal details are run through various proprietary databases covering employment and education verification, address, criminal records and identity proof, among others. Organizations will be able to see the results through dashboards and keep track of recruitment and operational metrics.

Integrity checks will help in making informed hiring decisions, have companies invest in the progress of the right quality of resources and enable fostering a secure working environment.



Challenges during mergers and acquisitions

Mergers and acquisitions (M&A) are considered as the preferred means to expand businesses. According to an EY survey, 66% of executives anticipate pursuing M&A deals actively in India. The numbers are positive as compared to previous sentiments, which stood at 32% in April 2018 and the 10-year average being 40%¹³. However, these deals can bring several legal, compliance and financial challenges. An unsuccessful M&A can have far reaching consequences, adversely impacting the reputation and goodwill of the company leading to possible erosion of shareholders' value.

2020 will see the overall risk scorecard of the business to be acquired becoming a core component in the wider deal making process. In addition to conducting legal, commercial and financial due diligence, forensic and integrity due diligence will form an essential element of the overall due diligence process as it can assist in mitigating financial and reputational risks. Forensic and integrity due diligence can help investors in understanding the beneficial ownership, track record, reputation, financial stability, undisclosed liabilities, creditworthiness of the acquisition target and the culture of the organization. It can also help in identifying acquisition targets' or its managements' government/ political/criminal linkages and evaluate the possible impact of such linkages to the company's activities.

Private equity risk outlook

An EY report stated that India received US\$48 billion in private equity and venture capital (PE/VC) investments in 2019, 28% higher than 2018¹⁴. That said, PE players are increasingly becoming cautious and risk averse while investing in companies, especially in the emerging markets. As the investment activity continues, 2020 will see a renewed focus by PE players to perform intensive due diligence to understand the vulnerabilities associated with the proposed investments. Due diligence is not just about enabling investors to make safe and sound investments, but to also negotiate favorable terms and incorporate appropriate clauses to safeguard their interests.

2020 will also see an increasing trend among investors to conduct diligence on companies who intend to buy stake in other businesses. Integrity due diligence can assist investors in identifying red flags associated with their targets such as allegations of fraud, corruption and money laundering; conflict of interest; undisclosed related parties; unfavorable associations and pending litigations. Post transaction concerns will also stand out as organizations will focus more on aligning risk management policies and procedures, focus on vulnerable areas and potential conflict of interest scenarios.

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Business as usual – when it's not usual

The COVID-19 outbreak has brought unprecedented challenges to businesses, economies and communities around the world. Reduced production, supply chain disruption, travel restrictions along with the continuously changing government measures including lockdown measures, social distancing norms, containment zones and other rules and policies has plagued businesses with uncertainty.

It becomes essential under these circumstances for businesses to devise measured approaches to safeguard their employees, mitigate financial and operational exposure and to build confidence among shareholders that a vision to take anticipatory measures to manage these risks responsibly are being taken.

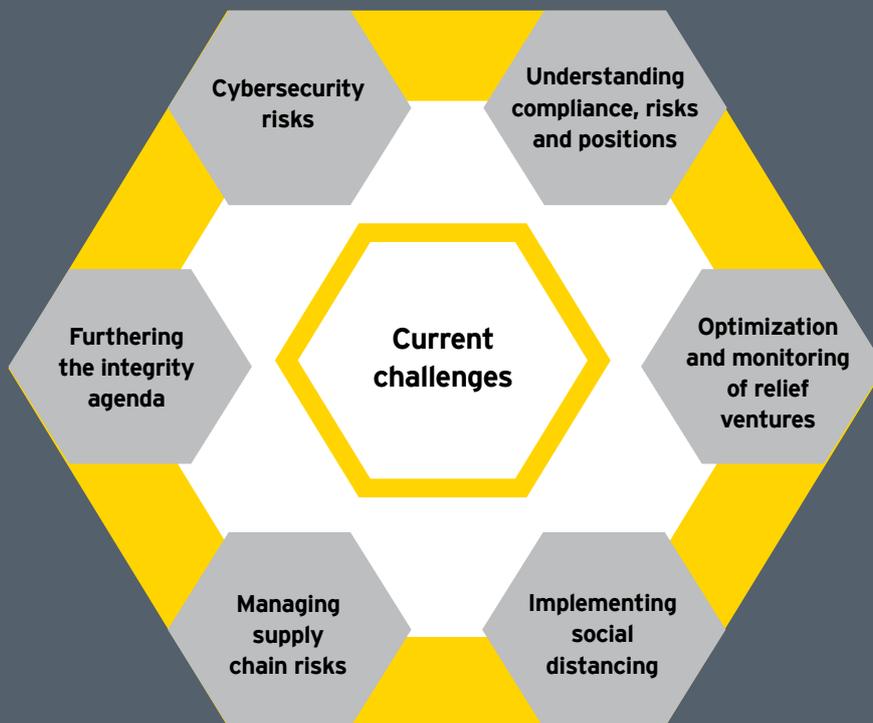
EY Forensic & Integrity Services professionals are helping businesses address interruptions like those presented by COVID-19, in the current times and help you steer toward what will become the new normal.

Our cyber forensic solution including malware analysis, cloud and network security, data loss prevention and cyber forensics can facilitate in driving the integrity agenda in crisis and post crisis management.

We can deploy our end-to-end contract management tool to mitigate contract risks and allow companies to manage active, legacy and future contracting. We can also support the compliance teams relook at the transactions in the lockdown period.

We are assisting to assess and manage business conduct and ethics as well as deliver global investigations support in accordance with the lockdown and remote working protocols. We are helping businesses retain focus on the integrity agenda while responding to business disruptions.

Our team can aid in optimizing costs and increase confidence of stakeholders by understanding the relief model of the client, performing data analytics and document review, gathering intelligence and monitoring project management with impact assessment.



Our teams are helping businesses assess the gaps and risks because of third parties that have emerged as a result of this pandemic, causing disruptions in the supply chain. With third party assessment and due diligence that is driven by technology, we can enable continuous monitoring and remedial actions.

Our teams are helping businesses in the development of policies and procedures, roll out plans including employee seating, health tracking mechanisms, sanitation awareness, SOPs, training and communication. We can also monitor compliance with government requirements and safety on a real-time basis, establish a healthy workplace culture and create a positive image for the organization.

Next steps to further the integrity agenda in the new normal

Understanding business disruption, impact on contracts and financial exposure

- ▶ Recalibrating business plans as per the market assessment, identifying key contractual obligations which can create financial exposure
- ▶ Conducting scenario analysis by using financial and contractual information
- ▶ Assessing the outcome of the scenario analysis to have a better negotiation with counter parties
- ▶ Assessment of losses and filing claims for delay and/or disruption

Managing employee health and the integrity agenda

We assist businesses to closely monitor and manage employee health, safety and awareness in times of remote working and technological solutions such as:

- ▶ Solution for tracking and ensuring employee health, safety and maintaining rosters in the new normal
- ▶ Conducting digital background verification of employees with the use of automation and machine learning
- ▶ Trainings and discussions with employees on the code of conduct, updated company policies and other elements of the new normal

Assessing ethical technology risks

Our team can assist in addressing and responding to cybersecurity risks through an updated cybersecurity strategy, including:

- ▶ Realigning security governance, management and operational structure
- ▶ In-depth analysis and risk assessment of the organization's technological risks and areas vulnerable to fraud, with a considerable impact on revenue and other integral functions
- ▶ Customized response plans for violations and breaches of established conduct along with continuous monitoring of integral functions

Responding to supply chain disruptions and preparing for disputes

- ▶ Leveraging technology solutions to conduct a risk assessment in terms of all contracts and preparing for supply chain disruptions
- ▶ We help clients in gathering evidence so they are prepared for disputes with third parties in cases of non-compliance to agreed service level agreements and non-adherence to supplier and other contracts

Transaction forensics

Our team helps focus on pre-acquisition due diligence work to help identify any financial misstatements through several procedures including:

- ▶ Forensic data analytics
- ▶ Forensic due diligence and market research
- ▶ Anti-bribery and anti-corruption assessment and due diligence via remote or virtual procedures

Our sector focused solutions



Consumer products and retail

Brand protection in a post COVID-19 world

- ▶ In the scramble to provide essential and much needed supplies, many fly-by-night operators have commenced manufacturing of essential products ranging from sanitizers to hygiene equipment to personal protective equipment (PPEs). These could result in brand infringements and proliferation. Our Brand Protection team is poised to help you maintain brand value by building a comprehensive online monitoring program and automating the process.



Banking and financial services

Early warning system for banks

- ▶ The COVID-19 outbreak and subsequent lockdown has impacted financial institutions across the business ecosystem. An effective Early Warning system (EWS) will assist banks to detect customers which are showing signs of distress and any potential irregularities. The EWS solution will support banks by automating various requirements to meet regulatory guidelines as well as internal and external stakeholder expectations.



Insurance

Monitoring and mitigating frauds in a pandemic scenario

- ▶ The insurance sector is trying to cope up with the new normal which may very well define the future of the industry. Although the current scenario presents major challenges, our customized solutions can act as a bridge between customer trust, shareholder confidence and a company's growth opportunities. We can help through our expertise in data analytics, due diligence and claims verification, cyber insurance dispute services and employee integrity checks.



Government schemes

Reducing pilferage in government schemes

- ▶ The COVID-19 relief package from the government will open an opportunity for fraud, abuse and error. It would be imperative to ensure that benefits reach only eligible beneficiaries as the schemes tend to be highly vulnerable to integrity violations. We are assisting with developing a fraud risk analytical model for the benefit scheme to provide high fidelity alerts, which can then be integrated with the current pre-disbursement and post-disbursement process in the system.



Education sector

Assessment of online examinations

- ▶ The COVID-19 pandemic has upended the current education system. Our team can assist educational institutes with evaluation and selection of the online proctoring solution based on risk and functionality. The team has access to multiple technologies including (machine learning, forensic analytics) to enhance the integrity of the examination process, which can mitigate key risks from the exam point of view such as impersonation and cheating.



Life Sciences

Remote quality review for pharmaceutical and allied industries

- ▶ Due to restrictions in travel, traditional on-site reviews of quality systems of pharmaceutical or allied industries may not be an option till the time situation becomes completely normal. Thus, it exposes the industry to product quality and safety risks and consequent increased regulatory scrutiny. We can assist clients by conducting remote quality reviews which may provide them with a cost effective and viable alternative for continued checks on compliance with the Good Manufacturing Practices (GMP) audit requirements.

About EY Forensic & Integrity Services

Embedding integrity into an organization's strategic vision and day-to-day operations is critical when managing complex issues of fraud, regulatory compliance, investigations and business disputes. Our international team of more than 4,000 forensic and technology professionals helps leaders balance business objectives and risks, build data-centric ethics and compliance programs, and ultimately develop a culture of integrity. We consider your distinct circumstances and needs to assemble the right multidisciplinary and culturally aligned team for you and your legal advisors. We strive to bring you the benefits of our leading technology, deep subject-matter knowledge and broad global sector experience.

Let's talk

For help and more information, please contact one of EY Forensic & Integrity Services' leaders.

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