

12 December 2014

Mr Pat Brennan
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Australian Prudential Regulation Authority
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Dear Sir

Consultation on draft Prudential Practice Guide SPG 223 Fraud Risk Management (SPG 223)

Veda is a data analytics company, best known for consumer credit reporting and as Australia's leading provider of on-line solutions to fraud, identity and credit risk issues. Having considered the draft guide, we offer two suggestions:

Organisations must take steps to ensure employees have been suitably screened.

Conducting a pre-employment check is the first step in mitigating fraud risk and as a minimum, RSE licensees should confirm a person's identity and conduct a criminal history check. This expectation should be explicitly stated within the guidelines.

Part of the Veda group is Verify, a pre-employment screening service providing a range of employment checks from the basic check outlined above through to confirming claimed employment and educational achievements and in some instances facilitating medical checks. The occurrence of pre-employment screening, even with large corporations, is well beneath international practice.

Encourage participation in collective fraud intelligence groups

We note the Guidelines recommendation that organisations should hold an internal register of fraud events. While this is of assistance, much greater impact will be gained by contributing to and accessing information from shared fraud databases. These rely on pieces of information (an address, a mobile number) common to other suspected fraud events. Participants contribute information in relation to suspected fraud and check information against the database; in this way, systemic fraud can be more easily detected.

In Australia, interest in shared fraud collections is growing. On behalf of the insurance industry, Veda manages the Insurance Reference Service. For the financial services sector, Veda hosts members of the Fraud Focus Group, and from that has created the Shared Fraud Database.

The benefit of these is clear and measurable. We support the inclusion in the Guidelines of a recommendation that licensees consider participation in collective fraud intelligence groups.

Should APRA wish to discuss either of these suggestions with Veda, please contact Matthew Strassberg on (02) 9278 7838 or 0411 104341.

Yours sincerely

Matthew Strassberg
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