Presentation of ACFE findings in view of Fraud Awareness Week 2021 (14-20 November 2021)

Edited by

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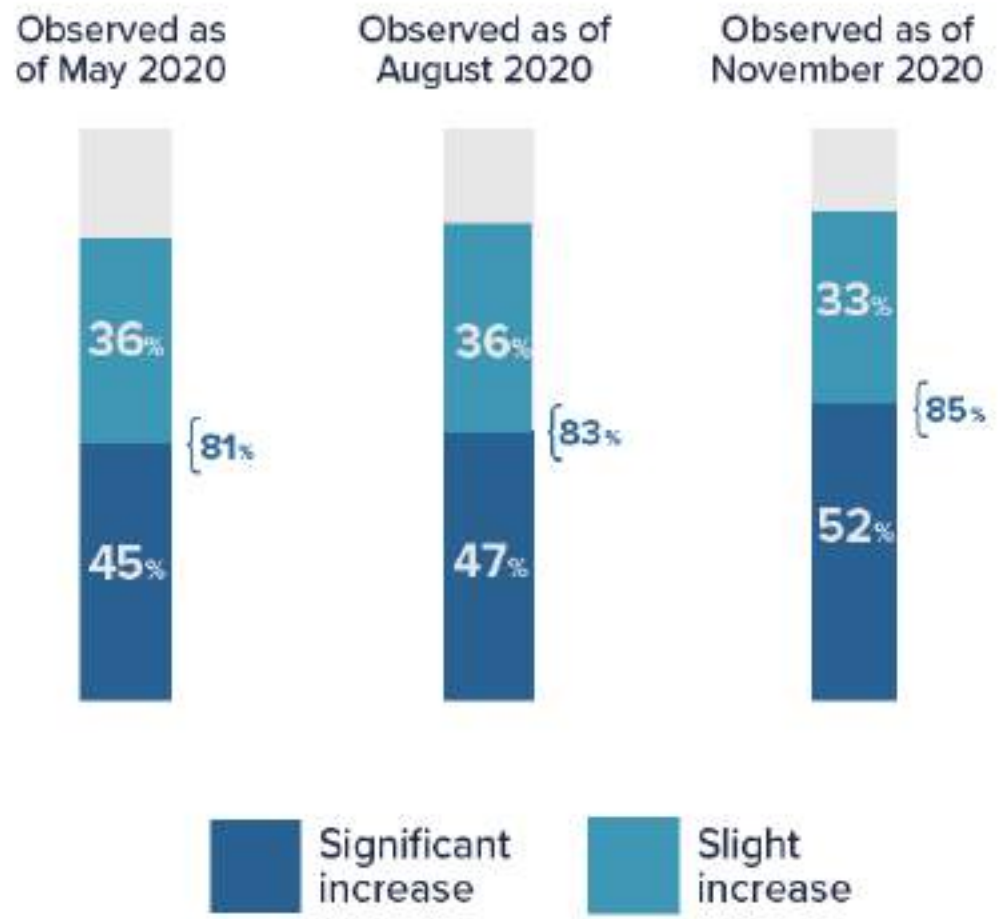
Cyberfraud and COVID-19

How anti-fraud professionals view cyberfraud risks

At the start of the COVID-19 pandemic, anti-fraud professionals reported seeing a **rise in cyberfraud**, which steadily increased as the pandemic continued.

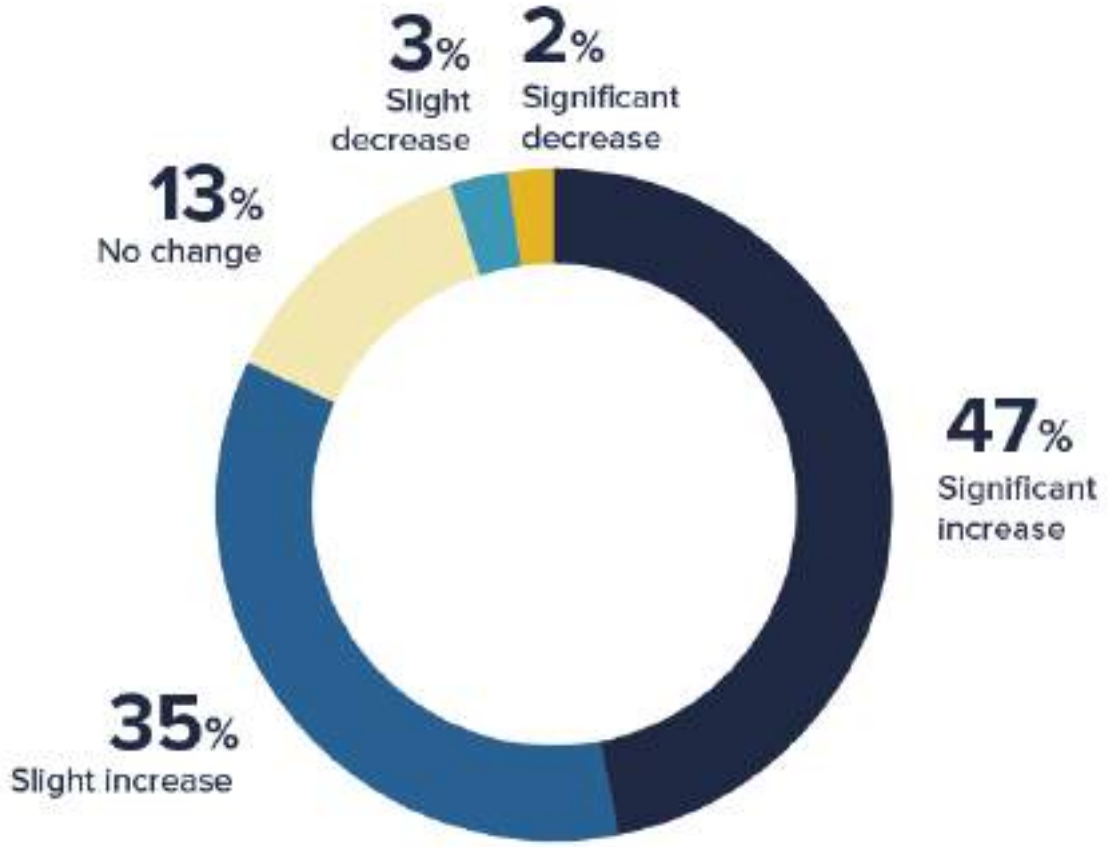


Cyberfraud and COVID-19

How anti-fraud professionals view cyberfraud risks

82%

expect to see **an increase** in cyberfraud in the coming year.[1]



1. Through May 2022.

Cyberfraud and COVID-19

How anti-fraud professionals view cyberfraud risks

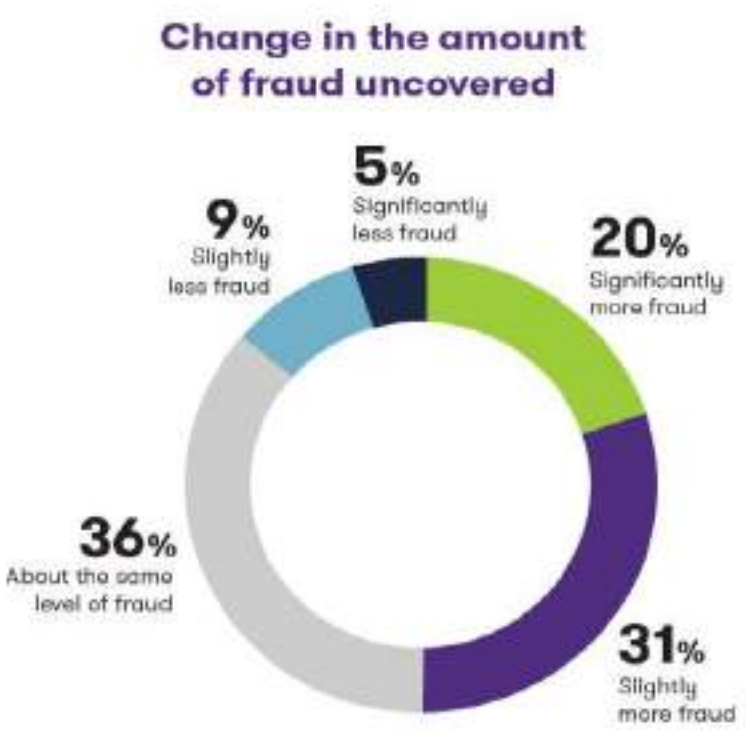
More than a third of anti-fraud professionals reported that cyberfraud-related issues pose a challenge for their organization's anti-fraud programs.

Cyberfraud and COVID-19

How anti-fraud professionals view cyberfraud risks

The next normal: Preparing for a post-Pandemic fraud landscape

How the COVID-19 pandemic has affected the level of fraud and how organizations are tackling it



51% of organizations have **uncovered more fraud** since the onset of the pandemic

71% expect the **level of fraud** impacting their organizations to **increase** over the next year

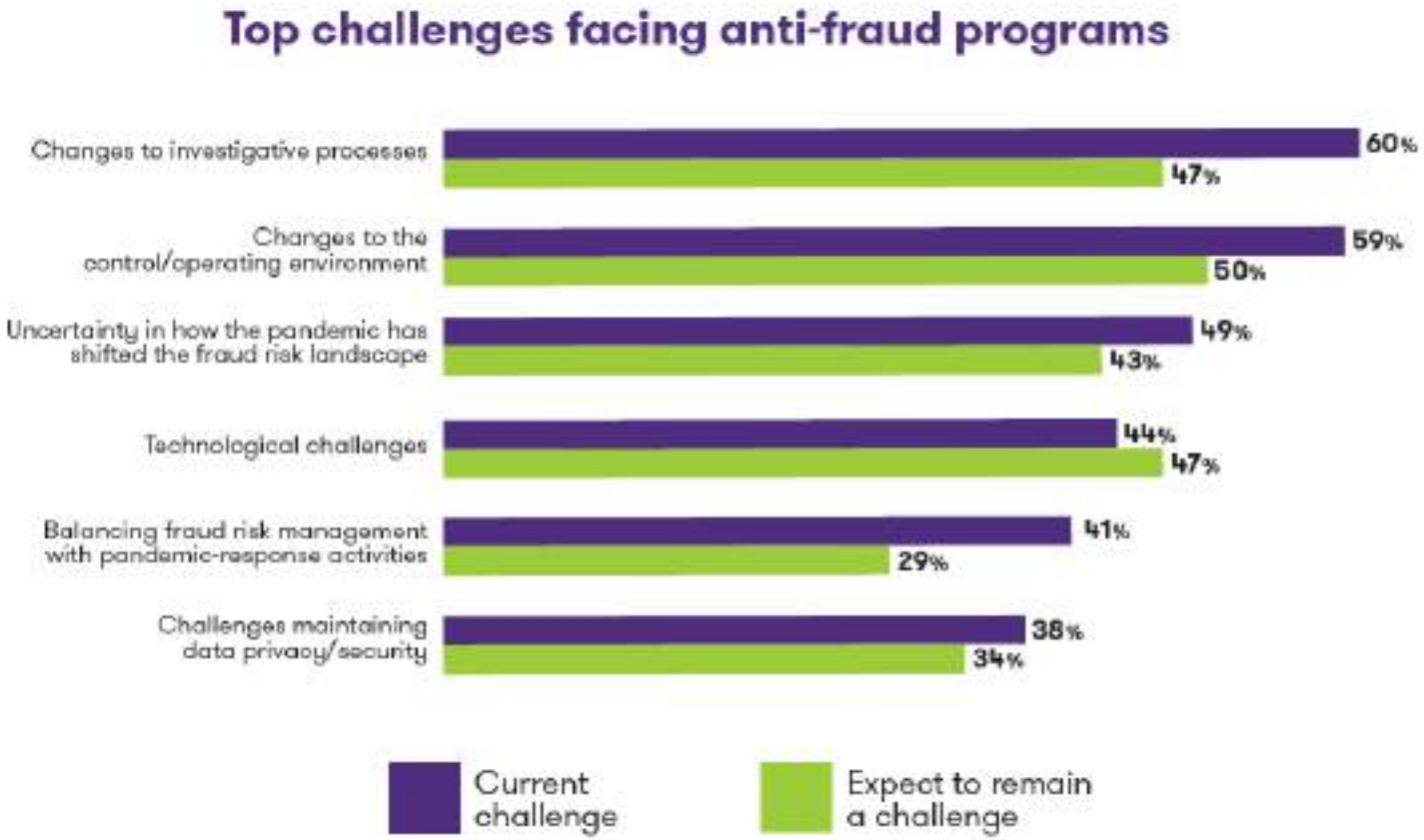
The next normal: Preparing for a post-Pandemic fraud landscape

How the COVID-19 pandemic has affected the level of fraud and how organizations are tackling it

The next normal: Preparing for a post-Pandemic fraud landscape

How the COVID-19 pandemic has affected the level of fraud and how organizations are tackling it

Top challenges facing anti-fraud programs include changes to investigative processes and changes to the control/operating environment.



The next normal: Preparing for a post-Pandemic fraud landscape

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Behavioral Red Flags of Fraud

Recognizing the behavioral clues displayed by fraudsters can help organizations more effectively detect fraud and minimize their losses

85%

OF ALL FRAUDSTERS displayed at least one **BEHAVIORAL RED FLAG** while committing their crimes.

7 KEY WARNING SIGNS

- **42%** Living beyond means
- **26%** Financial difficulties
- **19%** Unusually close association with vendor/customer
- **15%** Control issues, unwillingness to share duties
- **13%** Irritability, suspiciousness, or defensiveness
- **13%** "Wheeler-dealer" attitude
- **12%** Divorce/family problems

Behavioral Red Flags of Fraud

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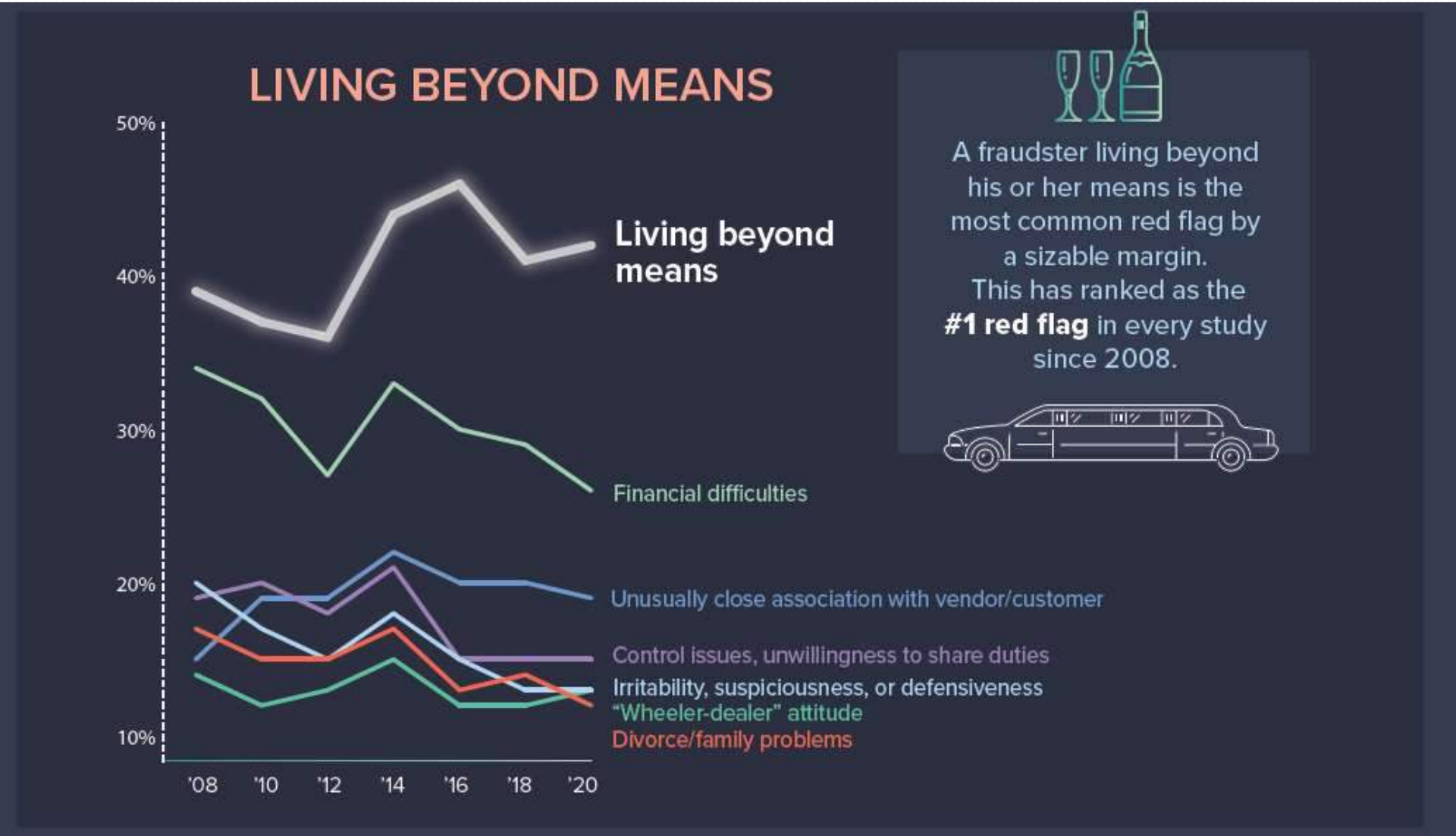

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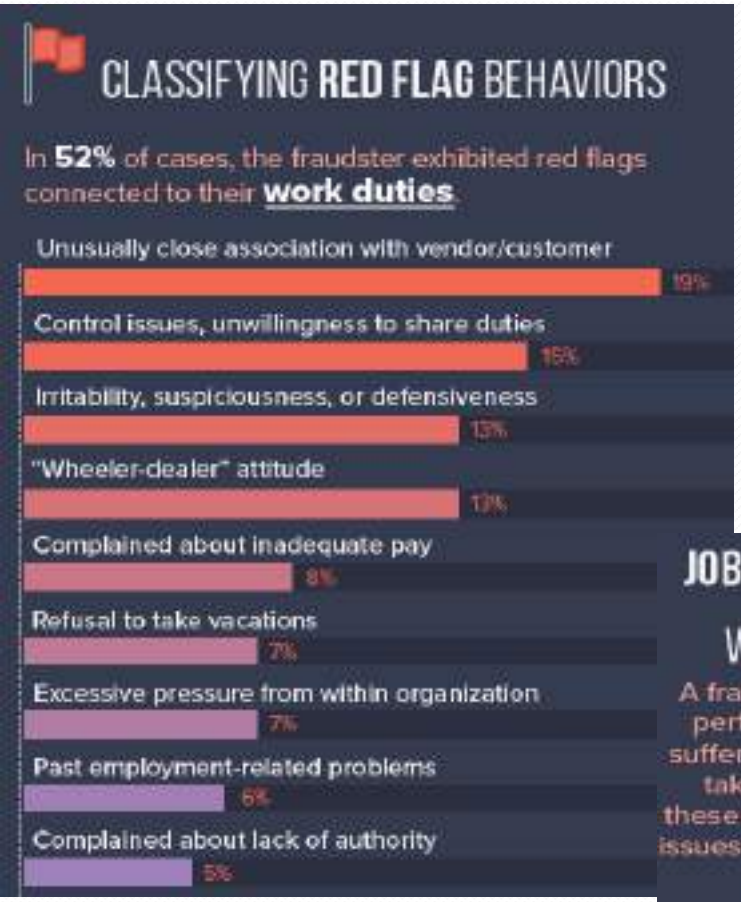
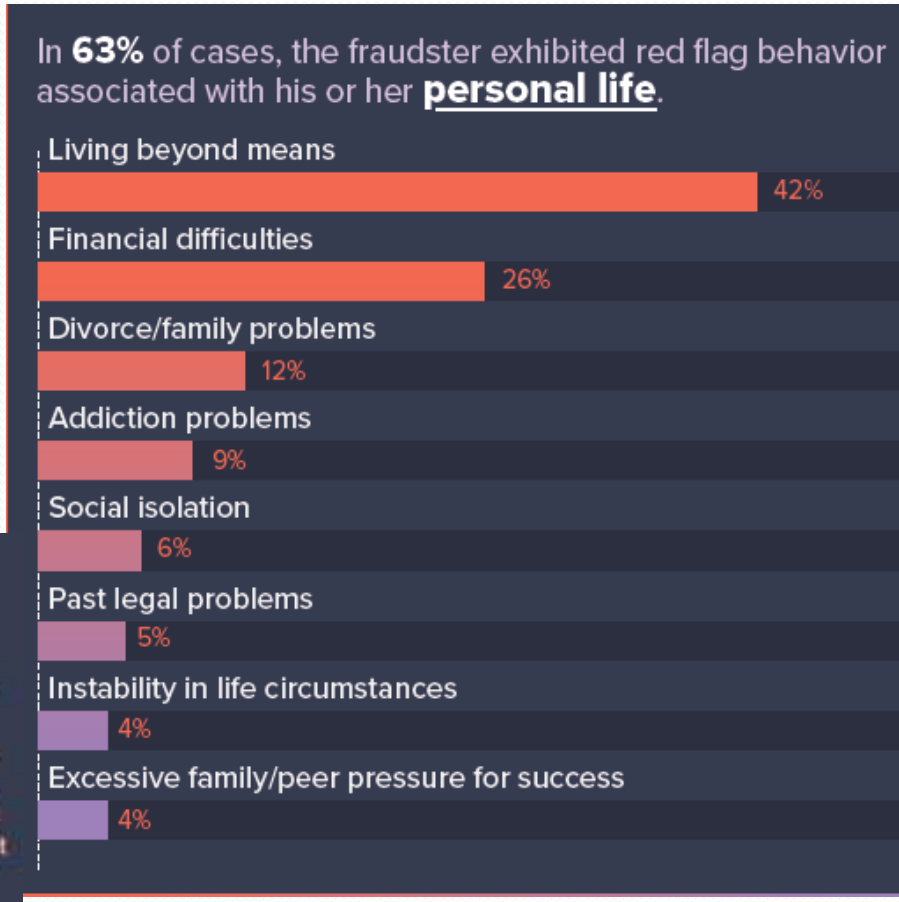
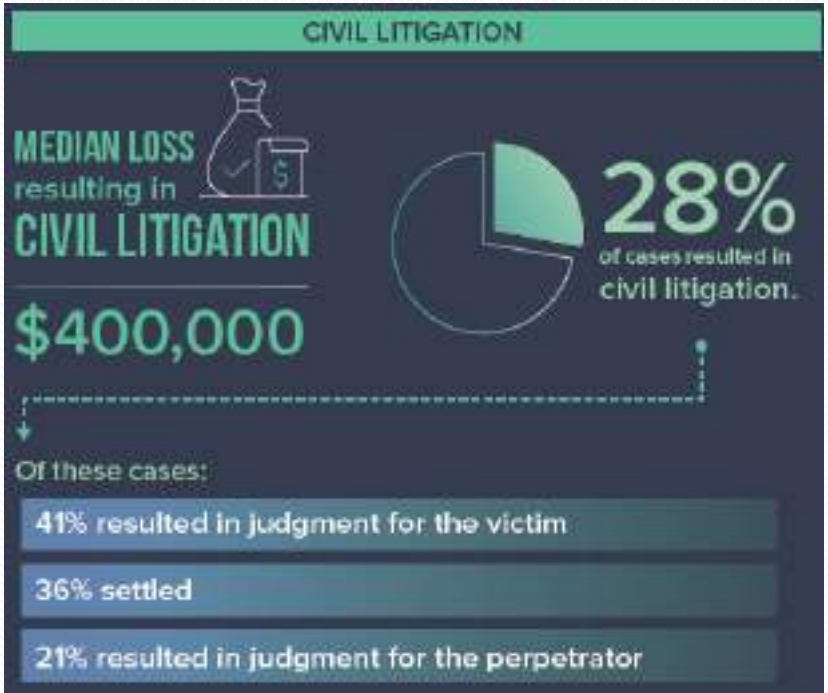




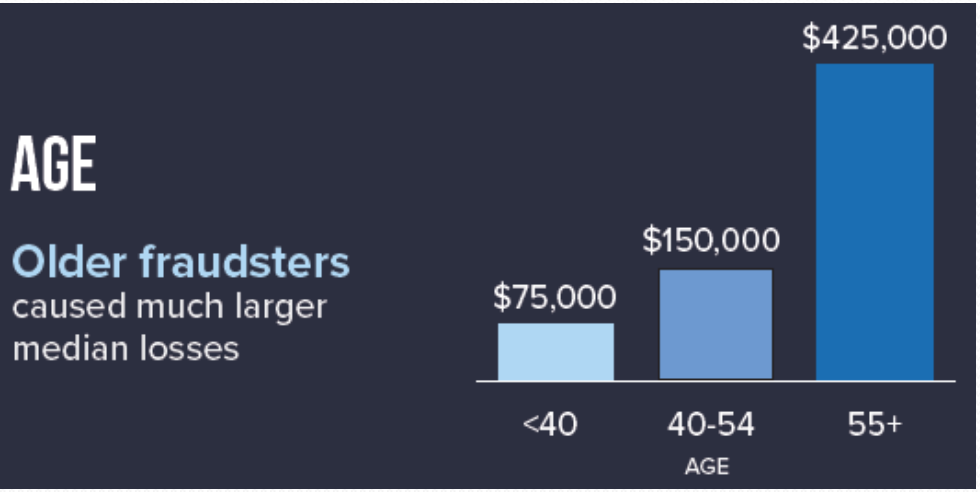
Response to Fraud

Organizations can respond to fraud internally, through civil litigation, and by referring the case to law enforcement - These are the results of such efforts



Profile of a Fraudster

ACFE's study includes perpetrator data from more than 2,000 fraud cases, which can help organizations assess fraud risk in their own workforces



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How is Technology being used to fight fraud?

NEARLY **2/3** of organizations currently use **exception reporting or anomaly detection techniques** in their fraud-related initiatives

AND

MORE THAN **1/2** use **automated monitoring** of red flags or violations of business rules.

Over the next two years, the use of each of these types of analytics is expected to grow to **72%** of organizations.

29% of organizations currently contribute to a data-sharing consortium to help prevent and detect fraud

AND ANOTHER

21% would be willing to contribute to one in the future.

of organizations use a formal case management software program.

The risk areas where organizations most commonly use data analytics to monitor for potential fraud are

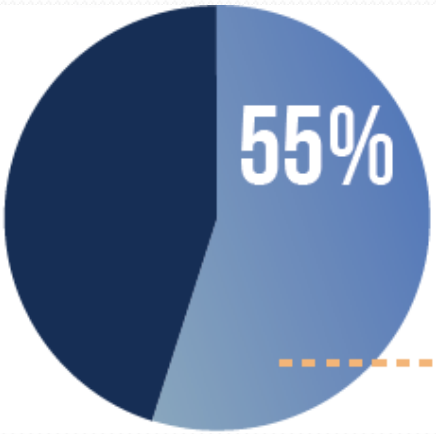
PURCHASING (41%)

AND

DISBURSEMENTS (38%).

26% of organizations currently use biometrics as part of their anti-fraud programs, and another **16%** expect to deploy biometrics as part of their programs over the next two years.

How is Technology being used to fight fraud?



OF ORGANIZATIONS EXPECT TO **INCREASE** THEIR BUDGETS FOR **ANTI-FRAUD TECHNOLOGY** OVER THE NEXT TWO YEARS.

ONLY

9% OF ORGANIZATIONS CURRENTLY USE

BLOCKCHAIN/ DISTRIBUTED LEDGER TECHNOLOGY OR **ROBOTICS** AS PART OF THEIR ANTI-FRAUD PROGRAMS.

THE USE OF ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING AS PART OF ORGANIZATIONS' ANTI-FRAUD PROGRAMS IS EXPECTED TO ALMOST

TRIPLE

OVER THE NEXT TWO YEARS.

Budget and **financial concerns** are the biggest obstacle for many organizations in adopting new anti-fraud technology;

80% of organizations noted this factor to be a **major** or **moderate challenge.**

SOURCES:

- The infographics are available by ACFE at https://fraudweek.com/fraudweek/resources
- ACFE Fraud in the Wake of COVID-19 - Benchmarking Report: December 2020 Edition
- The ACFE and Grant Thornton's Report, The Next Normal: Preparing for a Post-Pandemic Fraud Landscape
- ACFE Fraud Awareness Training Benchmarking Report
- ACFE Anti-Fraud Technology Benchmarking Report , 2019