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WHITE PAPER

# FINANCIAL SERVICES: BACKGROUND SCREENING TRENDS & BEST PRACTICES



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## INTRODUCTION

Recruiting in the financial services industry is more challenging today than ever before. With rapidly changing regulatory requirements, globalization and remote work, fierce competition for top talent, and the risk of insider threat, there's no question of the tremendous responsibility of today's HR leaders. You must balance the needs of your business in the face of strategic talent challenges, comply with strict and varying statutory and regulatory requirements, and protect your company from insider threat and the risk of liability.

Cisive is a global provider of compliance-driven onboarding and employment background screening solutions providing the highest standards of customer service, accuracy, and compliance. We work with many of the world's largest

financial services institutions and have a deep understanding of the complex requirements and challenges of recruiting in a global and highly regulated industry.

In this paper, we provide insight into the background screening practices of several multinational financial services clients and how they leverage key searches to ensure they are hiring the best quality talent.



## AN OVERVIEW

# BACKGROUND SCREENING SERVICES

The table below provides a view into the various search types for several of Cysive's financial services clients. While many of these are standard pre-employment searches, the results of those searches, or lack of verification, puts that burden back on your internal resources, affecting productivity and delaying time to fill. There are a number of searches unique to financial services that can help to further evaluate and vet your candidate pool.

Company	1	2	3	4	5	6	7	8	9
Type of Search									
Civil	•								
Civil - Global									•
Credit	•	•	•		•	•	•	•	•
Credit - Global	•		•		•	•	•		•
Criminal - County	•	•	•	•	•	•	•	•	•
Criminal - Multi-State	•	•	•	•		•		•	
Criminal - Federal	•	•	•	•	•	•	•	•	•
Criminal - Global	•		•	•	•	•	•	•	•
Directorship			•	•					
Education Verification	•	•	•	•	•	•	•	•	•
Employment Verification	•	•	•	•	•	•	•	•	•
Financial Anomalies Search Technology (FAST)				•			•		
Felony	•	•	•	•	•	•	•	•	•
Felony - Misdemeanor	•	•	•	•	•	•	•	•	•
FFIEC						•		•	•
Fingerprinting		•					•		
FINRA						•			
Global Sanctions	•	•		•	•	•	•	•	•
Media						•			
Military Verification		•		•	•	•	•	•	
Motor Vehicle Report					•				
Office of Foreign Assets Control				•					
Professional Credentials	•				•	•	•	•	
Resume Check						•			
Self-Regulated Organizations (SRO)						•		•	•
Sex Offender Registry	•	•		•		•	•		
Social Media	•			•					
SSN	•	•	•	•	•	•	•	•	•
Annual Lead Volume	11k	42k	47k	50k	141k	197k	293k	322k	434k

## CREDIT HISTORY

While it was originally intended to be used by lenders to assess whether or not to approve a consumer for new credit, credit history is also used for non-lending purposes. Many employers use credit history to assess how responsible and steady a candidate is. While the actual credit score is not part of the report, employers get all the information that goes into making up that score.

Our clients often ask us how best to handle credit reports in employment decisions. Our response is to always handle them with care! The political and social tolerance for the use of credit reports has changed dramatically and a number of states and cities have passed laws restricting the use of credit when making employment decisions.

If you intend to use information contained in a credit report to make employment decisions, you must have a plan ensuring that your intended use and job specific evaluation criteria have been reviewed by your legal counsel, taking into account any legal restrictions that apply. In addition to the growing number of state and local laws regarding the use of credit, you will also be required to follow the legal guidelines contained in the Fair Credit Reporting Act.

## CRIMINAL HISTORY

Some Consumer Reporting Agencies offer inexpensive “criminal background checks” based solely on database searches. It is never a good practice to rely on reports based solely on these searches. While they may contain useful information, databases are not sufficiently current and accurate, principally because they are not updated regularly and may not contain all relevant records. Any reliable report must search the records available from the courts in the county and/or state where the candidate resided. Additionally, if federal crimes are considered relevant for the position, the appropriate U.S. District courts should also be searched.

Verification of potentially reportable records involves additional expense, but it is the only way that the employer can be sure that the Consumer Reporting Agency is complying with the Fair Credit Reporting Act, which requires that the agency “maintain strict procedures designed to insure that whenever public record information which is likely to have an adverse effect on a consumer’s ability to obtain employment is reported it is complete and up to date.”

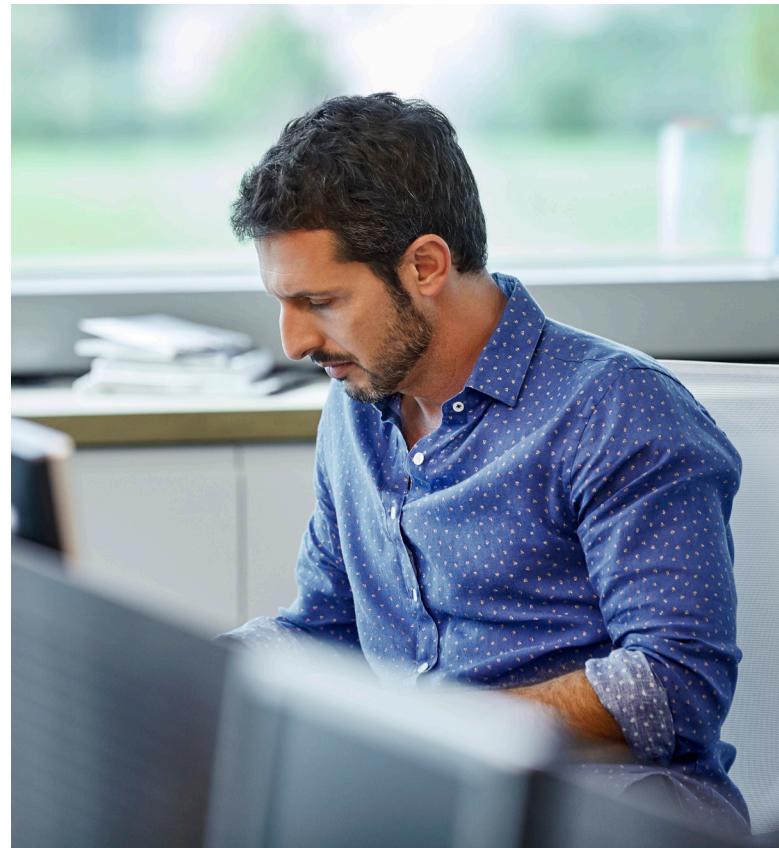
Cisive conducts various levels of criminal searches including global, federal district, multi-state and/or county, including a supplemental database check. The report scope is based on client specifications and derived from provided and

developed names, as well as provided and developed residential, employment and educational address(es) for the specified time scope. Each Criminal History Record Check (CHRC) includes a minimum 7-year search of felony and misdemeanor records (even if the records are housed in separate repositories), and reports of convictions and any pending prosecutions, as allowed by law.

## ELECTRONIC FORM I-9 E-VERIFY

Cisive offers E-Verify, the Internet-based system run by the U.S. Citizenship and Immigration Services (USCIS) that electronically compares information entered on the mandatory Employment Eligibility Verification Form I-9 with records contained in SSA and DHS databases. This program helps employers verify the employment eligibility of newly hired employees and many states have enacted legislation mandating the use of E-Verify.

Available via an integrated ATS/HRIS or standalone through our Onboarding Solution, Cisive can facilitate the web-based I-9 process (utilizing secure, E-SIGN Act compliant e-signature technology) and complete the E-Verify process simultaneously through an interface with the USCIS, providing results to clients within seconds. Cisive’s Onboarding Solution also replaces paper retention of I-9 Forms with electronic retention, which helps to streamline audits.



## EDUCATION & EMPLOYMENT VERIFICATION

It is important to understand the verification rates in your own background screening program. Based on our research, the majority of background screening providers have a verification rate close to 80 %. That means the 20% that are unverified now fall back on your internal HR resources to verify. Depending upon how important this verification is to your vetting process and the number of annual screens, this will create a significant resource burden on your staff, not to mention the soft costs to your background screening program that you may have never calculated before.

Cisive trained professionals use a team approach to manage verifications, increasing the opportunity to reach the source and obtain completed employment verification. We guarantee daily staggered attempts to verify information through official HR and payroll records and supervisor contact.

### EDUCATION VERIFICATION

Cisive verifies the institution to be checked is accredited by a recognized accreditation body, and then conducts a check of the applicant's highest degree attained, attended or all of the applicant's education, as specified by the client. Qualifications may be set by the client (only post-high school, no trade schools, etc.). Each education verification includes attempts to verify attendance, period(s) of enrollment, degree/diploma awarded, and graduation date. Checks can also include the applicant's GPA and/or transcripts if needed.

### EMPLOYMENT VERIFICATION

Cisive conducts a check of all listed employers during a specified period of time. Information reported may include the name and address of each employer, dates of employment, job title, duties, performance, eligibility for rehire, and reasons for termination. Efforts are made to verify each employer.

### FINANCIAL ANOMALIES SEARCH TECHNOLOGY (FAST)

FAST is a service developed and provided exclusively by Cisive. This service provides compliance officers or recruiters a means to match regulated candidates' self-disclosures regarding public civil records, liens, or judgments in compliance with federal, state, or local laws and regulations, or the rules of a self-regulatory organization under the exclusions found in FCRA §603 (y)(1)(B)(ii). When the comparison between the self-disclosures (such as the FINRA U-4 or U-5 forms) and the Cisive FAST is complete, the reviewer will have the opportunity to select specific reported records for further research at the source to obtain accurate,

## CISIVE HAS THE INDUSTRY'S HIGHEST AVERAGES:

**96.18%**

**EMPLOYMENT VERIFICATION**

**98.83%**

**EDUCATION VERIFICATION**

complete, up-to-date records matched to the candidate that are actionable. By allowing the reviewer to identify unmatched records before perfecting those records, research time and cost does not have to be expended for those records that match and have already been disclosed by the candidate.

## **FEDERAL FINANCIAL INSTITUTION EXAMINATION COUNCIL (FFIEC)**

Cisive offers a sanctions search that includes a search of the Board of Governors of the Federal Reserve System, the FDIC, the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Consumer Financial Protection Bureau (CFPB). This review should be considered as one of the first steps in background checks made on any potential employee.

## **FINRA SANCTIONS SEARCH**

The Financial Industry Regulatory Authority (FINRA) Sanctions Search is conducted to determine if there are any disciplinary actions against individuals or firms as reported to FINRA by several other regulatory organizations as well as actions instituted by the FINRA organization.

Cisive will search the FINRA database, which provides licensing, disciplinary actions, industry exams, and employment history for those financial positions regulated by FINRA. Additional securities regulation checks include the following:

- **North American Securities Administrators Association (NASAA):** This search looks for violations of state and provincial law, file enforcement actions, etc. for each state/territory.
- **U.S. Securities and Exchange Commission:** Cisive can search for information from the Securities and Exchange Commission/Enforcement Division regarding the following enforcement actions: Litigation Releases, Administrative Proceedings, Initial Decisions, Commission Opinions, and Trading Suspensions. Each year the SEC brings 400-500 civil enforcement actions against individuals and companies. Typical infractions include insider trading, accounting fraud, and providing false and misleading information about the securities and companies that issue them.

## **GLOBAL SANCTIONS**

Global Sanctions is a thorough search of more than 70 global databases covering financial sanctions, suspected

terrorist watch lists, and most wanted criminals. Datasets include the Office of Foreign Assets Control (OFAC), Federal Bureau of Investigation (FBI), Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), Homeland Security, Office of Financial Sanctions Implementation (OFSI), General Services Administration (GSA) Debarred, Office of Inspector General (OIG), Interpol Most Wanted, United Nations (UN) and European Union (EU) terrorist lists, and many more. Cisive recommends that searches should be conducted on both provided and developed names.

## **MILITARY SERVICE**

During Cisive's military verification process, we will contact the necessary sources to confirm the candidate's military service, to include branch, dates of enlistment/commission, rank or pay grade, and type of discharge.

## **GLOBAL SANCTIONS PLUS**

The Global Sanctions Plus search includes Global Sanctions as well as an investigation in the high risk Politically Exposed Persons (PEPs) database, ensuring regulatory compliance.

## **RÉSUMÉ CHECK**

When you consider that [72% of job applicants have lied](#) on their resumes, the Resume Check is one way to help identify the trustworthiness of your candidates by flagging discrepancies on a resume when compared to the job application. While only 1 financial institution in the comparison table conducts a resume check, they see clear value in identifying fraudulent behavior upfront. Cisive provides this service to clients and will compare the employment, post-secondary education, attendance, dates, and positions of the candidate as entered in their job application against the provided dates and positions on the candidate resume and report discrepancies.

## **SELF-REGULATED ORGANIZATIONS CHECKS (SRO)**

The Self-Regulated Organizations Checks is a comprehensive search of more than 70 regulatory databases including state securities commissions, SEC, various FINRA industry checks, NYSE, NASDAQ, CBOE, BATS and others. Although not used extensively, it is a valuable search for specialized positions which require verification of credentials/licenses, exams, employment history, or disciplinary actions.

# Workplace Drug Screening

Workplace drug screening is a [proven deterrent for drug use](#) among employees, which [left unchecked may result in](#) absenteeism, lack of productivity, low morale, or may negatively impact the safety of the workplace.

Compliance and regulatory issues are an obvious concern for companies performing drug and alcohol testing. Marijuana laws, mandatory state laws, ADA and OSHA issues, workers' compensation rules, and required unemployment procedures impact every employer.

Cisive's drug screening solution adheres to and is compliant with all policies and laws associated with drug screening. Our strategic alliance with best-in-class providers of drug and alcohol testing with included medical review services provides our clients with reliable and certified drug testing services utilizing the latest in testing and tracking technology. We offer instant point of care testing and an unparalleled network of drug testing sites.

Clients can receive rapid drug test results in real time, paperless drug test collections, online drug test scheduling, and notification of expired events and no-show donors. Standard services include 5, 7, 9, or 10- Panel Urinalysis, but clients may also select oral fluid, hair, or blood tests.

## Fingerprinting

### REGULATORY REQUIREMENTS FOR FINGERPRINTING

#### Securities and Exchange Commission (SEC)

As documented in the SEC's 17 CFR 240.17f-2 - Fingerprinting of securities industry personnel; Except as otherwise provided in paragraph (a)(1) or (2), every member of a national securities exchange, broker, dealer, registered transfer agent and registered clearing agency shall require that each of its partners, directors, officers and employees be fingerprinted and shall submit, or cause to be submitted, the fingerprints of such persons to the Attorney General of the United States.

#### Federal Deposit Insurance Corporation (FDIC)

The FDIC has moved to electronic fingerprinting to facilitate background checks performed in connection with applications and notices submitted to the FDIC, including: applications for federal deposit insurance, notices of acquisition of control, requests for participation in the banking industry by individuals with certain criminal convictions, and notices to

replace board members or senior management in certain institutions.

#### Nationwide Mortgage Licensing System (NMLS)

Under the Secure and Fair Enforcement for Mortgage Licensing Act of 20082 (SAFE Act), all mortgage loan originators must provide fingerprints to the Nationwide Mortgage Licensing System (NMLS) for the purpose of receiving a national criminal history background check through the Federal Bureau of Investigation.

## Cisive's Comprehensive Fingerprint Solution

Traditional fingerprint solutions present a number of obstacles that question their reliability and impact on the candidate experience. Issues such as hard card ink rolls, unreliable and uncomfortable printing environments, missing prints, and outdated technology, make them undependable and offer a poor applicant experience.

This, along with ever-increasing regulatory requirements and oversight in regulated industries, has given rise to technology advancements with built-in compliance and newer, more efficient processes. Cisive's best-in-class fingerprint solution provides a consistent, professional, and replicable positive experience for applicants. Our streamlined, rules-based workflow and fully automated nationwide network of electronic fingerprint capture locations provide the most comprehensive solution available today. Cisive's integrated solution ensures that 100% of employees who are onboarded are fingerprinted when they should be.

With more than 840 approved locations in all 50 states and DC, applicants can choose a nearby location for a consistent, professional and comfortable print capture experience. Locations can be selected online or through a mobile app and there is no appointment needed.

Compliance requirements, including fingerprint capture and submission of prints to FINRA, FBI or NMLS, are integrated into the Cisive workflow for an automated, seamless process.

## THE HURDLES

# GLOBAL CHALLENGES

The landscape within organizations that operate globally is in a constant state of change, especially within the financial services industry. Frequent reviews of your screening scope and adjudication standards are necessary to ensure policies are consistent with regulations for the region and position, as well as align with your company values. Understanding how your standards impact candidate screening, employee transfers, and internal promotions is critical to ensuring all policies provide clear, consistent, and nondiscriminatory instruction to your staff.

In some countries, the document requirements and the types of information available may be different than in the U.S. For this reason, it is important to ensure that you engage with a service provider familiar with the local environment and the relevant legal requirements and restrictions. There is no reason why you cannot screen globally with similar standards as you apply to domestic candidates, and with the same level of efficiency.

## REMOTE WORK IS HERE TO STAY

The COVID-19 pandemic disrupted traditional in-office work. The number of people [primarily working from home tripled](#) from 2019 to 2021, while allowing organizations to expand their recruitment efforts to a wider pool of applicants in the U.S. and abroad. In a world where candidates are increasingly mobile across borders, and to protect the integrity of your global organization, international background checks are a must have for all enterprises.

Cisive offers full background screening services globally, providing those services as permitted in each country. There may be specific required forms or restrictions on access that vary by location, but through our in-country partners, we ensure all information is obtained according to locally required procedures. Cisive is also able to provide a seamless candidate experience, as any required forms are presented as needed.



**Global Coverage,  
Delivered Locally**



## THE HURDLES

# INSIDER THREAT

People are an organization's greatest asset and most critical liability. Not only are insiders aware of the policies, procedures, and technology used in their organizations, but they are also aware of their vulnerabilities, such as loosely enforced policies and procedures or exploitable technical flaws in networks or systems.

With the growing insider threat to businesses, as well as compliance requirements in regulated industries, employers must add "Know Your Candidate" and "Know Your Employee" programs to their existing "Know Your Client" (KYC) program to protect their company, employees and customers.

An employer can't assume that a clear pre-employment background check means there will never be an issue with insider threat in the future. So, how do you protect your critical data, assets and employees from being compromised?

In an effort to mitigate risk and protect their businesses from insider threat, many organizations are now conducting ongoing screening of employees for criminal arrests or convictions.

## Continuous Criminal Monitoring

Cisive offers a unique, one of a kind service for the ongoing criminal monitoring of employees. With direct connections to over 2,000 penitentiary facilities, we can capture over 85% of all arrest bookings and incarcerations in the U.S.

The service is easy to implement. The employer provides Cisive with a list of employees to be monitored on an ongoing basis. The monitoring service will scan employees for criminal activity and provide an alert within 60 minutes or less of any criminal arrest or conviction. In addition, daily updates are accessible through Cisive's platform. Personally Identifiable Information (PII) received includes name, DOB, SSN, DLN & address (when available).

**81%**

**PERPETRATOR'S MOTIVE WAS  
FOR FINANCIAL GAIN**

**23%**

**PERPETRATOR'S MOTIVE  
WAS FOR REVENGE**

**27%**

**WERE HAVING  
FINANCIAL DIFFICULTY**

**5**

**AVERAGE NUMBER OF YEARS  
BETWEEN SUBJECTS HIRING  
& START OF FRAUD**

Source: "Insider Threat Study: Illicit Cyber Activity Involving Fraud in the U.S. Financial Services Sector," Software Engineering Institute, July 2012.

## THE HURDLES

# IDENTITY THEFT

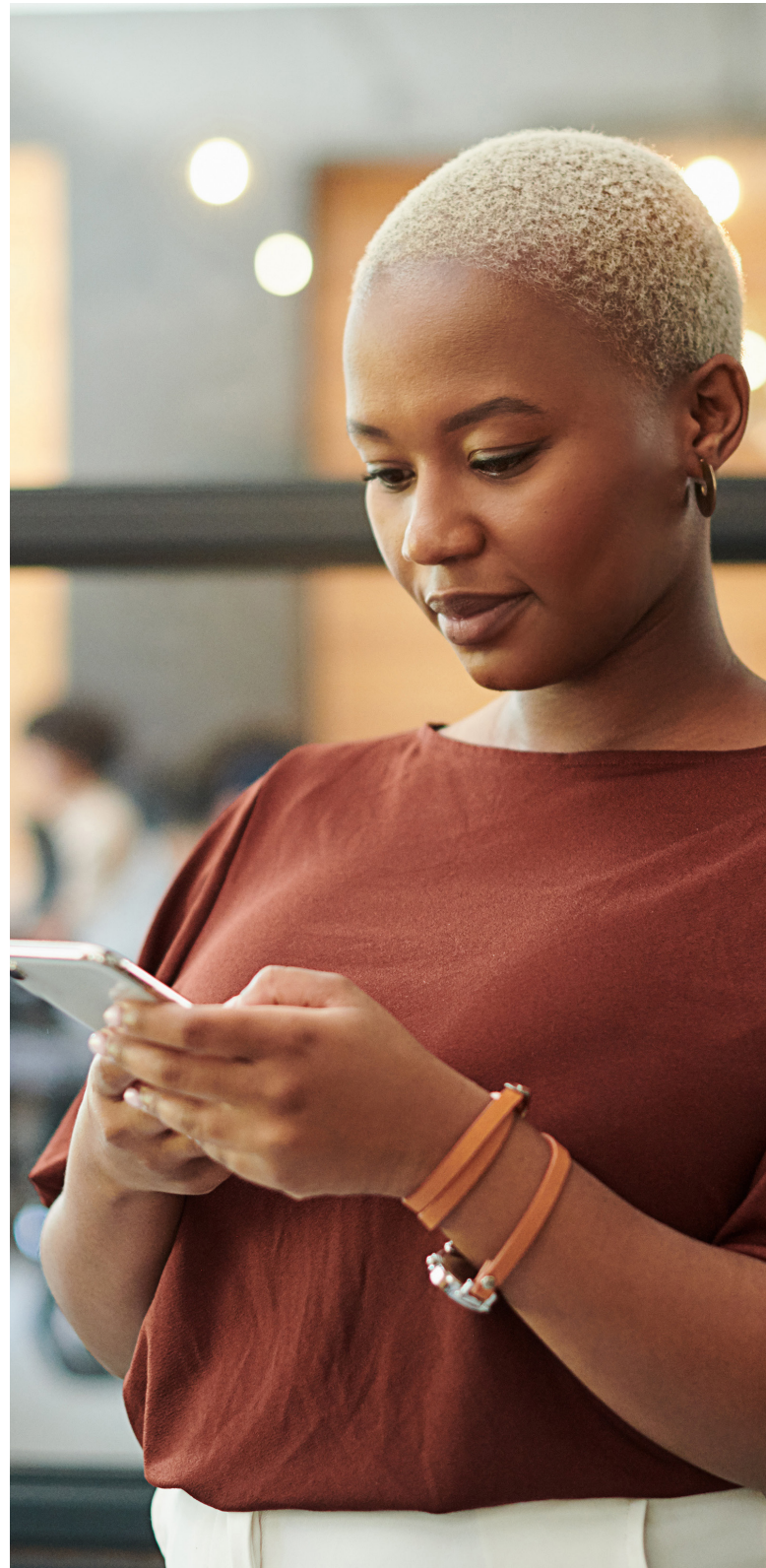
Identity fraud is one of the fastest growing crimes. As of 2021, **45% of companies** in the U.S. reported data breaches in the past year alone. More than **212 million users** in the U.S. were affected by a data breach in 2021, exposing sensitive personal information including SSN, driver's license, medical and/or financial records. The 2017 Equifax data breach, exposing over 200 million consumers in the U.S. and Europe, exemplifies the magnitude of the problem.

This, combined with advancements in graphics technology, has made it easier for a deceptive candidate to falsify a government-issued ID and assume another person's identity.

Today, companies are looking at biometric technology in the hiring process as a way to authenticate a candidate's identity and help combat insider threat before someone is hired.

Many companies offer some sort of identity authentication in the hiring process, but biometrics is still new to the private sector. Companies like Cisive are ahead of the game and offer the Human Resource industry's first identity authentication solution. IDVerity™ is a state-of-the-art technology that forensically authenticates a candidate's identity by validating the authenticity of their government issued ID and compares it to a candidates' self-photograph taken on their mobile device.

**All employers need to guard against insider threats, especially those perpetrated by persons using fraudulent identity.**



# HOW CISIVE SETS ITSELF APART



**“An approach that strays from the conventional, coupled with quality, enables us to contribute to our client’s overall security and success.”**

At Cisive, we are experts in the specific risks and regulations that apply to highly regulated industries such as financial services. For many years, we have provided tailored solutions to meet the unique requirements of our financial services clients.

Cisive’s service model provides a single, integrated system throughout the globe using complete applicant information and country-specific forms. Cisive returns information to our clients through a centralized system for analysis, quality control, presentation, and billing.

With more than four decades of experience and expertise in working with many of the world’s largest financial services institutions, Cisive’s deep insight into employment screening practices and industry know-how is unlike any other background screening provider in the industry.

## PROTECTION FROM LITIGATION

With over \$1B in lawsuit claims in the industry today; Cisive recognizes the risk companies take when it comes to selecting a vendor. In response, Cisive provides 100% indemnification

support for our clients – a rarity in our industry. Cisive has been providing background screening services for more than 40 years and we are experts in compliance – we have never had a judgment against us in connection with the performance of a background investigation.

We understand that our line of business directly and indirectly affects people’s lives, every day.

## QUALITY & ACCURACY

Our best-in-class processes contribute to our industry-leading accuracy rate of 99.9993%. Based on client and candidate disputes, our quality process confirms that findings in our background reports have a less than .0007% error rate, reducing the risk of litigation for our clients.

## TECHNOLOGY

Cisive is the only company in the industry to offer a truly single platform and flexible solution that supports international and domestic requirements including multi-language capabilities. Cisive’s solution reduces costs, speeds up time to fill, and increases productivity. Our seamless integrations with 10 top Applicant Tracking Systems in Financial Services ensure our enterprise clients can experience a truly turnkey solution.

## IF GETTING IT RIGHT THE FIRST TIME MATTERS, CISIVE IS THE RIGHT CHOICE

Your business will not only get a background screening provider, but a lifelong partner – a company that stands by their work, protects their clients, and provides the consultation and guidance organizations are looking for. Experience the Cisive difference today.

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## CONTACT US



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