

The State of Employee Fraud

Who experiences employee fraud?

Most common victimized industries are:

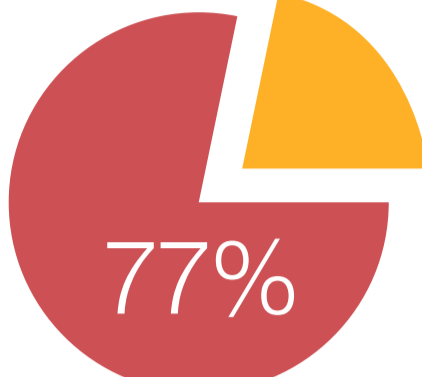
- Banking & Financial Services
- Government & Public
- Administration
- Manufacturing



Who is committing employee fraud?

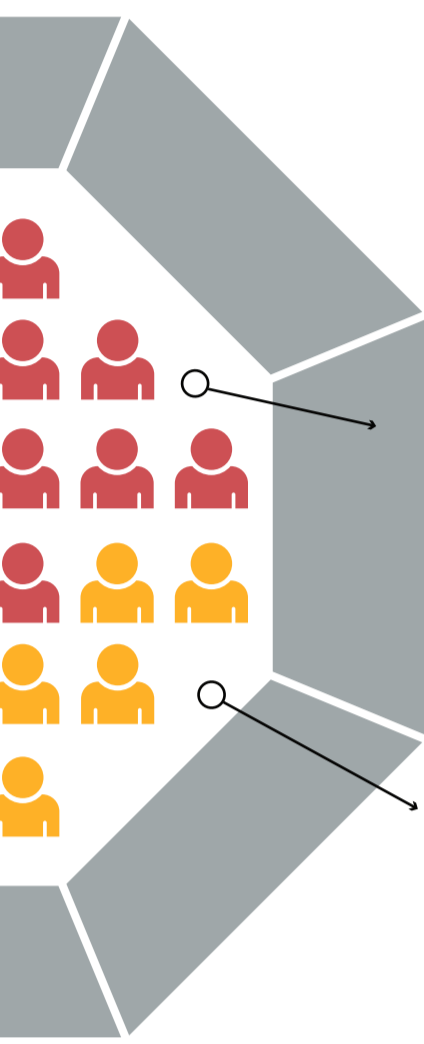
The vast majority of all fraud were committed by individuals working in one of six departments:

- Accounting
- Operations
- Sales
- Executive/ Upper Management
- Customer Device
- Purchasing



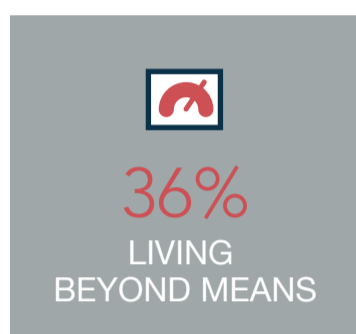
Most occupational fraudsters are **FIRST-TIME OFFENDERS** with clean employment history!

ONE OR MORE behavioral red flags:



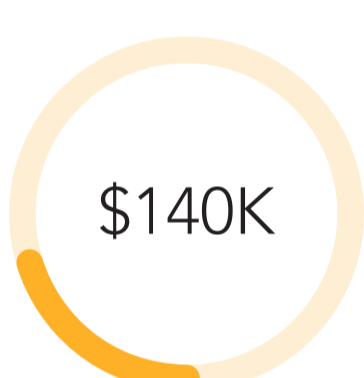
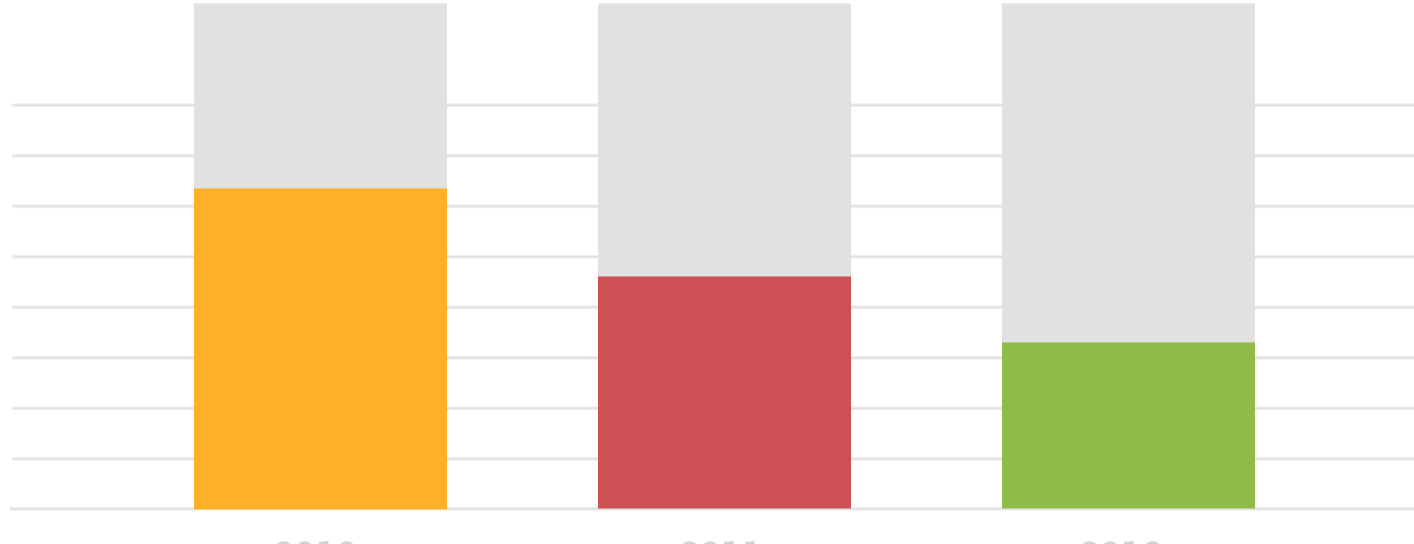
87% HAD NEVER been charged or convicted of a fraud-related offense

84% HAD NEVER been punished or terminated by an employer for fraud-related conduct



What is the cost of Fraud to the business?

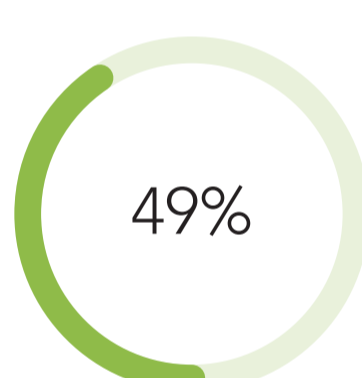
Typical organization, **loses 5%** of its revenues to fraud each year



The Median loss



More than 1/5 of fraud cases caused losses of at least \$1M

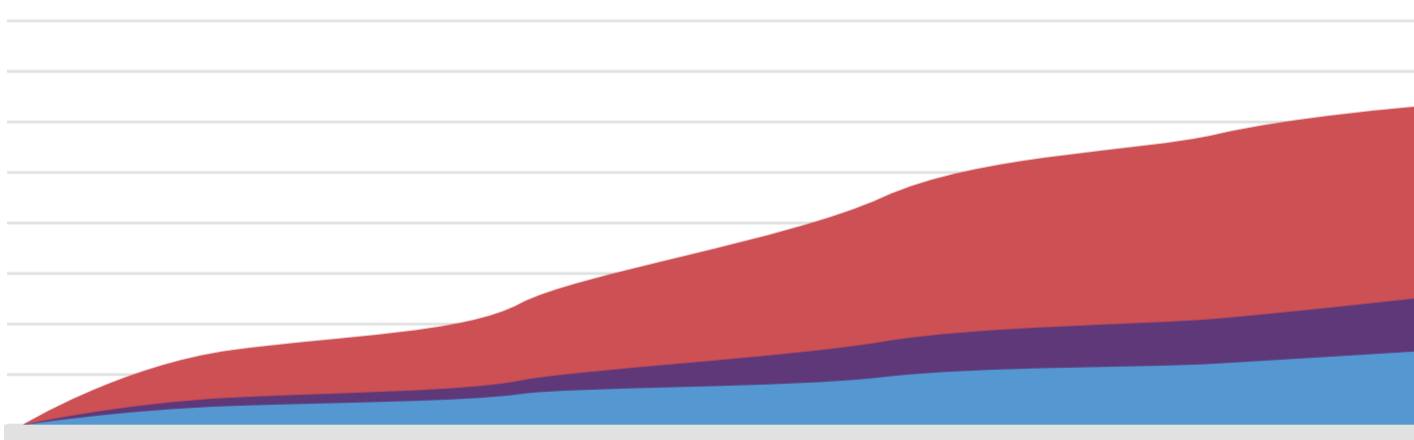


Of victims DID NOT RECOVER any of their perpetrator's takings

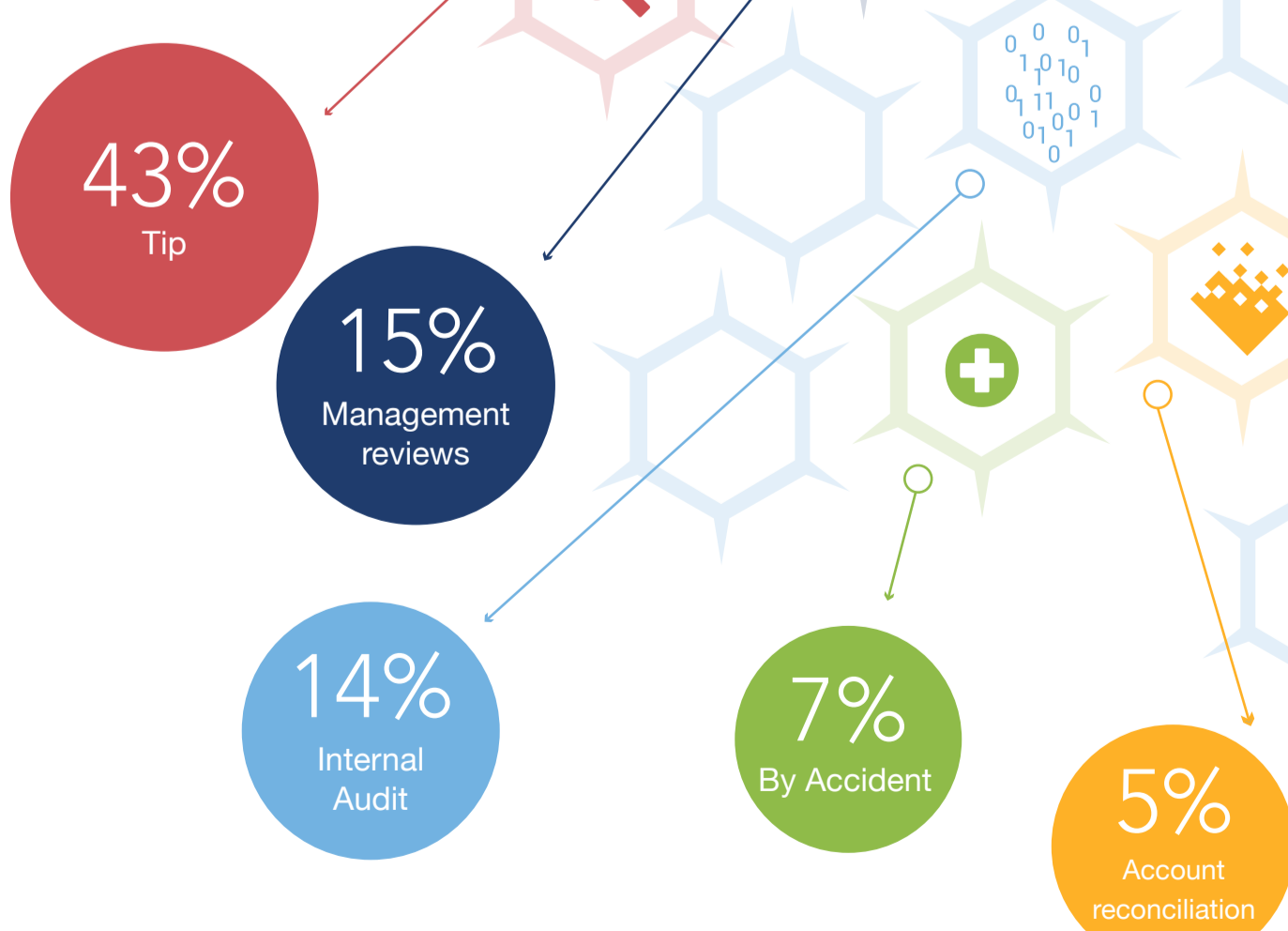
How is the Fraud detected?

How long to detect?

A median of **18 months** before being detected



Top 5 detection methods?



Source: ACFE 2012 Report to the Nations.

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