



## Quantifying the trends and qualifying the nature of discrepancy patterns in India

# FOREWORD

JULY TO SEPTEMBER-2021

“

We are serving innovation through integrated technological developments and digital screening solutions.

”



Dear Readers,

Indian economy has been recovering rapidly and economic growth has surpassed expectations. Over the last quarter we have seen how digital adoption has taken a quantum leap at both organizational and industrial levels.

Since companies are navigating towards a diverse means of expansion, this has started to show positive signs for various job opportunities in the market. Organizations across the world implemented digital transformations in the new normal to improve their speed and agility. Given the current context of change, expanding skills gaps, and the need to fill roles more quickly, digitizing this process is not only desirable, but also necessary.

Implementing a comprehensive employee background check procedure is not just good practice but also a reasonable, prudent, and safe approach for businesses to chart an ethical future.

At First Advantage, we are committed to delivering alternative screening solutions, propelled by cutting-edge technology and methods that helps companies to "Hire Smarter. Onboard Faster". Our focus has always been to enhance the customer experience with seamless onboarding, reduce delivery cycle timelines and provide improved quality performance.

#### Major highlights for Q3 (Jul-Sep'21)

- ✓ Fueled by hiring growth in IT, Consulting, Banking, Financial Services, E-Commerce & Logistics, Manufacturing and Telecom, the third quarter has shown very promising trends with volumes increasing by 23 percent as compared to the previous quarter
- ✓ Sectors like Banking, Financial Services, Healthcare, Manufacturing, Engineering & Infra and Telecom display discrepancy percentages way above the industry average of 7.9 percent in Q3-21

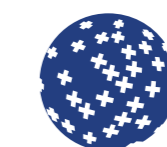
It is more important than ever that businesses understand best practices and trends for employee background checks when looking to expand or manage their workforces.

We are delighted that you are getting the required perspective and insights from our Trends report.

Always, proud to be of service to you!

#### AMIT SINGH

SVP & Head - Commercial  
First Advantage India  
Amit.Singh3@fadv.com



First Advantage

# GLOSSARY OF TERMS

## Cases

One case indicates one candidate. It is denoted by a case reference number which is unique to that particular candidate.

## Fake

confirmation shared by authorized personnel/ body on the authenticity of the document/ university.

## Client

The organization which authorizes First Advantage to conduct the verification.

## Possible Suspect

Any organization or company whose credentials might not be genuine.

## Component(s)

Screening carried out for various phases of the candidate's background like Employment, Education, Address, etc. are termed as Components.

## Industry

The industry sector/segment under which the Client falls. All abbreviations used are as per Indian standards of industry bifurcation and are easily accessible via the internet.

## Checks

One case can have one or more than one check based on the credentials being verified.

## Employee Category

The designation at which the candidate worked/is working [current employment] in the organization.

## FOR EXAMPLE

First Advantage is conducting a background check for a candidate ABC [Case].

The check is authorized by a [Client] say XYZ Corp. This client belongs to the BFSI sector [Industry].

As per the client's mandate, the screening components include latest Education and two previous Employments of the candidate. Here Education and Employment are [Components ] & there are a total of three Checks - one Education and two Employment [Checks].

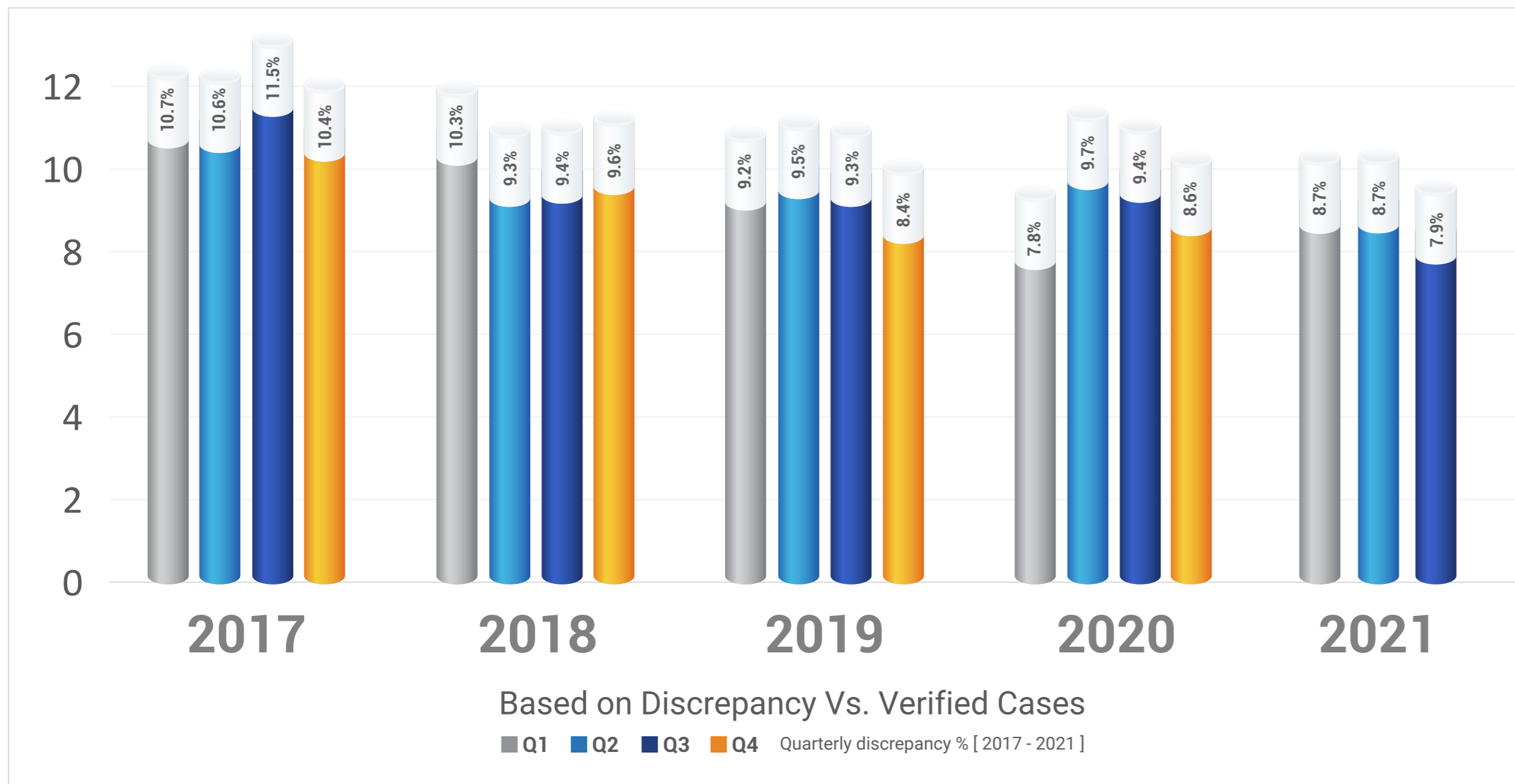
Depending on a predefined matrix followed by the client, either as standardized by First Advantage or a client customized matrix - a disconnect identified [Discrepancy] would be categorized as major or minor discrepancy, suspect, [Possible Suspect], etc.

# CONTENTS

1. A. Discrepancy Percentage - By Quarter [Q1-17 to Q3-21]	05
1. B. Discrepancy Percentage - By Age [Q2-21 vs. Q3-21]	06
1. C. Discrepancy Percentage - By Industry [Q2-21 vs. Q3-21]	07
2. A. Discrepancy Percentage - By Industry by Component Education [Q2-21 vs. Q3-21]	08
2. B. Discrepancy Percentage - By Industry by Component Employment [Q2-21 vs. Q3-21]	10
2. C. Discrepancy Percentage - By Industry by Component Address [Q2-21 vs. Q3-21]	12
3. Discrepancies - By Component across Zones in India and Abroad [Q2-21 vs. Q3-21]	14
4. A. Categorization of Discrepancies - By Component Education [Q2-21 vs. Q3-21]	15
4. B. Categorization of Discrepancies - By Component Employment [Q2-21 vs. Q3-21]	16
4. C. Categorization of Discrepancies - By Component Address [Q2-21 vs. Q3-21]	17
5. A. Discrepancies - By Employee Category [Q2-21 vs. Q3-21]	18
5. B. Discrepancies - By Employee Category by Age [Q2-21 vs. Q3-21]	19
6. Verification Success Percentage [Q2-21 vs. Q3-21]	21
7. A.1. Alternate Modes Of Verification - Component Employment [Q2-21 vs. Q3-21]	23
7. A. 2. Alternate Modes of Verification - Component Employment by Industry [Q2-21 vs. Q3-21]	24
7. B. 1. Alternate Modes of Verification - Component Address [Q2-21 vs. Q3-21]	26
7. B. 2. Alternate Modes of Verification - Component Address by Industry [Q2-21 vs. Q3-21]	27
8. Case Level Inflow [Q2-21 vs. Q3-21]	29

# CASE LEVEL TREND

## 1.A. Discrepancy Percentage By Quarter [Q1-17 to Q3-21]



A study of the Case Level Quarterly Discrepancy Analysis for Q3-21 shows that the discrepancy percentage is at 7.9 percent

The discrepancy versus verified percentage in 2017 has averaged at 10.8 percent. It was at 9.6 percent in 2018 and 9.1 percent in 2019. In 2020 it had averaged at 8.9 percent.



# CASE LEVEL TREND

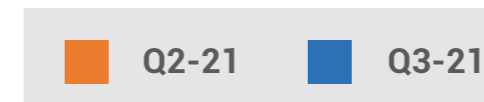
## 1.B. Discrepancy Percentage - By Age [Q2-21 v/s. Q3-21]

	AGE BRACKET	<= 21 years	>= 22 to 30 years	>= 31 to 40 years	>= 41 to 50 years	>= 51 years	Grand Total
Q2-21 Q3-21	VERIFIED CASES%	2.6% 5.2%	64.5% 62.7%	27.6% 26.8%	4.6% 4.5%	0.7% 0.7%	100.0%
	DISCREPANCY CASES%	0.8% 1.0%	56.7% 58.2%	34.6% 33.8%	6.2% 5.9%	1.6% 1.1%	100.0%
Q2-21 Q3-21	DISCREPANCY Vs. VERIFIED%	2.5% 1.5%	7.7% 7.4%	11.0% 10.0%	11.8% 10.3%	21.2% 12.2%	

Highest number of cases have been verified for the >= 22 to 30 years [age bracket] candidates.

Similarly highest number of discrepancies have been detected in the >=22 to 30 years [age bracket] candidates.

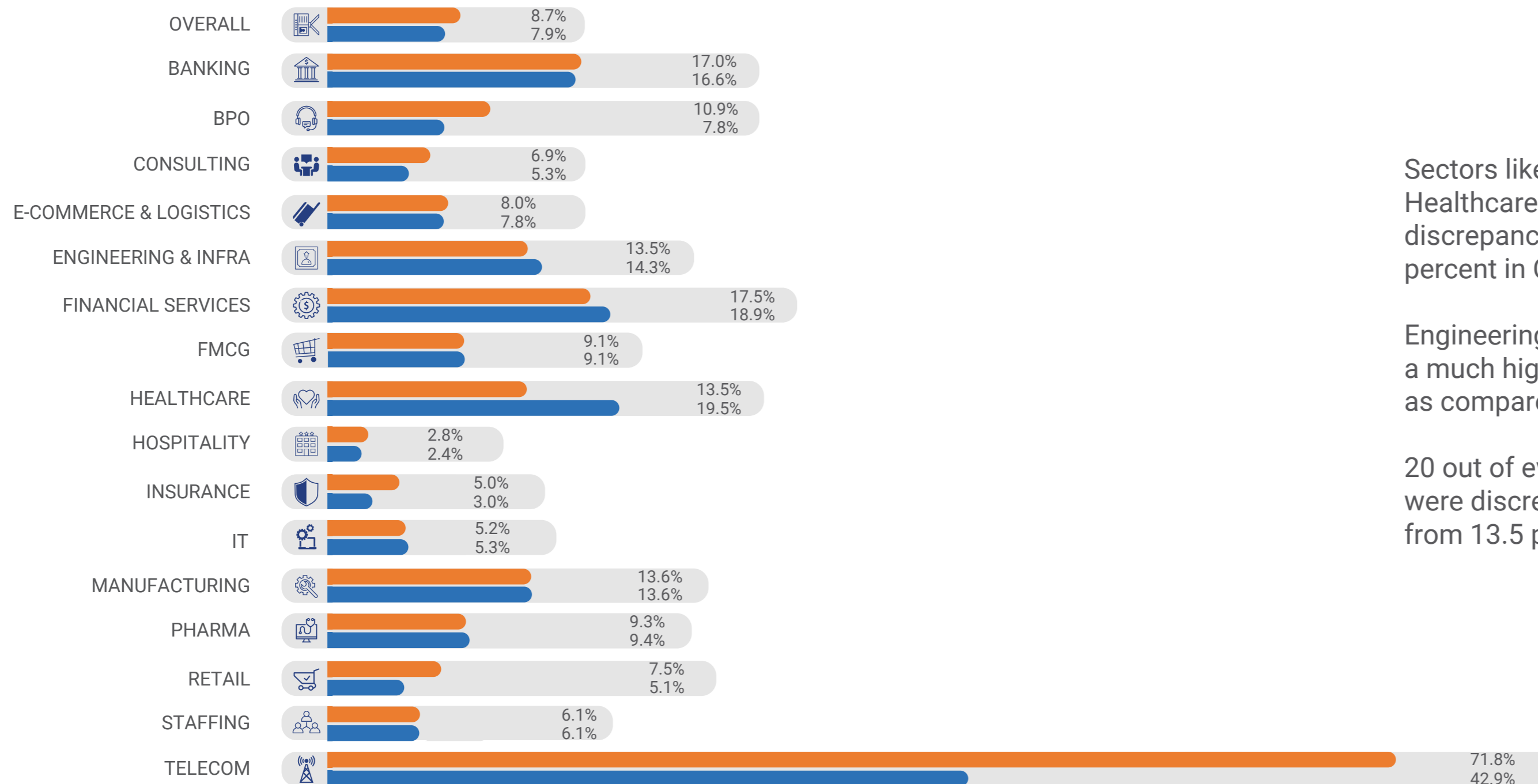
More than 92 percent of the fraudulent occurrences have transpired in the 22 to 40 years age bracket in both the quarters.



Please note: Cases wherein the date of birth is not mentioned have been excluded from the analysis. These cases have a 07 percent and 05 percent discrepancy in Q2-21 and Q3-21 respectively.

# CASE LEVEL TREND

## 1.C. Discrepancy Percentage - By Industry [Q2-21 vs. Q3-21]



Sectors like Banking, Engineering & Infra, Financial Services, Healthcare, Manufacturing, Pharma, and Telecom display discrepancy percentages way above the industry average of 7.9 percent in Q3-21.

Engineering & Infra, Financial Services, and Healthcare have shown a much higher discrepancy percentage in the third quarter this year as compared to second quarter.

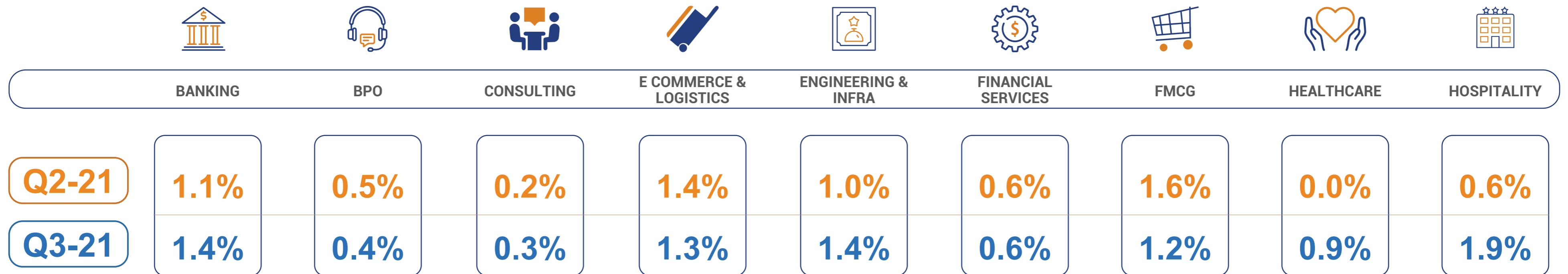
20 out of every 100 candidates screened in the Healthcare sector were discrepant. The discrepancy percentage has risen significantly from 13.5 percent in Q2-21 to 19.5 percent in Q3-21.

Q2-21 Q3-21 Discrepancy %



# CHECK LEVEL TREND

2.A.Discrepancy Percentage - By Industry by Component Education  
[Q2-21 vs Q3-21]

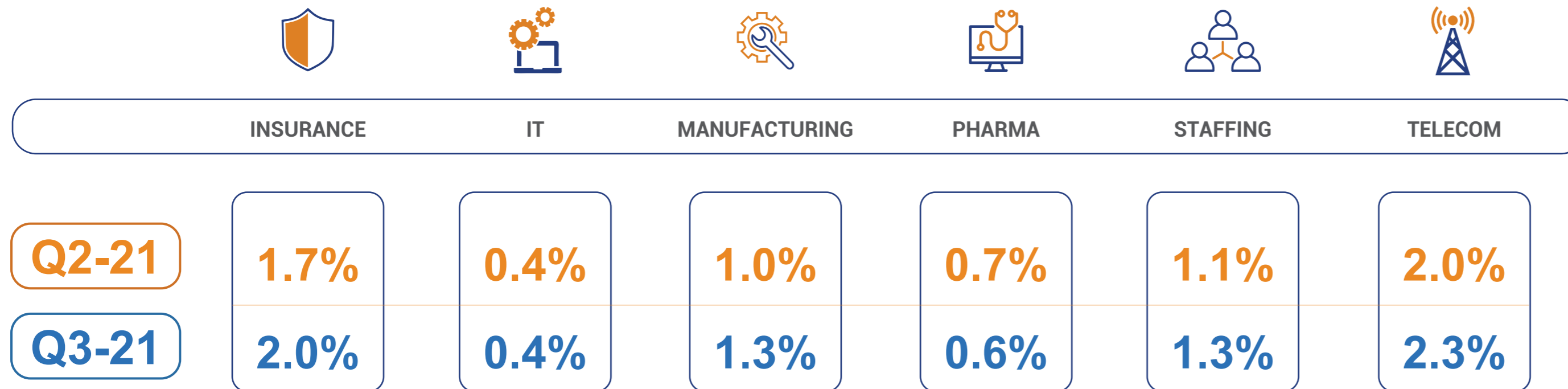






# CHECK LEVEL TREND

2.A.Discrepancy Percentage - By Industry by Component Education  
[Q2-21 vs Q3-21]

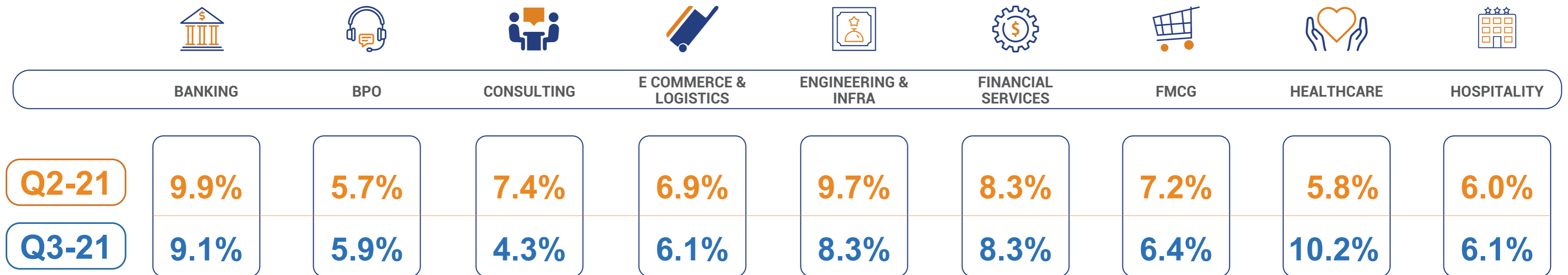


In the **Education** component sectors like Banking, Engineering & Infra, Healthcare, Hospitality, Insurance, Manufacturing, Staffing, Telecom have shown a slight increase in the discrepancy percent in the third quarter of 2021 as compared to the second quarter.



# CHECK LEVEL TREND

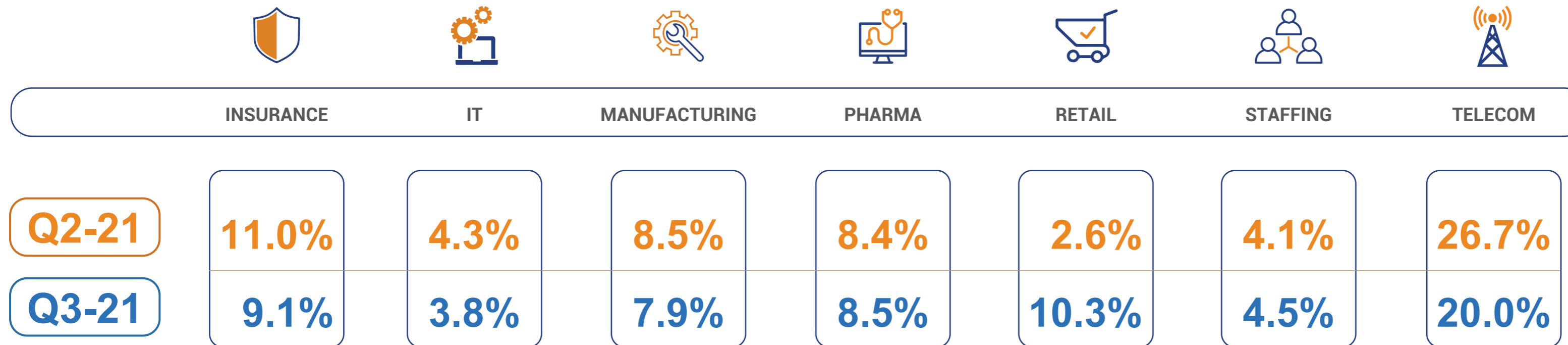
2.B.Discrepancy Percentage - By Industry by Component Employment  
[Q2-21 vs Q3-21]





# CHECK LEVEL TREND

2.B.Discrepancy Percentage - By Industry by Component Employment [Q2-21 vs Q3-21]



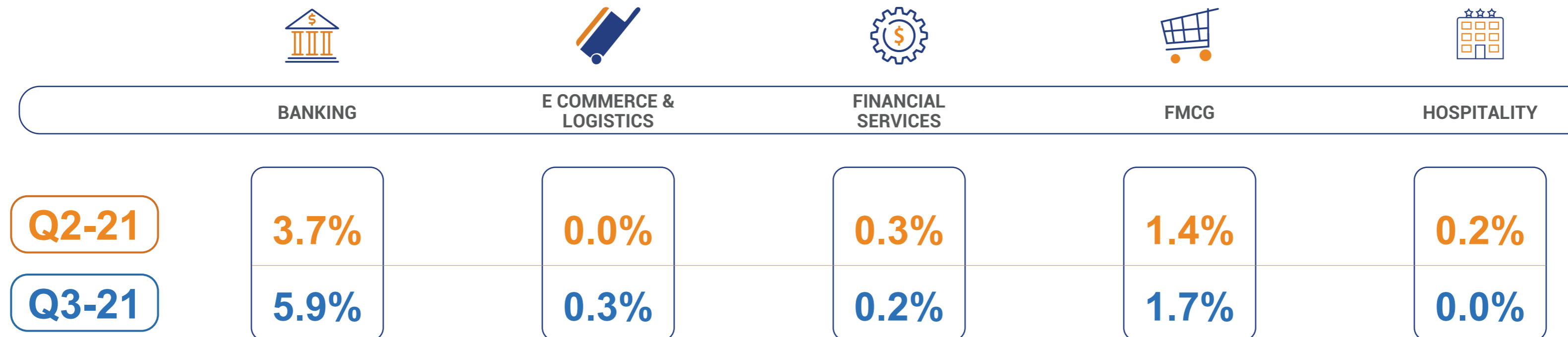
Employment component has witnessed high discrepancy percentages in most of the industrial sectors - especially in traditional sectors like Banking, Engineering & Infra, Financial Services, Healthcare, Insurance, Pharma, Retail, Telecom to name a few.

Out of every 100 Employment checks verified in the Telecom sector – 20 were discrepant in Q3-21.



# CHECK LEVEL TREND

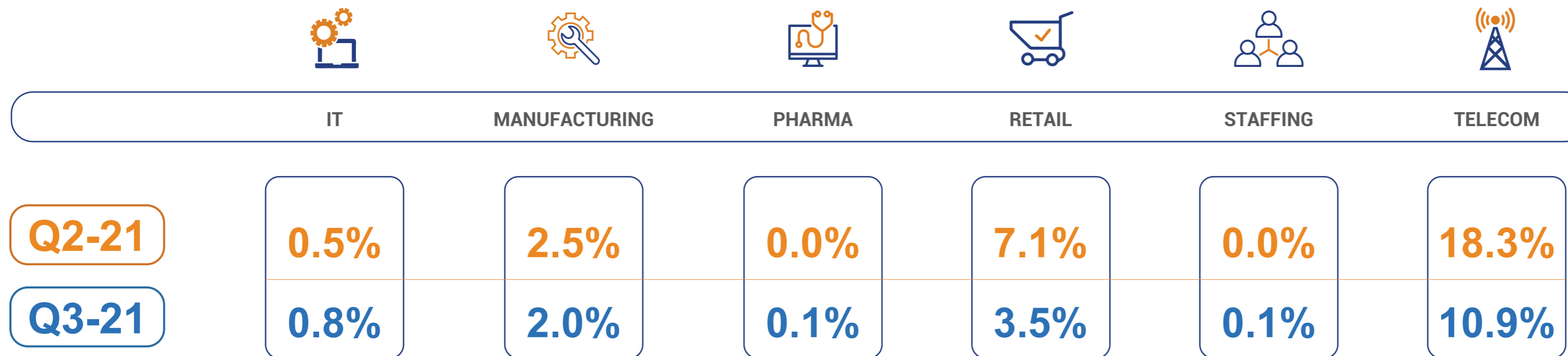
2.C.Discrepancy Percentage - By Industry by Component Address  
[Q2-21 vs Q3-21]





# CHECK LEVEL TREND

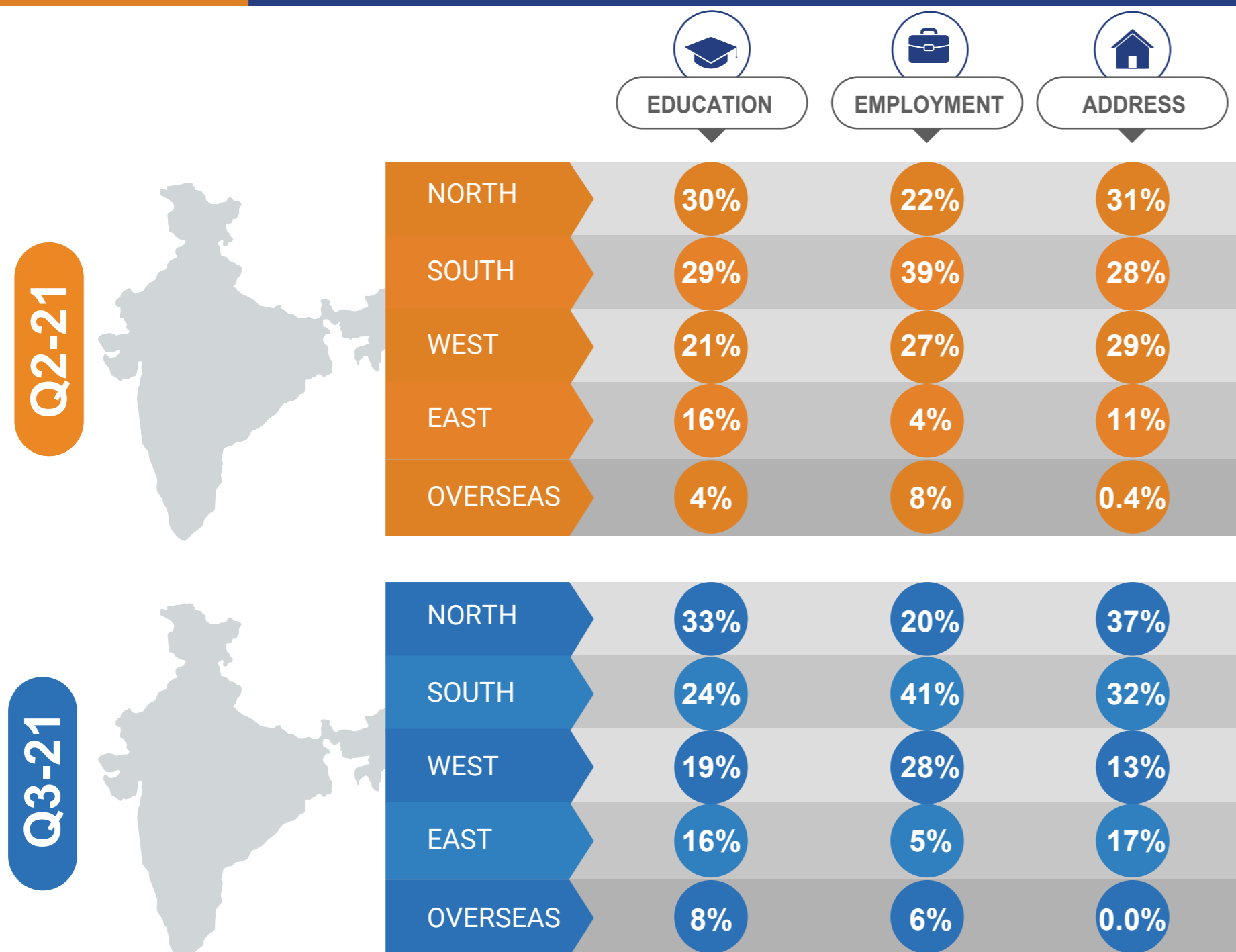
2.C.Discrepancy Percentage - By Industry by Component Address  
[Q2-21 vs Q3-21]



Address component has witnessed high discrepancy percentages in the Banking, Retail and Telecom sectors.

# CHECK LEVEL TREND

## 3. Discrepancies - By Component across Zones in India and Abroad [Q2-21 vs. Q3-21]



The discrepancy trend across zones in India and abroad has displayed an interesting spectrum.

The highlighting factors:

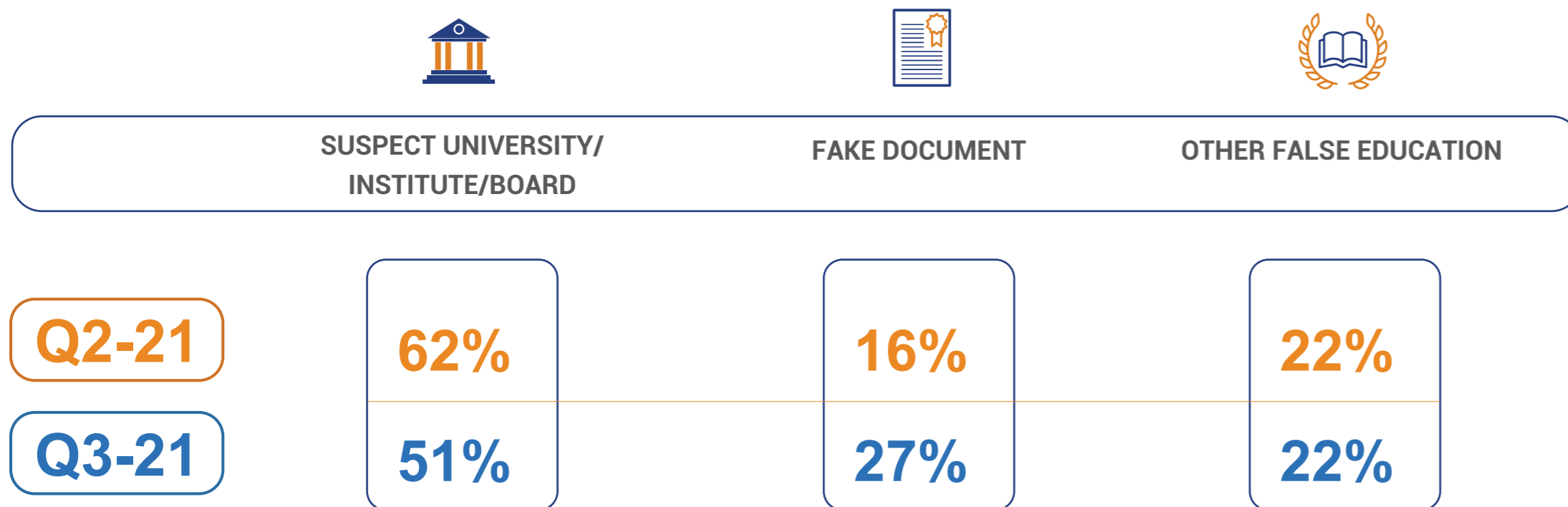
Discrepancy rates for Education checks were high in the Northern zone.

Discrepancy rates for Employment checks and Address checks were very high in the Southern zone.



# CHECK LEVEL TREND

## 4.A. Categorization of Discrepancies By Component Education [Q2-21 vs. Q3-21]



A study of Education discrepancies shows a very interesting spectrum.

The discrepancy trend for Q3-21 depicts

Suspect Institution forms the biggest chunk in this quarter at 51 percent.

Fake document was at 27 percent.

Discrepancies like 'Other False Education' were at 22 percent. Other False Education includes 'Did not officially complete the course, Registration or Credential or membership expired, etc.'



# CHECK LEVEL TREND

## 4.B.Categorization of Discrepancies By Component Employment [Q2-21 vs. Q3-21]



In the third quarter of 2021, 'Incorrect Tenure' has topped the graph at 27 percent.

It was closely followed by 'Inflated Designation' at 22 percent and 'Exit Formalities Not Completed/Absconding' at 15 percent.

'Other False Employment' was at 13 percent. Other False Employment includes 'Discrepancy in Permanent/Contractual Status', 'Not Eligible for rehire, Active Employee, etc.'

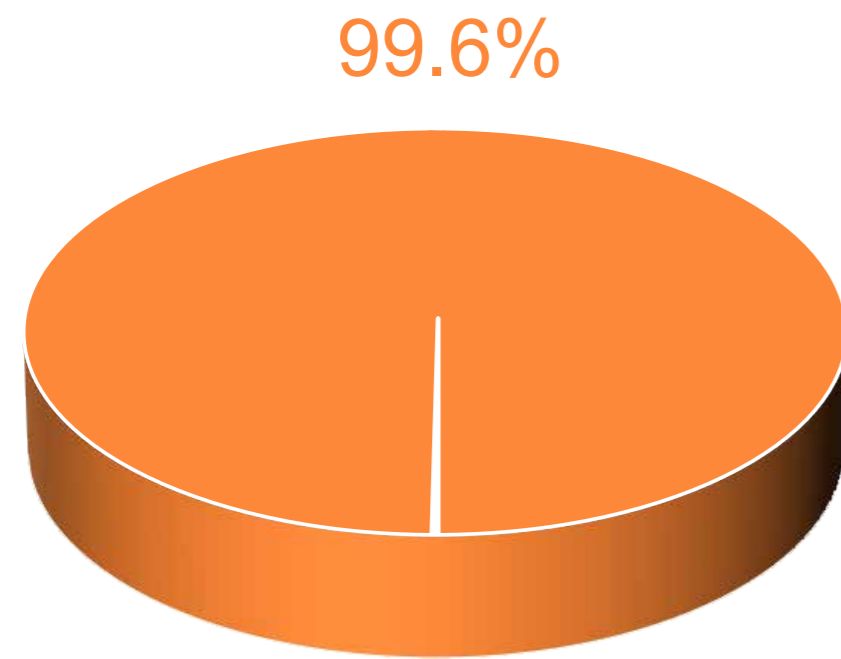




# CHECK LEVEL TREND

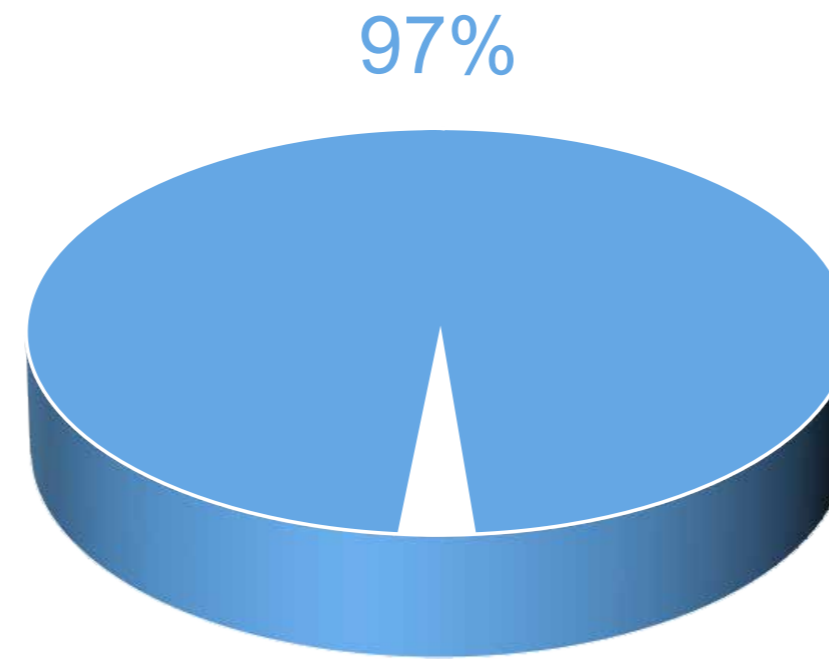
## 4.C.Categorization of Discrepancies By Component Address [Q2-21 vs. Q3-21]

Q2-21



- PERIOD OF STAY
- NOT RESIDING AT ADDRESS

Q3-21

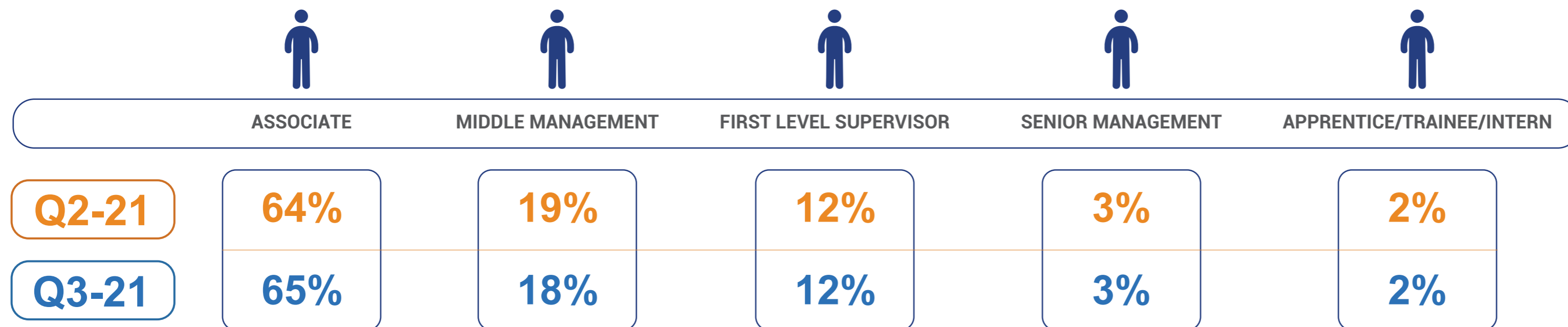


- PERIOD OF STAY
- NOT RESIDING AT ADDRESS

In the third quarter of 2021 'Period of Stay' forms the biggest chunk of discrepancies at 97 percent.

# CASE LEVEL TREND

5.A.Discrepancies - By Employee Category  
[Q2-21 vs. Q3-21]



In the third quarter of 2021 - Associate level discrepancy continues to top the graph at 65 percent

It is followed by Middle Management at 18 percent and First Level Supervisor at 12 percent.

The graph depicts the Senior Management employee level discrepancies at 3 percent.

# CASE LEVEL TREND

## 5.B. Discrepancies - By Employee Category By Age [Q2-21 vs. Q3-21]

DISCREPANCIES - BY AGE BRACKET	APPRENTICE TRAINEE/INTERN	ASSOCIATE	FIRST-LEVEL SUPERVISOR	MIDDLE MANAGEMENT	SENIOR MANAGEMENT
<= 21 years	0.02%	0.5%	0.0%	0.1%	0.02%
>= 22 to 30 years	1.3%	36.8%	6.9%	10.5%	1.4%
>= 31 to 40 years	0.8%	21.9%	4.4%	6.8%	0.8%
>= 41 to 50 years	0.1%	3.8%	0.8%	1.2%	0.2%
>= 51 years	0.02%	1.0%	0.2%	0.3%	0.1%

### Q2-21

The discrepancy – by Employee Category by Age Level analysis depicts interesting details which basically links both the candidate's age and designation.

Maximum discrepancies have been observed at the Associate level at 36.8 %

Highest number of discrepancies have occurred in the > = 22 to 30 years age bracket in all the employee levels.

# CASE LEVEL TREND

## 5.B. Discrepancies - By Employee Category By Age [Q2-21 vs. Q3-21]

DISCREPANCIES - BY AGE BRACKET	APPRENTICE TRAINEE/INTERN	ASSOCIATE	FIRST-LEVEL SUPERVISOR	MIDDLE MANAGEMENT	SENIOR MANAGEMENT
<= 21 years	0.01%	0.6%	0.1%	0.1%	0.02%
>= 22 to 30 years	1.2%	38.0%	7.2%	10.7%	1.6%
>= 31 to 40 years	0.7%	21.8%	3.9%	6.4%	0.8%
>= 41 to 50 years	0.1%	3.6%	0.7%	1.1%	0.2%
>= 51 years	0.03%	0.7%	0.2%	0.2%	0.03%

### Q3-21

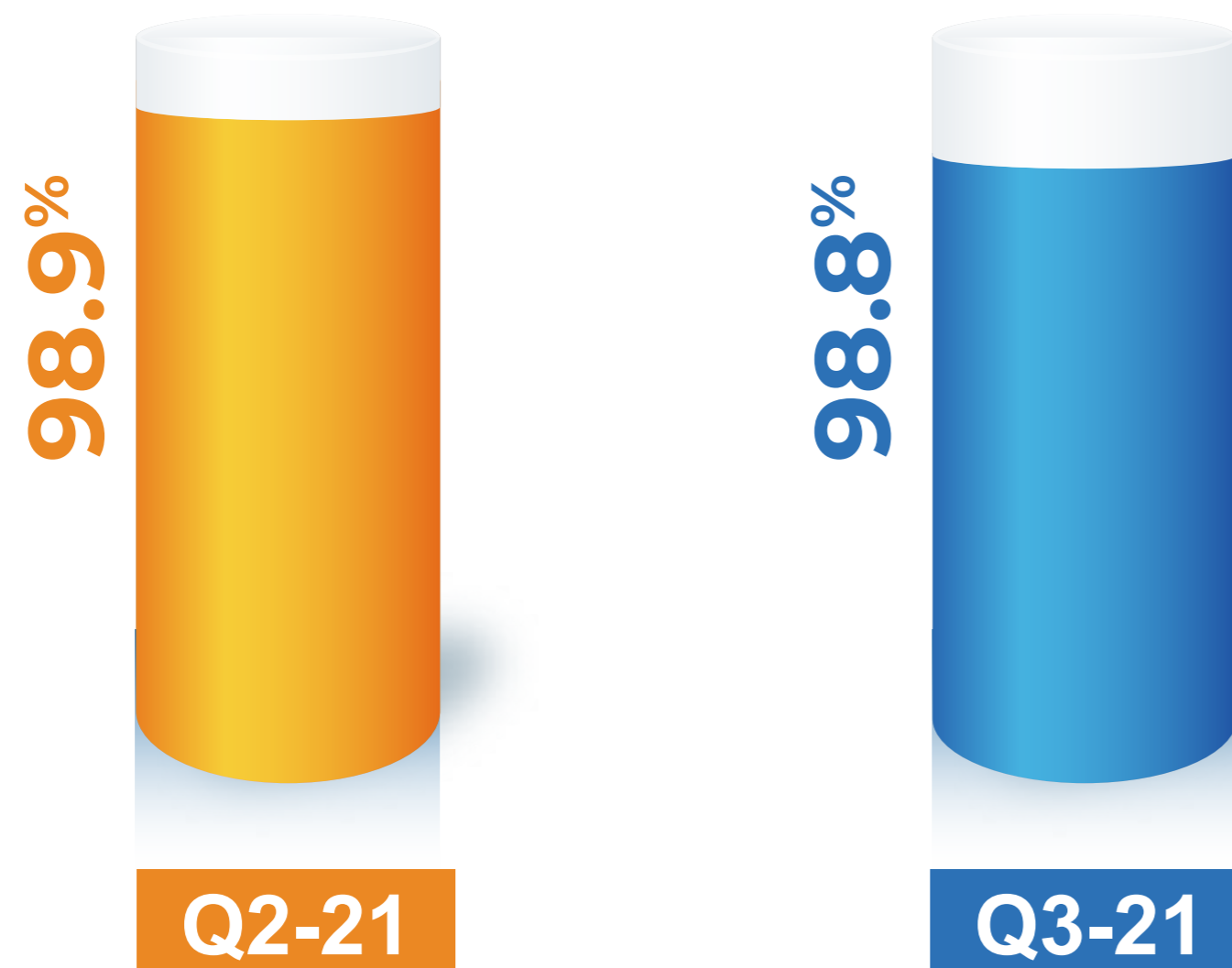
The discrepancy – by Employee Category by Age Level analysis depicts interesting details which basically links both the candidate's age and designation.

Maximum discrepancies have been observed at the Associate level at 38 percent

Highest number of discrepancies have occurred in the > = 22 to 30 years age bracket in all the employee levels.in all the employee levels.

# CHECK LEVEL TREND

6. Verification Success % [Q2-21 vs. Q3-21]



First Advantage's verification success percentage is as high as 99 percent

Only a miniscule 1 percent of the checks are tagged as Unable to verify wherein the Verifying authorities refuse to provide verifications in spite of several requests.

# ALTERNATE METHODS OF VERIFICATION

## DIGITAL ADDRESS

Alternate mode of address verification using digital methodology, thus enabling a fast, reliable validation of the address provided by candidates:

An automated solution which uses advanced GPS technology to match the geographic coordinates of the address provided by the candidate with the co-ordinates captured via the mobile device from where the candidate is physically present.



## EMPLOYMENT THROUGH PAN & TAN VALIDATION

Validation of a candidate's association as an employee with the concerned employer through linkage between PAN of the candidate and TAN of the employer in the TDS records available on TRACES portal

## EMPLOYMENT THROUGH UAN VALIDATION

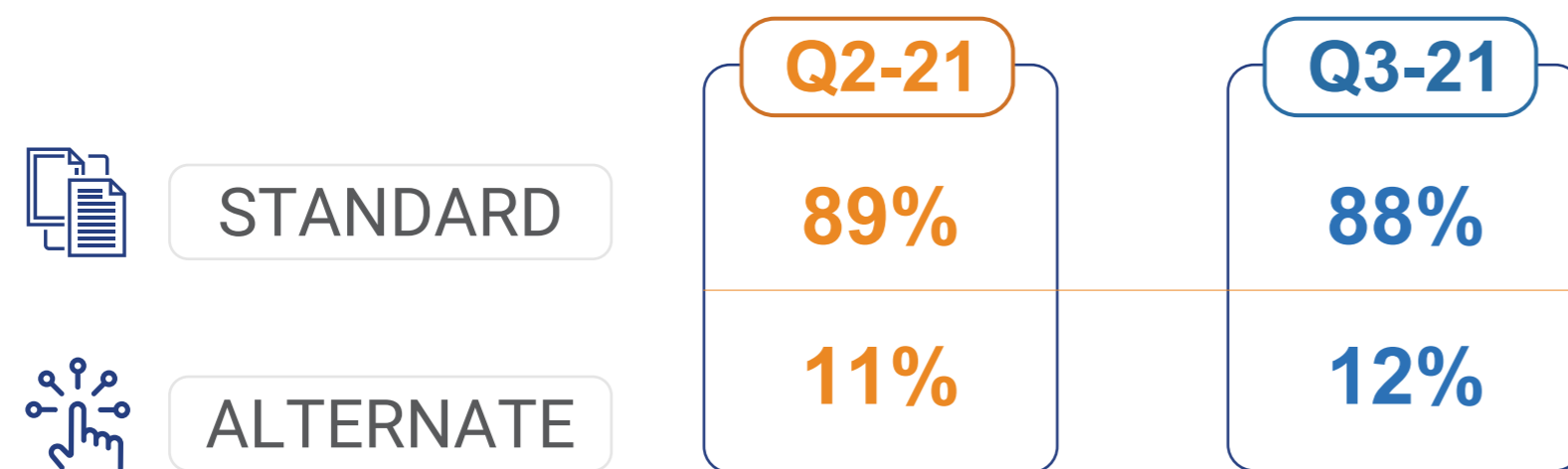
Using the UAN, validation of candidate's association with the employer and the dates of enrollment using the EPFO portal for records



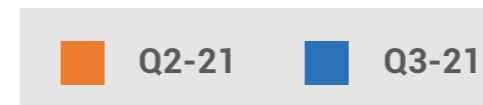


# CHECK LEVEL TREND

## 7.A.1. Alternate Modes Of Verification: Component Employment [Q2-21 vs. Q3-21]



12 out of every 100 Employment verifications were conducted through the alternate modes of verification.





# CHECK LEVEL TREND

7.A.2.Alternate Modes Of Verification: Component Employment By Industry [Q2-21 vs. Q3-21]



In the third quarter of 2021 in the **Employment component** – many sectors individually like E-Commerce & Logistics, Engineering & Infra, Hospitality, IT and Retail to name few - have shown a higher inclination to alternate modes of verification as compared to the industry average of 12 percent.

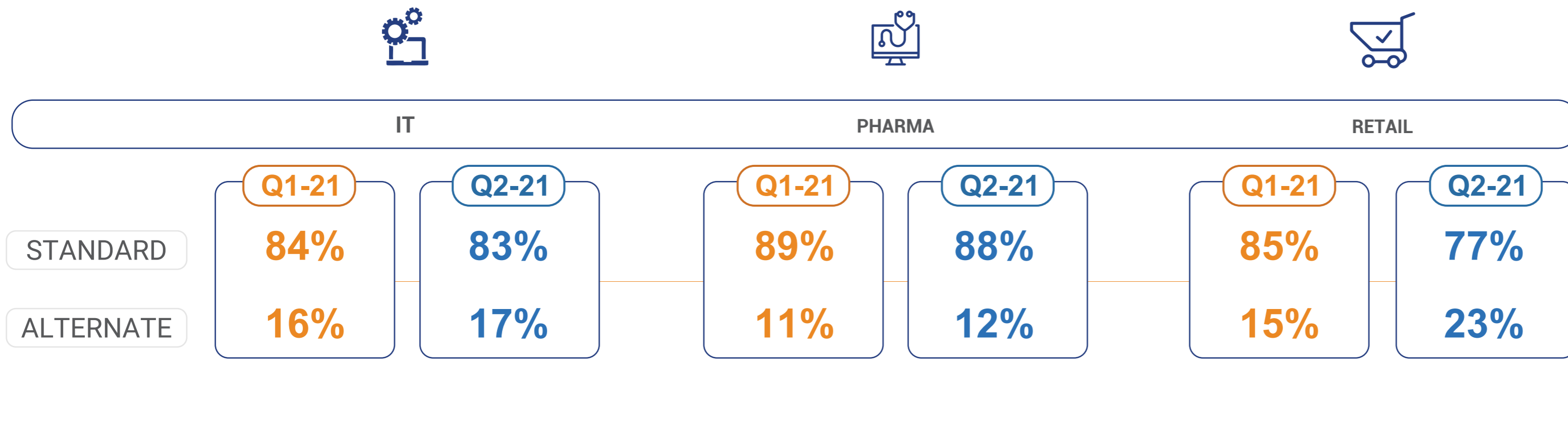






# CHECK LEVEL TREND

7.A.2.Alternate Modes Of Verification: Component Employment By Industry [Q2-21 vs. Q3-21]



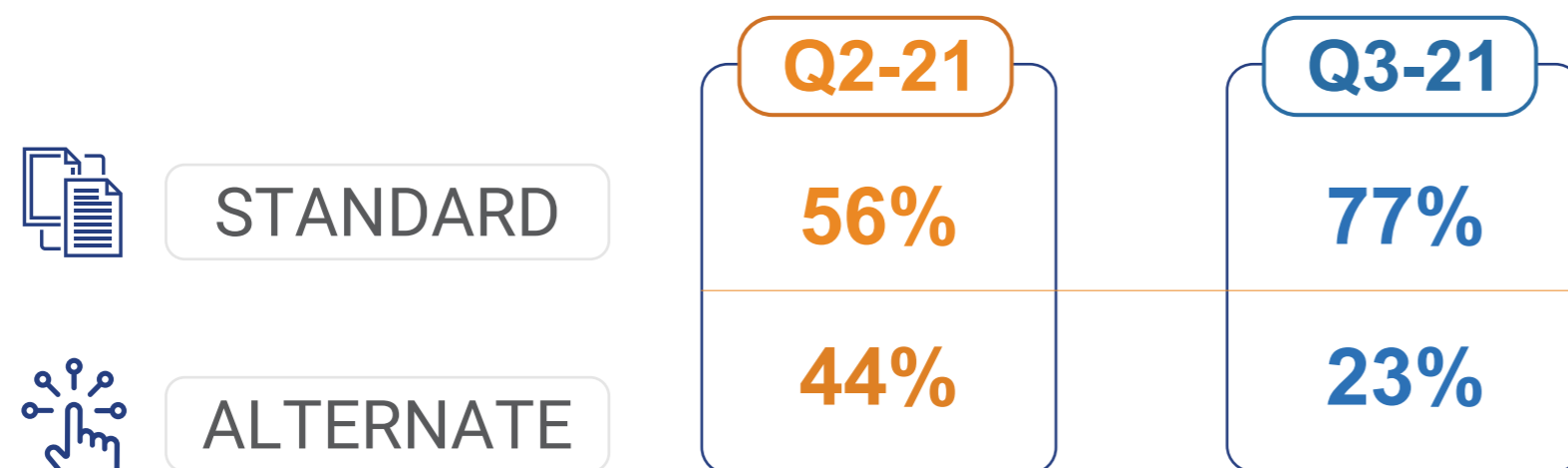
The leaning in the Retail sector has increased towards alternate modes of verification from 15 percent in Q2-21 to 23 percent in Q3-21.





# CHECK LEVEL TREND

7.B.1. Alternate Modes Of Verification: Component Address [Q2-21 vs. Q3-21]



As we delve deeper into data to comprehend the changes that have swept through industrial sectors primarily through a background screening industry perspective, two things become quickly visible – Darwinian’s evolutionary theory of survival of the fittest and the ability to quickly adapt to change.

**Address component** is a good example of how First Advantage quickly adapts to change - in the third quarter, we have seen many industrial sectors reverting to the standard modes of verification in this new normal -post the tremors and ravages of the pandemic. 77 percent of the verifications were conducted via standard modes in Q3-21, as compared to 56 percent in the Q2-21.

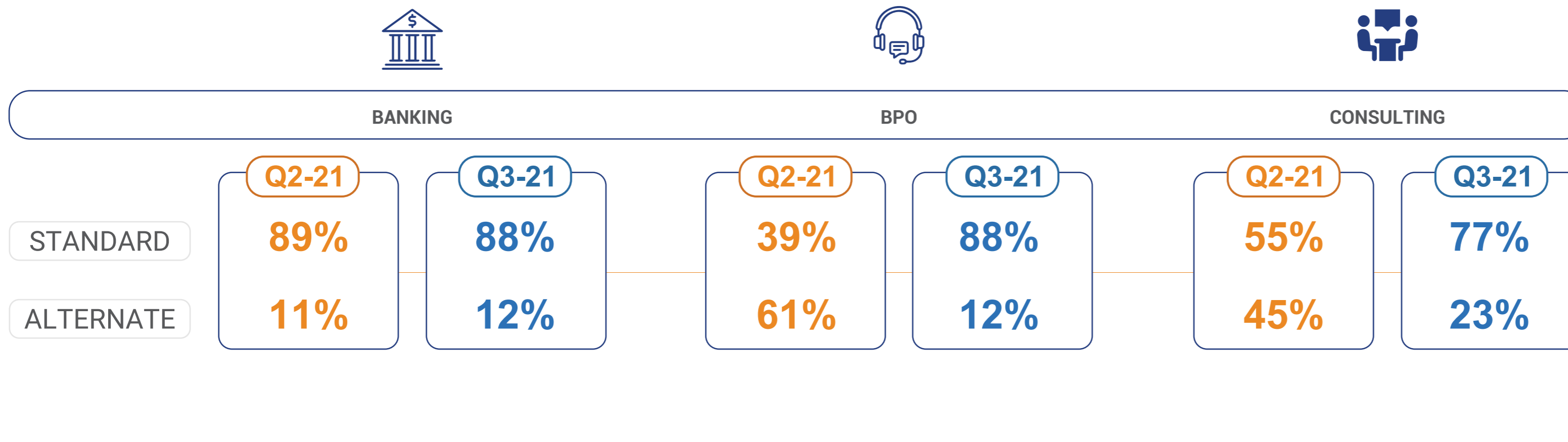
In Q3-21, 23 out of every 100 Address verifications - were conducted through the alternate modes of verification.





# CHECK LEVEL TREND

7.B.2.Alternate Modes Of Verification: Component Address By Industry [Q2-21 vs. Q3-21]



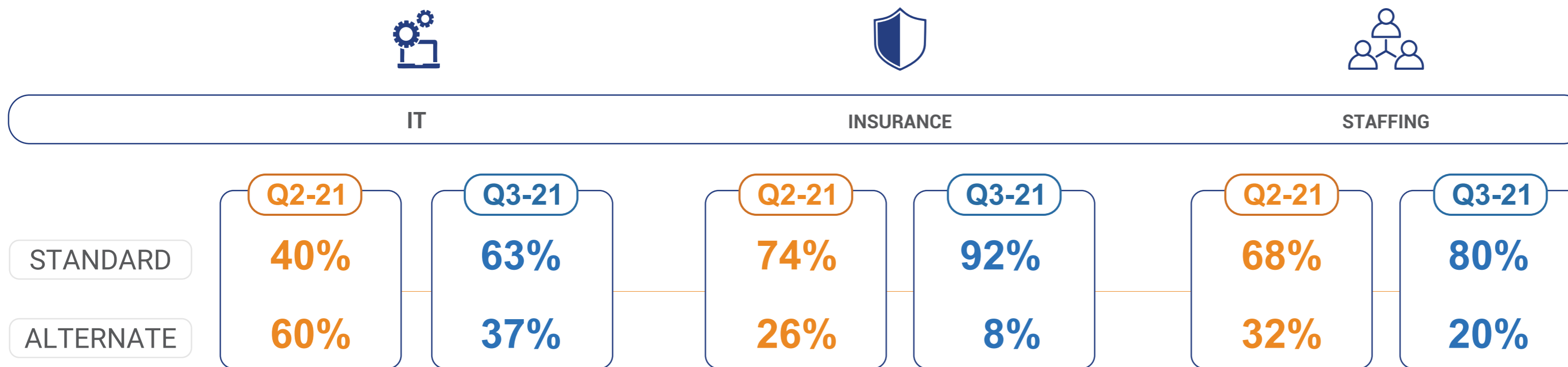
Almost all the industrial sectors like BPO, Consulting, E-Commerce & Logistics, Insurance, IT, Manufacturing, Staffing, Telecom to name some, have reverted to the standard conventional modes of verification in the Address Component.

Q2-21 Q3-21



# CHECK LEVEL TREND

7.B.2.Alternate Modes Of Verification: Component Address By Industry [Q2-21 vs. Q3-21]



We have also seen rare instances of the sectors like Banking, FMCG, Healthcare, Hospitality inching more towards alternate modes in the third quarter of 2021.



# CASE LEVEL INFLOW

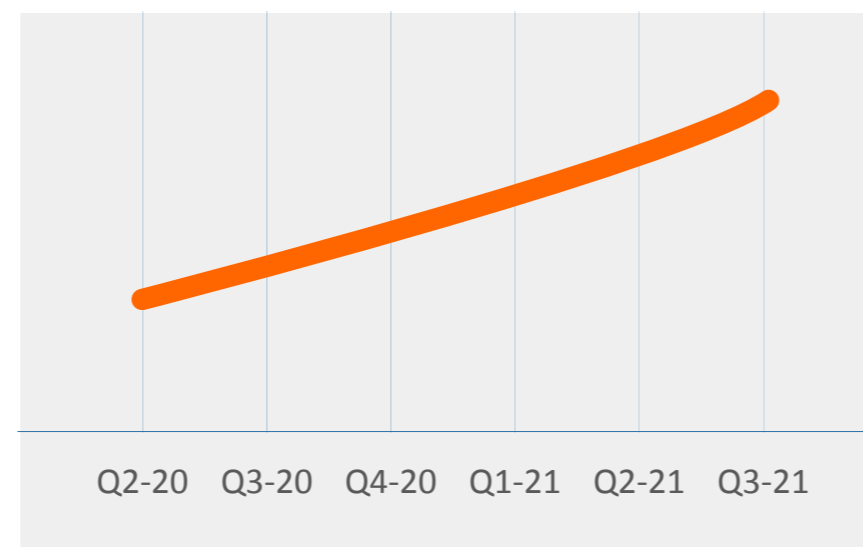
[Q2-20 to Q3-21]

The case level inflow has reached another epic high in third quarter this year - furthermore holding good the theory of recruitment and background screening trends coinciding with the pre-covid cyclical trends of the job markets.

The third quarter of 2021 has shown an increase of **23 percent** in volumes as compared to the second quarter of 2021.

## GRADUAL & SIGNIFICANT RISE

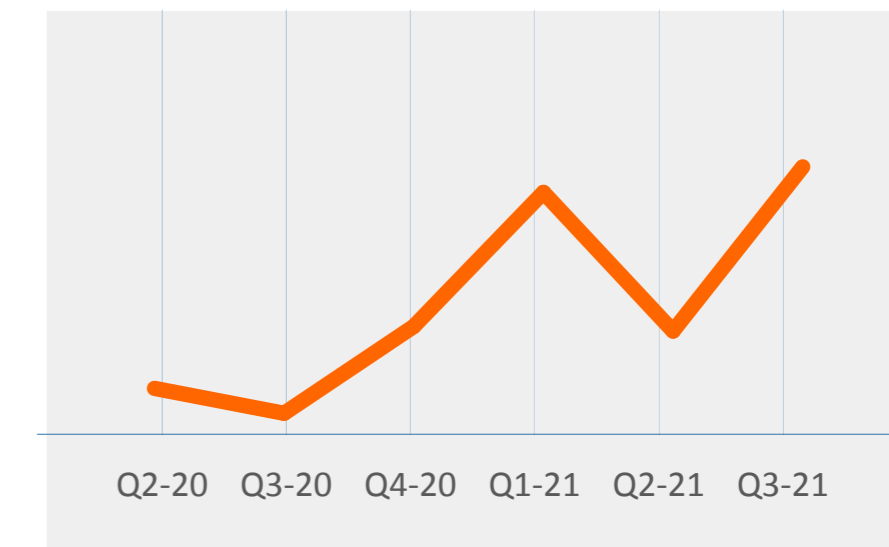
The underlining trend in the volume story **overall** clearly depicts a gradual but visible and significant increase. It also depicts a clear indication that the markets have bottomed out in 2020.



Sectors like **Banking, Consulting, E-Commerce & Logistics, Financial Services, FMCG, Insurance, IT, Manufacturing and Telecom** have contributed to this visible rise.

## W-SHAPED RECOVERY

We have sectors like **Healthcare** and **Hospitality** showing a W-shaped recovery.

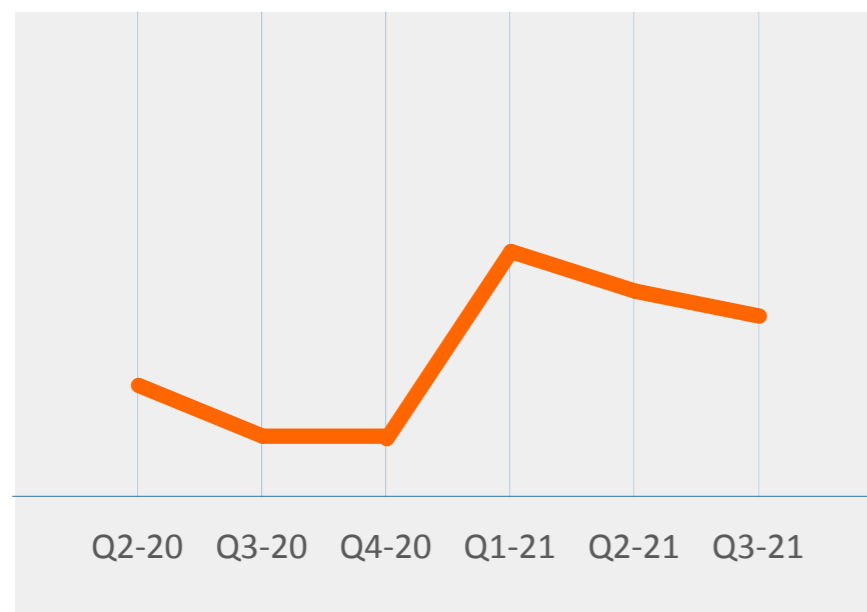


# CASE LEVEL INFLOW

[Q2-20 to Q3-21]

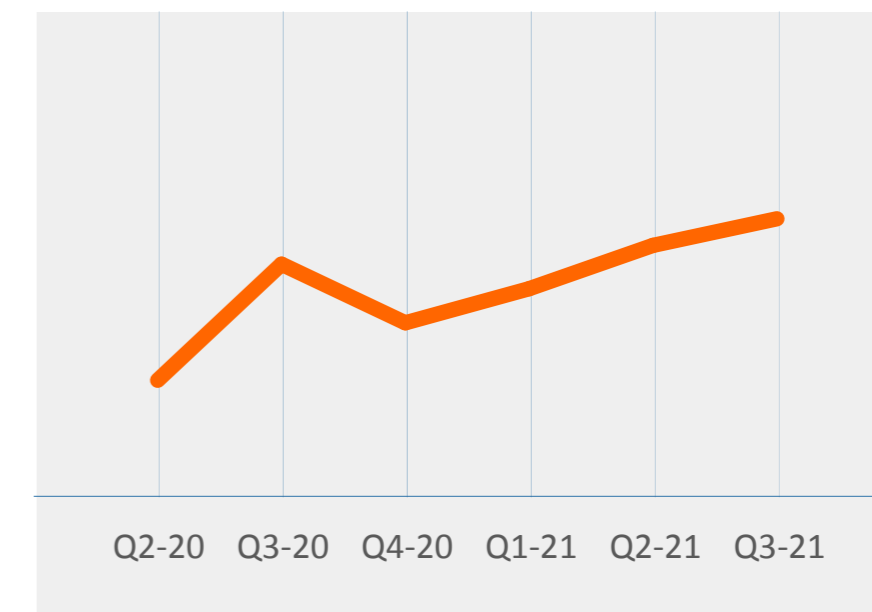
## ZIGZAG TREND

Sectors like **BPO** and **Engineering & Infra** seem to be following the wait and watch sort of trends - wherein volumes had picked up in the first half of 2021 after a fall last year, now again they have shown a slight fall this quarter.



## REVERSE TICK SHAPE

**Pharma**, **Retail** and **Staffing** sectors display a reverse tick shape trend.



# VENDOR SCREENING



## Our vendor screening has been further strengthened by including **FINANCIAL ASSESSMENT** for your vendors/ partners

Financial assessment based on the information / documents sourced from various public domain. Contains information like Registration details, Director and Shareholder Details, GST details, Summary of financial statements of last three FY's.



Financial Assessment

Vendor Screening Solutions helps in minimizing a company's potential liability by screening current agencies, prospective customers, vendors and suppliers. These solutions also help businesses take decisions to expand operations by verifying vendor's credentials.



Company Verification Online Research



Court Record Search



Company Verification Site Visit



TAN Validation



Validation of Certificate of Incorporation

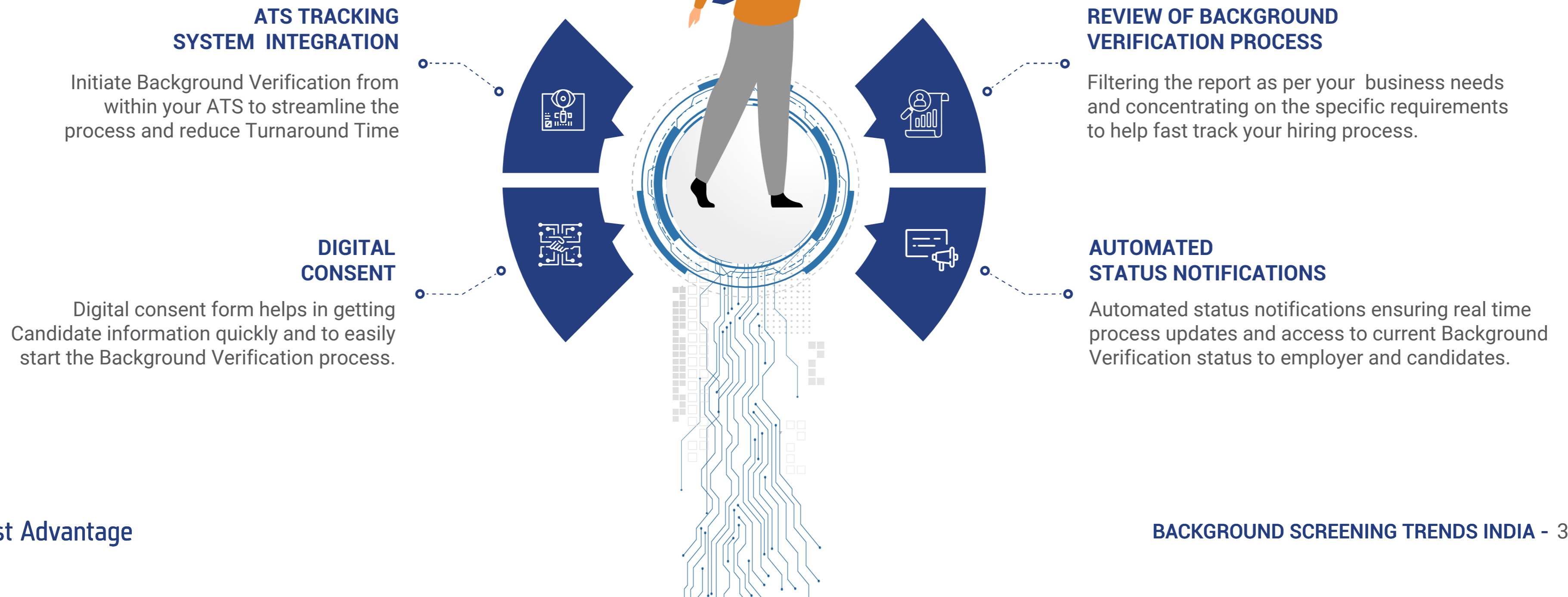


Global Database Checks



India Database Checks

# FUTURE OF BACKGROUND VERIFICATION INDUSTRY





# SUCCESS FACTORS



## Few experiences shared by our clients for our services

We are pleased with the quality of work that FADV has rendered to us. Their online verification systems are very critical to our company's operations and will definitely recommend their services because of professionalism, customer service and reliability. Staff members are quick in responding to any queries, have been courteous and focused on the needs of our business. We wish all the more success to FADV and look forward to a long term association not just domestic but globally as well

BGV Head, Brillio

CGI has been using FADV services since 2006, the quality of service and response has been extremely above expectations. They have a global reach with solutions which is customer friendly and accurate. Relationship with the account managers and the account leads are very proactive. We look forward for a greater partnership.

HR and BGV, CGI

On behalf of Artech, I would hereby like to appreciate FADV for the outstanding support towards achieving our business goals, especially during the pandemic situation of COVID. The SPOCs had always been available round the clock without a hitch, which is commendable. Artech looks forward to a continued long and fruitful relationship with FADV.

Sr. Manager Human Resources, Artech

We have been using FADV services since 2016. The service of FADV is very efficient in every aspect of BGV. Their timelines and enhanced checks with a user friendly portal is recommendable. The account managers and the entire team are extremely proactive and address the queries as needed. FADV's service quality and accountability is extremely satisfying.

HR and Head of BGV, Mavenir (India) Pvt. Ltd

Excellent services, extremely customer friendly, Quick turnaround time, accurate & timely results.. They give us some good advises which also enhances our knowledge.

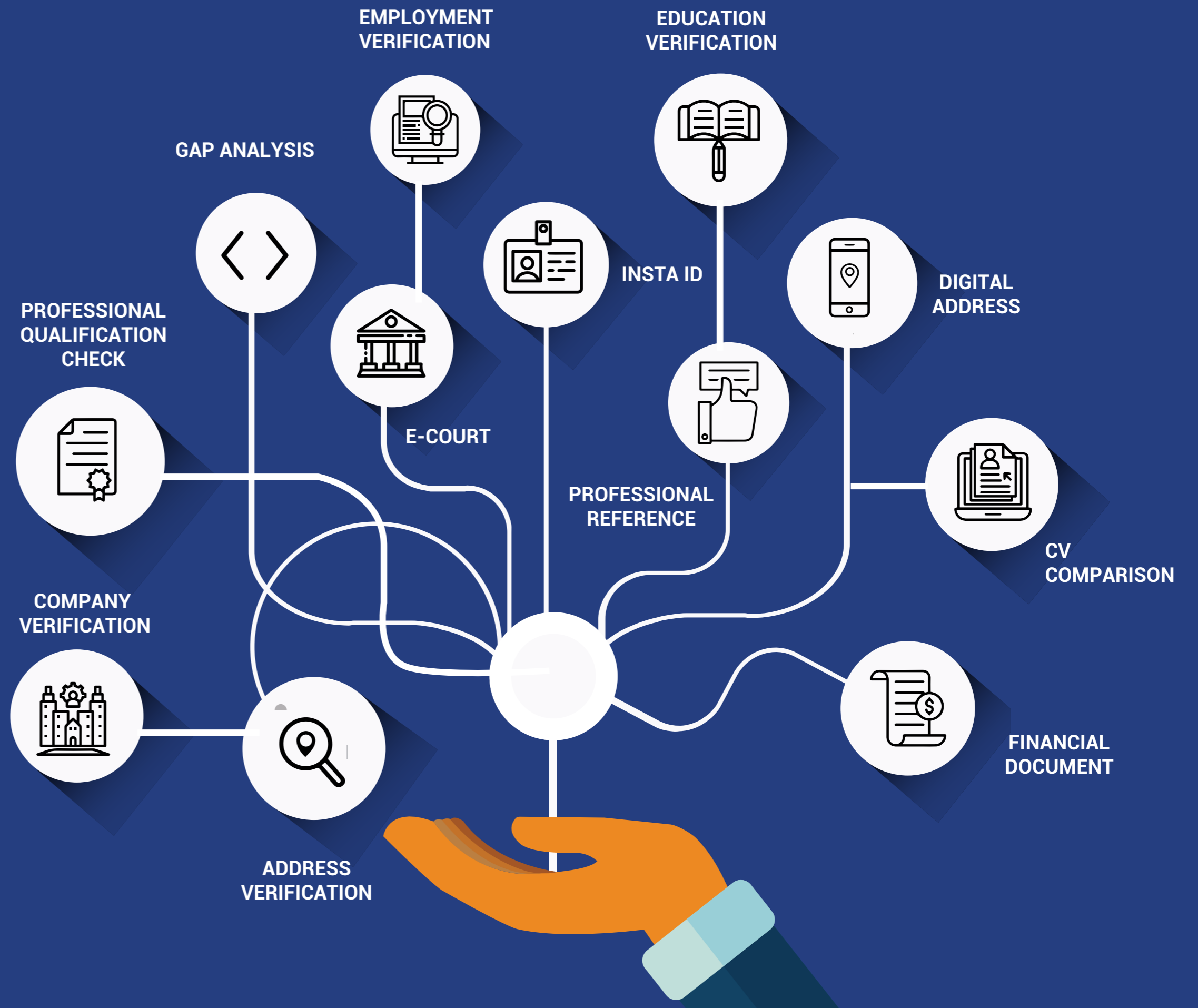
Head of BGV, Mindtree Ltd

# FA CAPABILITIES AND SERVICES

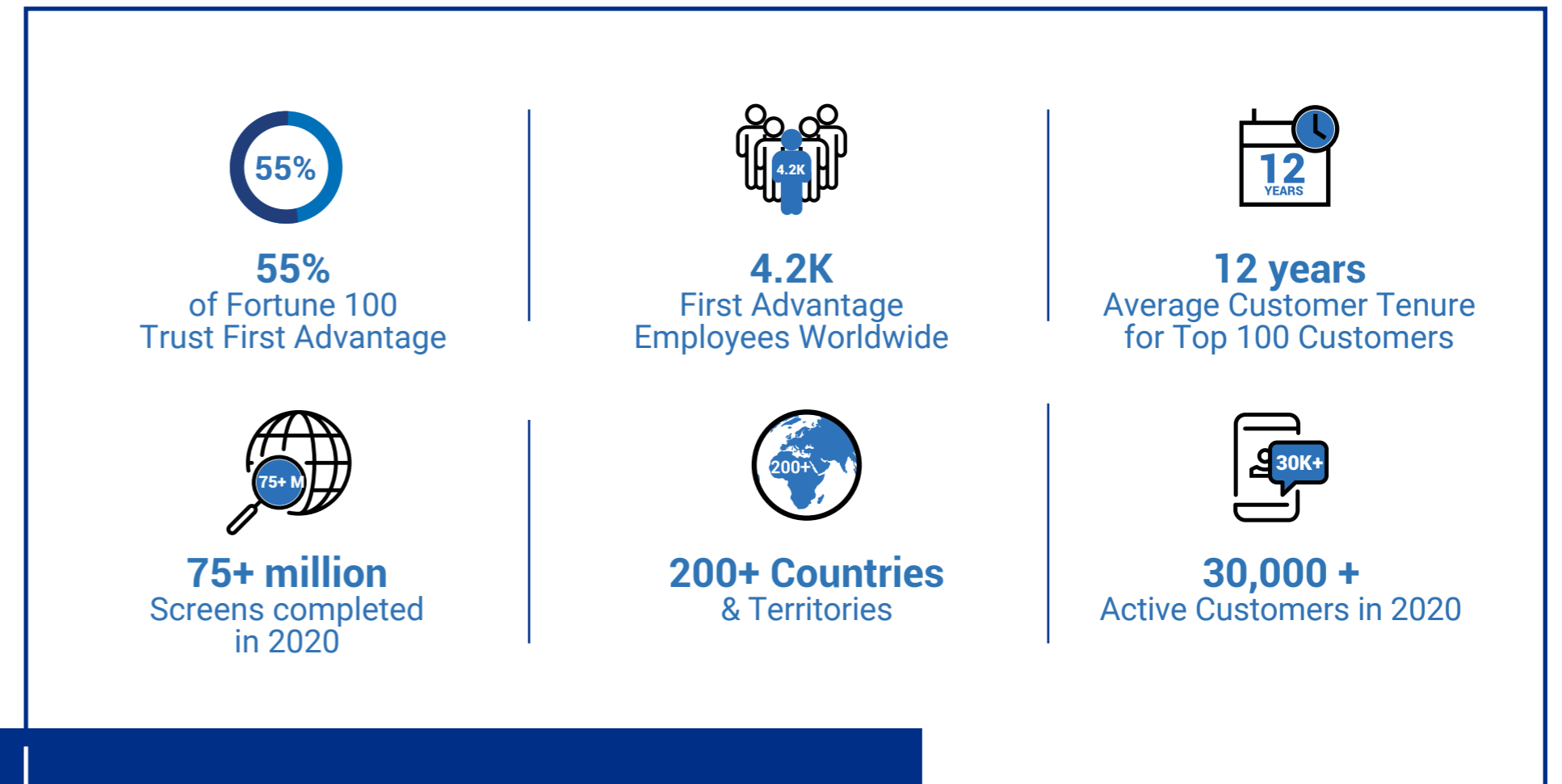
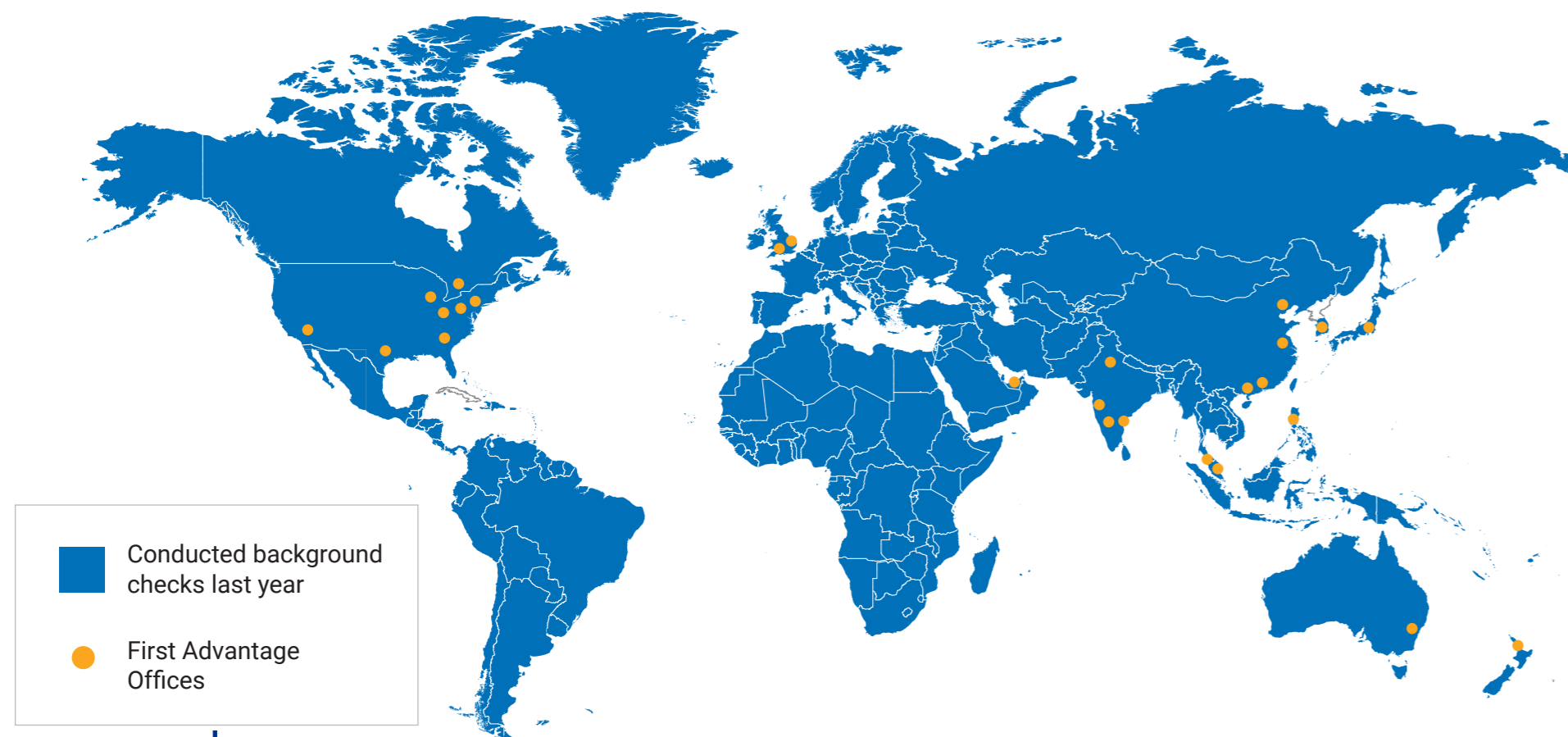
JULY TO SEPTEMBER-2021

Our verifications determine whether the information provided by a candidate is accurate. Common inaccuracies include grades achieved, positions held and length of employment - all of which can have a significant impact on a candidate's ability to perform effectively in their role. We always contact former employers / institutions directly, rather than the individual provided by a candidate, to avoid the possibility of speaking to someone masquerading as a legitimate referee.

Digital Onboarding is a solution for any organization in order to adhere to social distancing norms. The service assures efficient online onboarding of the candidate, removes the hassle of paperwork and further eliminates the need of the candidate's physical presence.



# ABOUT US



First Advantage provides comprehensive background screening solutions including employee screening, vendor screening, consumer screening and 'know your customer offering. First Advantage supports thousands of clients globally featuring quality products and business practices, configurable technology, helpful compliance and managed services, and highly responsive client support allowing for faster decisions with dramatically better insights.

With an advanced global technology platform, superior customer service and compliance expertise delivered by experts who understand local markets, First Advantage helps customers around the world build fully scalable, configurable screening programs that meet their unique needs.

“

Delivering innovative solutions & insights that help  
our clients manage risk and hire the best talent

”

We are FA

