

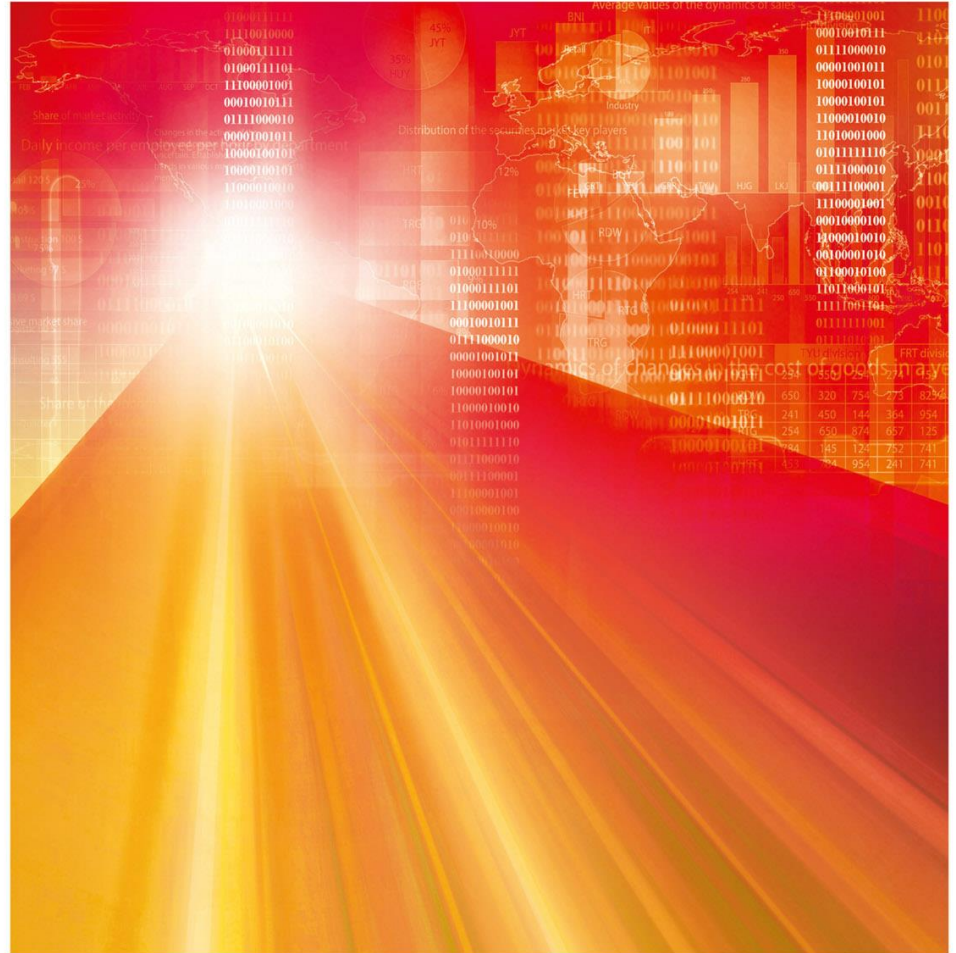
Enterprise Risk Management Seminar

Practical Risk Management



**Actuaries
Institute**

20 September 2016 • Sydney





Spotting Liars and Deception Detection skills

- people reading skills in the risk context

Alan Hudson

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My agenda for you this morning

- The critical human dimension of risk
- How behavioural analysis improves capacity to ‘read’ people and influence them
- The science based skills - a summary
- “Live” exercise - testing our skills in assessing credibility
- Why these skills are important those involved in risk
- Q & A

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The Critical human dimension of risk

- Managing risk involves observing and seeing potential risk
- Major component is the behaviour of employees and stakeholders
- Organisations make massive investments in technology systems to manage risk, and detect risky or fraudulent behaviour
- But when it comes to state of mind the finest system known to man – still – is the human brain and its intelligence.



Behavioural Analysis develops our capability to 'read' people' more accurately

- Technology can detect deception and stress in some settings but is expensive, blunt and invasive
- Science based Behavioural analysis is a sound investment in developing innate capacity and capability to 'read' people
- It heightens the ability to interpret the signals presented by individuals interacting with an organisation, and others



Assessing thoughts and emotional states critical in identifying human risk

- This science based training exposes both thought processes and emotional states
- This helps us differentiate between those who are who they say they are and those who aren't
- Training refines our repertoire in detecting elevated levels of emotion by tuning into the 'automatic' behavioural responses



What is the science and how reliable is it?

- Informed by the work and science of Dr Paul Ekman - world's foremost authority on facial expressions and emotional awareness
 - Chief science advisor to "Lie To Me", 'Avatar', 'Inside Out'
 - Ekman's groundbreaking work across five cultures and the universality of core emotions
 - US experience with Defence, and SPOT
 - Strong empirical evidence for skills improvement delivered to US Congress
 - Broader commercial application taking training to a wider audience

Behavioural skills enables assessing whole demeanour



Demeanour :

Facial expressions and emotions

Vocal tone, style and content

Body language

Accurate reading these cues enables us to

Adapt our approach

Ask perceptive questions

Act according to what we see



The Science of Emotions



Emotions are:

- Rapid and coordinated
- Motivate and drive behaviour
- Essential to building relationships
- Quick onset and of brief duration
- It happens to us, we don't choose to feel an emotion
- Distinctive subjective experience



Facial Expressions

Seven Universal Facial Expressions



Surprise
Fear
Anger
Sadness
Happiness
Contempt
Disgust





These emotions are universal across all human cultures

They are based on our evolution and distilled through cultural learnings and individual experience.

While we may try to mask or show false emotions we often “leak” and give off signals that tell others how we are feeling.



Facial expressions are a rich source of emotional and cognitive data

Short-lived “micro-expressions” or partial “subtle expressions” can indicate emotion even when an individual is trying to mask their feelings.



Neutral Expression: The Importance of a Baseline



While the face is the clearest form of emotional and cognitive communication:

- expressions will not always be dramatic in appearance.

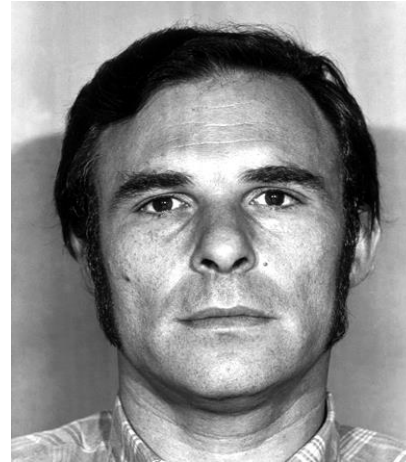
Without first getting a baseline it is difficult to establish which emotion is being observed.

- Be sure to note the face's appearance when the individual is “neutral”.



Neutral Expression

Characterised by a lack of
tension





Surprise



This emotion is triggered by the occurrence of something unexpected and does not last more than a second or two.

Surprise and fear can often be confused.



Indicators of Surprise

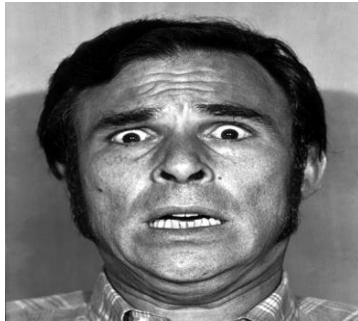




Surprise in Action



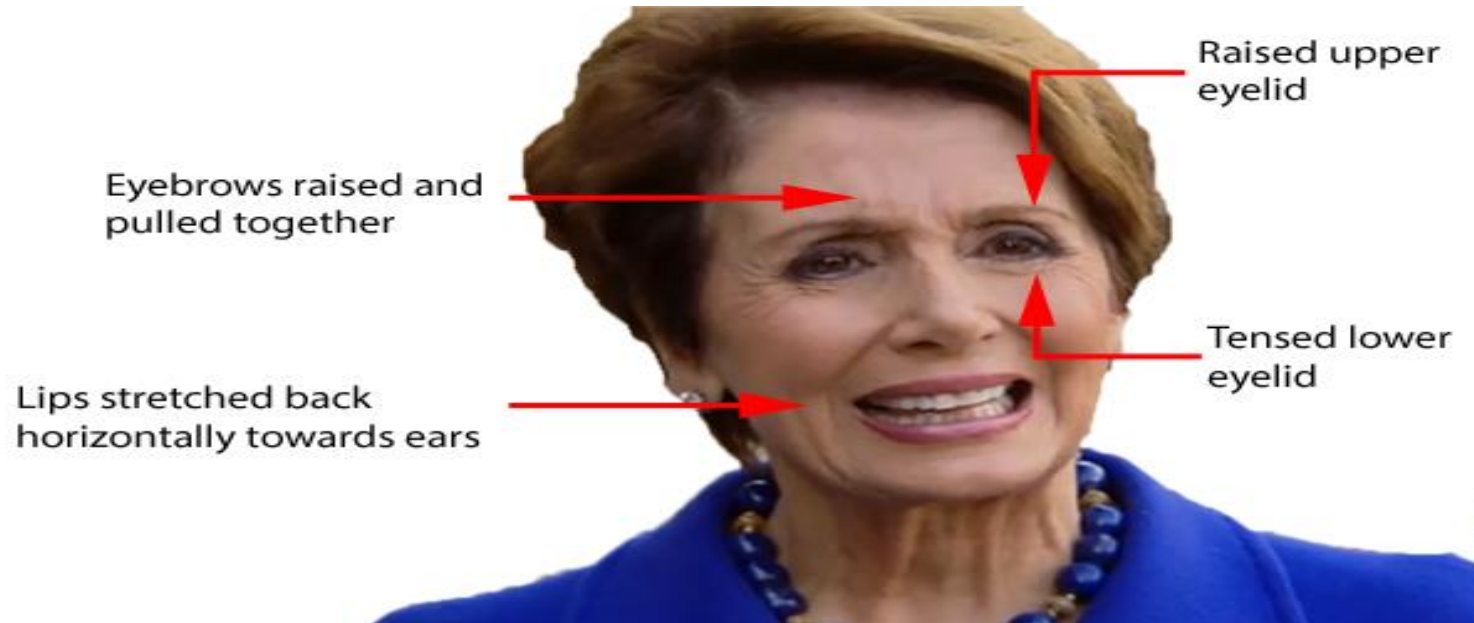
Fear



The emotional response
to the threat of harm, be
it physical or
psychological.



Indicators of Fear





Anger

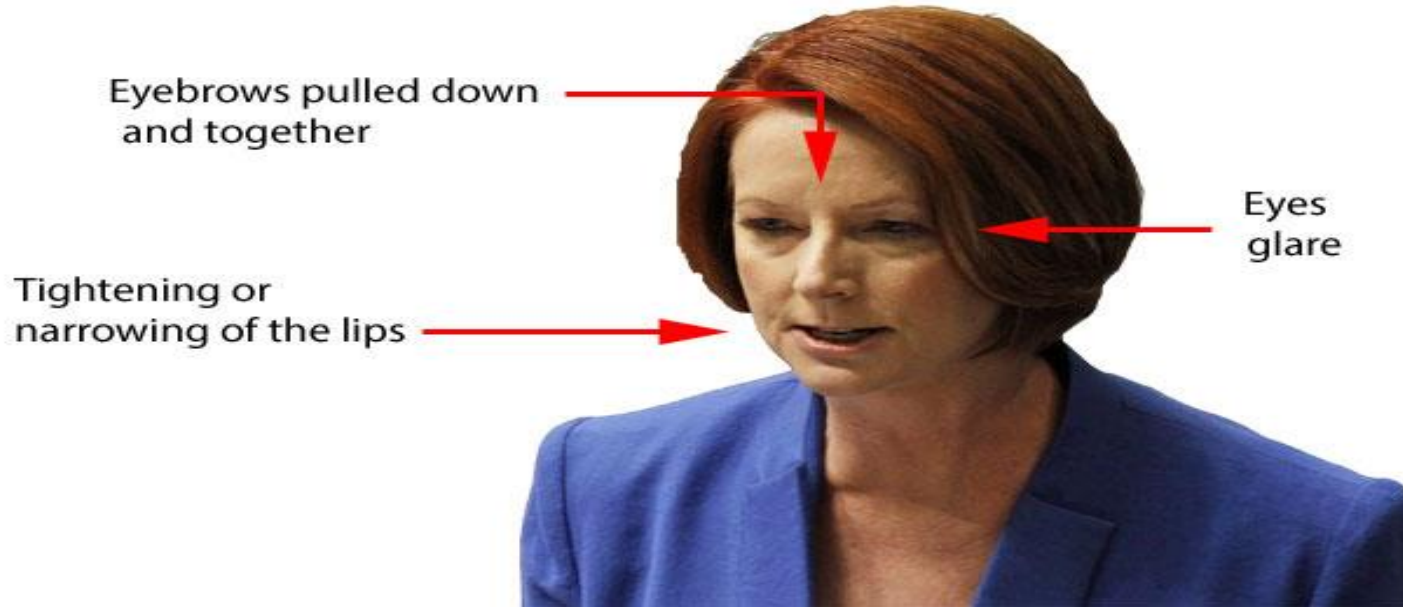


When reaching our goals is interfered with.

Anger can vary from mild annoyance to intense rage but all expressions of anger display similar characteristics.



Indicators of Anger



Sadness



Loss of a valued person or object.

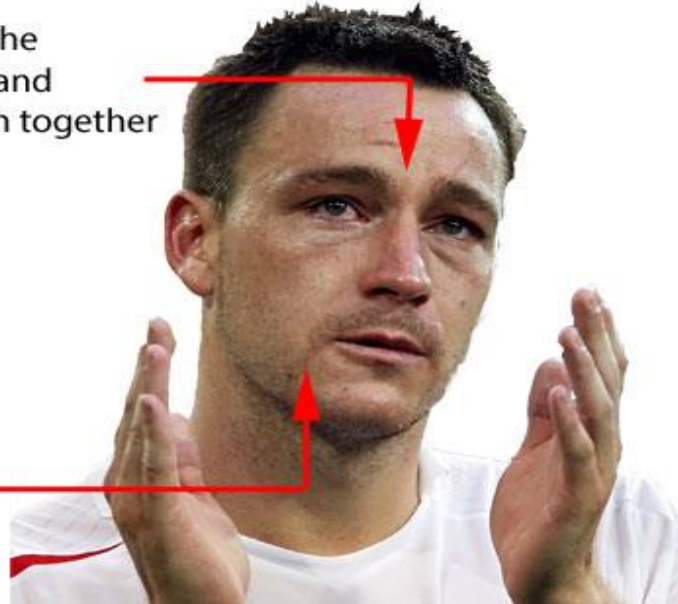
Sadness can vary in intensity from a slight “down” feeling to extreme distress such as experienced during mourning.

Indicators of Sadness



Inner corners of the
eyebrows raised and
sometimes drawn together

Corners of lips
pulled down





Happiness



The emotional response to the experience or anticipation of a pleasurable stimulus, be it physical or psychological.

Indicators of Happiness



Fake Smile vs Real Smile



The main difference between a genuine smile and a fake smile is the engagement of the muscles around the eyes.

This can give the eyes the appearance of narrowing and produces “crow's feet”.





Fake Smile in Action





Contempt



Moral superiority.

Experienced in relation to people or the actions of people but not about tastes, smells or touches.

Contempt is the only unilateral facial expression.

Indicators of Contempt



Eyes neutral



Lip corner
pulled up and
back on only
one side of face

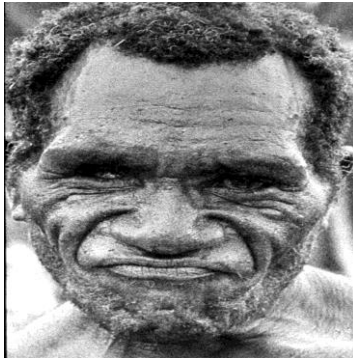




Contempt in Action



Disgust



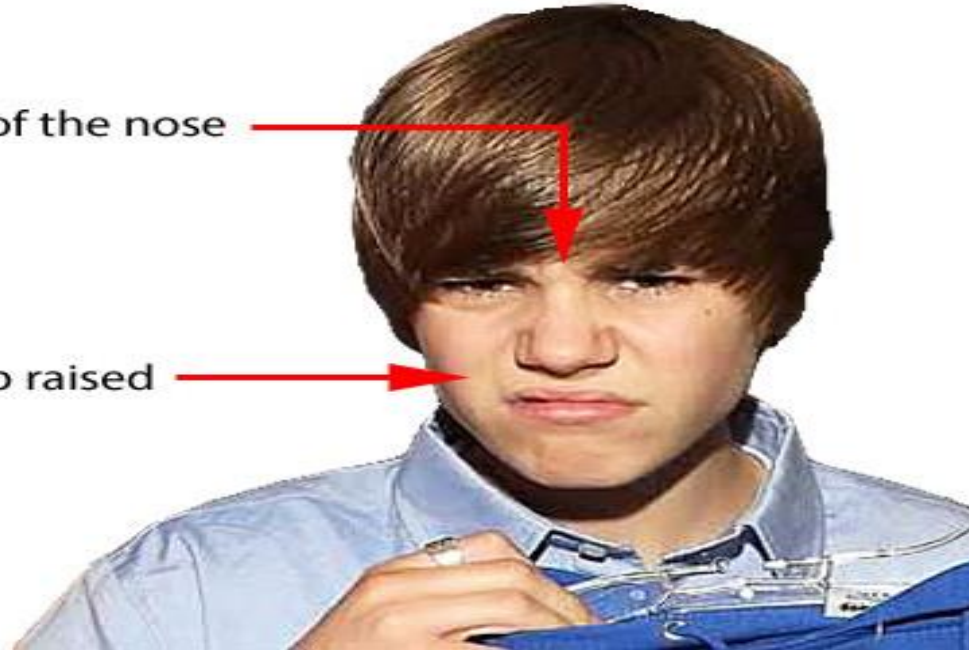
A feeling of aversion which can be triggered by a taste, smell or sight that is offensive.



Indicators of Disgust

Wrinkling of the nose

Upper lip raised





Disgust in Action



In Summary



Emotions are both indicators and drivers, of human behaviour.

Facial expressions are the first and most reliable indicator of an emotion

And the most reliable indicator of deception

It is essential to establish a baseline behaviour when looking to 'read' emotional responses.





Body language

Body Language



Body language is not an exact science

No single body language sign is a reliable indicator

Clear understanding requires interpretation of consistent signals to support a particular conclusion

Highly interpretative and culturally specific





Body Language includes:

- Body position or orientation
- Personal space and distance between us and other people and how this changes
- Our eyes, especially, how our eyes move and focus, etc.
- Our breathing, and other less noticeable effects, eg heartbeat and perspiration
- How we touch ourselves and others
- How our bodies employ or relate to with other things + objects



Tips on reading the signs



- Context:
- Evidence:
- Evolution and Culture:

Voice



One simple acronym to start our analysis:

Rhythm – fluid / smooth, stuttering, faltering

Speed – fast, slow, medium

Volume – loud, soft, smooth

Pitch – high (may indicate tension) or low (sad, unsure)

RSVP

Tip:

Listen for changes to a person's typical tone and observe what behaviour accompanies this



Verbal style

Detail:

General, specific, too much, too little

Structure:

Long sentences, short blunt statements

Plausibility:

Credible or raising doubts truthful or not

Contradictions:

Making statements that contradict, close to each other

Content:

Credibility coherence and logic



Testing our skills in assessing credibility / risk “Live” exercise

Live Exercise: subject briefing



- What the subjects were told
- Listen carefully as in a few minutes we will test your skills to detect truth from a lie!



Conclusions and Actions required

- Consequences of inaction may heighten risk and threat levels
- Risk levels increase for malintent, fraud, illegal behaviour without having appropriately skilled people
- Behavioural Analysis skills capability highly cost effective mechanism in the human dimension of risk control



Summary: Why these skills are important to those with key responsibility for risk

- Pinpoints key capabilities that need to be present within organisation and who may require them
- Offers a skills development pathway to help balance technical capability with highly valuable 'soft' people reading skills
- As technology and its use becomes ever more pervasive , these human skills become more critical



Thank you

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