

Emerging Markets

Forensic analysis
with local knowledge
and experience: the
intelligent connection

Forensic & Integrity Services



EY

Building a better
working world

Greater scrutiny brings new challenges

Businesses operating in emerging market economies are constantly under scrutiny, but it is most intense when shareholders, business partners or regulators suspect wrongdoing. Regulators and enforcement agencies are more joined up than ever before as they cooperate across borders in the fight against fraud, bribery and corruption. This demands increasingly higher levels of integrity, honesty and transparency in the way a business operates within its chosen markets and makes it more critical than ever to respond rapidly to any aberrational conduct.

Fast changing and increasingly complex regulatory requirements pose a critical challenge to businesses in emerging market economies. The avoidance of breaches of laws and regulations requires a robust approach to compliance and a multijurisdictional response. Executives who react to these challenges, and respond promptly to major incidents, can safeguard the financial and reputational value of their organizations.

By making intelligent connections between your business operations, markets, suppliers and other third-party relationships, we can help you to get to the root cause of problems resulting from impropriety. Our ability to make these intelligent connections helps you to uphold integrity in business behavior and drive corporate success. This approach is integral to all we do for you.

We recognize that local market knowledge is imperative and the potential ramifications of ignoring fraud risks can be significant. That's why our emerging markets network of compliance professionals, forensic accountants and data analytics technologists can work closely with you to manage the complex financial, regulatory and reputational risks facing your business.

Leading insight: fraud and corruption risk in emerging markets



46%

of respondents in emerging markets would engage in at least one form of unethical conduct to improve financial performance

Respondents believe that bribery and corruption occur widely in their countries



emerging markets



globally



developed markets

1 in 3



respondents are not assessing country or industry-specific risks before investment

Source: EY 14th Global Fraud Survey 2016 – Emerging Markets Summary

Our Emerging Markets team within the Forensic & Integrity Services practice is part of a global EY network. We have the knowledge and experience to help you prevent, detect and respond to financial, regulatory and reputational risks.

| You need to ... | We can ... |
|--|--|
| Respond rapidly to allegations of fraud, bribery and regulatory breaches in local and high-risk jurisdictions. | Use our investigative experience, advanced forensic data analytics (FDA) and eDiscovery tools to identify the facts, including what happened, how and why. |
| Investigate across multiple emerging market geographies and legal jurisdictions in a consistent manner. | Mobilize our professionals on short notice, leveraging our global operating model and globally consistent forensic technology methodologies. |
| Make stakeholders and auditors confident that issues have been dealt with effectively to reduce financial losses and regulatory risks. | Strengthen your internal compliance controls and advise on the establishment of robust policies to help mitigate the risk of future occurrences. |
| Perform in-depth due diligence on high-risk customers, transactions or business relationships. | Use FDA, enhanced by artificial intelligence (AI) technologies and our teams' domain knowledge, to identify and mitigate risk behaviors associated with key business partners including joint ventures, customers, suppliers and agents. |
| Proactively prevent and detect fraudulent or corrupt activities within the business and conduct ongoing monitoring. | Use advanced FDA technologies to identify risky behavioral patterns and suspect transactions, and to design and recommend a proactive compliance monitoring program to detect and mitigate fraud risk. |
| Understand and assess potential bribery and corruption risks in target acquisitions pre-or post-close. | Identify the potential for exposure, including specific business conduct, financial transactions and ownership or relationship links that could give rise to concern. |
| Respond quickly and effectively to cybercrime incidents. | Undertake a broad investigation to assess who was involved, how the attack was carried out, what damage was done and how your cyber breach response program can be strengthened. |
| Manage contractual performance and, where necessary, provide professional accounting opinion and testimony on matters in dispute. | Use our accounting, litigation and deep sector experience to assist in all contract compliance and legal matters, including providing expert opinions and witness testimonies if required. |

Experience that matters

We have a long track record of working closely with clients operating in emerging markets and their legal advisors and regulators in the prevention, investigation and remediation of fraud, bribery and other forms of misconduct. Here are a few highlights from recent projects we have worked on around the world.



Advice on integrated compliance framework

The board of a leading global pharmaceutical company asked us to advise on the redesign of its global compliance framework to address specific risks. After assessing the design of its programs at company headquarters, we reviewed functions, policies, procedures and controls in over 30 entities worldwide. We then reviewed the operational effectiveness of the global integrity and compliance program. Following the redesign of the framework, we helped the organization embed compliance in its business operations using innovative communication and training approaches.



Corruption investigation

Retained by external legal counsel, we investigated allegations of corrupt payments made by a listed European company. Working in six countries across Europe, Africa and Central Asia, we secured and analyzed electronic evidence from dozens of custodians and conducted FDA on millions of transactions. Interviews of executives were conducted and accounting transactions were reviewed. The findings from our multiyear investigation were shared with the US Department of Justice and Securities and Exchange Commission as part of settlement discussions.



Bribery investigation

Retained by US and German legal counsel to the board of a major industrial company, we investigated allegations of corruption in over 40 countries across Europe, Asia, the Middle East, South America and Africa. We reviewed in excess of 45 terabytes of unstructured data from dozens of custodians, supporting the client to identify and quantify its risk exposure and negotiate effectively with the regulators. We subsequently provided recommendations on improvements to accounting controls.



Anti-bribery/anti-corruption (ABAC) due diligence for an acquisition target

We performed ABAC due diligence procedures on a target oilfield services company operating in overseas locations. We analyzed policies and procedures, and interviewed executives at the target company. We performed extensive transaction testing on higher-risk accounts, such as travel, entertainment and payments to sales agents. Our client used our report to move forward with the transaction. We helped them identify various policies and internal controls at the target company that required substantial strengthening. As a result, they terminated or restructured certain agent agreements in higher-risk jurisdictions to increase visibility in those regions and reduce reputational risk.



Advice on managing third-party compliance risks

Following changes to anti-corruption laws in numerous jurisdictions, a major industrial company asked us to help it design a robust framework to manage third-party risks. Working closely with the client, we developed a risk-tailored background research methodology, covering adverse media reports, conflict of interest questions and other matters, such as sustainability. We developed a case management system and provided integrated reporting of in-country research, and trained the client's core team to conduct third-party screening themselves.



Using FDA techniques to identify bank deposit fraud

Owners of a bank in Asia were seeking to uncover bank deposit fraud across its retail business in order to improve its internal controls environment and build trust with customers and employees. We worked closely with the client, applying advanced FDA technologies to harness data never before extracted from its core banking system. Several billion customer transactions were loaded into a database, allowing the bank to develop customized counter-fraud risk-scoring models leveraging visual analytics, link analysis, statistical anomaly detection and predictive analytics techniques to spot unusual patterns of potential bank deposit fraud schemes. As a result, the bank uncovered suspicious relationships between its customers and employees, highlighted suspicious insider activities and detected transactions that were designed to avoid internal reporting thresholds.

Global skills with local knowledge and experience

Our Forensic & Integrity Services Emerging Markets network



Multidisciplinary professionals



74 locations across **54** countries

Our teams also have experience working across many other emerging market countries where our clients need us

70
Partners



2,000



professionals

Including forensic accountants, technologists, former law enforcement and intelligence agency professionals

Cross-sector professionals from the following industries:

- ▶ Financial services
- ▶ Extractive industries
- ▶ Construction and infrastructure
- ▶ Life sciences
- ▶ Government and public sector
- ▶ Telecommunications
- ▶ Consumer products
- ▶ Power and utilities

Market-leading breadth and depth of insight into complex, international business processes

Understanding how regulations, law and compliance issues vary by country and region

Talk to us

Our Emerging Markets team can help you protect the financial and reputational value of your business. We help prevent, detect and resolve threats.

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Discover our thought leadership



EMEIA Fraud Survey 2017



Asia-Pacific Fraud Survey 2017



Global Fraud Survey 2016



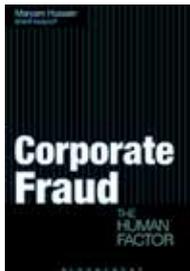
Global Fraud Survey 2016 Emerging Market viewpoint



Global Forensic Data Analytics Survey 2016



Transparency International Corruption Perceptions Index 2016



Corporate Fraud: The Human Factor



Cyber breach response management



Insider threat management



eDiscovery

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About EY's Forensic & Integrity Services

Dealing with complex issues of fraud, regulatory compliance and business disputes can detract from efforts to succeed. Better management of fraud risk and compliance exposure is a critical business priority – no matter the size or industry sector. With approximately 4,500 forensic professionals around the world, we will assemble the right multidisciplinary and culturally aligned team to work with you and your legal advisors. We work to give you the benefit of our broad sector experience, our deep subject-matter knowledge and the latest insights from our work worldwide.

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ED None



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