

KEY FINDINGS

OUR STUDY COVERED



2,504 CASES


from



125 COUNTRIES

Causing total losses of more than

\$3.6 BILLION



TYPICAL FRAUD CASE

- lasts **14 MONTHS** before detection
- causes a loss of **\$8,300** per month


CFEs ESTIMATE THAT ORGANIZATIONS LOSE

5% OF REVENUE TO FRAUD EACH YEAR

- MEDIAN LOSS PER CASE: **\$125,000**
- AVERAGE LOSS PER CASE: **\$1,509,000**

CORRUPTION

WAS THE MOST COMMON SCHEME IN EVERY GLOBAL REGION



ASSET MISAPPROPRIATION SCHEMES

are the most common and least costly

- 86%** OF CASES
- \$100,000** median loss

FINANCIAL STATEMENT FRAUD SCHEMES

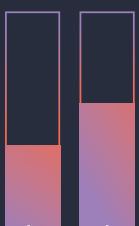
are the least common and most costly

- 10%** OF CASES
- \$954,000** median loss


Organizations with **FRAUD AWARENESS TRAINING** for employees were **more likely** to gather tips through

FORMAL REPORTING MECHANISMS


- 56%** of tips with training
- 37%** of tips without training



43% OF SCHEMES WERE DETECTED BY TIP, and half of those tips came from employees



TELEPHONE HOTLINE and **EMAIL** were each used by whistleblowers in **33%** OF CASES





USE OF TARGETED ANTI-FRAUD CONTROLS HAS INCREASED OVER LAST DECADE

HOTLINE	↑ 13%
ANTI-FRAUD POLICY	↑ 13%
FRAUD TRAINING FOR EMPLOYEES	↑ 11%
FRAUD TRAINING FOR MANAGERS/EXECUTIVES	↑ 9%

A lack of internal controls contributed to nearly



1/3 OF FRAUDS

THE PRESENCE OF ANTI-FRAUD CONTROLS IS ASSOCIATED WITH **LOWER FRAUD LOSSES** AND **QUICKER DETECTION**



CERTAIN FRAUD RISKS WERE MORE LIKELY IN SMALL BUSINESSES THAN IN LARGE ORGANIZATIONS:



Billing fraud	2X HIGHER
Payroll	2X HIGHER
Check and payment tampering	4X HIGHER



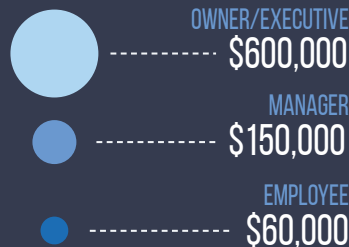
MALE
\$150,000
Median loss



FEMALE
\$85,000
Median loss

Men committed **72%** of all occupational fraud, and also caused larger losses than women

Owners/executives committed only 20% of occupational frauds, but they caused the **largest losses**



MORE THAN HALF of all occupational frauds came from these four departments:



OPERATIONS 15%



ACCOUNTING 14%



EXECUTIVE/UPPER MANAGEMENT 12%



SALES 11%



80% OF FRAUDSTERS

FACED SOME FORM OF INTERNAL DISCIPLINE FROM THE VICTIM ORGANIZATION

46% of victim organizations declined to refer cases to law enforcement because

INTERNAL DISCIPLINE WAS SUFFICIENT



42% OF OCCUPATIONAL FRAUDSTERS WERE

LIVING BEYOND THEIR MEANS



26% OF OCCUPATIONAL FRAUDSTERS WERE

EXPERIENCING FINANCIAL DIFFICULTIES