

How KYC can benefit the education sector

South African universities are in crisis. The total debt currently owed by students to tertiary institutions amounts to around R14 billion and set to escalate if not addressed. Schools are also at breaking point due to unpaid fees - according to a school survey by the TPN Credit Bureau, collecting fees is the biggest challenge facing schools.

By ensuring consistent Know Your Customer (KYC) procedures are in place, educational institutions have the power to manage their risks providentially and potentially have more control over their finances. This is according to Sameer Kumandan, Managing Director of SearchWorks, an innovative data aggregation platform that allows users to conduct live, accurate searches on individuals and companies and in-depth KYC checks online. "There is no real universal set of KYC protocols for organisations to follow, except for FICA. Although demand is growing for more vigorous checks, the risk of organisations not carrying out KYC checks is substantial," notes Kumandan.

The benefits of SearchWorks to education institutions are numerous. By offering a search platform that enables them to quickly confirm the identities of applicants, the person who will be responsible for the account and confirm whether they are able to honour their financial obligations, schools and universities can streamline the enrolment process and be better equipped to know what to expect from the transaction. They can use the search tool to filter the thousands of applications received for bursaries, verifying the applicants' incomes and identifying those most in need. Having correct and updated information also assists in locating nonpayers and collecting outstanding fees.

While onboarding new learners, a SearchWorks report will provide ID verification, credit checks on applicants, property verifications and CSI reports to identify at-risk learners and those who need additional support. The collections department can perform person or property searches, credit checks, CIPC searches to ascertain whether the nonpayers are directors of any companies, and vehicle registration scans, all of which can help locate nonpayers and better understand their financial situation. These checks can also be done to verify suppliers to ensure they are a good fit for the institution.

A local university law clinic providing legal assistance to those who cannot afford private legal representation recently implemented SearchWorks to help maintain contact with their clients, who regularly change their phone numbers or rely on third parties for telephonic contact and who often don't have access to email. "At the click of a button,

SearchWorks enables us to obtain alternative contact numbers for our clients and thus keep the line of communication open. It also provides the current addresses of defendants who need to be served with our clients' summonses. This saves us money as attempting to serve documents at the wrong address has negative cost implications," says a spokesperson for the law clinic.

Fifty schools across the country are currently using SearchWorks to simplify their enrolment and debt collection processes. One Gauteng school says the platform is assisting them with the acceptance of creditworthy families, in turn helping to avoid the time-consuming task of collecting debt. The school's principal says, "SearchWorks is easy to use, quick and provides the information we require with a quick turnaround, enabling us to make our decisions quickly."

Schools rely heavily on fees to keep running, the TPN Credit Bureau's survey showing that fees are the largest source of income for more than 90% of private schools and 60% of public schools. Higher education institutions rely less on tuition fees, which make up 33% of their total income, but for both schools and universities an inability to collect these fees has negative implications both from a budgeting and sustainability perspective. "SearchWorks' quick, simple and cost-effective checks give can give these education institutions instant access to crucial data to foresee and mitigate serious financial and reputational harm," concludes Kumandan.

Ends.
