

A photograph of three people in a server room. A man with curly hair and glasses, wearing a plaid shirt, is pointing at a computer monitor. Two other people, a man with glasses in a light blue shirt and a woman in a brown jacket, are looking at the screen. The background shows server racks and equipment.

How to address corruption with technology

Automation and analytics enable faster, more effective action against anti-bribery and corruption risk

Companies face a fast-evolving threat landscape for anti-bribery and corruption (ABAC) that warrants a shift to more proactive and preventive compliance. PwC's recent **Global Economic Crime and Fraud Survey** found that while 35% of US companies were asked to pay a bribe over the past 24 months, only a quarter had a dedicated program to address bribery and corruption risk. Overall, 56% of US companies said they had experienced fraud, including bribery and corruption, estimating an average monetary loss of \$30 million from such incidents.

Even harder to measure is the long-term cost of losing stakeholder trust. Companies are under greater board pressure at a time when expectations about business' role in society have never been higher. In another **recent PwC survey about trust in US businesses**, more than half of executives, employees and customers honed in on ethical business practices as a leading foundational element of trust.

Businesses need to detect and address bribery and corruption risk before increasingly-vigilant regulators do. And act before customers do—**44% customers** told us they stopped buying from a company due to a lack of trust. The good news is that automation, data visualization and advanced analytics can deliver dramatic improvements in ABAC compliance processes, enabling faster, more targeted responses to mitigate risk and take strategic actions.

In an August 2021 PwC survey of US consumers, 44% said they stopped buying from a company due to a lack of trust.



What you get from automating ABAC compliance

Technology can help enable early warning systems, allowing management to take faster, more comprehensive action to mitigate bribery and corruption risk. It can also help to measure the health and effectiveness of compliance programs. For example, data on a new training program can reveal if there is an uptick in investigations on topics covered or new processes introduced in the training.

In an environment marked by extraordinary, constant change, you can no longer continue compliance in the way you've always done it. The historical look-back approach to compliance—audit, investigate, quantify and remediate—is no longer considered adequate by regulators. And it should not be good enough for you either. Taking deliberate steps toward more **data-driven** ABAC compliance, eventually in real time and on a single platform, can yield multiple business benefits.



Act now to improve compliance through digitization

A number of forces are converging and causing companies to re-evaluate the effectiveness of their ABAC compliance programs, including: regulatory guidance, new ways of working and changing consumer expectations. While each of these trends bring their own set of challenges, they also provide opportunities to make significant improvements to compliance.



Regulatory guidance:

For ABAC efforts specifically, the ever increasing expectations of the US Department of Justice (DOJ) have the potential to drive long-lasting change inside compliance departments. DOJ Criminal Division's updated **guidance** from June 2020 indicates that regulators are shifting toward taking a **longer view** of the evolution of the compliance program—this will include ongoing risk assessments and incorporating lessons learned—instead of looking at just “a snapshot in time.”

This updated guidance has real-world implications. Last year, the US coordinated with other countries to impose a record **\$7.76 billion** in penalties for bribery misconduct. The focus on corporate conduct will only intensify, as the Biden administration's **anti-corruption push** is shaping up to be a significant feature of its national security agenda.



New ways of working:

Recently, the pandemic and extreme weather events have underscored how global supply chains remain vulnerable to sudden shocks. Supply chains face increased risk of **fraud** such as misappropriation (e.g., stolen raw materials), bribery and kickbacks (e.g., convincing suppliers to favor one business over another for in-demand goods), and quality-related frauds (e.g., use of substandard materials). Financial distress may also tempt suppliers to engage in fraud that impacts customers.

In any crisis, it's critical to quickly assess and address weaknesses in existing internal controls, policies and procedures. The **Organisation for Economic Co-operation and Development** (OECD), for example, has raised concerns about corruption and bribery in COVID-19 response pointing to international trade in counterfeit pharmaceuticals as well as the risk of illicit trade in COVID-19 vaccines.



Consumer expectations:

The 2021 Edelman Trust Barometer named business as the most trusted institution globally, ahead of non-governmental organizations, government and media. But that doesn't mean that companies can rest on their laurels. Our **research** shows that customers aren't convinced companies are making adequate investments in complying with laws and regulations and in increasing the transparency of business practices. They want to see businesses create new financial incentives tied to social good.

Companies are increasingly expected to demonstrate compliance and tell an effective story about the business' broader impact through Environmental, Social and Governance (ESG) reporting. As focus on ESG issues increases, companies will need to work harder than before to maintain and grow the trust of customers and employees.

Stop corruption risk in its tracks

New technologies can help to quickly detect bribery, corruption and fraud red flags and allow companies to take action before they become full blown issues.

Machine learning (ML) algorithms can be calibrated to recognize patterns that might indicate monetary and legal fraud as well as other crimes. It can also scour transactional data and communications for corruption markers such as duplicate payments and offshore bank accounts to quickly identify potential anomalies that may be hiding in the data—and expedite action to address them.

Optimizing technologies like ML and advanced data visualization can dramatically improve detection efforts and help you become more nimble in responding to ABAC risk.

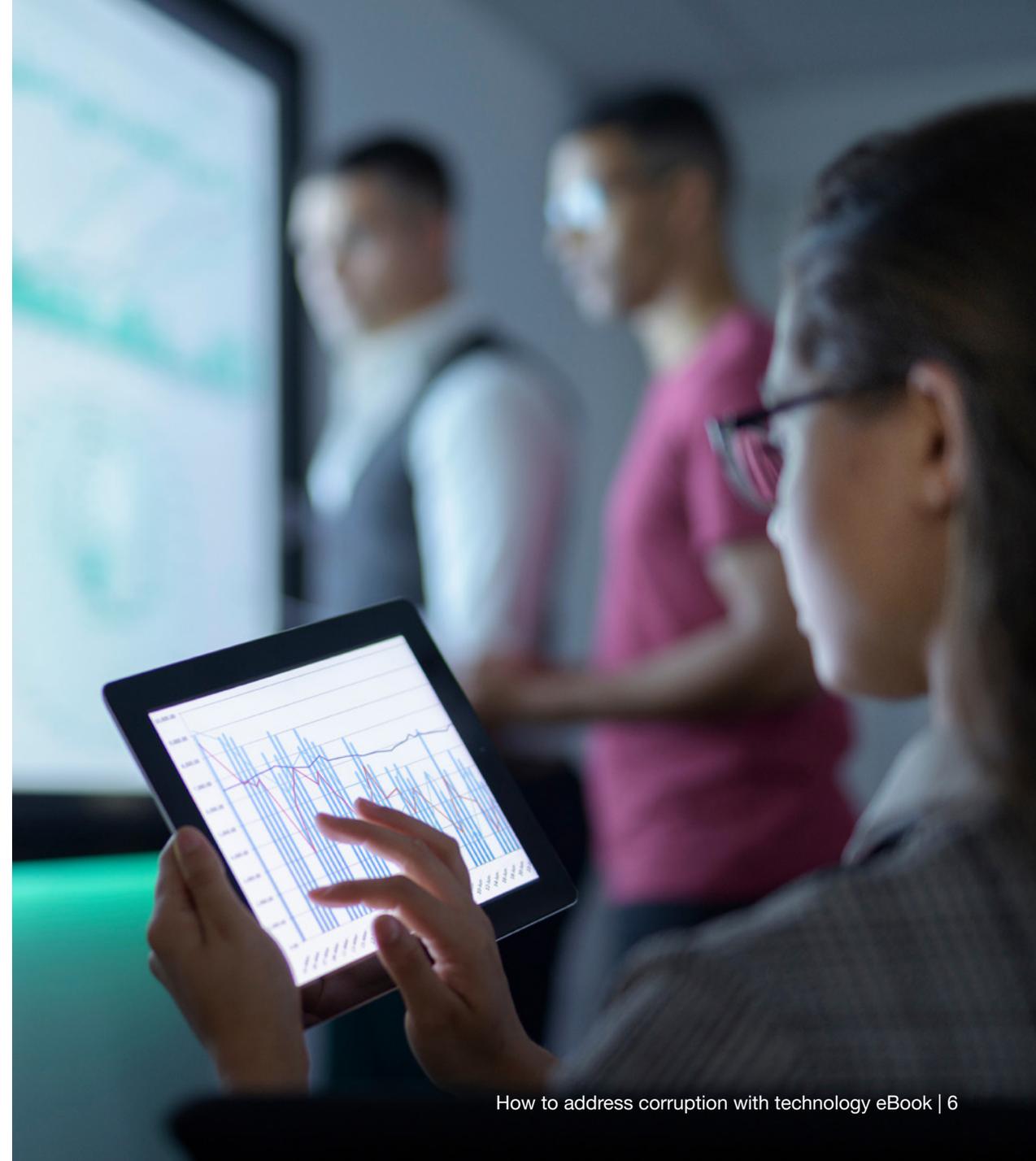


Shift to human-led, tech-powered compliance

Automating repetitive, administrative compliance tasks frees up analysts to be just that—analysts. With technology putting the various pieces of the puzzle together, compliance professionals have more time to analyze the outcomes, apply their specialized knowledge and exercise judgment.

Data has the potential to drive better integration of all risks—such as supply chain, human rights, and climate change, as well as bribery and corruption—on one dashboard. This will continue to elevate the role of compliance professionals inside organizations. Looking ahead, every business decision, from new market entry to M&A, could be considered through a strategic compliance lens, factoring in the cost of remediation and its impact on the ROI.

Strengthening teams with data science and analytics skills can help to prepare talent for more cognitive, high-value work focused on higher risk and deeper analysis.



Manage and monitor third parties throughout their lifespan

Companies with global operations rely extensively on third-party relationships, but lack a single source of truth for assessing, onboarding and monitoring that ecosystem globally. Automation technologies can streamline third-party due diligence and it can be periodically refreshed using external information. That's critical because under the Foreign Corrupt Practices Act (FCPA) companies may be liable for acts committed by third parties, such as making improper payments.

Beyond due diligence, data analytics and automation can also help businesses manage risks **throughout the engagement** with the third party. For example, compliance can use data analysis and other technologies to assess risk against commercial KPIs—and help evaluate the ROI with respect to that third party.

With continuous assessment and a consolidated view of transactions, it's easier to balance the trade offs between business and risk.



Increase transparency

Regulators and other stakeholders expect a living and breathing compliance program, supported by a culture of ethics, that is agile to quickly pivot and align to an evolving operating and regulatory landscape. A data-driven approach helps to build a narrative around why companies are prioritizing efforts on certain high-risk areas while building a roadmap for other risks. It also helps to increase the explainability of compliance programs, for example, distinguishing between efforts to handle operational frauds and those addressing situational behavior-driven crimes like bribery.

Data and analytics, in addition to policies and procedures, can help to prove the effectiveness of companies' controls and compliance programs. It's a way to bring compliance out of the blackbox, and explain resourcing and structural choices today, while demonstrating how the compliance program is continuously evolving in a dynamic risk environment.



Lower cost, drive growth

The top reason US organizations put off investing in new technologies that could help them combat corruption, fraud and other economic crimes is cost, **with 33%** citing that as their primary obstacle in our survey. This reluctance to invest comes despite **three out of ten US companies** admitting that a fraud incident highlighted their need for more advanced tech. Data analytics and automation implementation are low-hanging fruit with high ROI potential and opportunity to drive long-term improvements in compliance.

Advanced data analytics and automation not only lead to faster, more efficient compliance, but these technologies can lower the overall cost to conduct business. This, in turn, increases the price competitiveness of companies, potentially contributing to greater sales volumes and higher market shares.



Start where you are

No matter where companies are currently, it's possible to start leveraging advanced analytics, data visualization and automation to rapidly identify the signals of corrupt behavior to prevent, even predict, incidents of money laundering, bribery, fraud, and other illicit activities. Don't delay. One single misstep, or perceived wrongdoing anywhere across corporate-wide operations, could result in a serious financial loss, reputational damage and erosion of hard-earned trust.

Fortunately, it's possible to achieve dramatic improvements in your ABAC compliance without huge investments.

With technology as an ally, companies can be faster and more nimble in the fight against corruption.





Learn more about how PwC's Risk Management Portfolio can help you tackle anti-bribery and corruption risk. [Click here to learn more.](#)



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