

The logo features a large white '10' on the left. The '0' is partially overlapped by a blue 'X' that has a 3D effect. To the right of the 'X' are the letters 'TND' in a white, bold, sans-serif font. Above the 'X' and 'TND' is the text 'YEAR ANNIVERSARY' in a smaller, white, all-caps sans-serif font.

10 YEAR ANNIVERSARY
XTND

YOU'VE WORKED HARD TO BUILD IT,
LET XTND HELP YOU PROTECT IT.

FOREWORD

by **Servaas du Plessis**
CEO

“Unfortunately, white-collar crime cannot be contained by sanitising, wearing a mask and social distancing – it is a ruthless, very often a faceless, but it is most certainly not a victimless crime, and it is very destructive.”



We were all excited at the beginning of 2020, and had even come up with the best new year's resolutions. And then the COVID-19 pandemic happened – dumping the world into something nobody in their wildest dreams would have anticipated. COVID-19 has had, and continues to have, a devastating effect on families, friendships, businesses and most importantly, people, who have lost their lives or their livelihoods.

At XTND, we fight a pandemic of a slightly different nature – the scourge of fraud and white-collar crime. Fraud, corruption, theft and related white-collar crimes affect every level of society. The news headlines with COVID-19 has been dominated with fraud and corruption, as well as even affecting humanitarian efforts in the provision of protective equipment like face-masks, sanitisers and protective clothing, which has been mainly due to the relaxation in procurement practices during a time of crisis. We have furthermore seen a massive jump in COVID-19 themed cyber threats and related crimes.

New challenges create new opportunities for fraudsters, and the current trends will occupy fraud-fighters for years to come - trying to uncover how funds were sourced, channelled and distributed by corrupt and greedy operators abusing the COVID-19 crisis as a cover.

Unfortunately, white-collar crime cannot be contained by sanitizing, wearing a mask and social distancing – it is a ruthless, very often a faceless, but it is most certainly not a victimless crime, and it is very destructive.

Job losses, businesses closing down, industries collapsing and the bleak economic forecast all contribute to the change in the fraud landscape. To navigate safely through this minefield, it is now more crucial than ever for businesses to partner with an organisation that understands fraud-risk, utilises best-in-class solutions which should be supported by ethical professional experts who will assist in protecting and keeping what is yours.

You've worked hard to build it, let XTND help you protect it.

XTND turns 10 today - 1 September. We have much better tools, more experienced subject matter experts and a range of new skills today, but our endeavours to eradicate fraud remains as vigorous as the day we started in 2010!

Be safe,
Servaas

HISTORIC TIMELINE



2010 CENSEO



2015 EOH Forensic Services



2018 XTND

XTND

WHY OUTSOURCE YOUR FORENSIC SERVICES?

Companies lose huge sums of money due to fraud and shrinkage related activities. Many of these are seldom uncovered and when they are, it remains difficult and costly to piece the evidence together and to recover the losses.

WHY XTND IS THE RIGHT PARTNER TO DELIVER

a sophisticated data analytics as-a-service solution

by Leon Townsen
COO

HISTORY REMINDS US THAT DATA HELPED BUILD THE PYRAMIDS

The Egyptian pyramid of Khufu in Giza is the largest of all Egyptian pyramids and the only one of the seven wonders of the ancient world still in existence. Why would that be important to the world of data analytics?

The scribes of ancient Egypt also documented their calculations and theories for building all the ancient pyramids on mathematical papyri.

SOME OF THESE INCLUDE:

- The calculations for the number of blocks required
- The precise angle of the sides with the ground (for Khufu, it's 52 degrees);
- The geometry of the overall structure
- The water-to-sand ratio
- The calculations to align the Great Pyramid of Giza to true north.

Without data it probably would have been impossible to do resource planning, organise logistics, allocate cost and meet completion deadlines whilst building the Egyptian pyramids approximately 4500 years ago.

Fast forward to the 1880 United States Census when it took them seven years to process collected data into a report. Ten years later the tabulating machine was invented by Herman Hollerith. This invention enabled systematic processing of data collected on punch cards and reduced the time to turn data into a report to eighteen months.

One hundred years later relational databases were invented which allowed users to write Sequel (SQL) to retrieve data from a database. Data could then be accessed on demand.



BIG DATA, ANALYTICS AND INTELLIGENCE ARE CRITICAL FOR BUSINESS SUCCESS

Enough history, today in 2020 we live in the information age where 90% of today's data was created in the last two years. The data science community has developed into at least 21 specialist domains, ranging from Algorithm design and execution to volume, velocity, and variety of big data on cloud.

The need to develop data science processes and codes of ethical standards has become vital to ensure that data is collected, stored, secured, analysed, and shared legally and ethically. In countries such as the USA, UK, Australia, and Canada government and professional bodies has already progressed well in establishing and developing responsibilities to the profession. In South Africa, the Association of Fraud Examiners (ACFE) standards forum is actively developing the professional and academic standards for data science professionals.

Big data, analytics and intelligence are arguably the three most critical pillars for any organisation to achieve success over the next three to five years. Big data is collected daily from sources such as cell phones, bank payments, security and other cameras, inter-of-things (IOT) sensors, emails, videos, click streams, and social media platforms. Of these sources 80% of data growth is video, images and documents.



Data scientists often refer to two types of data, structured and unstructured data. It is estimated that 90% of generated data is unstructured. Unstructured data is information contained in videos, images and documents and the data cannot fit into a database. In comparison structured data generally resides in a relational database. For example, the data could be organised in fields listing names of people or places, telephone numbers, bank account or credit card numbers, dates and times.

DATA BRINGS VALUE

Understanding what value could be extracted from data is one of the biggest challenges business decision makers face today. Two groups of people exist on the extreme opposite sides from each other in data analytics; namely those that are qualified to use sophisticated data analytics software and then those that are gathering data at the frontline of systems and processes. In the middle are the rest “swimming” in the grey pool of data. In the South African context, we can add the vast number of SMMEs operating in the townships in the informal sector. In her research Dr. Stella Bevuma found that township SMME’s thought of ICT as desktops or supercomputers; many of them were not even aware that their mobile phone or device is ICT and can be used in their business operations. How do we make our data analytics in South Africa all-inclusive? Statistics collaborate why formal data analytics services should urgently take note of the massive growth of transactions that were done on a mobile device. Mobile usage for online shopping in South Africa has grown by 159% year-on-year compared to desktop by 37% year-on-year says Pay Fast.

For XTND it matters how we serve, not just large enterprises in solving big data challenges but also the small one-man business operating in the township. Up to now the truth is that most business process outsourcing providers has focused on the solving for the customer with the biggest wallet. At XTND we have the subject matter experts, the experience and a partnership with IBM to give the SMME access to sophisticated data analytics as-a-service and at a fee that will suit their business. There is no need for SMME’s to think that they cannot benefit from the same technology as big business. Right now, every SMME’s priority is to survive the pandemic period, keep their customers, and find new ways to deliver on their value proposition. Our objective is not to sell to the customer if our solution does not solve their unique business challenge. No matter the size of the business we apply the same methodology in analysing data with the aim to gain new insights that could be used for the purposes mentioned above.

The advertisement banner features the XTND logo in the top left corner. Below it, a blue bar contains the text 'TIMING IS CRITICAL IN THREAT INVESTIGATIONS'. The main headline reads 'ACCELERATE DATA TO DECISIONS WITH IBM i2'. On the right side of the banner is a stylized profile of a human head composed of blue circuit lines. In the bottom left corner, there is the IBM Business Partner logo and the text 'XTND, an approved IBM business partner'.



EXPOSEIT

EXPOSEIT WHISTLEBLOWING APP

by **Johan van Dyk**
Executive Head

CORRUPTION IS EVERYWHERE

Our daily news consumption is often dominated with news articles and features about corruption, fraud, dishonesty and abuse. Whistleblowing is consistently recognised as the most effective measure to guard against fraudulent or unethical activity within organisations. The Association of Certified Fraud Examiners (ACFE), in their 2018 Report to the Nations, once again identified tip-offs as the single largest contributor to the detection of cases of fraud and wrongdoing:

“Tips were by far the most common means of detection at **40%** of cases – more than internal audit (**15%**) and management review (**13%**) combined.”



Although many of the Government departments and private companies committed to a more effective and visible GRC (Governance, Compliance and Risk) approach most of them still utilise the old and outdated call centre approach for a whistleblowing solution.

THE HISTORY OF AFRICA'S FIRST DIGITAL WHISTLEBLOWING SOLUTION - EXPOSEIT

It all started with conversations on how we could get involved to help our children with an anonymous, reliant and effective communication solution to report issues like abuse, bullying, drug abuse, etc. At the time they only had two options, 1) confide in a teacher who they do not necessarily know if they can trust and 2) confide in their parent(s) who may overreact or not react at all. The problem is that with both these options there is no anonymity. We also quickly realised that the traditional call centre solutions will not work as people and especially kids would rather send WhatsApp's, or use social media, for instance. **ExposeIT** was born on the same principles of WhatsApp, where a person can send a message with attachments including, files, photos, recordings, videos, etc. We also enabled the functionality to ensure that no personal details of the user or phone like cell nr, IMEI nr, etc. was captured, in order to deliver a fully anonymous solution. Once we tested the solution, we realised that the potential and power of this solution could be expanded for commercial use and that is what ultimately birthed **ExposeIT**.

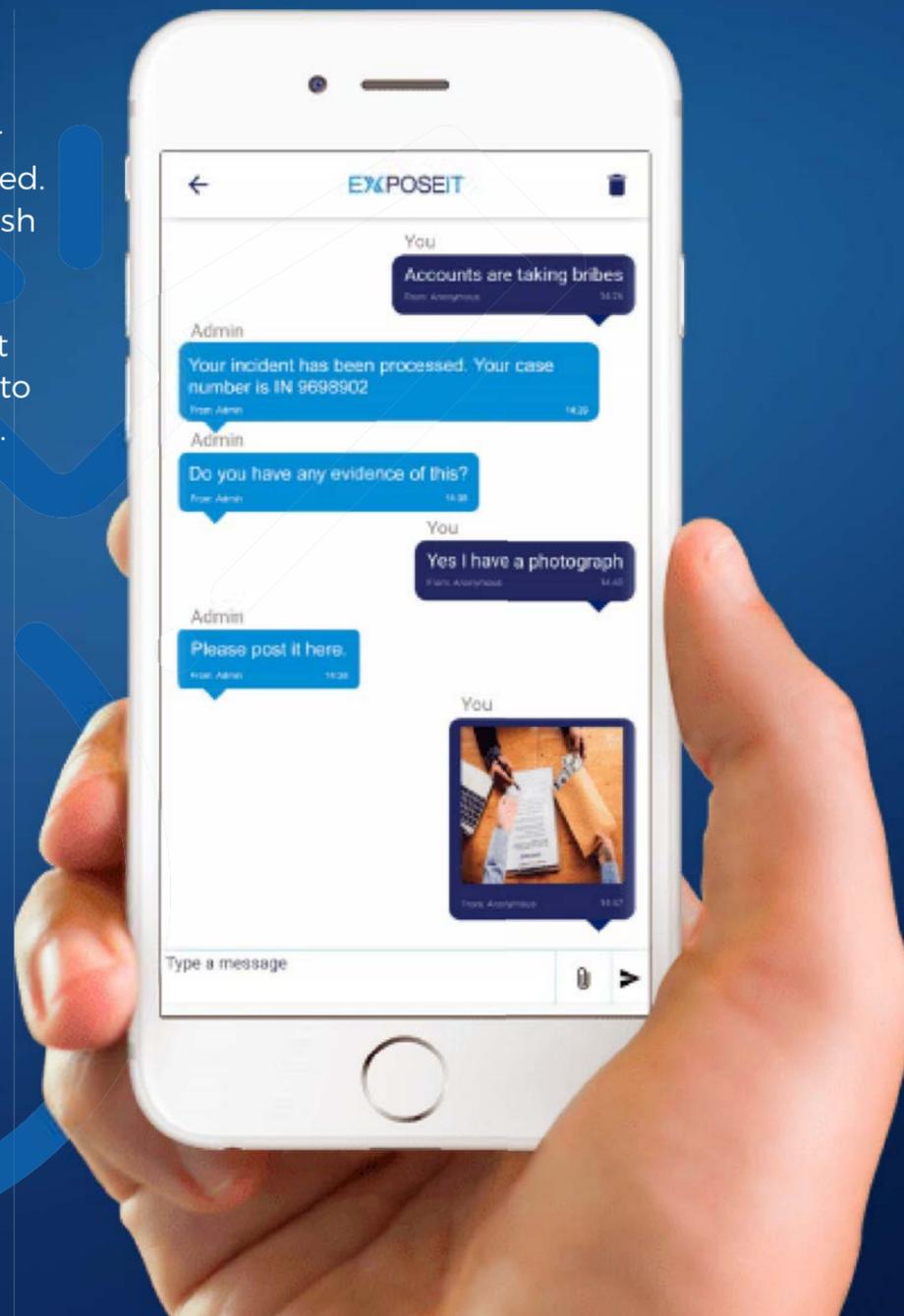


UNIQUE
SOLUTION

EXPOSEIT BECOMES A FORCE FOR GOOD

Since the launch of **ExposeIT**, it has proven its worth and was an integral part of the EOH's turnaround strategy since February 2019. Many of the issues EOH uncovered were the direct result of reports that came from **ExposeIT**. What makes this solution unique is that one can continuously communicate with an anonymous whistleblower. This allows a moderator to obtain more relevant and direct information and evidence throughout the investigation process. This further allows the moderator to keep the whistleblower informed throughout the process and gives them feedback on the finalisation of the process. Whistleblowers get the opportunity to help uncover fraudulent activities in a safe and anonymous manner that prevents them from being victimised.

Identifying information is not stored anywhere on the system, meaning that even if the App is somehow hacked, whistleblower identities will not be compromised. It is simply not difficult to establish the identity of a whistleblower using the app; it's impossible. This allows a case to be built that stands a high chance of leading to convictions or disciplinary action.



All information collected via the **ExposeIT** App is reviewed by an independent law firm, categorised, recorded and stored for further analysis. Evidence and investigative actions are automatically time and date stamped for compliance and reference purposes, ensuring that no complaint is neglected or ignored.

USING DIGITAL TO OVERCOME MANY WHISTLEBLOWING LEGACY ISSUES

Most whistleblowing offerings are actually call centres making use of a call centre agent with a script of questions to ask a potential whistleblower. The call centre can, with the permission of the whistleblower record his / her details to enable them to contact them again later to give feedback or ask questions. Although this information may not be given to a client utilising the call centre solution the whistleblower knows that they have their detail, and this is one of the reasons people are not that keen to report anything. Without recording the whistleblower's detail there is no way to give them feedback or contact them at all. Where people do not want to give their detail, which is the majority of the time, investigations are not effective due to a lack of information and are closed even before they start creating a perception that the organisation is not serious about following up on whistleblowing report.

These issues are all eliminated with the **ExposeIT** App as it is truly an anonymous, digital and an independent solution with continuous communication.

It is critical to build robust reporting mechanisms in organisations

Organisations should encourage and support whistleblowing by creating internal mechanisms that are conducive to report wrongdoing.

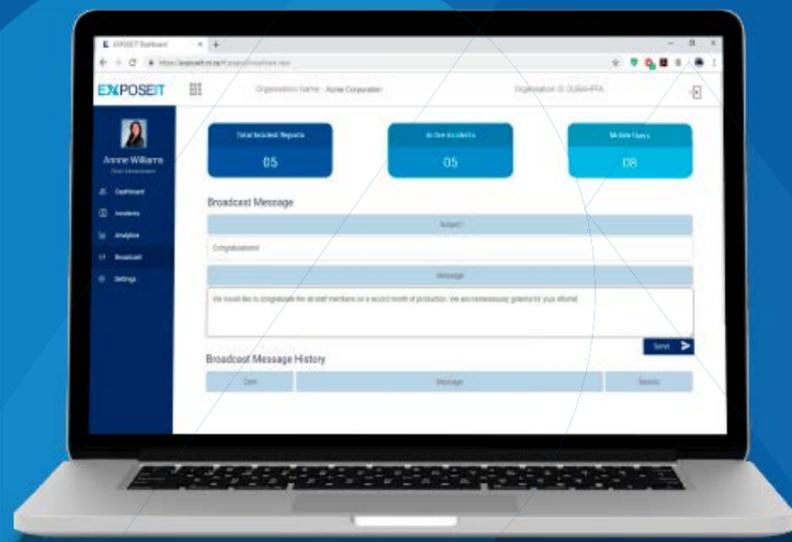


THIS CAN BE ACHIEVED BY DOING THE FOLLOWING:

- ▲ Establishing clear commitment from the board of directors as well as senior management, supported by a “launch awareness” programme;
- ▲ Creating a policy and procedures on whistleblowing, where potential users are sensitised to the structures and protection mechanisms available;
- ▲ Ensuring there are clear reporting structures for the receipt of whistleblowing reports;
- ▲ Using an external, independent and anonymous whistleblowing service like **ExposeIT**; and
- ▲ Providing users with comfort that the whistleblowing system is functional, furthermore providing feedback on reported cases which would typically include monthly statistics of reported/resolved cases and other actions taken.

ExposeIT is a critical development towards enhancing Whistleblowing and entrenching a culture within organisations that encourages whistleblowing and prevents retaliation against employees who come forward, it is crucial in ensuring transparency and good governance at any organisation.

We hope that the **ExposeIT** App will become a new standard in enabling the safe, anonymous exposure of wrongdoing and further enables organisations to take a giant leap forward towards ensuring ethical leadership and strong governance remains a priority as the future becomes more digital.



OUTSOURCING

ARE YOU HEADING IN THE RIGHT DIRECTION?

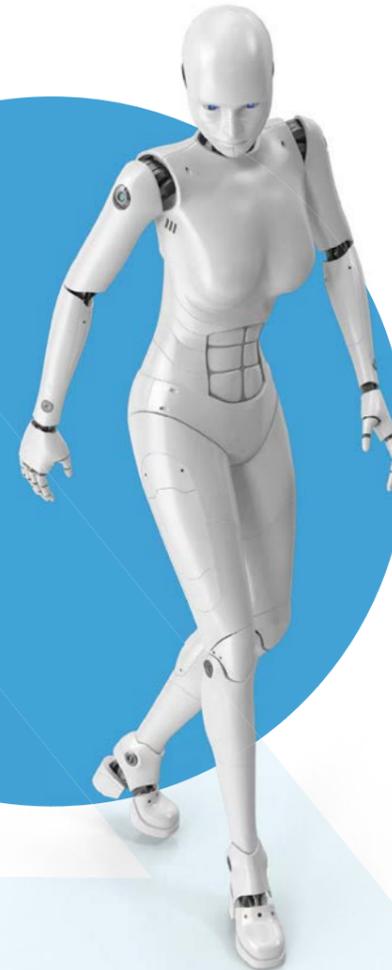
by **Mouna Eksteen**
Executive Head

THE EVOLUTION OF DATA

For many years the conversation around data has always been one that contained some sort of controversy. Data is important to every business and to share data was something extraordinary to do back in the day - of course for understandable reasons - data is worth gold and in the wrong hands destructive. The most acceptable moderately conservative way to allow data to bring meaning into any business was to make use of excel

sheets and business rules. Business entities also had the tendency to work in silos not sharing data. In an environment where fraud and corruption are rife traditional rule-based approaches to fraud detection often resulted in false-positive flags. It also resulted in unnecessary investigation, unnecessary expenses and most importantly damaging relationships with clients or employees.

Artificial intelligence solutions and machine learning fraud models are becoming increasingly important to businesses as an advanced tool to help extract valuable insights out of vast amount of data. Machine learning developed fraud models aim to identify fraudulent behaviour more accurately and greatly reducing the number of investigations performed. It also reduces client or employee friction. It also offers the opportunity to implement automation of numerous time-consuming and repetitive tasks, providing insight to support rapid business decision making with better outcomes.





However, together with the tremendous benefits there are challenges implementing machine learning risk strategies - especially when considering that many businesses and organisations still do not have a thorough understanding of data science, how the sophisticated technology works and how to interpret artificial intelligence-generated data.

Against the backdrop of these and many other challenges, outsourcing is one of the most powerful strategies to address the immediate needs of data management, only if the outsourcing arrangement:

- ▲ Supports the business or organisation's anti-fraud control measures already in place;
- ▲ Extends an organisation's ability to prevent and detect fraud through additional control measures; or
- ▲ Acts as an independent and objective anti-fraud control measure.

BENEFITS OF OUTSOURCING

Organisations and businesses can focus on core business strategic issues whilst having access to machine learning fraud models and specialised expert advice in terms of fraud

prevention and detection - specially in high volume, quick access to cash environments.

This approach will give the organisation the advantage of instant cost-effective innovation without making use of internal resources responsible for day to day operations.

Proactive and reactive data monitoring are important within any organisation but can be more dynamic if it is supported by data across organisations within the same conceptual equivalence. Such data identifies new trends as well as re-appearing ones and indicates patterns amongst the different trends. It also anticipates new trends that can support prediction strategies in advance.

DO NOT FALL BEHIND

Some organisations can cause irreparable damage to their businesses by outsourcing too early while other companies do not believe in outsourcing any of their functions at all and believe that home grown products and systems are always better. These organisations stand to fall behind to more innovative competitors by ignoring the available opportunities.

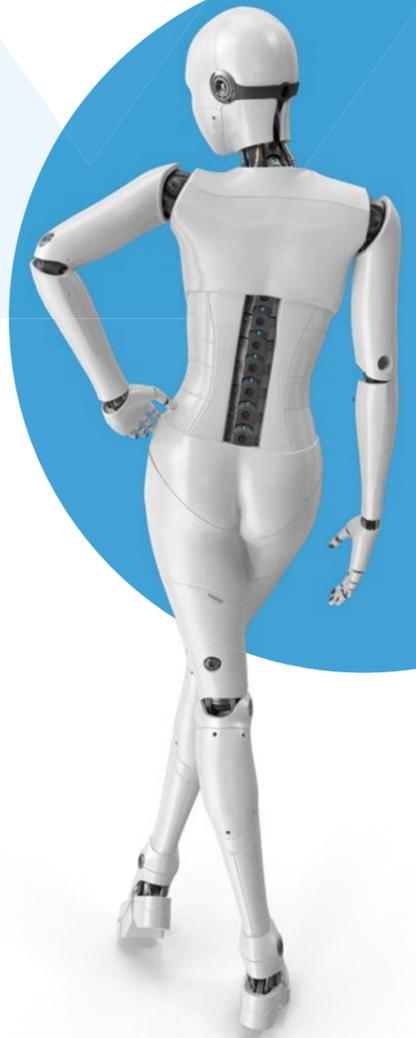
It is also true that some organisations make use of outsourcing but due to various reasons the product does not meet the operational needs. This also causes serious damage to their businesses resulting in distrust of proven outsourced business solutions.

There is risk involved when deciding to follow the outsourcing route, however successful organisations have realised that it is rarely cost effective and efficient to develop internal artificial intelligence or machine learning fraud models, strategies and systems when there are professional companies with a proven track record and with highly effective systems, strategies and software necessary to prevent and investigate fraud.

A WELL CALCULATED RISK

Successful implementation of such partnerships is all about finding the right business partner who have the capacity, experience, and skill to seamlessly integrate with existing internal strategies and systems. Outsourcing should be treated as a well calculated risk to enhance business opportunities and to provide advantages in the market in terms of proactive and reactive fraud prevention. The preferred outsourced partner should support the organisation or business to innovate and generate the highest quality results possible.

If your aim is to become the industry leader in areas where innovation is critical, then make sure to outsource wisely.



THE VERITAS PROPENSITY OF FRAUD MODEL

A HOAX OR A PRODIGY?

BACKGROUND

3 years old

Funeral assurance market required super fast & accurate segmentation of claims.

XTND'S PROVEN FRAUD DATA USED

RESULT

Bella was specifically trained with our vast database of investigated cases with fraudulent outcomes.

What makes the Veritas propensity of fraud model unique?

The model uses one algorithm with hundreds of patterns, identifying possible fraudulent claims in seconds, **with a success rate of more than 80%**.

8 in every 10 claims that you repudiate will be repudiated on fraud. No more unnecessary investigations, damaged client-relationships, delayed payments or unwanted expenses.

Bella has **no risk of losing her touch** like her counterparts in the market.

Data is constantly updated with **real-time investigation outcomes** = relevant and up to date with fraud schemes.

Reshaping **risk segmenting of claims** forever.

By Johrene du Toit
General Manager

Use **VERITAS** to enhance decision making and optimize payment processes on low risk funeral claims

VERITAS PROPENSITY OF FRAUD MODEL doesn't only apply 50 or 1000 business rules WITH A **STACKING-ON-EFFECT** but various combinations and patterns with a single score

> **80%**

and more confirmed fraud results



Efficient allocation of **HIGH RISK CLAIMS** for further assessment



Immediate Propensity of Fraud results on a claim
Instant decision-making

DURING LOCK DOWN...

Processed **34 286** claims with a collective quantum of

R400 461 140,00

Assessed **3 482** high risk claims

Rejected **1 130** claims with a **77%** fraud ratio, and

Collectively saved our clients

R52 920 869,00

HOW TO OUTSMART A SCAMMER

On Tue, Apr 14, 2020 at 06:39, [REDACTED] <wrote:

Hi Vitaly,
You encrypted my computer. Please please please unlock it.
Identification code: HcYsO6cJFYf7

Regards
[REDACTED]

On Tue, Apr 14, 2020 at 9:08 AM <[REDACTED]> wrote:

Hello.I am sorry that we encrypted the hard drive of your company's servers.
You need to pay 6 bitcoins to our Bitcoin wallet address:19cwRwg9s39M6AQV8ySZpFk1XcynjyHpxw
We confirm that the payment is successful, we will tell you all servers decrypt password.
Decrypt software in C:\crypt\bcfmgr.exe
Select the volume and click "decrypt volume".Enter the password to decrypt.
If there is only a C drive, we will choose to encrypt with bitlocker.
You can google search "How to buy bitcoin"
If you have reliable Bitcoin merchants, you can contact them.
I understand our targets. We are manually hacking your network, not an automated virus.
Don't lie to us, don't make a story.I hope we have sincere communication.

On Tue, Apr 14, 2020 at 07:16, [REDACTED] <wrote:

Hi Vitaly,
I really, really cannot afford 6 bitcoins. We are a small company in South Africa and do not have that kind of money available, especially during these times. Please can you make it cheaper.

Regards
[REDACTED]

On Tue, Apr 14, 2020 at 9:18 AM <[REDACTED]> wrote:

I know. Because you reply very quickly. So we can save 50%. You only need to pay 3 bitcoins.

On Tue, Apr 14, 2020 at 07:23, [REDACTED] <wrote:

3 bitcoins is still too much :(That is more money than I make in a year! Our local currency is very weak against the bitcoin. Please consider my request for help, I am truly begging you. Please make it cheaper.

Regards
[REDACTED]

On Tue, Apr 14, 2020 at 9:26 AM <[REDACTED]> wrote:

We have lowered the price, please report your boss.

On Tue, Apr 14, 2020 at 07:31, [REDACTED] <wrote:

I am the boss. We are a very small company like I said. This is my life's work that I have put in. Please lower the price some more.

Regards
[REDACTED]

On Tue, Apr 14, 2020 at 9:36 AM <[REDACTED]> wrote:

We are sincere, so how much you can pay. If cannot meet our expectations, we can only give up.

On Tue, Apr 14, 2020 at 08:20, [REDACTED] <wrote:

I don't want to anger you or not meet your expectations, but I only have enough money for 0.5 BTC.

You can see this from my screenshot of my bank account.

Balance	Available Balance
R -33,942.39	<u>R 61,097.66</u>

On Tue, Apr 14, 2020 at 10:32 AM <[REDACTED]> wrote:

0.5 is really too little. If you can pay 1 bitcoin. We can make a deal.

On Tue, Apr 14, 2020 at 10:22, [REDACTED] <wrote:

I am trying my best to come up with the money but I haven't been able to as yet... I really really don't think I can pay 1 BTC. Please, please, please reconsider my offer of 0.5 BTC.

Regards
[REDACTED]

On Tue, Apr 14, 2020 at 12:39 PM <[REDACTED]> wrote:

ok.
You can pay now
19cwRwg9s39M6AQV8ySZpFk1XcynjyHpxw

On Tue, Apr 14, 2020 at 12:11, [REDACTED] <wrote:

Thank you for your understanding. Is there an easier way to pay? I have never used Bitcoin before, and even <https://www.localbitcoins.com> needs to verify my account identity first.

Regards
[REDACTED]

UNFORTUNATELY THE VICTIM ENDED UP HAVING TO **PAY THE SCAMMER THE BITCOINS**



XTND'S WELLNESS MONITORING SOLUTION

by **Mouna Eksteen**
Executive Head

We are all feeling the strain of the past few months, with COVID-19 having forced all of us to grapple with the challenges of adjusting to and working in this “new normal”. Remote working has now become “the way we work” and as a result many of us are facing a new set of pressures. Not only are we trying to cope with managing the virus, virtual meetings and new technology, but many people have been impacted financially and as a result may experience feelings of isolation and anxiety which ultimately has a negative impact on their mental health and productivity. XTND's Wellness Monitoring Solution uses cutting edge technology to help interpret your employees facial expressions and body language in order to provide you with important information about your employees wellbeing so you can, in turn provide them with the right support to help them better manage their stress and anxiety.

In an interview with Employee Benefit News (EBN), Nemesysco CEO Lieberman said “It doesn't mean that I'm going to invade an employee's privacy, or that I'm going to ask things I'm not supposed to because that would be completely inappropriate,” he says. “But if I get these indications that my employees are under deeper stress, and I know what topics cause distress, I can ask certain questions about equipment that they need, or their work environment. I can then take actions to manage this properly to make the employee feel better.”

WELLNESS MONITORING SOLUTION

“Remote working could harm your mental health” - according to World Economic Forum. In 2017 a United Nations report found that 41% of remote workers reported high stress levels.

- ▲ Lack of feedback from line managers and senior colleagues gave them no benchmark to judge progress.
- ▲ Being unable to report being stressed (or being uncomfortable doing so), is detrimental as pressure will eventually outweigh an individual's ability to cope over time.

PRODUCT OVERVIEW

Layered Voice Wellness analysis application provides a real-time stress detection solution for all organisations who care about their employee wellness situation.

The application uses Nemesysco's proprietary voice analysis technology to detect 5 important mental states such as:

- ▲ General Mood Level
- ▲ Confidence Level
- ▲ Stress Warning Level
- ▲ Mental Load Level
- ▲ Mental Energy Level

HOW IT WORKS

Layered Voice Wellness analytics

application is the most preferred and unique telephonic emotion detection software that provides accurate identification of the real emotional state of a person. This is done via the technology measuring uncontrolled properties of the human voice, making the system sensitive to the inner emotions and true feelings of the speaker, all at a level that is not controlled by the speaker or can be easily noticed by the listener.

CUSTOMER PAIN

- ▲ Cannot interact face-to-face with staff.
- ▲ No credible or independent information on how all staff are doing emotionally.
- ▲ High stress and frustration levels for both staff and management.
- ▲ Disconnect between management's perceptions and real situation.
- ▲ Deterioration of staff mental health.
- ▲ Increase in complaints.
- ▲ Losing customers.

CUSTOMER GAINS

- ▲ Real-time knowledge of a staff member's emotional state.
- ▲ Personalised and more empathetic conversations between speaker and listener.
- ▲ Comprehensive data about the emotional state recorded in all conversations.
- ▲ Pro-active employee wellness decision making.
- ▲ Improved employee wellness.

FIXED PRICE LEGAL SOLUTIONS

The Digital Revolution is bringing new opportunities for businesses to save money on services that traditionally drained businesses cash flow. With XTND's exciting new digital law library, South African drafted contracts, legal agreements and consultations are just a click away

Gone are the days where getting legal agreements and contracts drawn up are a complicated, expensive and time-consuming experience. Manage your own legal matters by yourself without having to consult expensive lawyers. Using the unlimited access to our library, you will be able to cherry pick your contract or agreement and for additional support you can even book a virtual legal consultation, from as low as R250 (excl. VAT).



LEGAL CONTRACTS @ ONE FIXED PRICE

Affordable fixed fee contracts for small businesses without the costs usually associated with contracts and attorneys.

 [xtnd.co.za / legal](https://xtnd.co.za/legal)

XTND

WHY IT'S IMPORTANT TO BUILD A RISK-AWARE CULTURE

by **Marius Zeelie**
General Manager

CUSTOMER DISSATISFACTION CAN RUIN AN INSURANCE BUSINESS

The short term insurance industry has not escaped the wrath of the general public and entities when it comes to the processing of claims. From complaints to criticism, media and social media has on occasion unfairly been used to portray insurance companies in a negative light. Insurance companies are very aware of this situation. They have implemented various programmes to manage and minimise risk, with extreme pressure being placed on the claims departments to deliver exceptional customer service whilst keeping claim costs to a minimum.

REDUCING THE NEED FOR HUMAN INTERVENTION

In order to meet the clients' expectations, claims must be validated as quickly as possible, and any irregular or fraudulent claims investigated further. This process should not unnecessarily prejudice the client. The principle of treating customers fairly should be kept in mind when claim validations are underway.

The idea is to reduce the need for human intervention and create fully automated business workflows that speed up transactions. Thanks to improvements in software tools and artificial intelligence it can now be effectively applied to insurance claims. Various programmes enable users to be responsive, it reduces the risk of errors, drives down costs, and results in much swifter claims processing, which is good for clients and insurance companies.



YOU'VE WORKED HARD TO BUILD IT

**LET XTND HELP
YOU PROTECT IT**

FRAUD RISKS CAN BE MITIGATED WITH ROBUST FRAUD CONTROLS

The claims validation process is critical to detect and combat the out-of-control fraud that is perpetrated in South Africa. The validation process involves gathering information during the reporting stage of the claim. Obtaining statements and supporting documents are crucial in determining the validity of that claim. The aim is to ensure that the claim is legitimate - a fraudulent claim should already be identified at the reporting stage. If it is a legitimate claim, the client should be paid out without any delay. Irregular and/or fraudulent claims must be seen in a very serious light and should be validated in detail. The challenge is in improving the detection of fraud without the claims process being impacted negatively. The client must not be prejudiced by a delay in finalisation.

The processes of claim investigations and the identification of a fraudulent claim cannot be separated as both these processes are integral in claim validations. The basis of both processes is the claims information and subsequent investigation. The only purpose should be to determine the validity of claims.

Insurance companies use a methodology called "risk assessment" to calculate premium rates for policy holders. Using software that computes a predetermined algorithm, insurance underwriters gauge the risk of you filing a claim against your policy.

BUILDING A RISK-AWARE CULTURE

Integrated risk management is a set of practices and processes supported by a risk-aware culture and enabling technologies, that improves decision making and performance through an integrated view of how well an organisation manages its risks. Various programmes are used to identify the threats/risk, at inception of the risk and during the claim reporting process. These programmes were designed to assist in identifying risk /red flags and to analyse the proposed risk.

A risk should only be accepted when the benefits outweigh the cost. Specific modules are utilised to predict and manage unnecessary risk. By anticipating the risk, the organisation is better positioned to manage it effectively through proper planning. It is important to make risk decisions at the right time and at the right level. Risks can only be managed, once identified. Constant monitoring and reviewing of risk are important factors.

To summarise, integrated risk management is used to reduce negative surprises and to increase gains. This will result in reducing performance variability and improving resource deployment. In doing so, both the client and insurance companies are protected against individuals/entities out to defraud. Thus, the process is intended to protect the client and the insurance company.

We are aware of the lack of successful prosecution in fraud related cases, mostly due to the fact that fraud is seen as a victimless crime and the inability of state organisations to effectively present the case in a criminal court of law. Fraud will only be taken seriously when fraudsters are successfully prosecuted and harsher penalties are enforced. Despite the solutions and programmes as discussed, the contribution of certified fraud examiners in the process is still relevant to ensure a successful outcome when it comes to criminal prosecution.

XTND HAS A ONE STOP SHOP SOLUTION
**TO MITIGATE FRAUD
RISKS IN YOUR BUSINESS**

10 YEAR SERVICE AWARDS



Servaas du Plessis



Leon Towsen



Marizette Scott



Marlien Nieman



Jaco Kruger



Kobus van Zyl



Thys Swart



Bruce du Toit

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