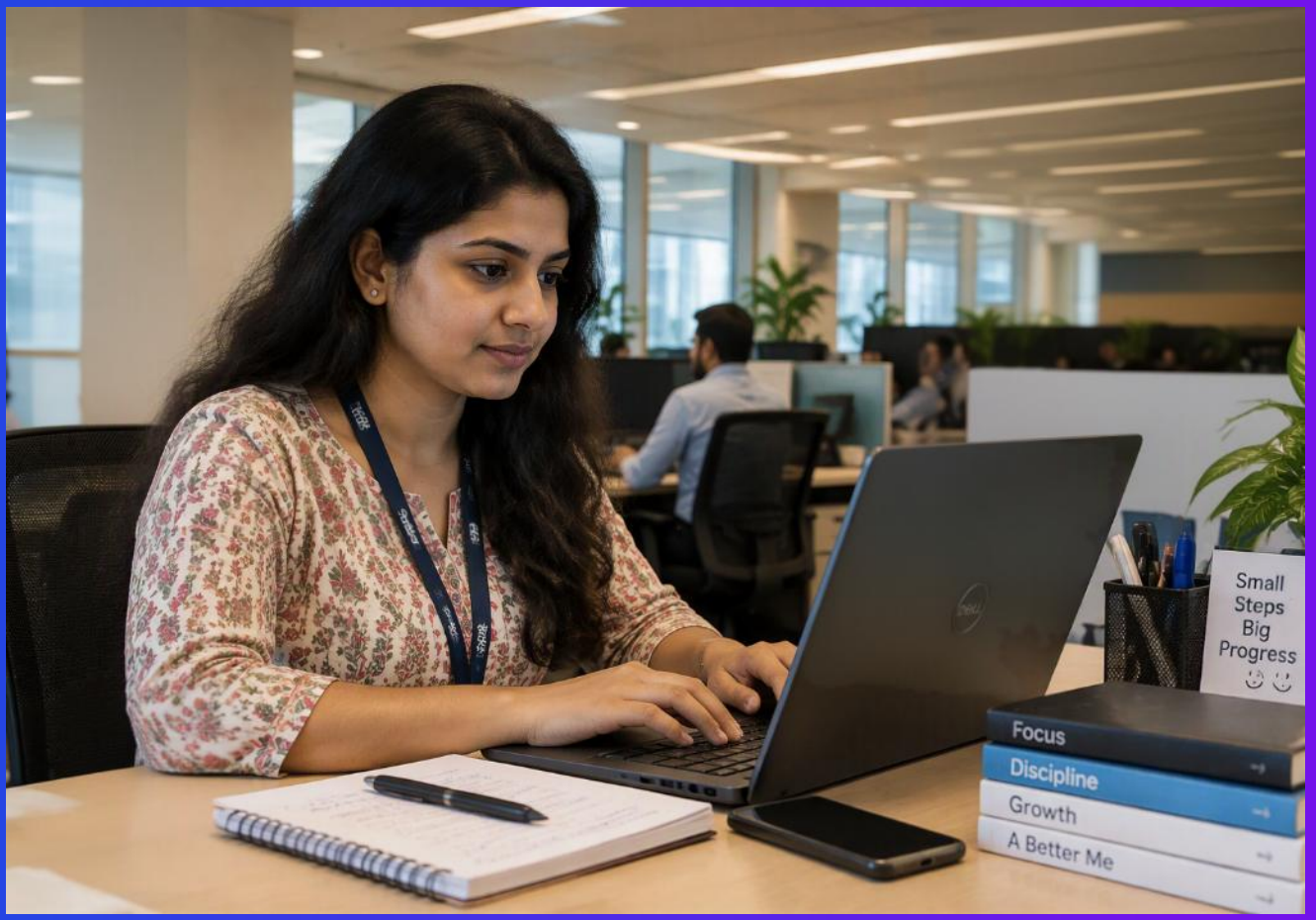
KPMG

The trust imperative

Why leading organisations are reimagining background verification



November 2026

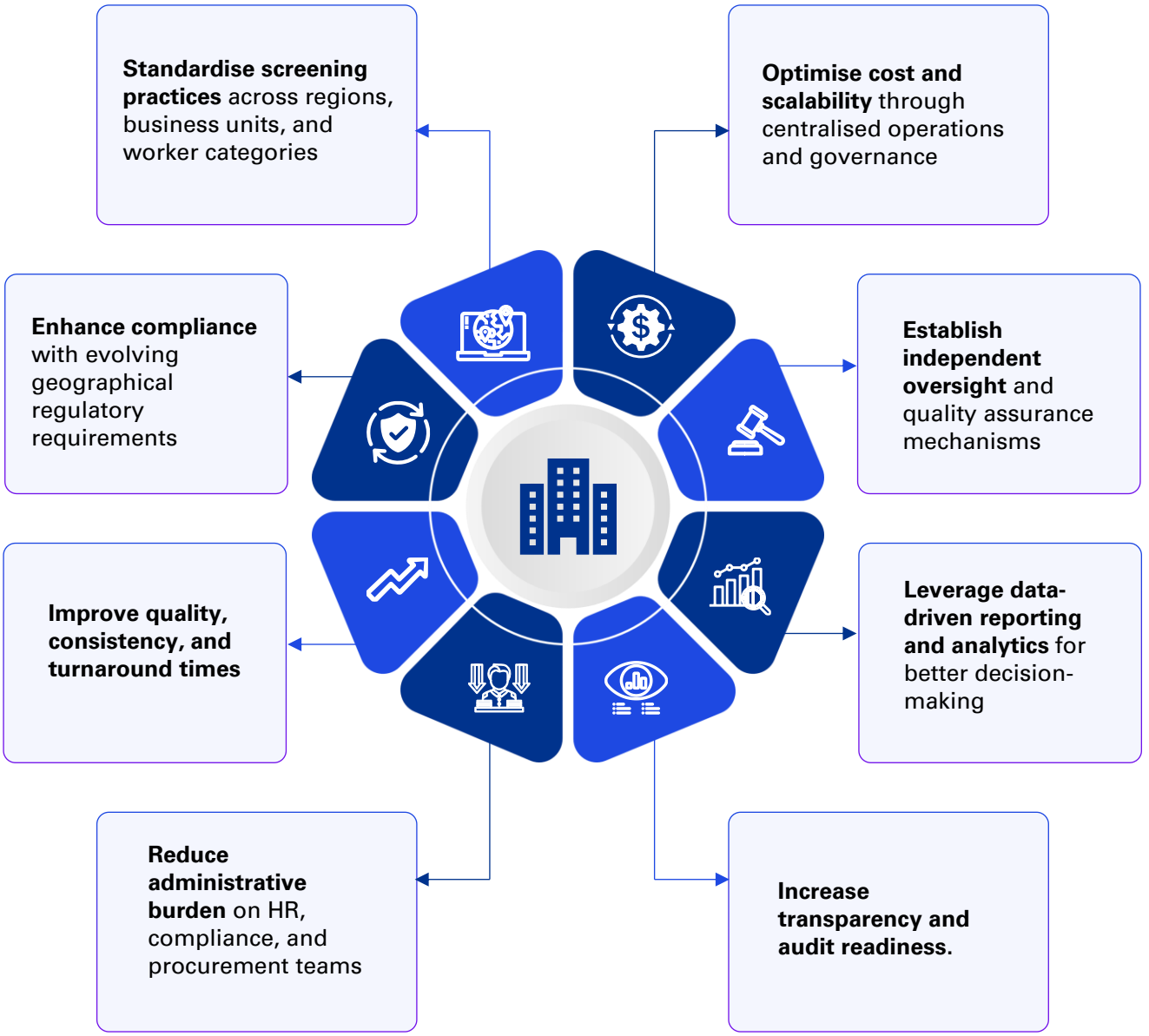
kpmg.com/in

KPMG. Make the Difference.

For decades, Employee Background Verification has been regarded primarily as a hiring safeguard, focused on mitigating fraud, ensuring compliance, and supporting recruitment decisions. However, the workforce landscape has undergone a profound transformation. Organisations today operate within complex talent ecosystems comprising employees, contingent workers, gig talent, third-party personnel, remote resources, and globally mobile workforces. As workforce risks become more diverse and interconnected, background screening is evolving from a standalone pre-employment check into a strategic workforce risk management capability. In an environment shaped by economic uncertainty, regulatory scrutiny, and data security threats, organisations must look beyond screening costs alone and focus on building robust, scalable, and risk-aligned controls that protect workforce integrity, strengthen governance, and support long-term business resilience.

Increasingly, leading organisations are addressing this challenge through managed services models that combine technology led intelligent operations with strengthened governance and oversight.

A mature employee vetting services models should respond to the concerns of uniformity, unbiased and timely decisions, compliance and quality while offering insights into better hiring outcomes for future.



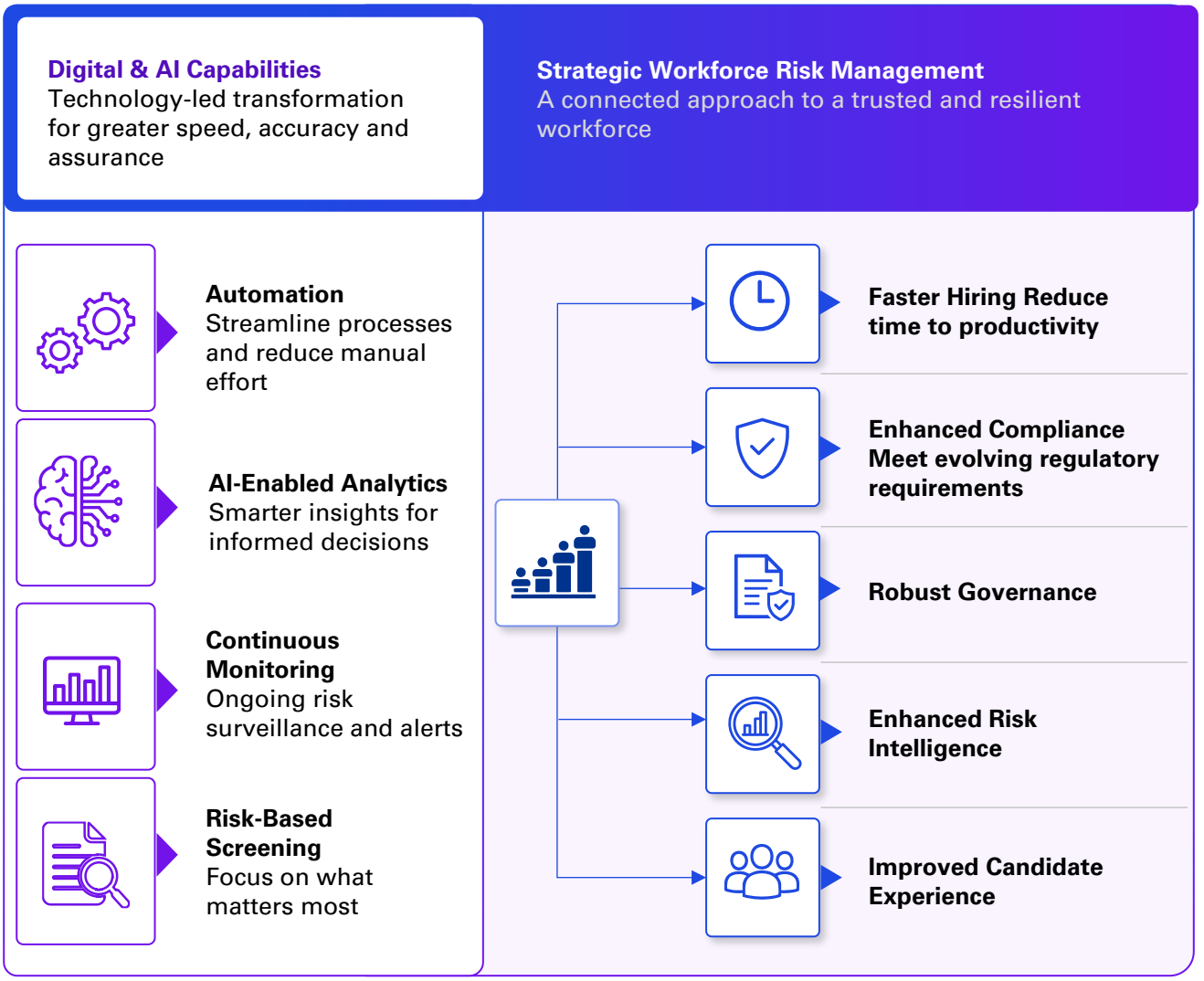
© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Employee Background Verification: From Cost Burden to Strategic Value Driver

As workforce risk management becomes a strategic priority, organisations are increasingly moving beyond traditional background verification (BGV) toward managed services models that deliver stronger governance, scalability, and risk oversight. KPMG in India's survey of HR, risk, compliance, and talent acquisition leaders reveals that while BGV is firmly embedded in hiring processes, challenges around turnaround times, data collection, governance, and scalability persist.

Organisations are today not just seeking traditional form of employee verifications models or mere "tick in the box" to comply with overseas regulations. Verification is increasingly been positioned as a means to enhance risk intelligence, robust governance, improve candidate experience while offering actionable insights without compromising on faster and qualitative hiring outcomes.

The future of BGV is expected to be shaped by automation, AI-enabled analytics, continuous monitoring, and risk-based screening approaches. This shift presents a significant opportunity for organizations to switch to managed services models that can seamlessly integrate technology, operational delivery, risk management, and advanced analytics into a comprehensive workforce risk management solution.



© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG Survey :

Voice of HR : Shaping the Future of Employee Screening and Managed Services

Overview of the survey :

KPMG India launched a survey among multiple sectors to gather data for general background screening adoption and prevalent practices, continuous monitoring, governance and operational framework. The survey covered sectors like Technology, Banking and Financial services, insurance, manufacturing, retail, consumer goods, and Media.

The survey threw up interesting trends and perceptions. It revealed how organisations are responding to emerging technology and Artificial intelligence (Ai), awareness of enhanced due diligence in leadership hiring and their role in screening and continuous monitoring operations in the organisations.





Responses suggests

99 per cent

organizations conduct some or the other form of employee screening.



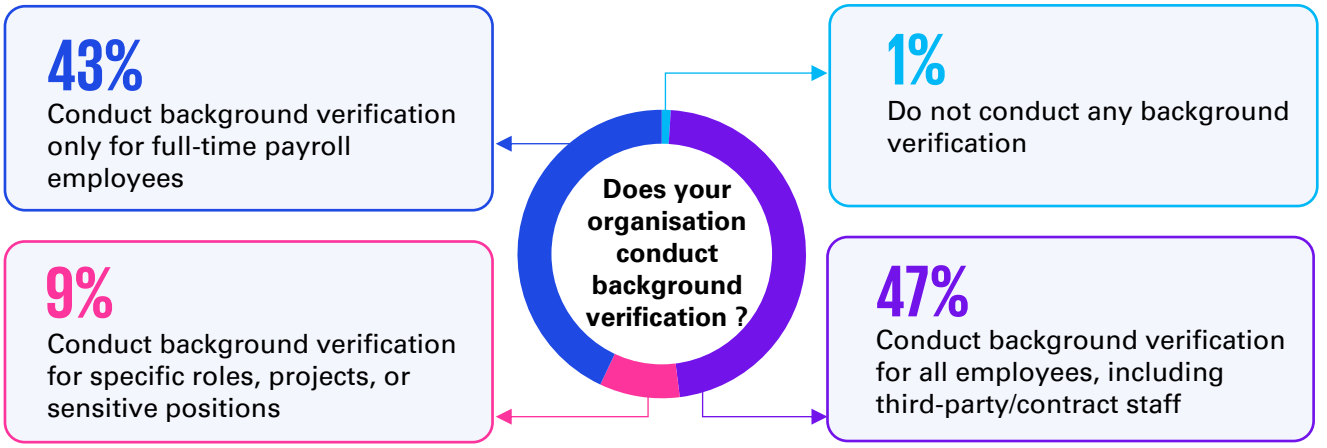
However, only

47 per cent

extend screening consistently across all worker categories, including third-party and contract staff, highlighting a significant gap in workforce risk coverage.

Organisations are moving beyond a one-size-fits-all approach towards risk-based screening models, where the depth and rigor of verification are aligned to the role criticality, access to sensitive information, and overall organisational risk exposure. This shift reflects a broader evolution of background verification from a compliance requirement to a strategic workforce risk management capability.

Background Verification Coverage Across Employee Categories



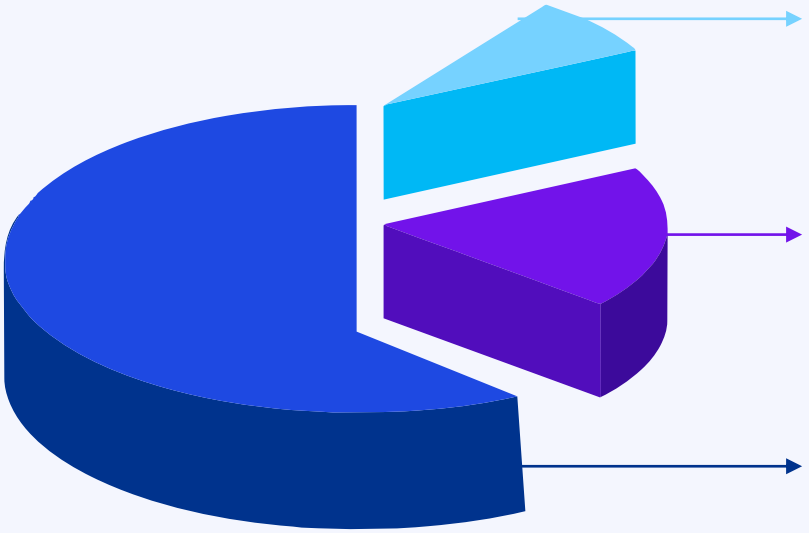
© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Post-Offer Screening Dominates, but Risks Remain

While **52 per cent of organizations initiate background verification after an offer is extended, 35 per cent wait until after the employee joins,** increasing exposure to onboarding, replacement, and reputational risks. For almost **57 per cent** of organizations, screening remains a compliance checkpoint rather than a strategic risk control.

Leading organizations are shifting risk identification earlier in the hiring lifecycle through targeted pre-offer screening and public domain intelligence. This proactive approach helps identify potential concerns before hiring decisions are finalized, **improving hiring quality, reducing remediation costs**, and strengthening workforce integrity. As workforce risks become more complex, organizations are increasingly moving from reactive verification to proactive, intelligence-led hiring.

At what stage do you initiate the background screening?



13%
Before the offer is made

35%
After the candidate has joined the organisation

52%
After the offer is made

Most organisations still continue to initiate screening process only after hiring. While post-offer screening remains the dominant model, organisations from ITES, BFSI and GCC sectors, hiring for highly regulated or sensitive positions are increasingly moving towards earlier-stage checks to avoid onboarding risks and potential hiring costs associated with negative findings. These checks often include, public domain searches, sanctions screening, regulatory enforcement database checks, litigation checks and adverse news searches. As these checks are less intrusive, they offer rapid turnaround times and help organisations identify obvious red flags before substantial recruitment investment has been made.

© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Building a scalable workforce risk management

Survey results also revealed a strong preference for outsourcing, with

77 per cent

of organisations engaging third-party providers,

17 per cent

operate hybrid models by retaining certain activities in-house and outsourcing specific checks

6 per cent

continue to manage the entire process internally.

The survey also reveals notable gaps in screening practices, with **13 per cent of organisations not conducting criminal record checks, 8 per cent not verifying educational qualifications and 20 per cent not performing identity verification.** These gaps expose organisations to risks such as candidate impersonation, credential fraud and misconduct.

As employee verification becomes increasingly specialized, driven by global hiring, technology integration, multilingual capabilities and evolving data privacy regulations, fully in-house models are becoming less sustainable and effective.

Governance maturity across BGV programmes remains mixed.

43 per cent

of respondents have established dedicated BGV governance teams with defined SLAs, controls and oversight mechanisms,

30 per cent

continue to operate through shared ownership models involving HR and Compliance functions

27 per cent

rely on ad hoc management approaches, often led solely by HR teams.

In addition, **39 per cent of organisations do not currently have a periodic or continuous monitoring framework** in place, indicating that workforce risk management remains largely focused on pre-employment screening. These findings highlight a significant opportunity for organisations to strengthen governance by implementing structured oversight, continuous monitoring, clearly defined escalation protocols, exception management policies and vendor performance controls. As hiring becomes increasingly global and regulatory expectations continue to evolve, robust governance frameworks will play a critical role in ensuring consistent risk management, regulatory compliance and workforce integrity throughout the employee lifecycle within the organisation.

© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Governance Models Used for Managing Background Verification

Operational inefficiencies associated with the screening process continue to constrain effectiveness.

The survey findings suggest that operational inefficiencies, rather than compliance or cost considerations, remain the primary barriers to effective background verification. Long turnaround times and challenges in obtaining candidate documentation continue to be the most significant pain points, indicating that delays are often driven by information gathering, candidate responsiveness and process coordination rather than the verification activity itself.

Around 42 per cent of HR professionals believe BGV adds considerably to their existing workload, limiting their ability to focus on strategic talent priorities, while **66 per cent feel that current turnaround times can be improved.** Additionally, **31 per cent of respondents believe service providers need to strengthen service quality, compliance support and global verification capabilities** to meet evolving organisational needs.

Despite many BGV partners extending support beyond verification activities, **53 per cent of respondents indicated they remain actively involved in candidate coordination and follow-ups, highlighting a continued operational burden on internal teams**. This is further reflected in the finding that

68 per cent **of organisations believe BGV providers should assume end-to-end responsibility for the process.**

Collectively, these insights point to a clear shift in market expectations from transactional verification services towards outcome-based integrated managed services that combine process ownership, automation, analytics and risk management expertise to deliver measurable business value.



© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Leadership screening is becoming more sophisticated

Leadership hiring risk continues to attract increasing board-level attention as organisations recognise that the impact of a poor senior hire can extend far beyond operational disruption to include reputational, regulatory and financial consequences. As a result, traditional credential verification is increasingly being supplemented with enhanced due diligence, including market intelligence, reputation assessments, conflict-of-interest reviews and behavioural insights.

The survey reveals that



43 per cent

of organisations currently conduct enhanced due diligence for senior leadership hires, although only about half of those organisations apply it selectively to high-risk roles, particularly within finance, risk, procurement and other functions with elevated governance exposures.

Encouragingly, **nearly 30 per cent of organisations that do not currently differentiate screening for senior management are exploring the merits of adopting a more risk-based approach.**

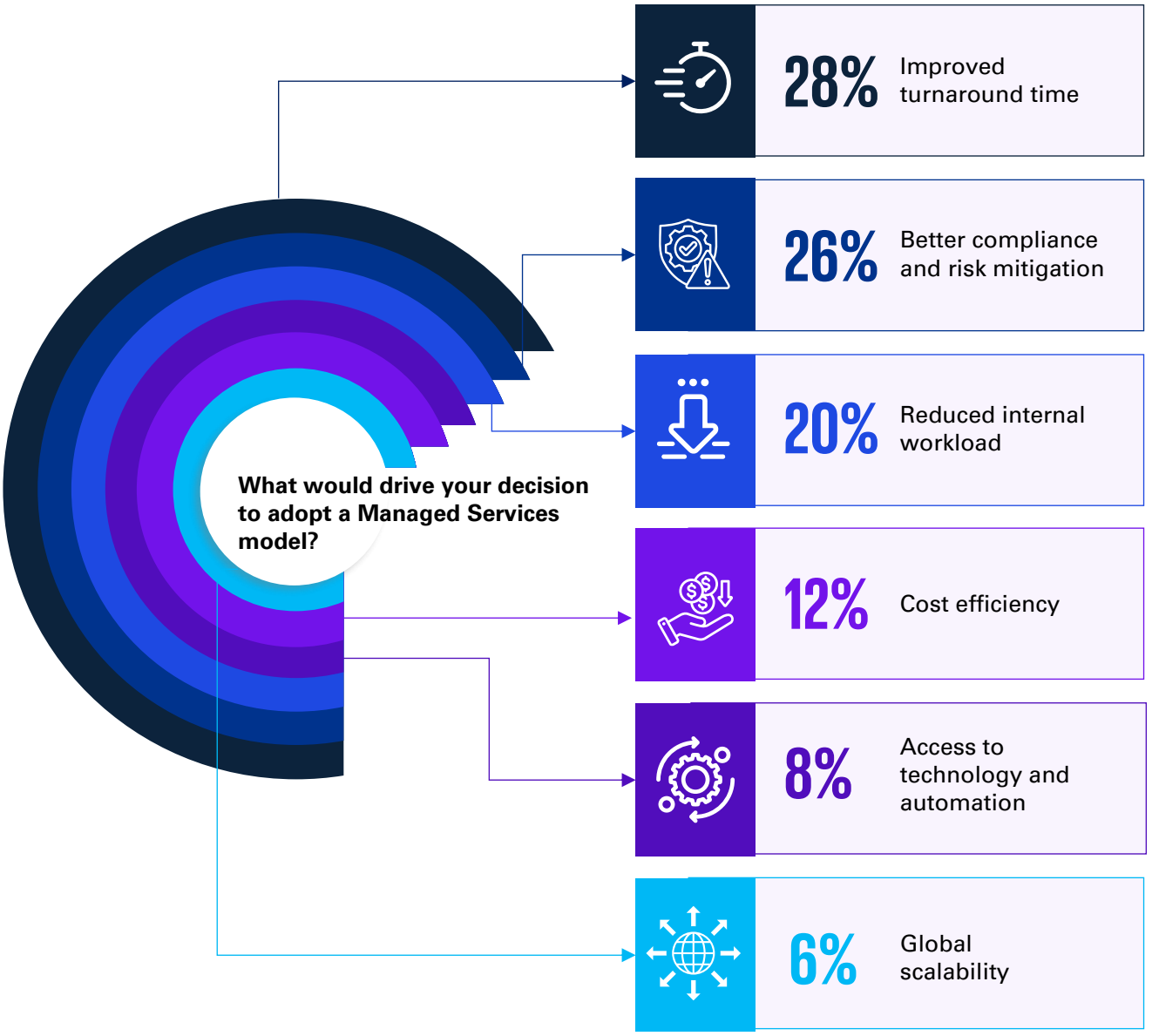
Notably, **62 per cent of organisations conducting specialised screening for senior management also see value in psychometric assessments**, reflecting a growing trend towards combining behavioural indicators with external intelligence to develop a more holistic view of leadership suitability, decision-making capability and potential organisational risk.

Together, these findings suggest a gradual shift towards more sophisticated, intelligence-led screening programmes for critical leadership roles.

© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

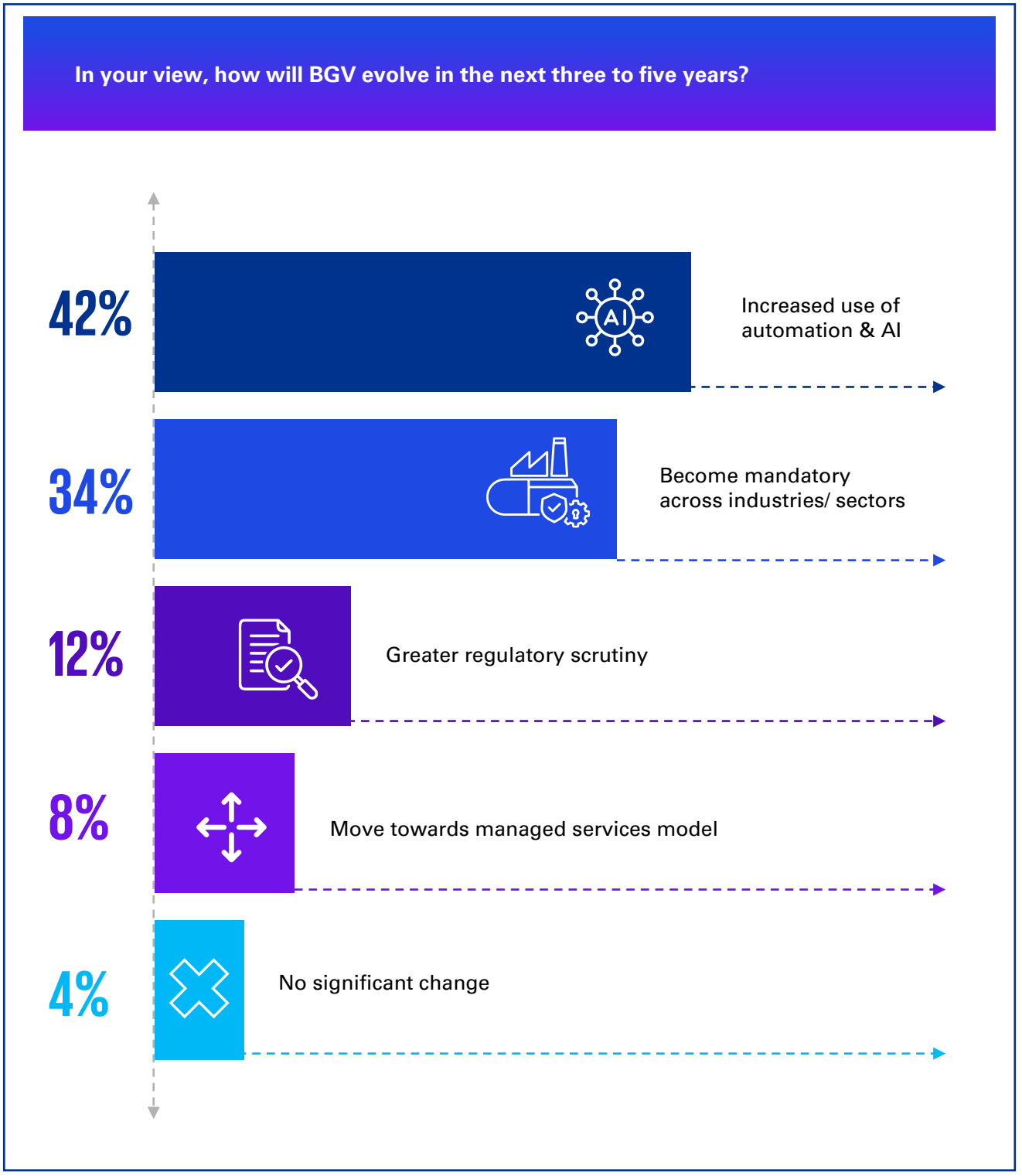
Conclusion: Employee screening managed services gain momentum

The survey findings point to a clear shift in how organisations view background verification. Rather than treating BGV as a transactional hiring activity, organisations increasingly expect it to deliver operational efficiency, stronger governance and enhanced workforce risk management. When asked whether they would consider a fully managed BGV service, **60 per cent of respondents indicated they were likely to do so,** demonstrating growing acceptance of managed service operating models. The key adoption drivers include improved turnaround times (28 per cent), better compliance and risk mitigation (26 per cent) and reduced internal workload (20 per cent), reflecting the need for providers to move beyond verification execution and assume greater ownership of the end-to-end process.



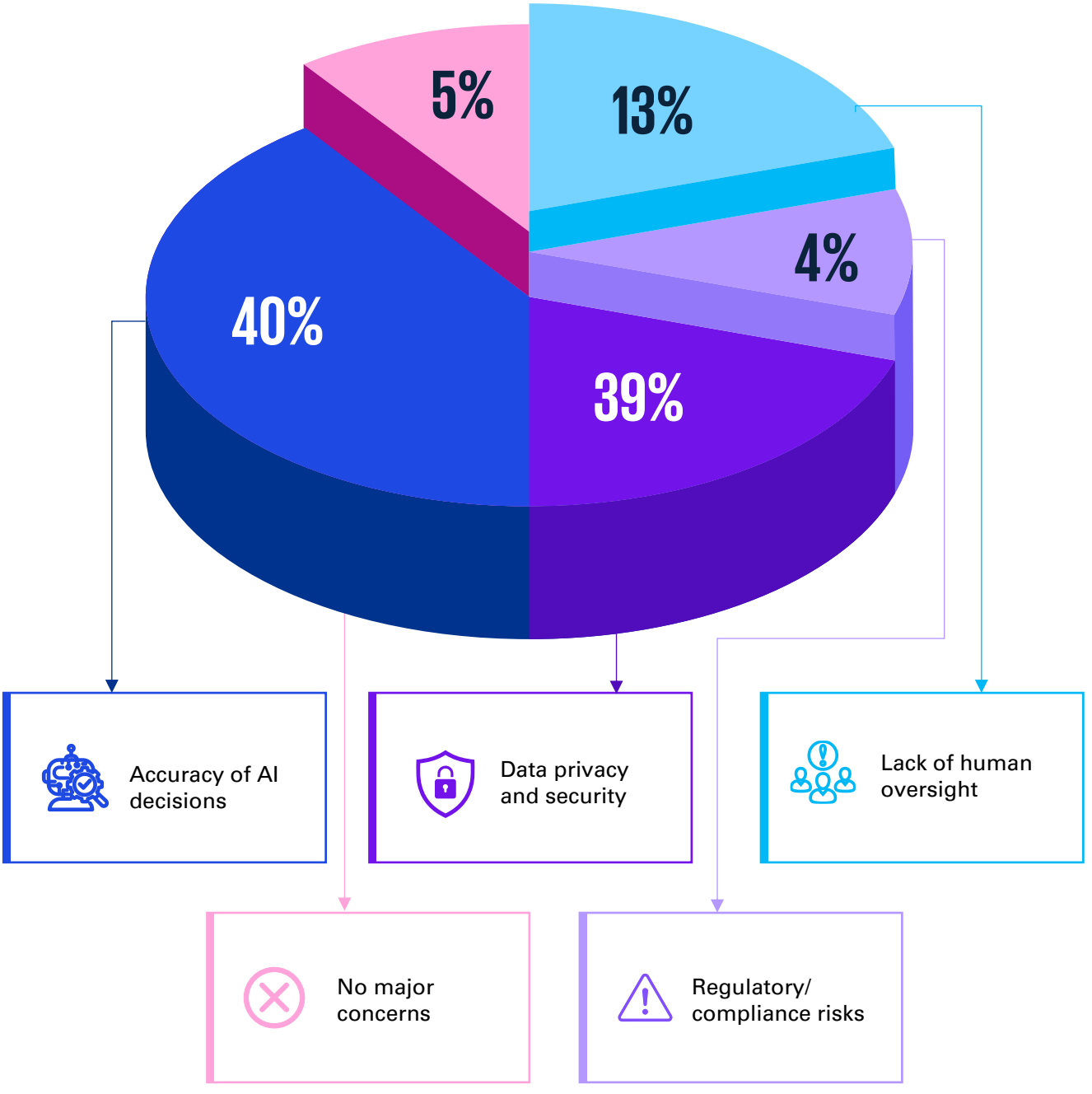
© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

At the same time, trust remains the critical differentiator in the managed services market. Nearly **40 per cent of organisations cited data privacy and security as their primary concern,** underscoring the importance of robust governance, information security controls and transparent reporting frameworks. Looking ahead, more than **42 per cent of organisations believe AI and automation will play a significant role in the future of BGV,** enabling faster turnaround times, improved document authentication and enhanced fraud detection.



© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

While AI is expected to serve as a powerful enabler of efficiency and scalability, organisations increasingly recognize that trust cannot be automated. With **83 per cent of respondents expressing concerns around accuracy, privacy, and security in AI-only assessments,** the future of managed services is expected to belong to providers that effectively combine advanced technology with human judgement, strong governance, and accountability. In this model, human expertise becomes the differentiator that transforms AI-generated insights into trusted business decisions.



Collectively, these findings suggest that organisations are increasingly seeking Background screening managed service partners that can assume greater accountability for the verification lifecycle, reduce administrative burden, improve hiring speed, strengthen compliance oversight and deliver actionable workforce risk insights. The market expectation is clearly moving beyond the provision of verification reports towards outcome-based managed services that combine technology, governance, analytics and operational expertise to deliver measurable business value.

© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG in India contacts:

Akhilesh Tuteja
Partner and Head
Client & Markets
E: atuteja@kpmg.com

Mohit Bahl
Partner and Head
Risk and Integrity Advisory
E: mbahl@kpmg.com

Maneesha Garg
Partner and Head
Forensic Managed Services
E: maneesha@kpmg.com

Ankit Mishra
Partner
Forensic Managed Services
E: ankitmishra@kpmg.com

Sanjay Narvekar
Partner
Forensic Managed Services
E: sanjay@kpmg.com

Roli Pawar
Partner
Forensic Managed Services
E: rpawar@kpmg.com

kpmg.com/in

Access our latest insights on KPMG Insights Edge

Follow us on:
kpmg.com/in/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai – 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Some images in this report have been created using artificial intelligence technology.

This document is for e-communication only. (PoV_1126_SM)