

The Background-Check Challenge

Outsourcers protect themselves from identity theft by finding out all they can about employees, but gathering information can be challenging

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When the British tabloid the *Sun* blared the headline "Your Life For Sale" a couple of weeks ago, the most shocking detail likely was a photo of a reporter and an alleged Indian fence purporting to depict the exchange of \$5,000 for stolen credit-card data. This was yet another blow to the offshoring community. It follows closely on the heels of perhaps the most infamous identity-theft case in India, one that resulted in nearly \$500,000 in bank losses and a whopping 17 arrests. While the world waits to see how the Indian police and courts handle these landmark investigations, both outsourcing customers and providers are examining what changes, if any, should be made to hiring practices in global delivery centers.

In April, call-center workers at a Pune, India, subsidiary of Mphasis, an IT services and business-process outsourcing firm, talked four Citibank customers into revealing their personal identification numbers, and then the call-center workers transferred nearly \$500,000 into their personal accounts. Police arrested six Mphasis workers, plus 11 outside accomplices, and recently said the investigation is continuing, with even more arrests possible. Citibank replenished the customers' accounts, but Mphasis has yet to erase the concern that the problem won't be repeated here or overseas.

The industry itself is reacting, too. "The Indian BPO industry is in its infancy, and when one tends to hire 400 to 500 people every month, we often fail to scrutinize the employees closely," conceded Mphasis chairman Jerry Rao at a National Association of Software and Service Companies summit in June. Rao endorses a proposal by Nasscom, a trade group representing the IT software and services industry in India, for a national employment registry where potential employees' backgrounds are registered and updated.

The goal is to develop a system in which employees voluntarily allow information about their educational backgrounds and employment histories to be entered into a database, Nasscom VP Sunil Mehta says. When employees are considering changing jobs, they can simply authorize the registry to release the information to a potential employer.

In addition to speeding up the process of background checks, Mehta says the new system, which an