



# INDIAFORENSIC CONSULTANCY SERVICES

(Soft Solutions to Fraud Problems)

## INDIAN CALL CENTERS WOEFULLY LACKING IN WHISTLE-BLOWING POLICY AND FRAUD RESPONSE PLAN

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The Indian BPO sector is in news again, as yet another sting operation by a UK media organization promises to reveal “alarming security failures” and “shocking data protection breaches”.

We at Indiaforensic believe that the larger reason why such incidents continue to occur is not a lack of Information Security norms, but rather **a lack of Whistle-blowing**

### Responses to spot-poll conducted by Indiaforensic Consultancy Services

- *“I have observed a colleague constantly talking on phone in South Indian Language in suspicious manner but was unable to understand her language, hence did not report it. My bosses would have asked me explanations.”*
- *“Fraud means that social security numbers should not be noted but I have seen many employees noting it; even our boss notes them down sometimes, so to whom we are supposed to report the fraud.”*
- *“I have seen a person who was leaving the job had noted down a list of some credit card numbers and their expiry dates. I knew it was wrong but why to create problems for the person who was really leaving the company.”*

**policies, fraud response plans and training on ethics** to the employees joining the call center industry. The focus of Information Security standards remain at the process and infrastructure levels, and rarely do they deal with the “people” aspect of security. The real expertise in drafting whistle-blowing policies, fraud response plan etc. rests with anti-fraud professionals like fraud examiners.

In a spot-poll conducted by Indiaforensic Consultancy Services (ICS) amongst call center employees from Pune, over 90% of the respondents stated they were not aware of any whistle-blowing policy. Most of them were, in fact, not clear on what constitutes fraud and what doesn't. In our view, both, **what constitutes fraud** and the **fraud reporting process** in case an employee



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becomes aware of any fraud must be made clear to anyone joining a call center. Another important revelation from the poll was that the employees treat the frauds as just any other complaint. The complaint has to be either reported to the Central helpdesk or the Security helpdesk. **This is a serious lapse in the process itself.** There is no distinction made between a fraud-incident and other routine complaints. **Absence of anonymous email and ethics hotline is a serious issue that plagues the call centers.** When asked about ethics training, an employee of a call-center of a UK based company stated: "We get some such mails every 2 months or so that we promptly delete. They are just some formal boring stuff."

Typically, a BPO invests quite a lot of amount in training its candidates on English language, Voice Modulation and soft-skills, but none of the respondent said they had undergone any training session on ethics or understanding frauds.

The training is really critical, especially since a large percentage of call centers recruits are people barely out of their teens (being 18+ and reasonably competent is sufficient to become a call center employee, even if you are not even HSC pass yet).

#### **Our view on the Channel 4 story:**

It is interesting to note that these sting operations have invariably followed actual cases of frauds. In April 2005, five employees of Msource in Pune were arrested for allegedly pulling off a fraud worth nearly Rs 2.5 crore from Citibank accounts of four New York-based account holders.

In June 2005, the British tabloid Sun conducted a sting operation by purchasing the bank account details of 1,000 Britons for about 5.50 dollars each from Karan Bahree, an employee of Gurgaon-based BPO company Infinity E-Search.

Similarly, in June 2006, Nadeem Kashmiri, an employee at HSBC's call center in Bangalore, sold the customer credit card information to a group of scamsters who used the information to siphon off nearly Rs 1.8 crore from bank accounts of UK-based customers. In another 3 months, the Channel 4 data theft scandal has hit the headlines, and coincidentally, it is also UK-based.

Fraud is a global issue, and while the sting operation has targeted Indian call centers, it can happen just as well in UK, US or any other country.



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It also remains to be seen whether research organizations would come up with dooms day predictions again, as Forrester Research report did after Msource incident, where it warned that “what looks like just another theft might curb the booming Indian BPO industry’s growth by as much as 30%” It didn’t happen though.

*(The authors are founding promoters of Indiaforensic Consultancy Services)*

## ABOUT INDIAFORENSIC CONSULTANCY SERVICES

Founded in 2003, Indiaforensic Consultancy Services (ICS) is a Pune-based consultancy organization engaged in fraud examination and forensic accounting in India. It is a premier consulting firm in the field of fraud examinations and forensic accounting. Our core areas of operation include Cyber Frauds, Bank Frauds, Money Laundering and Occupational Frauds. As the premier provider of anti-fraud services in the country, ICS conducts independent research, informs and supports those engaged in fighting fraud.

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## BOOK ON IT FRAUDS

A handful of fraudsters can today completely compromise the credibility of the mighty Indian BPO sector. Tomorrow it could be turn of the entire IT industry. The best way to prevent IT frauds is to understand and classify them. Which is what our book, '**Frauds in the IT Industry**', does for you. Protect yourself and your company from IT frauds; book a copy by writing to [info@indiaforensic.com](mailto:info@indiaforensic.com)