

Keep trouble at bay with regular checks on third-party financial health

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With increasing global focus on limiting illegal activities such as bribery, corruption, illicit proceeds, money laundering, terrorist financing and other financial crimes, the review of third-party financial health within due diligence is more critical than ever.



Rudi Kruger

Companies have ethical and legal responsibilities to ensure that their due diligence efforts pertaining to business associates are strong enough to detect and prevent unethical and criminal links/associations. Failing to do so could result in legal penalties and reputational damage.

This is why it is important to ensure the ongoing financial health of key suppliers, clients, or other entities. "Third parties must be accountable for their financial transactions. The main areas of focus include establishing the source of wealth and funds and where/how the funds are spent," said Rudi Kruger, General Manager at LexisNexis Data Services.

Upon gathering the relevant information, the most critical step is verification. External databases are the preferred validation sources as they have the ability to produce high-level, credible, reliable and intensive verification results.

"Well-built data sources have the ability to flag credit ratings and signs of money laundering, financial fraud, drug trafficking, organised crime and financial terrorism, among other issues," explained Kruger. Other due

diligence screening should include:

- Verification of corporate entities and their business and management structure.
- Screen against sanctions, politically exposed persons (PEP) and watch lists to ensure your organisation does not work with blacklisted companies.
- Check global news archives to minimise reputational risk to your business.
- Review international cases and data to determine how litigious an individual or company may be.
- Research biographies to truly understand an individual's background.
- Check country information to identify high risk issues in those areas that could impact your business.

Organisations can also find support from Lexis®Diligence, an online solution that assists clients with mitigating operational, financial, legal, and reputational risk. The solution offers organisations the tools they need to understand suppliers, partners, acquisition targets, contractors, resellers, grant applicants, and other associates effectively and efficiently.

Lexis®Diligence provides access to over 40 years of archived comprehensive adverse news, sanctions and extensive warning lists, PEPs, director and shareholder listings, biographical references and directories, and comprehensive legal source material. It has the ability to monitor and assess potential security threats abroad by checking comprehensive country information and on the ground media reports. This rich resource enables users to gain a thorough understanding of the companies and individuals with whom the company interacts and/or does business.

For more information, visit <https://www.lexisnexis.co.za/lexisdiligence>

About Rudi Kruger

Rudi Kruger is the General Manager of LexisNexis Data Services. He is responsible for African and International risk solutions. He has 11 years banking experience with strong focus on trade services, risk and compliance. He successfully completed various courses within the banking industry, as well as IOB Certificate in banking and completed a MAP program at WBS in 2014. Rudi is responsible for the execution of new business development, strategy and sustainable growth, by introducing new products offering and enhancements to the sub Saharan African market.

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In South Africa LexisNexis®, has been assisting companies and professionals to remain abreast of changing legislation and shifts in the regulatory environment for over 80 years, using leading-edge technology, tools and online solutions. LexisNexis South Africa combines the best of local knowledge in Butterworths with leading-edge online solutions.

South African investment firm, Tsiya Group, chaired by Fani Titi, acquired a minority interest in the company in July 2012. In November 2015 LexisNexis South Africa's acquisition of Korbitec (Pty) Ltd established the company as the leader in conveyancing solutions in the South African legal market, as well as expanded its reach to other spheres and stakeholders within the property transfer process.

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