

Occupational fraud

OVERVIEW

Overview of occupational fraud

Occupational fraud is one of the most costly and common forms of financial crime. The term 'occupational fraud' refers to frauds that are committed by individuals against the organisations that employ them.

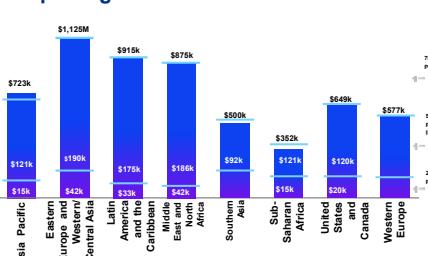
A key reason why occupational fraud is so prevalent

Any organisation with employees must, to some extent, entrust its employees with access to, or control over its assets. Whether that means keeping its books, managing its bank accounts or safeguarding its inventory. A trust based relationship makes organisations vulnerable to fraud.

The Association of Certified Fraud Examiners (ACFE) most recent report shows that 42% of frauds were detected by tips, which is nearly 3x as many cases as the next most common method.

In its most recent report ACFE captured 2,110 fraud cases from 133 countries, with total losses of more than \$3.6 billion. The average loss per case was \$1,783,000 and 21% of cases had losses of \$1M+.

Loss per region



ACFE estimates that organisations lose 5% of revenue to fraud each year. That's more than \$4.7 trillion lost to fraud globally.

www.imf.org/external/datamapper/ngdpd#weo/weoworld

STATISTICS

Duration of fraud schemes

How long do different occupational fraud schemes last?



Velocity of fraud schemes

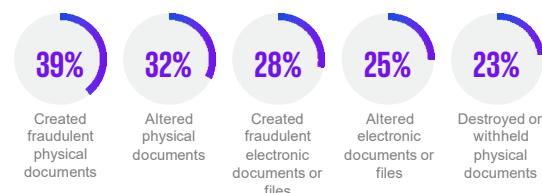
What is the typical velocity of different occupational fraud schemes?



PERPETRATORS

Top 5 concealment methods used by fraudsters

Examining the methods fraudsters use to conceal their crimes can assist organisations in more effectively detecting and preventing similar schemes in the future.



Frauds committed by higher-level perpetrators typically take longer to detect. One of the challenges of dealing with fraud committed by high-level perpetrators is that these individuals often have the ability to evade or override controls that would otherwise detect fraud.

Additionally, fraudsters in positions of authority might bully or intimidate employees below them, which can deter those employees from reporting or investigating suspected wrongdoing. Both of these factors might contribute to the longer duration of frauds committed by high-level employees.

Concealment by position



VICTIM

Victims of fraud



69%

More than two-thirds of reported frauds occurred in profit driven organisations.

44%

of the victim organisations are private companies.

Private and public companies suffered a median loss of USD 120,000 and USD 118,000, respectively.

Top 5 median losses by industry



 **ACFE**
Association of Certified Fraud Examiners