

**REPORT**

# TransUnion Employment Risk Insight Report



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## INTRODUCTION

In the dynamic Hong Kong talent market, we're seeing unemployment fall from its peak in 2022<sup>1</sup>. Faced with a shrinking local talent pool, which lost 210,000<sup>1</sup> local workers between the beginning of 2019 and the end of 2022, businesses are fiercely competing for skilled professionals. The challenge of hiring well is intensifying and employers are seeking tools that can smooth the rocky landscape of recruitment.

TransUnion's Employment Risk Insight Report explores the attitudes and preferences of Hong Kong human resources (HR) professionals toward recruitment and talent management processes. It highlights the employment challenges they face and the need for effective screening tools — such as employment credit checks — during candidate evaluation.

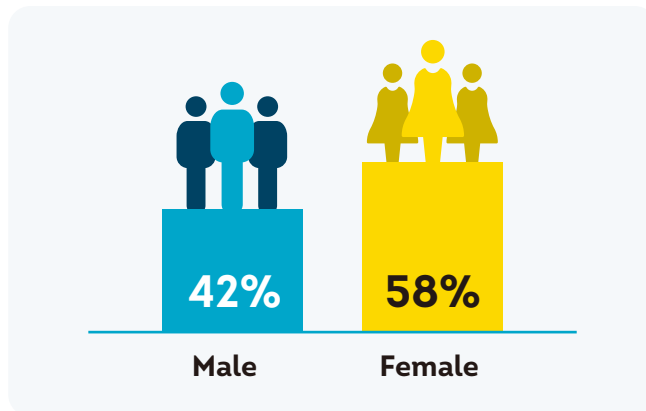
As part of the hiring and employee management process, these credit checks play a crucial role in optimising recruitment and talent retention. Through credit checks, organisations gain a fuller picture of a prospective hire. Understanding an individual's financial history and status helps employers make informed decisions around character and risk. However, many organisations have yet to adopt this practice.

Our analyses investigates the awareness, familiarity, usage and perceived value of employment credit checks, providing insights that can empower employers to make decisions quickly and confidently when considering potential candidates or reevaluating current employees.

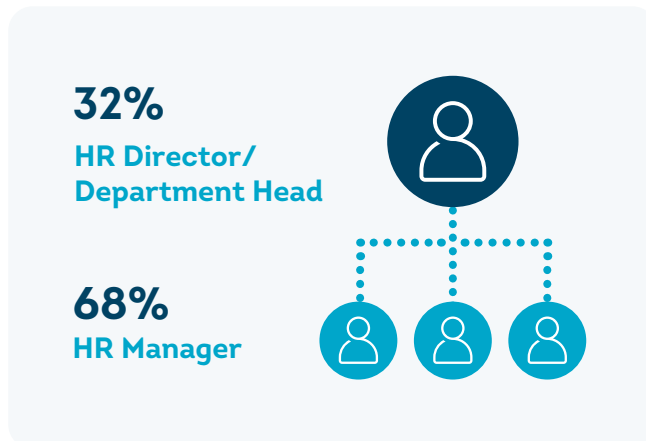
## SCOPE OF STUDY

TransUnion's Employment Risk Insight Report analyses research conducted between 2 to 16 May 2024 among 300 HR professionals in Hong Kong comprising 96 HR Directors/Department Heads and 204 HR Managers. The research ran via an online survey in partnership with Insight Focus.

### Gender



### Seniority



Respondents across the following industries were surveyed: business services, financial services, legal services, healthcare, insurance, construction, education, IT/computing, real estate, security services, retail, trading, utilities and government.

<sup>1</sup> Key Annual Figures, Quarterly Report on General Household Survey, Census and Statistics Department

## KEY TAKEAWAYS

### 1. Inefficiencies in current screening tools

HR professionals expressed a general dissatisfaction with their organisations' current hiring processes, with a significant number (73%) of respondents rating their hiring processes as average or below in terms of efficiency. Moreover, more than half of the participants believed their organisation's hiring processes lack thoroughness (64%) and effectiveness (54%).

Almost all (91%) respondents noted inefficient screening tools contributed to longer recruitment times, a challenge particularly prevalent in the financial services and business services sectors. More specifically, when it comes to conducting reference checks for candidates, there's a prevailing sentiment the current process is inadequate, notably within security services and the insurance and financial services industries.

### 2. Addressing limited awareness and low adoption of employment credit checks

Notably, 80% agreed personal financial stability matters when considering finance, security-related and management roles; a sentiment strongly echoed by those in business services, financial services and insurance. However, more than two-thirds (69%) of respondents had limited understanding of

credit checks, and only 5% of organisations incorporated them into their hiring procedures. Within this group, most (93%) conducted credit checks before onboarding employees and during the screening process of any new hires (87%). The primary goals were risk mitigation (protecting against legal and reputational risks at 73%), and preventing involvement in financial crimes or embezzlement at 60%. Eighteen percent (18%) of respondents' organisations encountered cases where employees have been involved in debt or other financial misconduct.

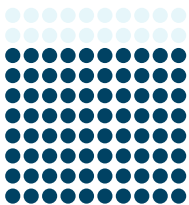
### 3. Top concerns around conducting credit checks

While credit checks are recognised by more than half (52%) of respondents as an efficient and effective tool for making informed hiring decisions based on robust credit records, there are various factors impeding employers from incorporating this into their hiring and regular talent evaluation processes.

Seventy-one percent (71%) agreed with implementing credit checks within their organisations' HR systems. But potential challenges in implementing this screening tool included candidate concerns around data privacy (34%) and limited resources or budget (30%).

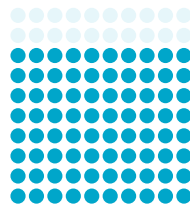
## HR professionals' perceived value of credit checks

Strongly Agree/Agree/Somewhat Agree (%)



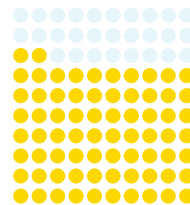
**80%**

Personal financial stability is important when considering their candidacy for a finance or security-related role.



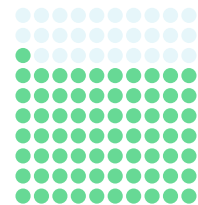
**80%**

Personal financial stability is important factor when considering their candidacy for a management role.



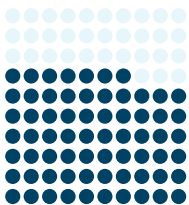
**72%**

I think an organisation's reputational / legal / financial risks are higher when credit checks are not part of the process.



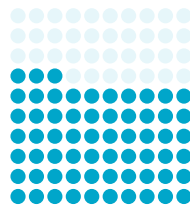
**71%**

I would recommend my organisation to implement credit checks within the HR system.



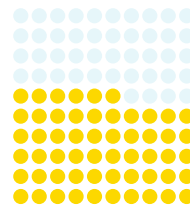
**67%**

Credit checks can help mitigate risks related to financial fraud, embezzlement, or other unethical behaviour.



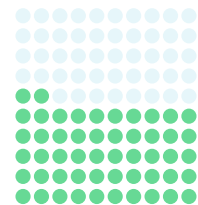
**63%**

Credit history is relevant to an employee's job performance.



**56%**

Personal financial stability is an important factor when considering their candidacy for any role.



**52%**

Credit checks can contribute to a more effective recruitment process.

## FINGER ON THE PULSE

### Understanding Hong Kong's labour market landscape

Hong Kong's talent landscape is in flux, presenting significant challenges for organisations amid talent shortages, a soft hiring market and ongoing talent relocation. In response, the Hong Kong government implemented initiatives like the Top Talent Pass Scheme<sup>2</sup>, aiming to attract highly skilled professionals from around the world. These efforts show promise; a recent Deel survey indicated 86% of HR practitioners view these measures positively<sup>3</sup>, believing they have effectively addressed the labour crunch. However, as the market evolves, organisations must not only attract talent but also thoroughly evaluate candidates to ensure they're the right fit.

As Hong Kong's talent market continues to adapt, understanding the role of comprehensive screening tools becomes increasingly vital for organisations aiming to build resilient, and high-performing teams.

### Organisational impact of poor hiring choices

The potential risks associated with hiring the wrong talent extend far beyond immediate financial losses. Poor hires can significantly damage team dynamics, leading to decreased morale and productivity across the entire organisation. They may also jeopardise client relationships, potentially resulting in lost business opportunities and tarnished reputation. In some cases, wrong hires can pose security risks, especially in positions handling sensitive information or financial transactions. The cumulative result of these risks can create a ripple effect throughout the company, impacting overall performance, innovation and long-term growth prospects. Investing in robust screening tools and thorough candidate evaluations is crucial for mitigating these potential risks and ensuring organisational success.

## ARE ORGANISATIONS WELL EQUIPPED IN THEIR TALENT ACQUISITION STRATEGIES?

### An overview of current HR solutions for talent management

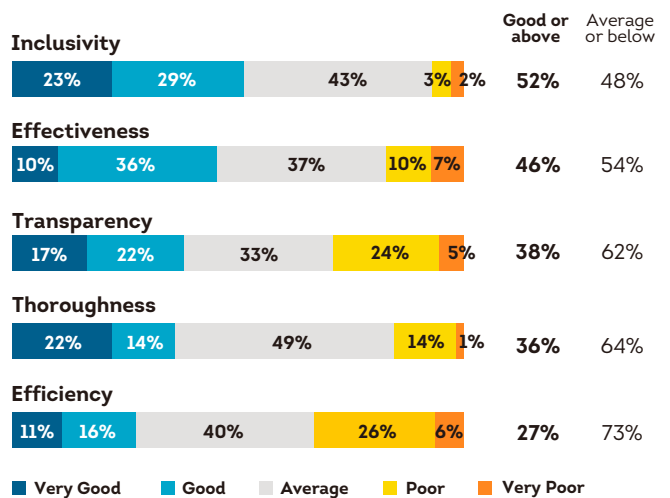
In the dynamic landscape of HR management, organisations recognise the pivotal role effective HR solutions play – from recruitment and onboarding to ongoing assessment. These solutions empower HR professionals to make informed decisions that drive organisational goals forward. However, organisations continue to face persistent challenges when evaluating their current HR management solutions.

HR professionals look for ways to identify the right candidates swiftly while ensuring thorough evaluations. However, the survey results reveal existing screening tools often fall short of meeting these demands.

### Inefficiencies in current screening tools

One-third (33%) of surveyed HR professionals expressed lack of confidence in their organisations' current hiring process. Survey data highlights efficiency concerns as respondents rated their current hiring processes as average or below in terms of efficiency (73%). More than half believed the process lacks thoroughness (64%) and effectiveness (54%).

### HR professionals' view on current hiring process






In the financial services industry specifically, 78% pointed to a lack of efficiency; 63% noted thoroughness; and 52% said effectiveness in their current recruiting process.

<sup>2</sup> Introduction of Admission Schemes for Talent, Professionals and Entrepreneurs, Immigration Department

<sup>3</sup> HK firms upbeat about talent market, citing global hub status, China Daily

\* Figures may not add up to 100% due to rounding

## Top recruitment considerations include

 Inefficient screening tools leading to a long recruitment timeline	<b>91%</b>
 Hiring the wrong people will increase turnover rate	<b>89%</b>
 Talent shortage as a key challenge in hiring the right talent	<b>88%</b>

A prevailing sentiment among HR professionals is the current process for conducting reference checks for candidates is inadequate. Seventy percent (70%) of respondents said their organisations are lacking in this regard. This sentiment was common in specific industries, including healthcare (88%), utilities (83%) and real estate (80%). In contrast, respondents from organisations in the business services (64%), government (60%) and legal services (54%) sectors expressed relatively greater concerns about their candidate reference check processes. Concerningly, many in insurance (67%) and financial services (65%), which are considered among the most heavily regulated industries in Hong Kong, also believed their reference checks are inadequate. For industries that handle sensitive information and have strict compliance requirements, it's crucial organisations thoroughly vet candidates as part of their risk mitigation practices.

The negative sentiment surrounding current hiring systems presents an opportunity for organisations to optimise people management strategies. Enhanced screening tools and rigorous reference checks are imperative to bolster efficiency and pre-empt potential recruitment risks. However, addressing these challenges requires not only better tools but also a structured review system to manage people effectively.

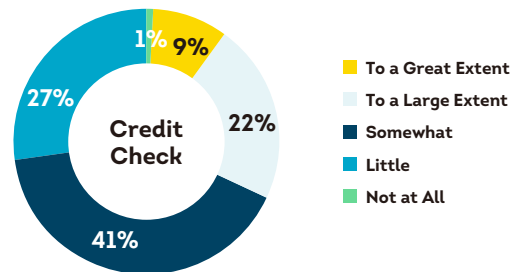
## Limited knowledge and familiarity with credit checks

The survey data revealed a critical gap between organisational support and HR professionals' demands in refining their hiring processes. Nine out of 10 (91%) respondents believed efficient screening tools will enhance recruitment. Amid the talent shortage, hiring the right people is crucial and can help reduce high turnover rates (89%).

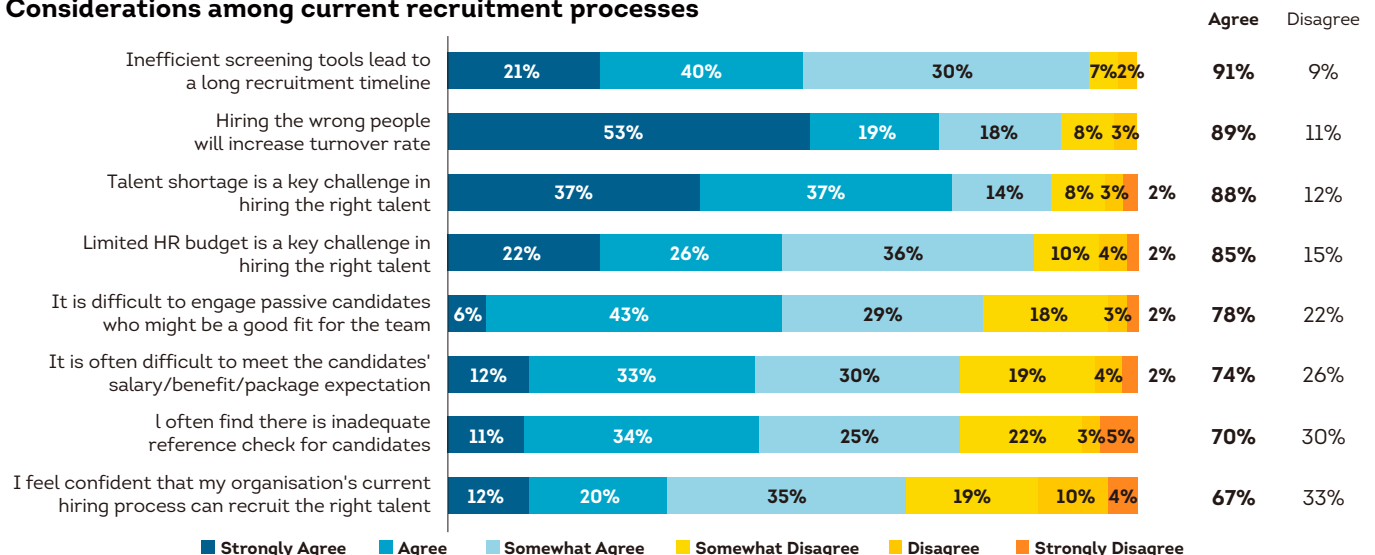
As a risk management strategy, credit checks have emerged as a vital tool for employers. Eighty percent (80%) of respondents recognised personal financial stability as a crucial factor when considering candidates for finance, security-related and management roles. More specifically, HR professionals in business services (96%), financial services (80%) and insurance (78%) industries, which represent key pillars of the Hong Kong economy, viewed financial stability as an important factor when hiring for finance and security-related roles. Meanwhile 89% from insurance, 87% from financial services and 80% from business services considered personal financial stability important when hiring for management (director or above) roles.

Credit checks provide employers with the assurance candidates are financially healthy, helping protect the integrity of financially related positions. This is particularly crucial for organisations in highly regulated industries that handle sensitive information. However, only 31% of respondents had large to great extent when it came to understanding credit checks.

## HR professionals' knowledge on credit checks



## Considerations among current recruitment processes



\* Figures may not add up to 100% due to rounding

### Employees' business misconduct may pose substantial financial loss

Though more apparent in the financial services industry, HR professionals across various industries and management levels are increasingly recognising the value of credit checks, with 72% respondents thinking an organisation's reputational, legal or financial risks are higher when credit checks are not part of the process. Additionally, a recent report from the Association of Certified Fraud Examiners estimated companies can lose up to 5% of revenue each year to employee theft and fraud, with the median loss per case around US\$145,000<sup>4</sup>. TransUnion's Employment Risk Insight survey also highlights nearly one-fifth (18%) of respondents' organisations encountered cases where employees were involved in debt or other financial misconduct, underscoring the importance of implementing credit checks as part of the hiring and talent management process. It promotes a safer working environment and helps minimise the risk of internal fraud.

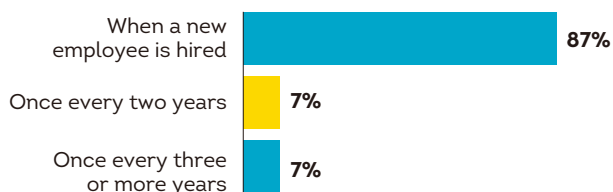
When asked about the potential recruitment risks organisations aim to address through credit checks, their primary goals are two-fold:



### THE USE OF CREDIT CHECKS FOR EMPLOYMENT PURPOSES

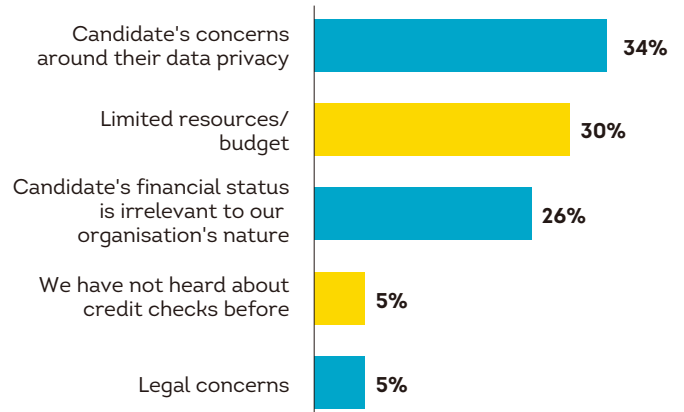
Understanding how HR professionals perceive credit checks is essential for optimising overall HR management. Despite one in two (52%) respondents agreeing credit checks contribute to a more effective recruitment process, a mere 5% of respondents incorporated credit checks into their hiring procedures. Moreover, within this group, only 7% did so once every two years, and another 7% once every three or more years.

### Some of the most common stages to conduct credit checks

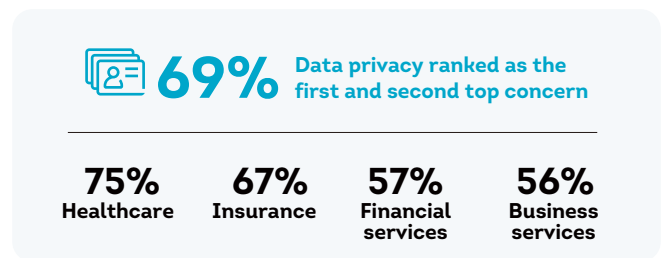


### Factors hindering the adoption of credit checks

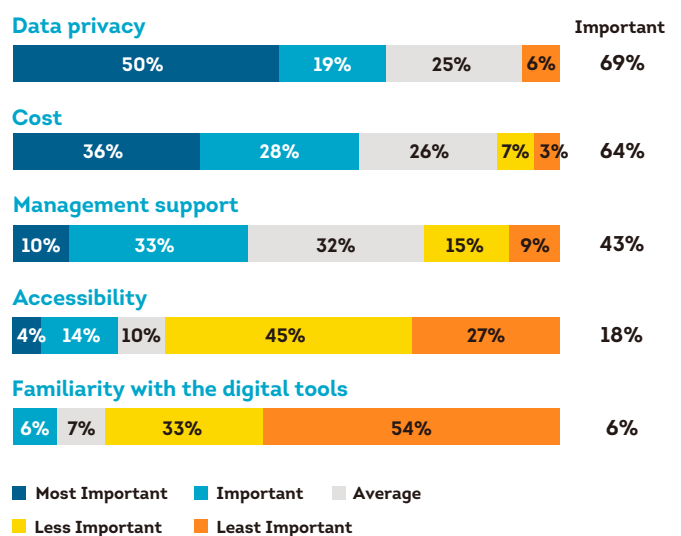
Seventy-one percent (71%) of respondents indicated they'd recommend implementing credit checks within their organisations' HR systems, and recognised this as an efficient and effective tool for making informed hiring decisions. However, many were apprehensive to adopt credit checks due to concerns over data privacy, among other factors. These include:



Data privacy was a top consideration among HR professionals when conducting credit checks during hiring process.



### Top concerns around conducting credit checks



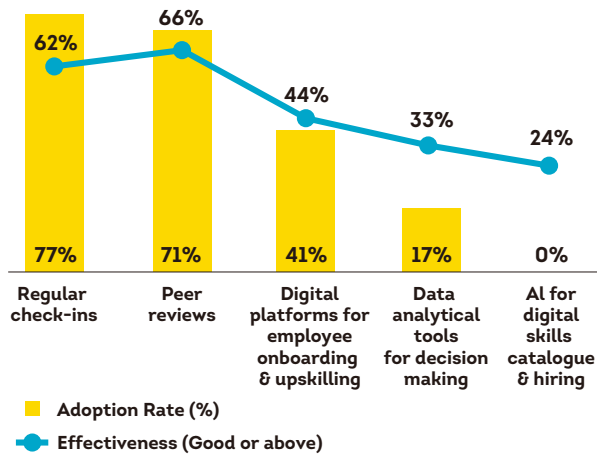
<sup>4</sup>Occupational Fraud 2024: A Report to The Nations, Association of Certified Fraud Examiners  
\* Figures may not add up to 100% due to rounding

### HR management solutions often lack digital innovation

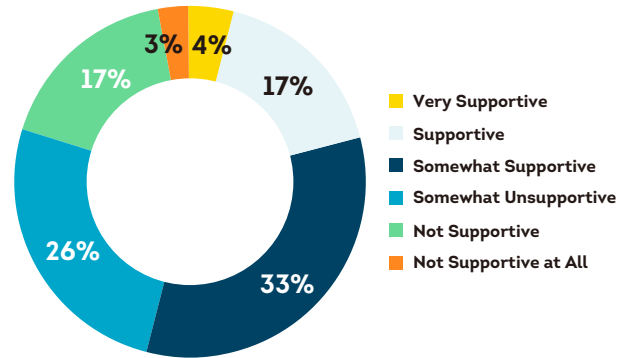
The value employment credit checks bring to organisations extends far beyond the talent recruitment and re-evaluation processes. With some current HR management solutions short on support, HR professionals have identified

opportunities for further development, including data analytical tools for decision-making (17%). This reveals an opportunity for organisations to double down on additional solutions like credit checks.

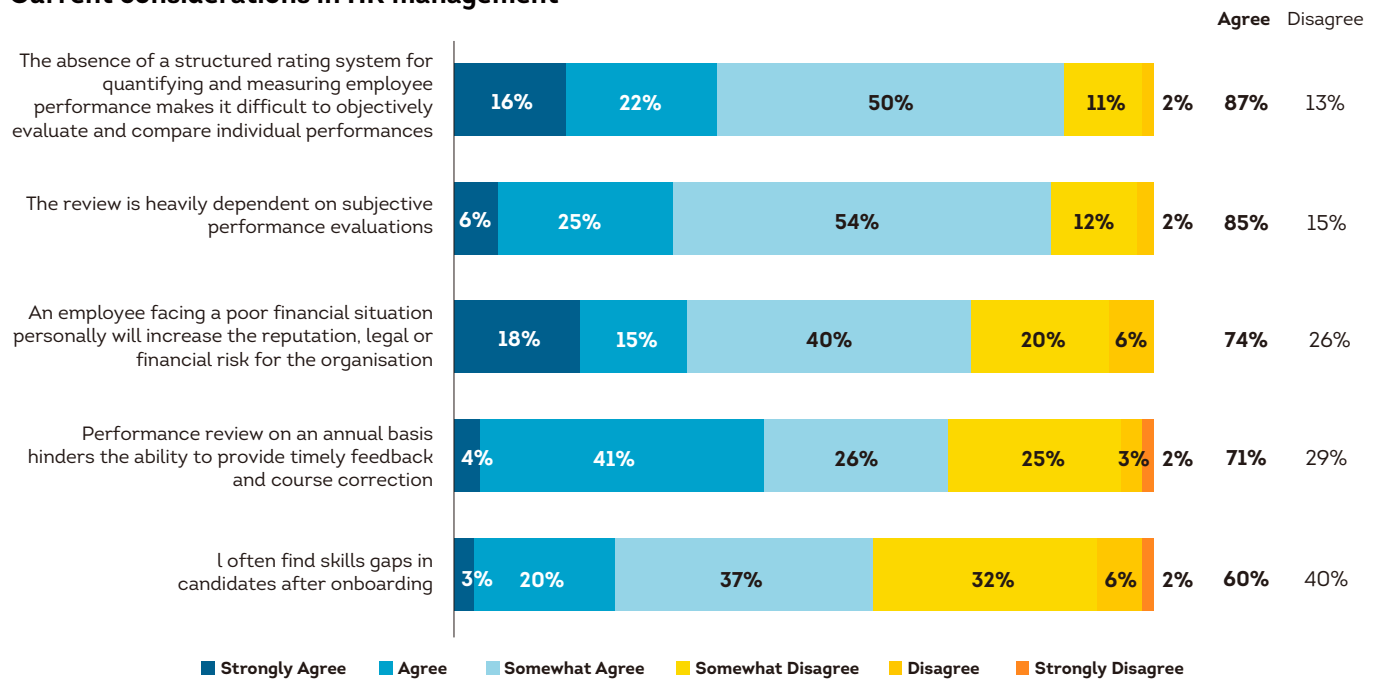
### Solutions adoption rate vs. effectiveness for HR management



### Current employee review system supports making accurate hiring decisions



### Current considerations in HR management



\* Figures may not add up to 100% due to rounding

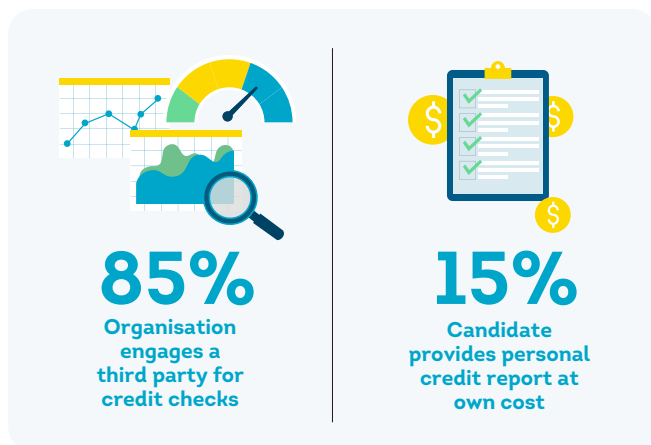


## A WAY FORWARD FOR HR PROFESSIONALS

Ineffective hiring of talent in today's talent war can lead to higher business and reputational risk. The findings from TransUnion's Employment Risk Insight Report indicated HR professionals are focusing on three key areas:

- 1. Optimising solution effectiveness:** Enhancing candidate screening and employee review processes improve overall effectiveness.
- 2. Accessing quality candidates:** Obtaining data-driven insights to help acquire qualified candidates and uncover employees who need support in improving personal credit health.
- 3. Compliance and risk mitigation:** Organisations should pay extra attention to stay compliant in highly regulated business environments. At the same time, they must mitigate potential financial loss due to risks derived employee business misconduct.

### Organisations' ideal way to conduct credit checks



## Best practice when it comes to implementing credit checks

By implementing credit checks during their employment cycle, employers will be able to create a robust overview of their candidates' financial risks, putting their organisations in better positions to deliver more effective recruitment and employee review processes. This is especially important for industries that are highly regulated.

As the world becomes increasingly digitalised, [TransUnion TruEmpower™ Credit Report for Employment](#) offers HR professionals a one-stop shop for candidate and employee background checks. It provides insight into an individual's financial stability and trustworthiness, and enables organisations to:

	<b>Select the right candidates:</b> Credit checks help onboard suitable individuals
	<b>Reduce attrition:</b> Informed hiring decisions based on robust records can aid retention
	<b>Mitigate risk:</b> By identifying potential patterns of financial instability, credit reports help prevent losses linked to unethical employee behaviour
	<b>Ensure compliance:</b> Credit checks maintain adherence to legal and regulatory requirements
	<b>Safeguard against liability:</b> Employers can protect themselves from future liabilities

The findings from the Employment Risk Insight Report reflect a strong need for employment credit reports as they can provide essential information for informed decision-making when evaluating potential hires or reassessing existing employees.

By conducting credit checks, employers are empowered to make informed hiring decisions by onboarding the right people, mitigating risks, and optimising recruitment and evaluation processes. This approach harnesses the **Power of Insights** to enhance hiring accuracy — minimising losses and supporting effective hirings while staying compliant with regulations as businesses continue to grow.

## Contacts



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### About TransUnion

TransUnion is a global information and insights company with over 13,000 associates operating in more than 30 countries and territories, including Hong Kong. As Hong Kong's leading consumer credit information company, we make trust possible by ensuring each person is reliably represented in the marketplace. We do this by providing an actionable view of consumers, stewarded with care.

Through our acquisitions and technology investments we have developed innovative solutions that extend beyond our strong foundation in core credit into areas such as marketing, fraud, risk and advanced analytics. As a result, consumers and businesses can transact with confidence and achieve great things. We call this Information for Good® – and it leads to economic opportunity, great experiences and personal empowerment for millions of people around the world.

For more information about TransUnion solutions, please visit [www.transunion.hk/business](http://www.transunion.hk/business)

To learn more about TruEmpower Credit Report for  
Employment solutions, visit:

[transunion.hk/employment-referencing](http://transunion.hk/employment-referencing)

