OCCUPATIONAL FRAUD 2026:

A REPORT TO THE NATIONS®

ACFE®

Association of Certified Fraud Examiners

FOREWORD

On behalf of the Association of Certified Fraud Examiners (ACFE), I am proud to present *Occupational Fraud 2026: A Report to the Nations*. This report marks the 14th edition of what we believe to be the largest and most comprehensive study ever conducted on the costs and effects of occupational fraud. The *Report to the Nations* series of studies began in 1996, when the ACFE's Founder and Chairman, Dr. Joseph T. Wells, CFE, CPA, first recognized the need for serious research dedicated to helping our profession understand exactly how occupational fraud impacts organizations.

Thirty years later, after aggregating data from well over 20,000 cases of occupational fraud, what we have come to learn is that occupational fraud is likely the largest and most costly form of financial crime in the world. As the data presented in this report illustrates, these crimes pose a threat to any organization that has employees, regardless of industry, size, or geographic location.

Because the threat is so great, it is imperative that those of us in the anti-fraud profession understand as much as we can about occupational fraud: how much it costs, how it is committed, who commits it, how it can be detected, and how it can be prevented. The stakes are high, because the consequences of these crimes are enormous and extend well beyond numbers on a balance sheet. The massive amounts lost each year to occupational fraud prevent or impede organizations around the world from paying wages, developing technologies, delivering services, building infrastructure, fighting diseases, raising living standards, and otherwise fulfilling their missions. Simply put, these crimes impact lives.

This report was made possible by the generosity of Certified Fraud Examiners (CFEs) throughout the world, who took time from their busy schedules to provide detailed information on fraud cases they had personally investigated. We want to acknowledge and thank every CFE who contributed to this study. The information they provided is crucial to advancing our understanding of occupational fraud and how it can be combated. The type of knowledge-sharing reflected in these pages represents the best of what a global anti-fraud association should aspire to achieve.

We offer this report to business leaders, government officials, anti-fraud professionals, and the general public in hopes that the data presented herein will help improve our collective ability to protect organizations from the harm caused by occupational fraud.

John Warren, J.D., CFE
CEO, Association of Certified Fraud Examiners

CONTENTS

KEY FINDINGS

OUR STUDY COVERED

2,402 CASES from **143** COUNTRIES and TERRITORIES

Causing total losses of more than

$3.4 BILLION

MEDIAN LOSS PER CASE:
$104,000

AVERAGE LOSS PER CASE:
$1,457,000

FRAUD LOSSES

CFEs estimate that organizations **LOSE**

5% of revenue to **FRAUD** each year

SCHEMES

ASSET MISAPPROPRIATION SCHEMES
were the most common but least costly.

90% of cases — **$100,000** median loss

FINANCIAL STATEMENT FRAUDS
were the least common but most costly.

6% of cases — **$1,000,000** median loss

CORRUPTION
was included in almost half of all reported cases.

45% of cases — **$150,000** median loss

HIGHEST RISK ASSET MISAPPROPRIATION SCHEMES

MOST COMMON

Theft of noncash assets
23% OF CASES

Billing schemes
21% OF CASES

MOST COSTLY

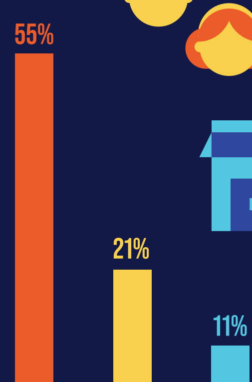
Check and payment tampering
$114,000 MEDIAN LOSS

Billing schemes
$90,000 MEDIAN LOSS

A TYPICAL FRAUD CASE
lasted **12 MONTHS**
before detection.

DETECTION

43% of frauds were detected by tips,
which is nearly **3x** as many cases as the next most common method.



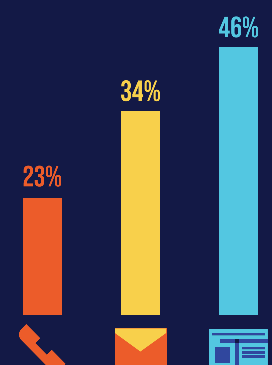
More than **HALF** of tips came from employees.

Almost **ONE-THIRD** came from vendors and customers.

Employees
Customers
Vendors

The most **COMMON MECHANISMS** used to report fraud tips:

Email and web-based reports **BOTH** surpassed telephone hotlines.

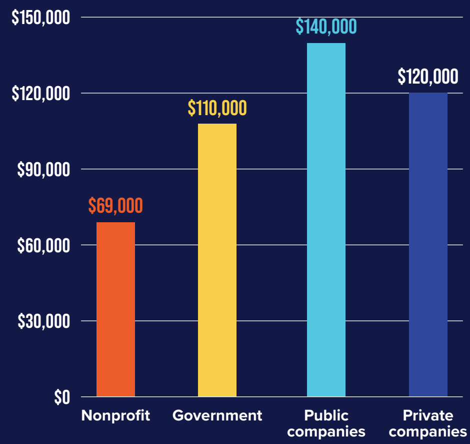


Telephone
Email
Web-based

KEY FINDINGS

VICTIM ORGANIZATIONS

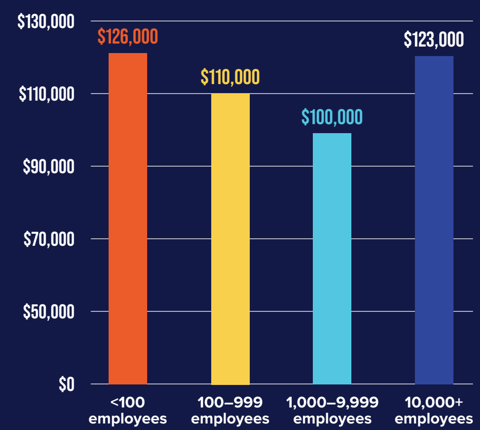
MEDIAN LOSS BY ORGANIZATION TYPE



NONPROFIT ORGANIZATIONS EXPERIENCE THE **LOWEST MEDIAN LOSSES** OF ALL ORGANIZATION TYPES.

SMALL BUSINESSES EXPERIENCE THE **HIGHEST MEDIAN LOSSES** OF ALL ORGANIZATION SIZES.

MEDIAN LOSS BY ORGANIZATION SIZE



PERPETRATORS

Median losses for frauds by owners/executives were more than **9X GREATER** than those carried out by employees.

Owner/executives
$475,000

Employees
$50,000

Frauds carried out by **THREE OR MORE** perpetrators caused median losses almost **6X GREATER** than those carried out be a single perpetrator.

1 perpetrator **$55,000**

3+ perpetrators **$324,000**

84% of fraudsters displayed at least **ONE BEHAVIORAL RED FLAG.**

MORE THAN HALF of all cases came from these five departments:

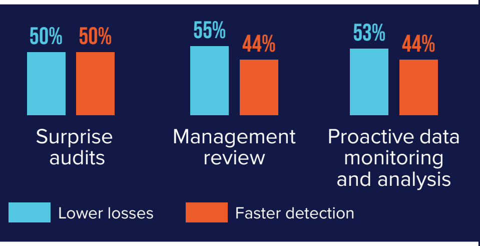
- Operations **13%**
- Accounting **13%**
- Sales **10%**
- Customer service **10%**
- Executive/upper management **10%**

THE LONGER a fraudster has worked for an organization, **THE MORE COSTLY** their fraud.

ANTI-FRAUD CONTROLS

The presence of anti-fraud controls is associated with

LOWER fraud losses **AND** **QUICKER** fraud detection



80% of victim organizations **MODIFIED** their anti-fraud controls following the fraud.

MORE THAN HALF of occupational frauds occurred due to a lack of internal controls or an override of existing internal controls.

CASE RESULTS

68% of perpetrators were terminated by their employers.

54% of cases were referred to **LAW ENFORCEMENT.**

72% of those referrals resulted in a **CONVICTION.**

Of organizations that did not refer to law enforcement:

51% cited **INTERNAL DISCIPLINE** as a reason.

35% cited fear of **BAD PUBLICITY** as a reason.

MAKE AN IMPACT: HOW TO USE THE REPORT

Occupational Fraud 2026: A Report to the Nations analyzes 2,402 real cases of occupational fraud that were investigated between January 2024 and September 2025. The findings presented in this report can be used by anti-fraud professionals, organizational management, and others to improve their fraud prevention, detection, and response efforts in several ways.

INFORM YOUR FRAUD RISK ASSESSMENTS.

Use heat maps to understand the frequency and significance of fraud risks in general, in your industry, and by department.

- **PAGE 15:** Which Asset Misappropriation Sub-Schemes Present the Greatest Risk?
- **PAGE 36:** What Are the Most Common Occupational Fraud Schemes in Various Industries?
- **PAGE 56:** What Are the Most Common Occupational Fraud Schemes in High-Risk Departments?

Less risk **More risk**

BENCHMARK YOUR ANTI-FRAUD PROGRAM.

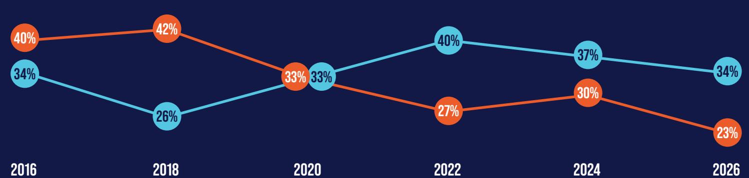
Compare the components of your anti-fraud program against those at other organizations.

- **PAGE 38:** What Anti-Fraud Controls Are Most Common?
- **PAGES 42–43:** The Effectiveness of Providing Fraud Awareness Training
- **PAGE 44:** How Do Anti-Fraud Controls Vary by Size of Victim Organization?

IMPROVE YOUR FRAUD PREVENTION AND DETECTION EFFORTS.

Recognize how frauds are most commonly and most quickly detected. Implement the controls that are most effective at preventing and detecting fraud.

- **PAGE 24:** How Is Occupational Fraud Initially Detected?
- **PAGE 24:** Who Reports Occupational Fraud?
- **PAGE 25:** How Does Detection Method Relate to Fraud Loss and Duration?
- **PAGE 26:** What Formal Reporting Mechanisms Did Whistleblowers Use?
- **PAGE 40:** How Does the Presence of Anti-Fraud Controls Relate to Median Loss?
- **PAGE 41:** How Does the Presence of Anti-Fraud Controls Relate to the Duration of Fraud?



SELL FRAUD PREVENTION TO MANAGEMENT AND CLIENTS.

Demonstrate how significant the risk of occupational fraud is to your organization and show the ROI on anti-fraud investments.

- **PAGE 9:** The Global Cost of Fraud
- **PAGE 40:** How Does the Presence of Anti-Fraud Controls Relate to Median Loss?
- **PAGES 42–43:** The Effectiveness of Providing Fraud Awareness Training

MEDIAN LOSS PER CASE: **$104,000**

AVERAGE LOSS PER CASE: **$1,457,000**

UNDERSTAND WHO PUTS YOUR ORGANIZATION AT THE GREATEST RISK.

Be aware of what departments are associated with more frequent or more costly incidents of fraud. Recognize the most common behavioral red flags of fraud to identify high-risk individuals.

- **PAGE 57:** Profile of a Fraudster infographic
- **PAGES 70–71:** Behavioral Red Flags of Fraud infographic

84% of all fraudsters displayed at least one **BEHAVIORAL RED FLAG.**

EDUCATE OTHERS ABOUT OCCUPATIONAL FRAUD AND WAYS TO EFFECTIVELY COMBAT IT.

Download and share with management, clients, or your anti-fraud team. Use charts, graphs, and findings from the report in your own internal or external presentations. Include customized points that apply to your business in discussions with leaders, in your company newsletter or intranet, or as part of other components of your fraud awareness training efforts.

- **PAGES 4–5:** Key Findings
- Full report at ACFE.com/RTTN
- Charts and slides at ACFE.com/RTTN

INTRODUCTION

This study represents the most comprehensive examination available of the costs, methods, victims, and perpetrators of occupational fraud.

For three decades, the *Report to the Nations* series has served as a global benchmark for understanding occupational fraud.[1] With each edition, the scale of this research has expanded alongside the increasingly complex environments in which organizations operate. The findings presented in *Occupational Fraud 2026: A Report to the Nations* reflect fraud risks that continue to evolve across industries, regions, and organizational structures, even as many of the underlying dynamics of occupational fraud remain strikingly consistent.

While external fraud risks have increased and developed in the 30 years since the report's first edition and require significant resources to mitigate, the nature of occupational fraud and its perpetrators make it a persistent threat for every organization. Balancing the management of both external and occupational fraud risks represents a major challenge, but we urge organizations not to overlook the considerable threat posed by occupational fraud.

This report is based on the analysis of 2,402 occupational fraud cases investigated by CFEs around the world. These cases span organizations of all sizes, across a broad range of industries, and in every major geographic region. Collectively, they provide a real-world view of how occupational fraud manifests in practice—not as abstract risk, but as events that cause measurable financial harm and operational disruption to organizations and the stakeholders who depend on them.

As in prior editions, this report explores occupational fraud across six key dimensions: the methods by which frauds are committed, the financial impact of those schemes, the ways frauds are detected, the characteristics of victim organizations, the profiles and behaviors of perpetrators, and the outcomes of cases once misconduct is uncovered. Together, these perspectives provide a comprehensive view of occupational fraud risk and offer practical insights for strengthening fraud prevention, detection, and response programs. The data illustrates that while no organization is immune to occupational fraud, there are measures available that can meaningfully reduce both the likelihood and severity of these crimes.

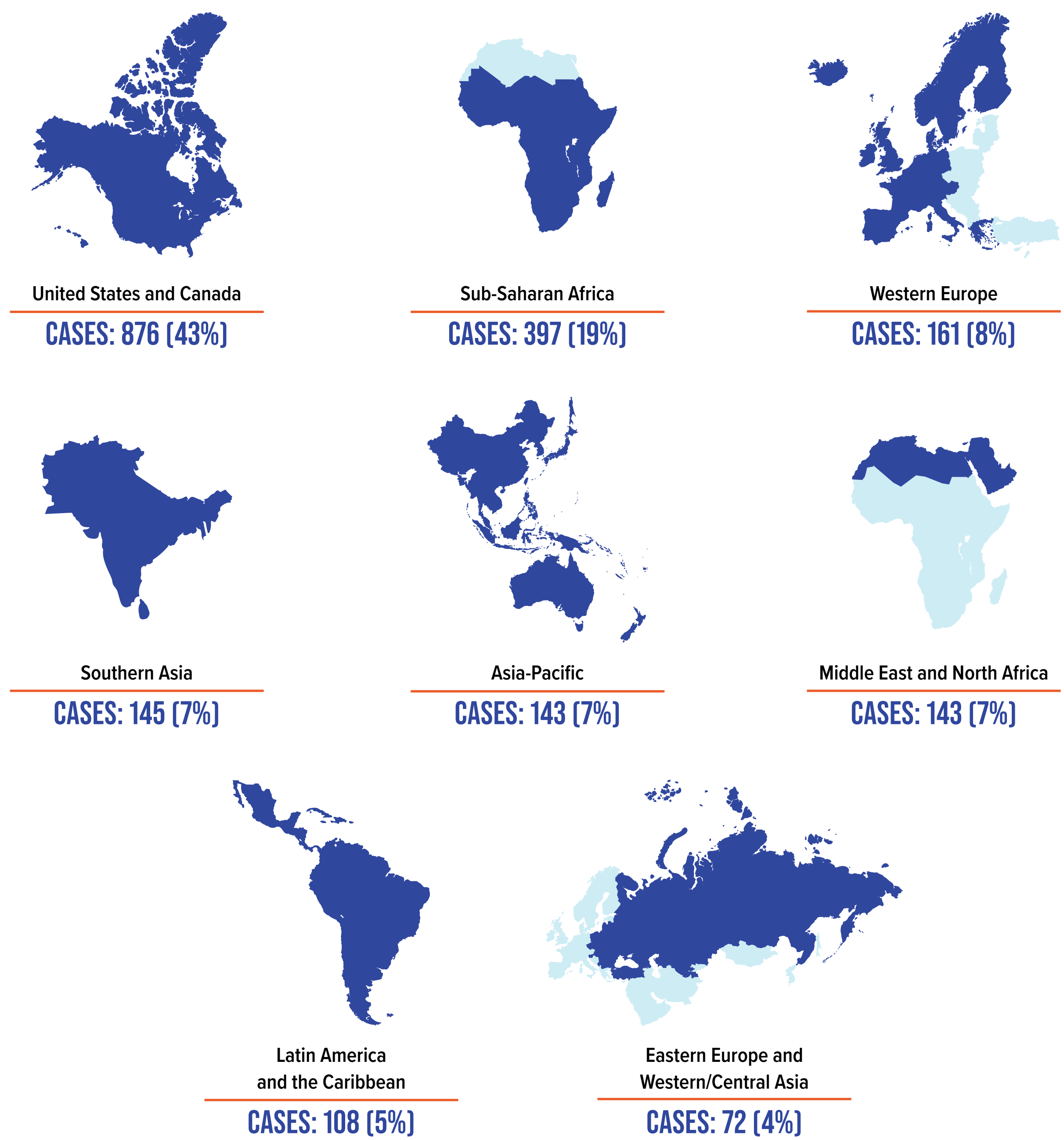
Importantly, the findings presented here are grounded in actual investigative experience. Each case reflects the work of CFEs who were directly involved in examining fraud, bringing a level of depth and credibility that cannot be achieved through perception-based surveys alone. While the data does not represent the full universe of occupational fraud incidents worldwide, it does capture consistent patterns that have emerged across thousands of investigations over decades.

[1] *Occupational fraud* is formally defined as the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets.

The goal of *Occupational Fraud 2026: A Report to the Nations* is to compile detailed information about occupational fraud cases in six critical areas:

- The methods by which occupational fraud is committed
- The financial harm caused by occupational fraud
- The means by which occupational frauds are detected
- The characteristics of the organizations victimized by occupational fraud
- The attributes of the people who commit occupational fraud
- The results of the cases after the frauds have been detected and the perpetrators identified

FIG. 1 Reported cases by region



THE GLOBAL COST OF FRAUD

Calculating the global cost of fraud is an important, but incredibly difficult, task. The inherent elements of deception and concealment mean that the true prevalence and extent of fraud may never be fully measurable. Nonetheless, understanding the scale of this risk is vital for organizations in implementing informed approaches to fraud prevention, detection, and response. Our data provides some insight into the costs and impacts of fraud on organizations around the world.

OUR STUDY COVERED

2,402 CASES from **143** **COUNTRIES** and **TERRITORIES**

Causing total losses of more than **$3.4 BILLION**

$1,457,000
Average loss per case

20% of cases had losses of $1 million+

GLOBAL FRAUD LOSSES

CFEs estimate that organizations **LOSE**

5% of revenue to **FRAUD** each year

Projected against 2024 GWP*
($110.98 TRILLION)

that's more than

$5.5 TRILLION LOST TO FRAUD GLOBALLY

*https://data.worldbank.org/indicator/NY.GDP.MKTP.CD

LOSS PER CASE

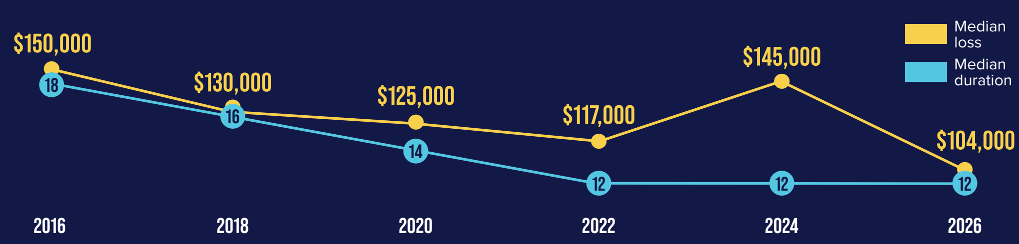
25th percentile
$22,000

Median
$104,000

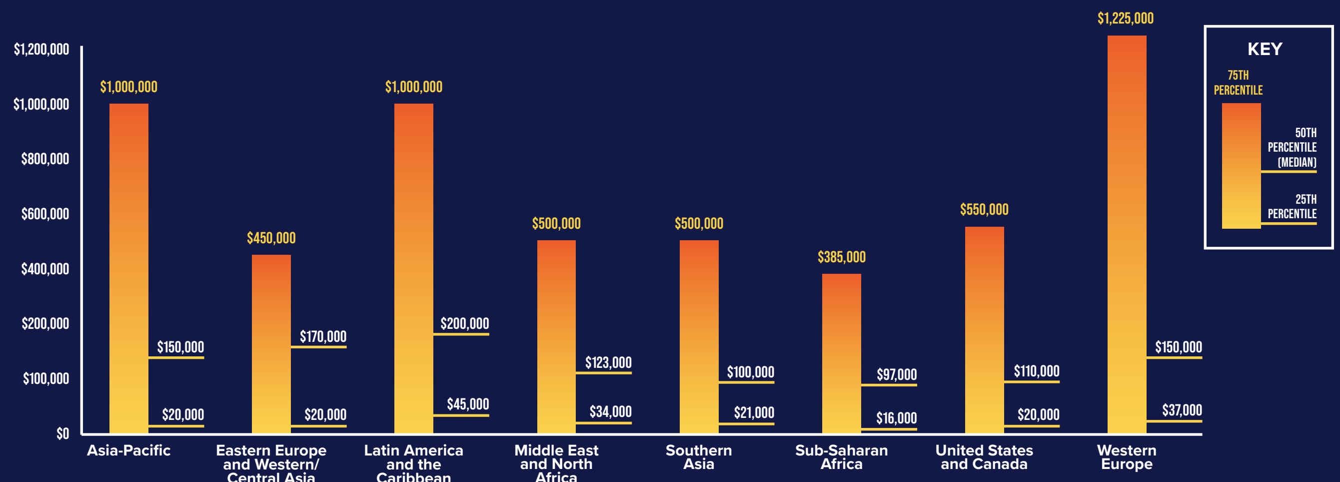
75th percentile
$600,000

COVID-19 PANDEMIC TRENDS

Occupational fraud losses spiked during the COVID-19 pandemic. Losses have resumed a downward trend, while the median duration remains level.



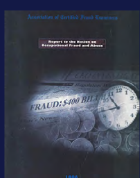
LOSS PER REGION



30 YEARS OF THE REPORT TO THE NATIONS: WHAT WE'VE LEARNED FROM THREE DECADES OF OCCUPATIONAL FRAUD RESEARCH

The first *Report to the Nation on Occupational Fraud and Abuse* was released in 1996, following a two-and-a-half-year study. It was the first report of its kind, representing the largest study on occupational fraud to date. Thirty years and 14 editions later, we've analyzed nearly **25,000 cases** of occupational fraud, causing losses totaling more than **$65 billion**. Our collective findings reveal some changes in how occupational fraud occurs, as well as some trends that have stood the test of time.

OVER 24,000 CASES SUBMITTED



1996
First edition of the *Report to the Nation* released
2,608* Cases

2002
Second edition of the *Report to the Nation* released
663 Cases

2004
Third edition released, establishing biennial cadence of study
508 Cases

2006
Fourth edition released, along with a companion report on a parallel study conducted in Canada
1,134 Cases

2008
959 Cases

2010
Sixth edition released, which is the first to include cases from outside the United States; title changed to *Report to the Nations*
1,843 Cases

2012
1,388 Cases

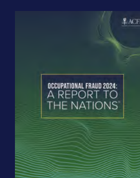
2014
1,483 Cases

2016
2,410 Cases

2018
2,690 Cases

2020
2,504 Cases

2022
2,110 Cases

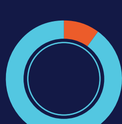


2024
13th edition released, which contains findings and trends on fraud cases that occurred during COVID-19 pandemic
1,921 Cases

2026
2,402 Cases

**For the 1996 edition, all CFEs were required to submit a case, and submissions were not restricted to the prior two years.*

CORRUPTION HAS RISEN SIGNIFICANTLY.



1996
10% OF CASES

2026
45% OF CASES

Whistleblowers are still our best detection method.
TIPS HAVE BEEN THE MOST COMMON DETECTION METHOD IN EVERY EDITION OF THE REPORT.

Top way frauds were detected:

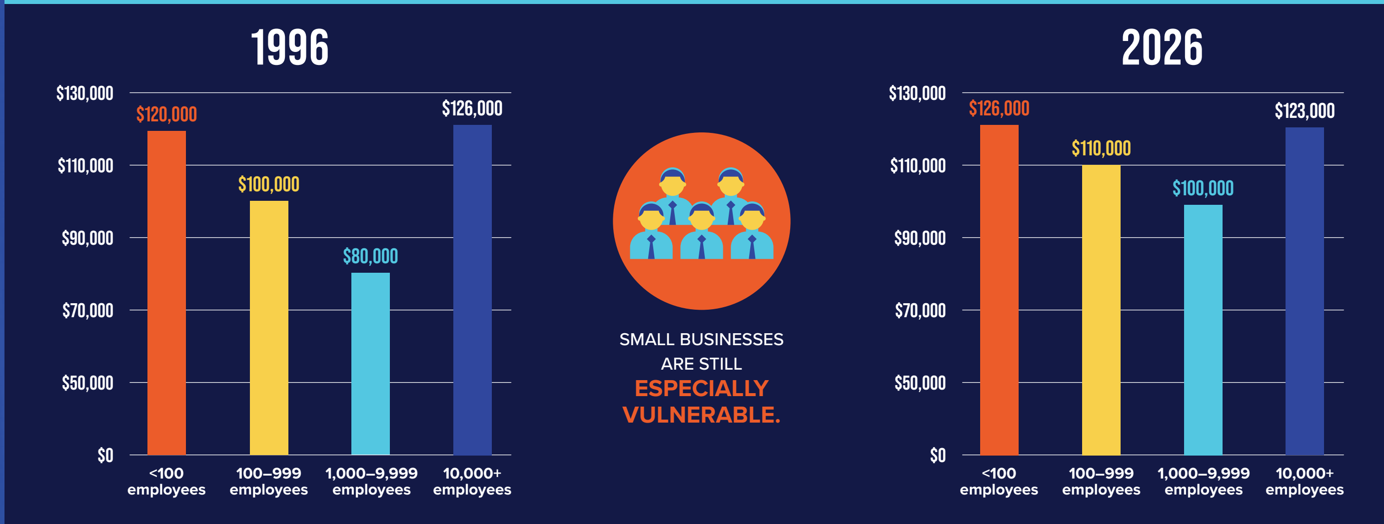
1996 TIPS

2026 TIPS

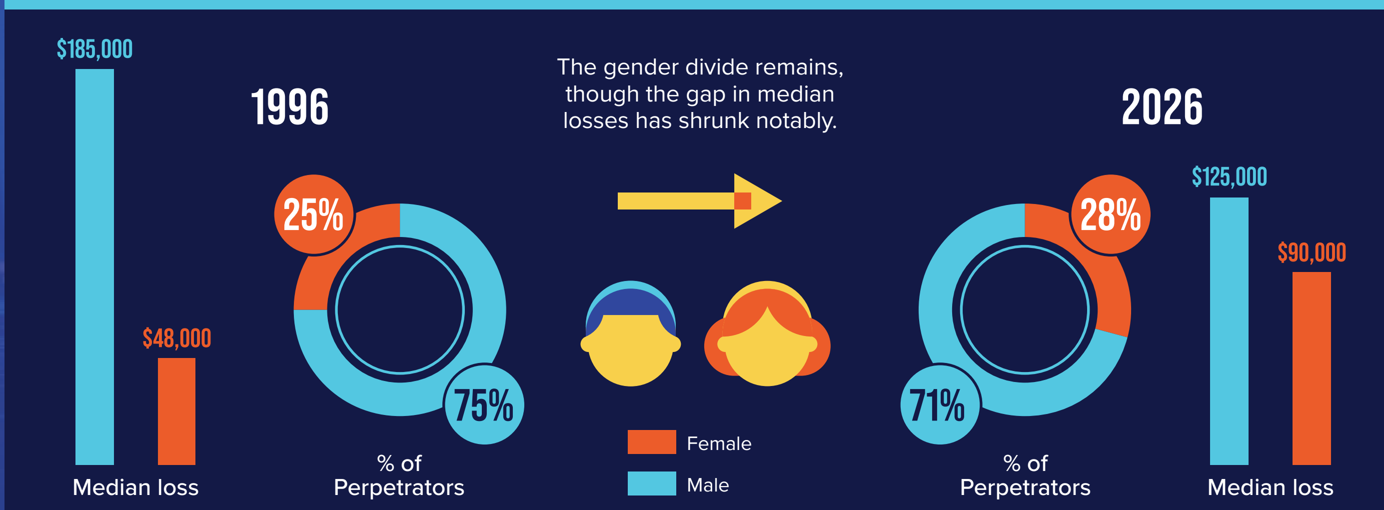
FRAUDSTERS HAVE MOVED UP THE ORG CHART.

	1996	2026
Employees	58%	41%
Managers	30%	41%
Owners/executives	12%	16%

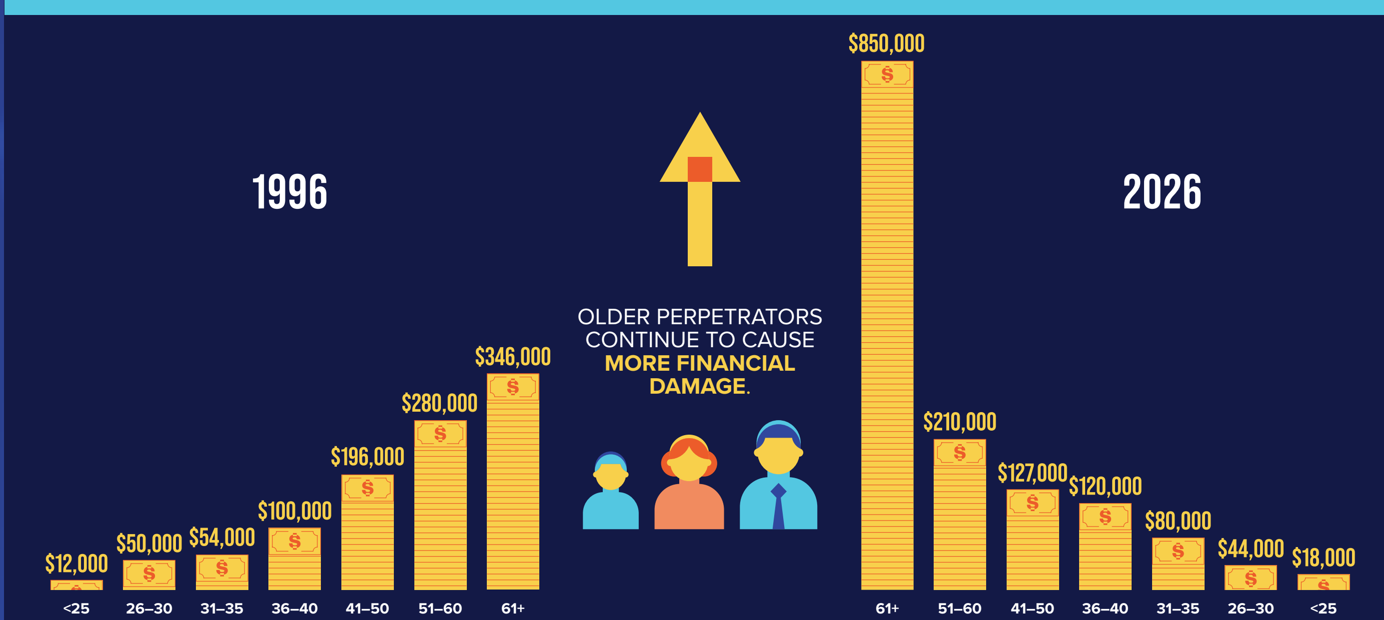
MEDIAN FRAUD LOSSES BY ORGANIZATION SIZE



PERPETRATORS BY GENDER



MEDIAN FRAUD LOSSES BY PERPETRATOR AGE



HOW IS OCCUPATIONAL FRAUD COMMITTED?

Occupational fraud schemes take many forms, but our research shows that the methods used by fraudsters generally fall into well-established categories. To illustrate how these schemes are organized, Figure 3 presents the *Occupational Fraud and Abuse Classification System* (commonly referred to as the *Fraud Tree*), which groups occupational fraud into three primary categories: asset misappropriation, corruption, and financial statement fraud. Individual cases may involve one, two, or all three categories, a dynamic that is further explored in Figure 4. Understanding how occupational frauds are committed provides critical insight into where organizations should focus their prevention and detection efforts.

CATEGORIES OF OCCUPATIONAL FRAUD

A primary goal of this report is to identify the frequency and cost of the various types of occupational fraud. Asset misappropriation schemes, or those in which an employee steals or misuses the employing organization's resources, were once again the most common category of occupational fraud, occurring in 90% of our study's cases and causing a median loss of USD 100,000, which was the lowest of the three categories.

Corruption was half as common as asset misappropriation, occurring in 45% of cases in the study and causing a median loss of USD 150,000. Although financial statement fraud, an intentional misstatement or omission of material information from the victim organization's financial reports, was the rarest form of occupational fraud (6% of cases), it was the most costly with a median loss of USD 1,000,000.

FIG. 2 How is occupational fraud committed?

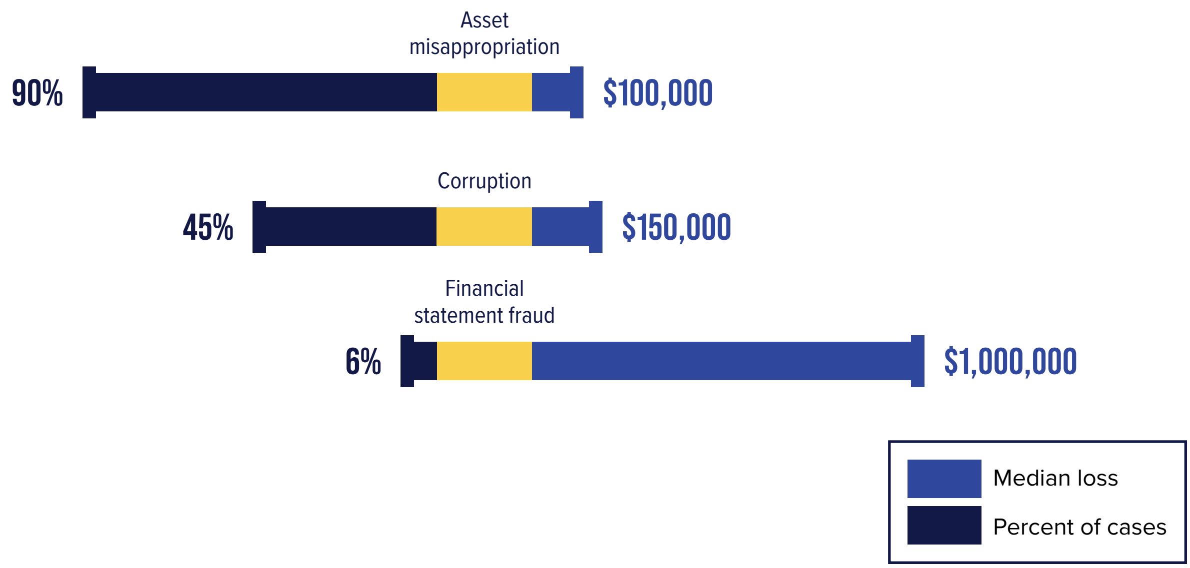
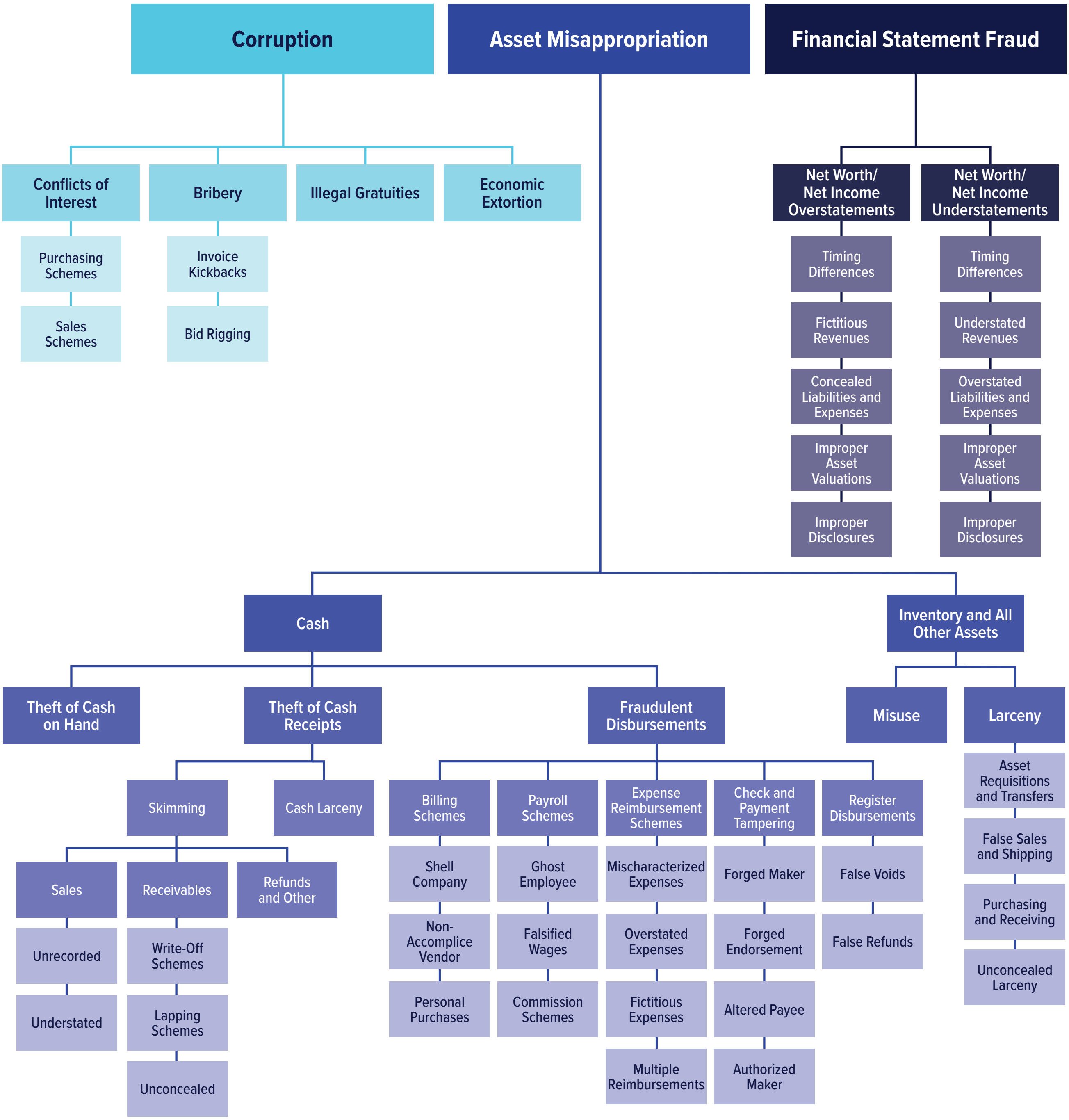


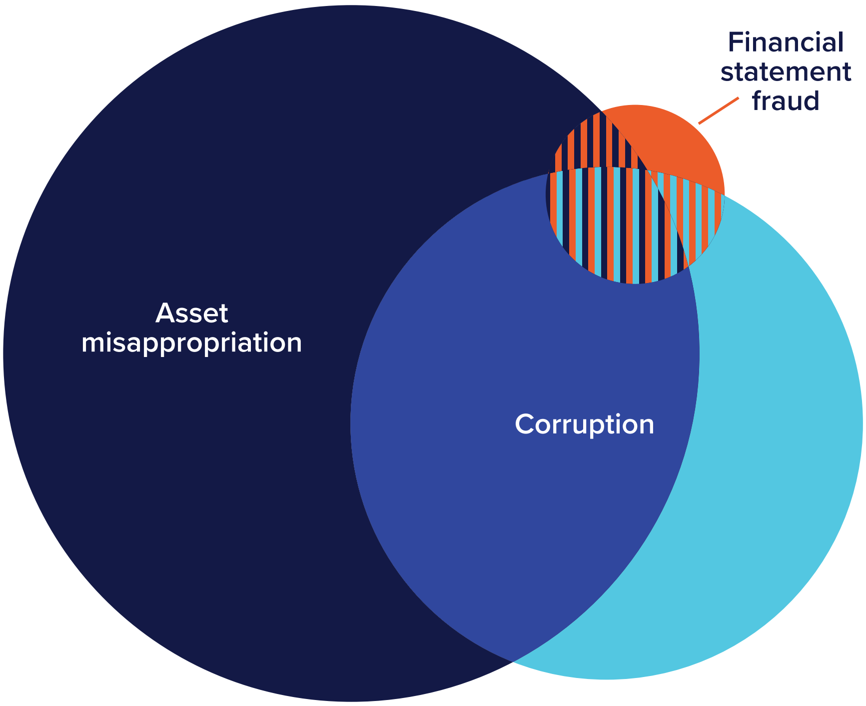
FIG. 3 Occupational fraud and abuse classification system (The Fraud Tree)[2]



[2] The definitions for many of the categories of fraud schemes in the Fraud Tree are found in the Glossary of Terminology on page 106.

As previously mentioned, a single scheme can contain elements of one, two, or three categories of occupational fraud. Of the cases in our study, 53% included asset misappropriation alone, 8% included corruption alone, and 1% included financial statement fraud alone, meaning 38% of cases involved multiple categories of occupational fraud. Figure 4 shows the overlap of these schemes, with the most common pairing of schemes being asset misappropriation and corruption (33%).

FIG. 4 **How often do fraudsters commit more than one type of occupational fraud?**

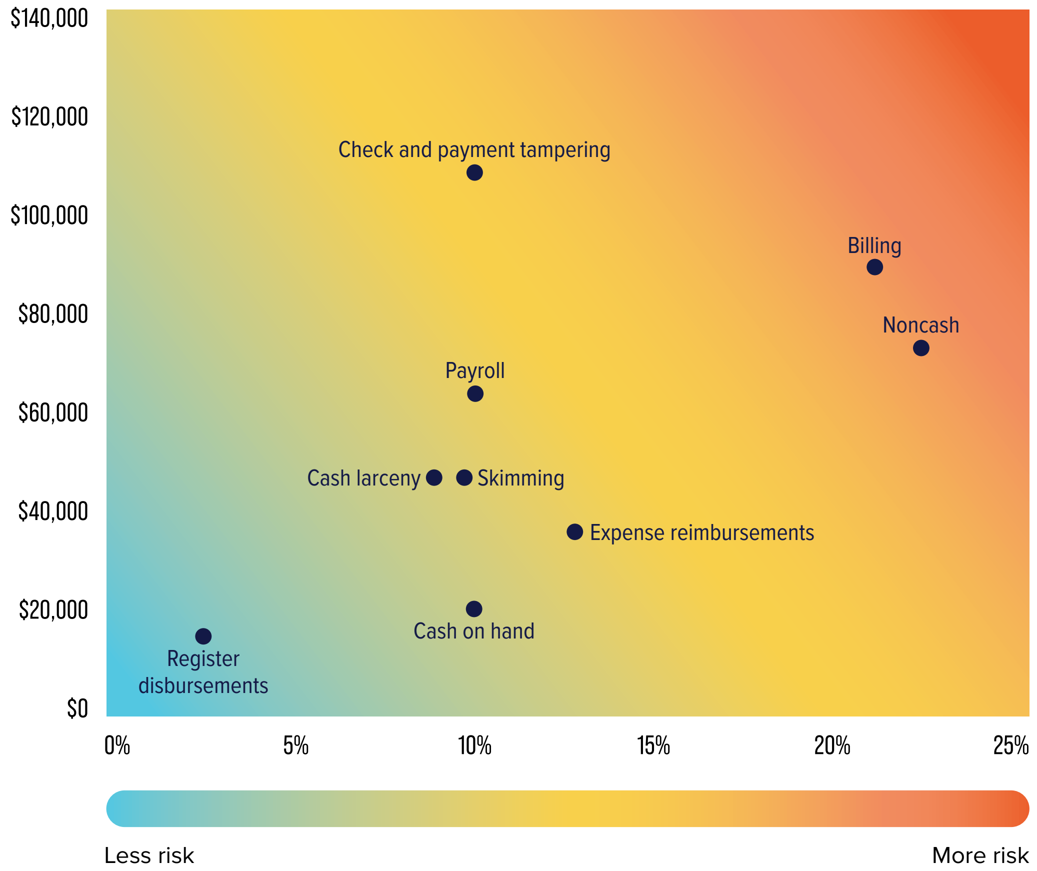


Asset misappropriation only	53%
Asset misappropriation and corruption	33%
Corruption only	8%
Corruption, asset misappropriation, and financial statement fraud	3%
Asset misappropriation and financial statement fraud	1%
Financial statement fraud only	1%
Corruption and financial statement fraud	1%

ASSET MISAPPROPRIATION SUB-SCHEMES

We divide the occupational fraud category of asset misappropriation into nine distinct sub-schemes based on how the specific crime was committed (see Figure 3 and the Glossary on page 106 for definitions of each sub-scheme). Figure 5 shows a heat map displaying the median loss and frequency of each sub-scheme, with those closest to the orange portion of the heat map (theft of noncash assets, billing schemes, and check and payment tampering) representing the most significant risk to organizations, in terms of the combination of frequency and median loss.

FIG. 5 Which asset misappropriation sub-schemes present the greatest risk?

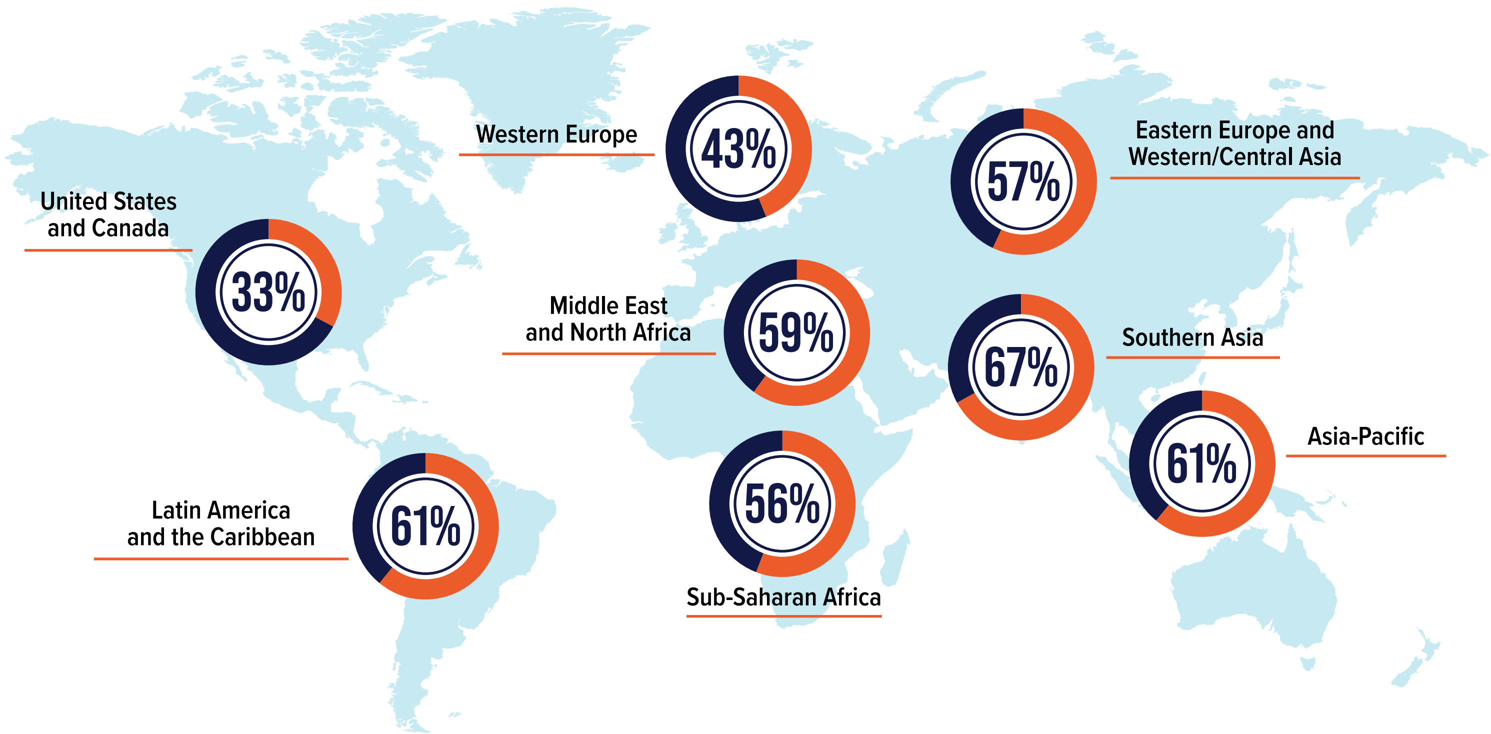


Category	Number of cases	Percent of all cases	Median loss
Noncash	549	23%	$75,000
Billing	508	21%	$90,000
Expense reimbursements	306	13%	$36,000
Check and payment tampering	243	10%	$114,000
Cash on hand	230	10%	$20,000
Payroll	227	10%	$63,000
Skimming	219	9%	$45,000
Cash larceny	199	8%	$45,000
Register disbursements	62	3%	$14,000

CORRUPTION CASES BY REGION

Corruption was present in almost half of the cases in this study but varies among geographical regions. As illustrated in Figure 6, Southern Asia had the largest percentage of cases (67%) involving corruption, followed by Asia-Pacific (61%), Latin America and the Caribbean (61%), and the Middle East and North Africa (60%).

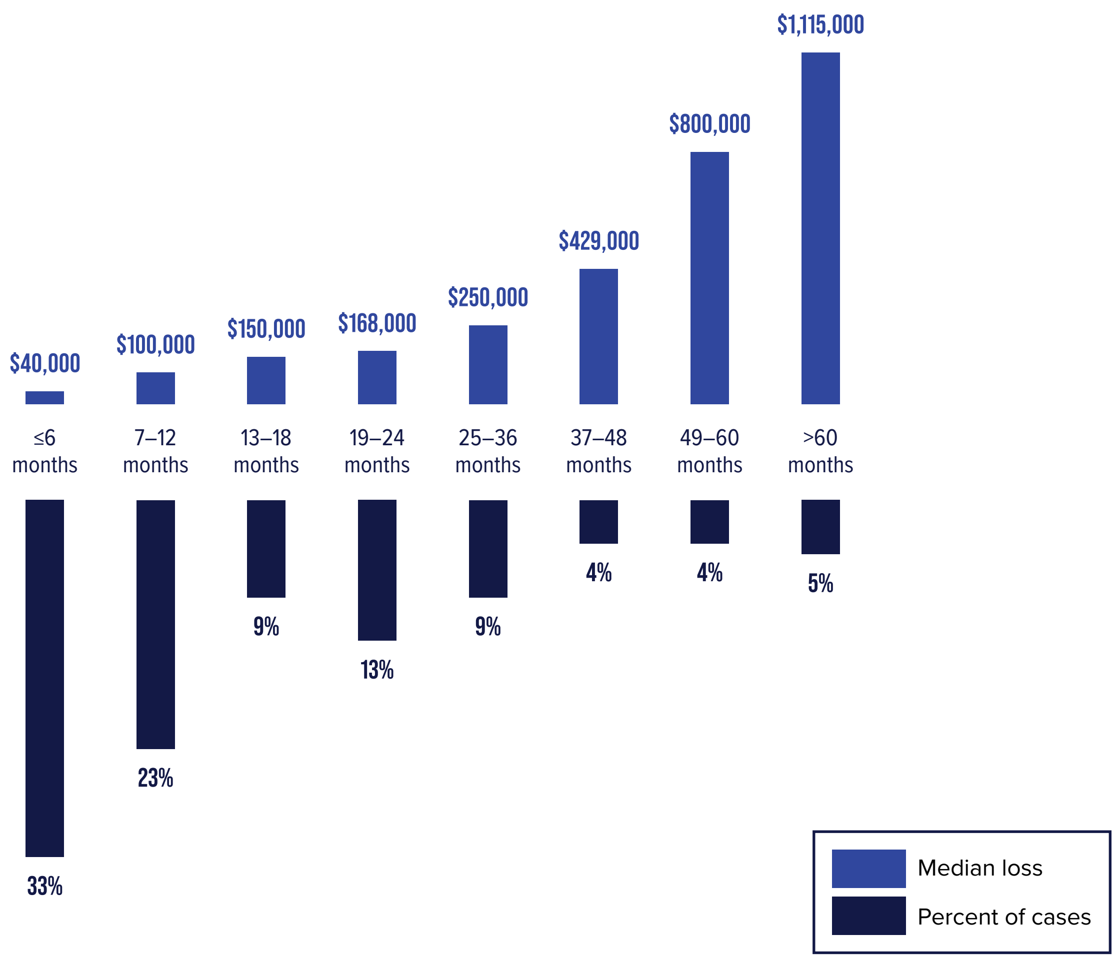
FIG. 6 How does corruption risk vary by region?



DURATION OF FRAUD SCHEMES

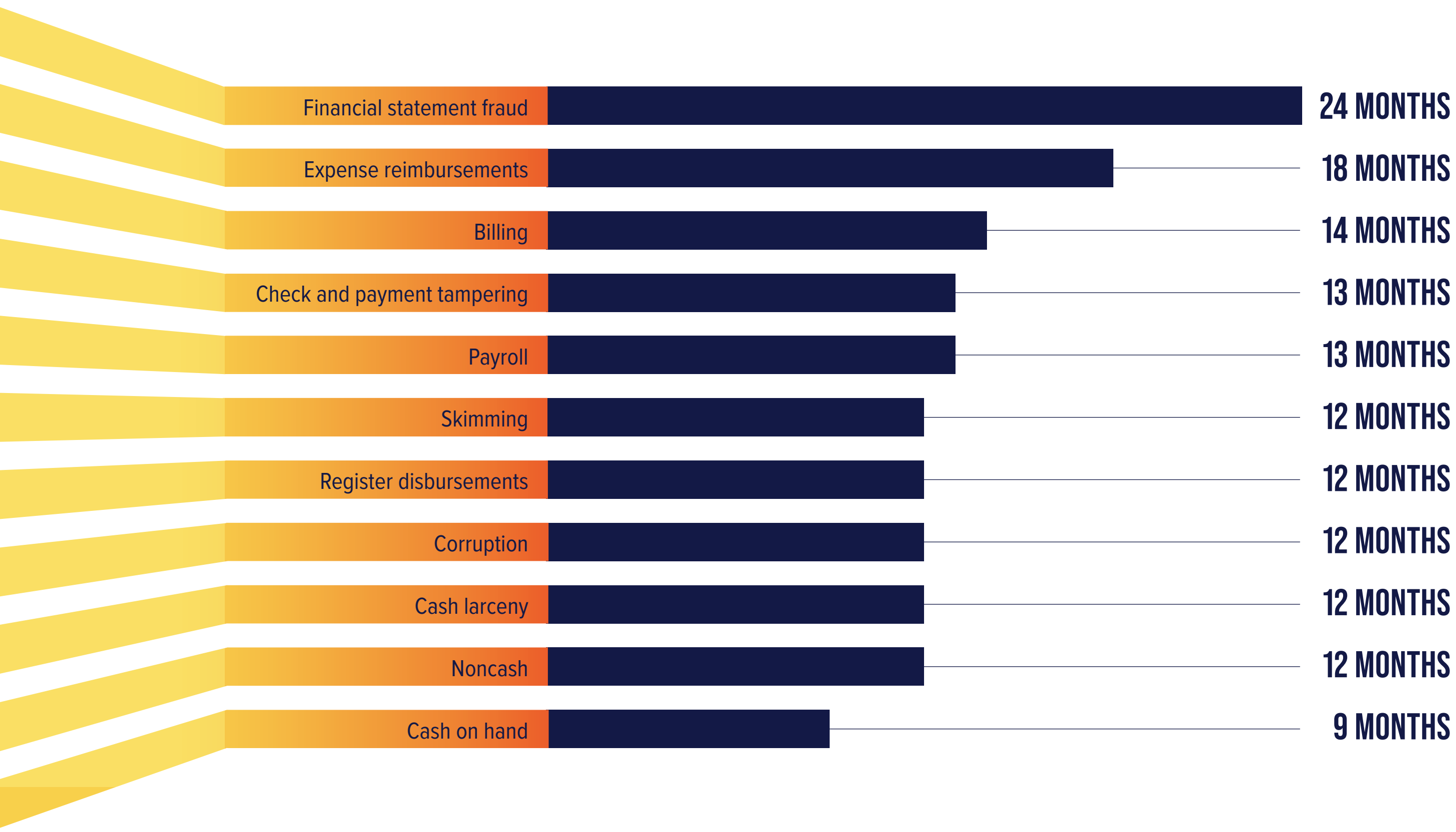
Even the most robust anti-fraud program will not prevent every attempted fraud. Consequently, an effective anti-fraud program also includes mechanisms designed to catch frauds as soon as possible after they begin. Figure 7 shows the relationship between fraud losses and time to detection; put simply, the longer a fraud continues undetected, the more financial damage it causes. Frauds that were caught in the first six months had a median loss of USD 40,000; one-third of the frauds in our study were detected this quickly. Delaying detection by another one to six months more than doubled the median loss (USD 100,000). Losses continue to rise as time goes on, and the 5% of frauds that lasted longer than five years caused a median loss of USD 1.115 million.

FIG. 7 How does the duration of a fraud relate to median loss?



The median duration of all cases in our study was 12 months, but several scheme types were involved in longer frauds. Financial statement frauds lasted a median 24 months, while expense reimbursement schemes typically lasted 18 months before being detected. Billing schemes had a median duration of 14 months, and both check and payment tampering and payroll frauds were detected at a median 13 months. Only cash on hand schemes had a lower median duration than the overall median, at 9 months.

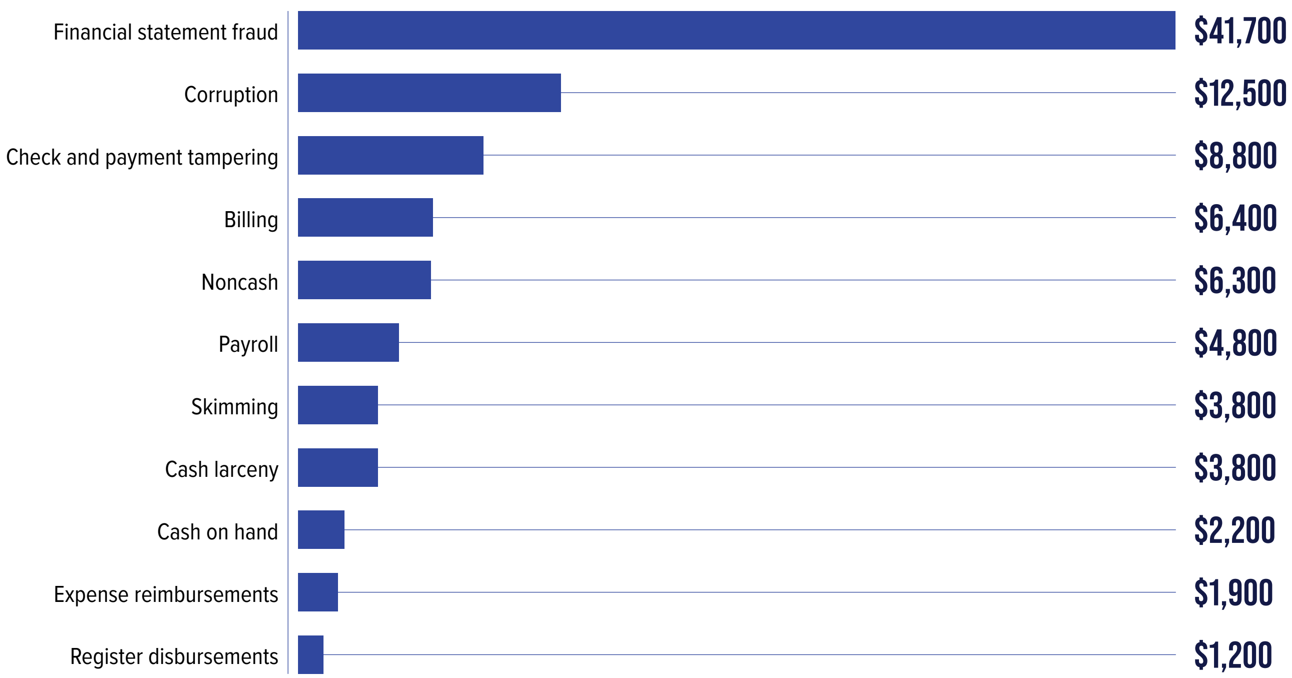
FIG. 8 How long do different occupational fraud schemes last?



VELOCITY OF FRAUD SCHEMES

To further explore the relationship between losses and length of frauds, we calculated the velocity at which different schemes caused financial damage. Overall, the schemes in our study had a velocity of USD 9,400 per month, meaning that for every month a fraud continued undetected, it resulted in USD 9,400 more in losses to the victim organization. Further, as Figure 9 shows, some scheme types caused damage faster than others; financial statement fraud cases had a median velocity of USD 41,700 per month—far greater than any other scheme type. Corruption schemes had the next greatest velocity, at USD 12,500 per month. The schemes with the slowest velocity were register disbursements and expense reimbursements schemes, which caused damage of USD 1,200 per month and USD 1,900 per month, respectively.

FIG. 9 What is the typical velocity (median loss per month) of different occupational fraud schemes?



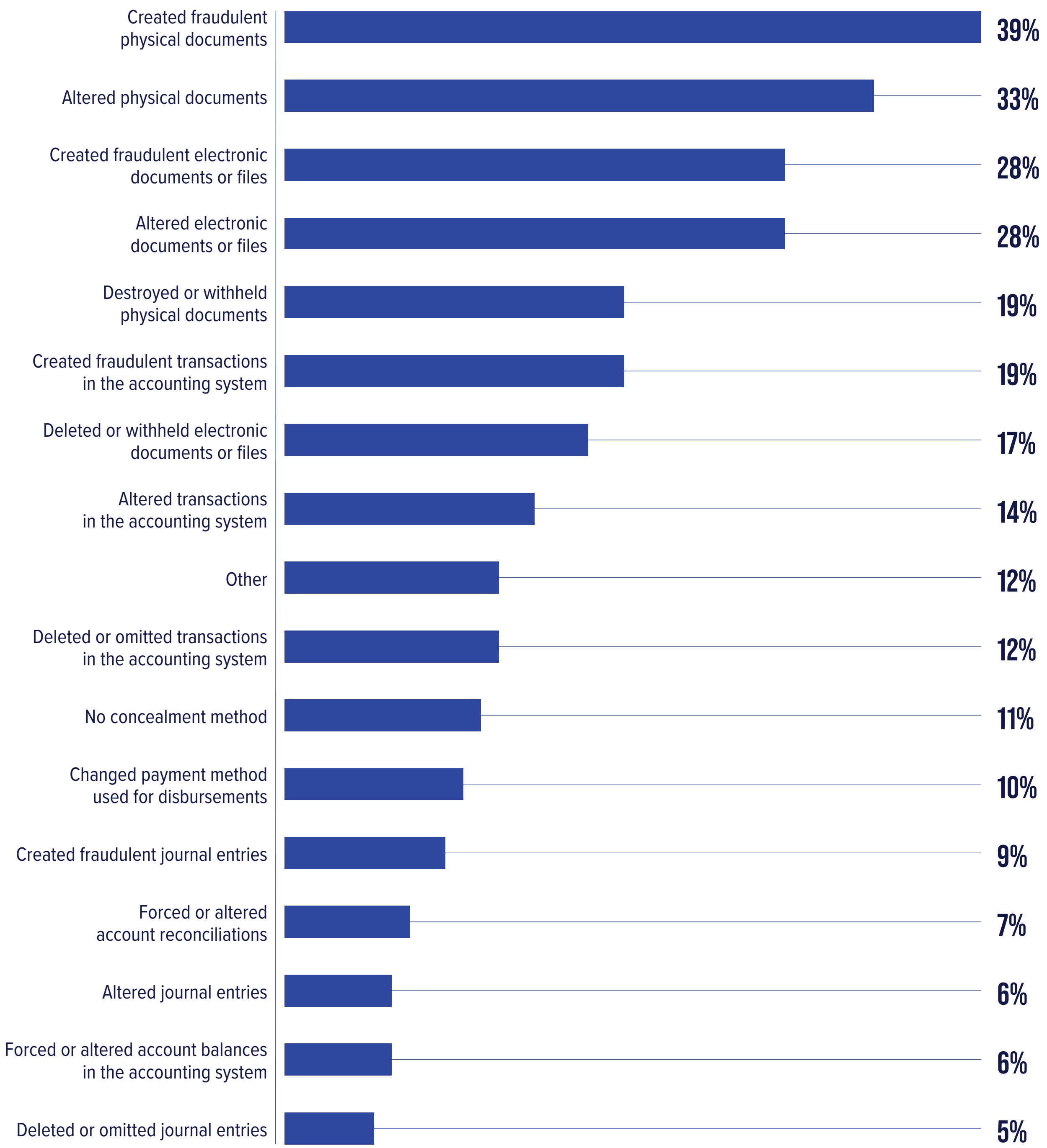
We also saw some differences in velocity based on the number of perpetrators involved. Schemes involving multiple perpetrators caused damage much more quickly than those involving a single perpetrator. Similarly, scheme velocity rises with the position of the perpetrator, with owners and executives stealing more than twice as fast as mid-level managers and more than three times as fast as staff-level employees.

Category	Median loss	Median duration	Median velocity (loss per month)
One perpetrator	$55,000	12 months	$4,600
Two perpetrators	$125,000	12 months	$10,400
Three or more perpetrators	$324,000	12 months	$27,000
Employee	$50,000	8 months	$6,300
Manager	$125,000	14 months	$8,900
Owner/executive	$475,000	23 months	$20,700

CONCEALMENT OF OCCUPATIONAL FRAUD

Most frauds involve not only the fraudulent act, but also intentional efforts to conceal the misdeed to avoid detection. Depending on the scheme type and the access the perpetrator has, these concealment efforts can take many forms. As shown in Figure 10, the most common concealment method in the frauds in our study was creating fraudulent physical documents (39%), followed by altering physical documents (33%). Creating or altering electronic documents or files were also involved in more than a quarter (28%) of the cases. Only 11% of the frauds in our study did not involve any concealment.

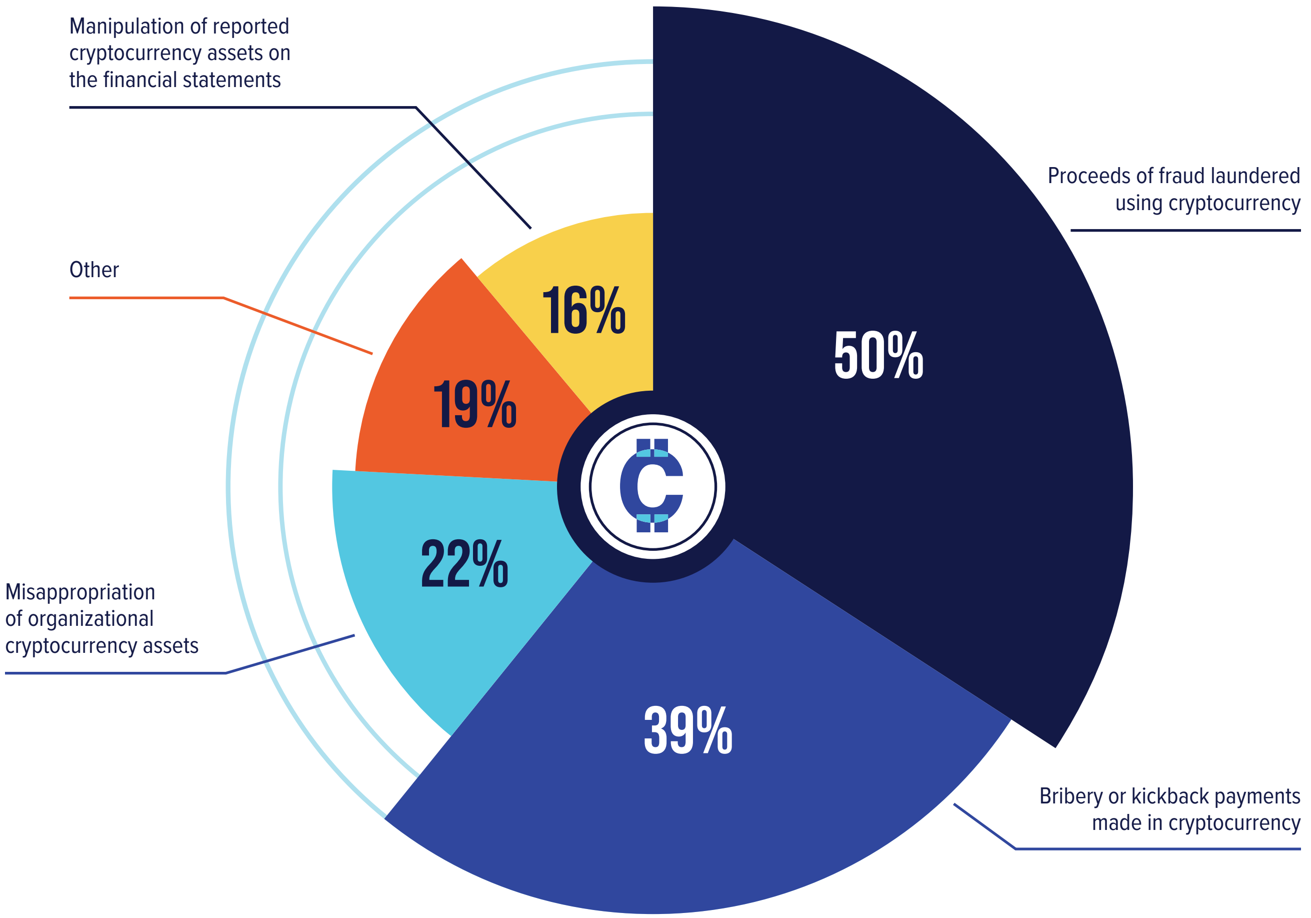
FIG. 10 How do occupational fraudsters conceal their schemes?



CRYPTOCURRENCY SCHEMES

Only 4% of the occupational fraud cases in our study involved cryptocurrency, which is the same percentage from 2024. Of those cases, the most common use of cryptocurrency was to launder the proceeds of the fraud (50%), followed by a bribe or kickback paid in cryptocurrency (39%).

FIG. 11 **Among frauds involving cryptocurrency, how was it used?**



SCHEMES STATISTICAL ANALYSIS

Most loss amounts presented in this report are median losses, which we use as a proxy for the cost of a “typical” fraud. Figure 12 provides a more holistic view of the costs associated with different fraud categories, showing quartile and mean loss amounts as well.

FIG. 12 Schemes statistical analysis table

SCHEMES					
Category	**Cases**	**25th percentile**	**Median (50th percentile)**	**75th percentile**	**Mean***
Asset misappropriation	1,663	$20,000	$100,000	$500,000	$1,224,000
Noncash	343	$15,000	$75,000	$312,000	$702,000
Billing	262	$20,000	$90,000	$371,000	$694,000
Expense reimbursements	169	$10,000	$35,000	$100,000	$113,000
Cash on hand	161	$4,000	$20,000	$104,000	$286,000
Skimming	136	$10,000	$45,000	$200,000	$638,000
Check and payment tampering	128	$40,000	$114,000	$557,000	$861,000
Cash larceny	106	$10,000	$45,000	$252,000	$485,000
Payroll	79	$18,000	$63,000	$230,000	$284,000
Register disbursements	26	$2,000	$14,000	$51,000	$38,000
Corruption	805	$30,000	$150,000	$800,000	$1,972,000
Financial statement fraud	101	$198,000	$1,000,000	$4,808,000	$13,909,000

**Mean amounts were calculated using loss data that was winsorized at 5% (i.e., we assigned all cases in the top 2.5% and bottom 2.5% the same value as the 97.5th percentile and 2.5th percentile, respectively)*

DETECTION

To uncover occupational fraud, effective detection methods should include measures for identifying schemes and lessening their effect and duration. Proactive efforts to improve fraud detection will also increase the perception that any fraud will be discovered and potentially deter future misconduct. Our data explores how and when fraud is initially detected and who reports it, providing insights into how organizations can improve their anti-fraud efforts.

INITIAL DETECTION OF OCCUPATIONAL FRAUD

Effectively detecting occupational fraud means recognizing the most common methods by which a fraud can be discovered. Some detection methods are more effective than others and rise to the top of our study in every report. As Figure 13 indicates, tips, internal audit, and management review remain the most cited methods for detecting occupational fraud, in alignment with previous years. Together, these three detection methods accounted for over 70% of the cases in our study.

As in 2024, 43% of frauds in this year's study were detected after a tip was reported. Figure 14 shows that 55% of those tips were from employees within the organization, and over a third (34%) of tips were received from external sources (e.g., customers, vendors, and competitors). These figures highlight how the availability of designated reporting mechanisms benefits an organization.

FIG. 13 How is occupational fraud initially detected?

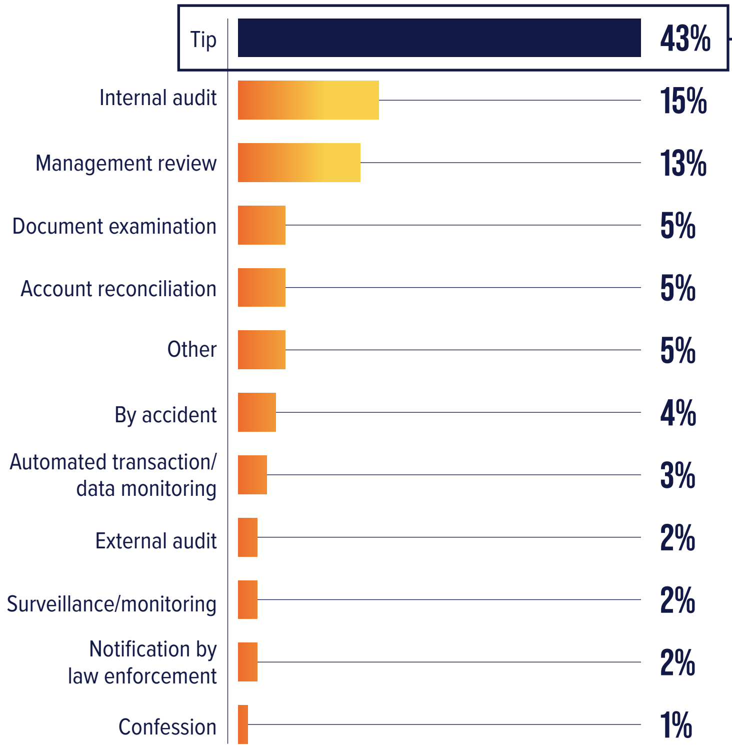
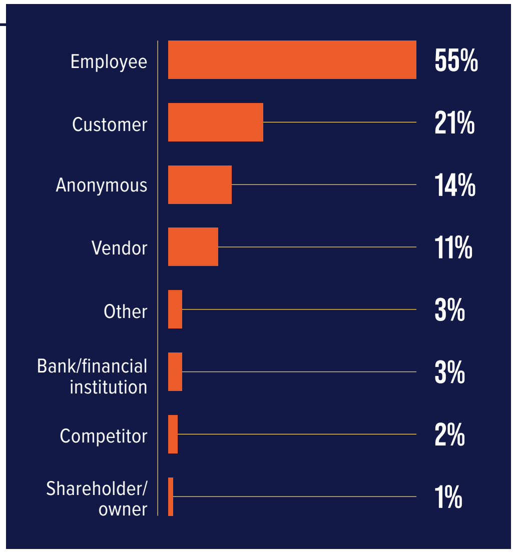


FIG. 14 Who reports occupational fraud?



MEDIAN LOSS AND DURATION BY DETECTION METHOD

We examined the median loss and duration of fraud schemes by the way they were uncovered. The results demonstrated that some detection methods are more successful at exposing fraud than others. The detection method and the connection with fraud scheme duration and loss can be seen in Figure 15. In the chart, the orange bars signal passive detection methods that indicate that the fraud was found without effort put forth by the organization (e.g., notification by police, by accident, or by a fraudster's confession). The light blue bars represent active detection methods, which use a process or effort designed to proactively detect fraud (e.g., document examination or surveillance/ monitoring). Finally, the dark blue bars depict detection methods that could potentially be passive or active (e.g., tips and external audit).

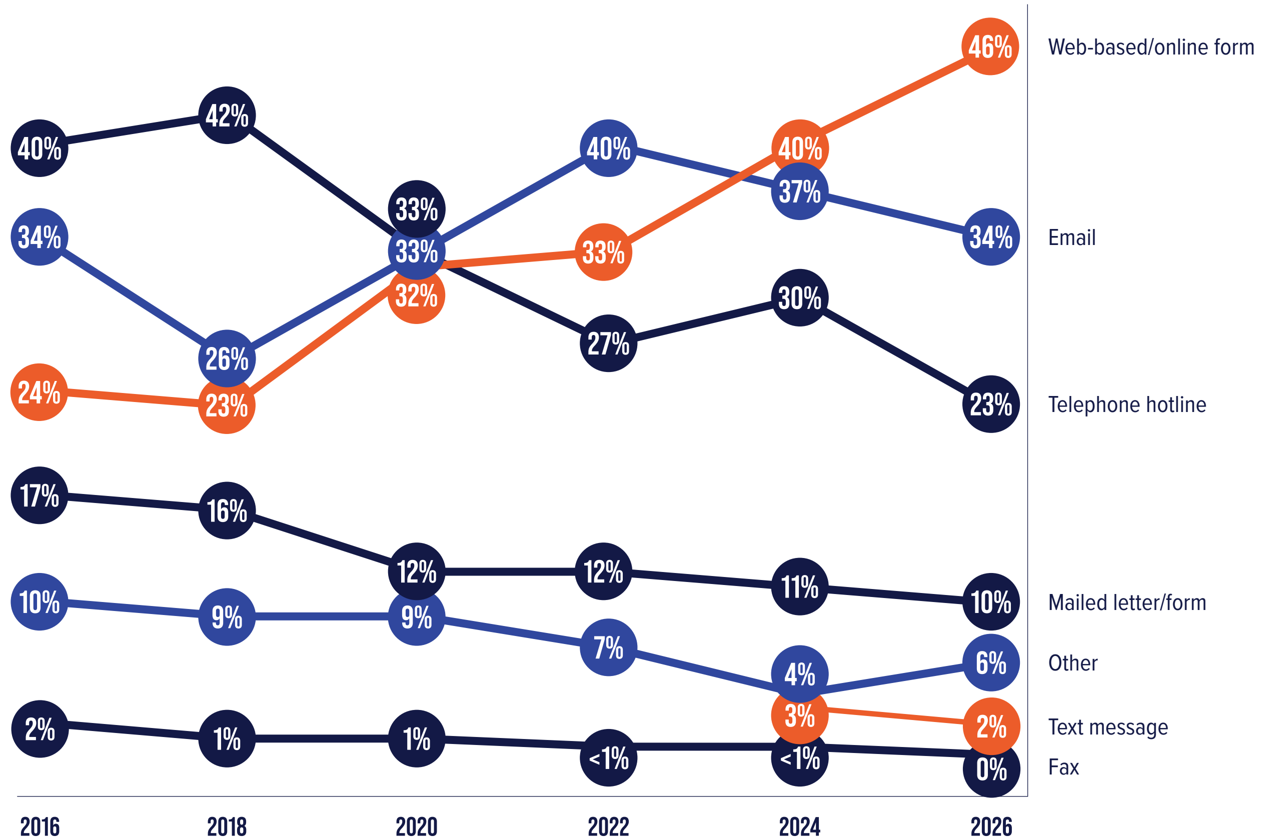
The reported data showed that lower losses and quicker detection resulted from proactive fraud detection methods, while increased financial damage to the victim and longer duration of the fraud were associated with passive fraud detection methods. Our findings suggest that fraud can be uncovered up to four times faster with active detection methods compared to passive detection methods. Through internal controls and policies that actively detect misconduct, such as management review, account reconciliation, and surveillance and monitoring, organizations can potentially reduce the impact of fraud. Longer and more expensive frauds will occur when organizations do not implement proactive detection measures.

FIG. 15 How does detection method relate to fraud loss and duration?

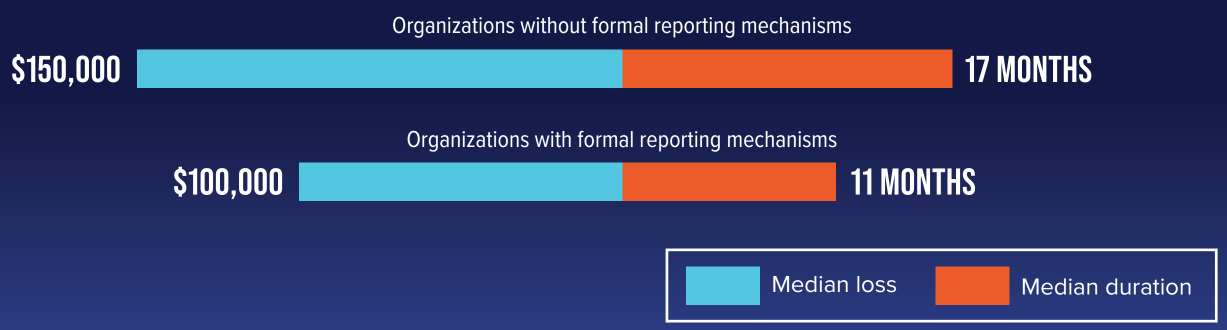
REPORTING MECHANISMS

We asked respondents to specify the mechanism used when a tip was reported. As Figure 16 shows, use of web-based and online reporting mechanisms by whistleblowers has increased since 2018, while telephone hotlines, once the most common, has steadily decreased. Organizations should actively maintain several channels for reporting fraud to give whistleblowers an opportunity to use a method that suits their situation.

FIG. 16 What formal reporting mechanisms did whistleblowers use?



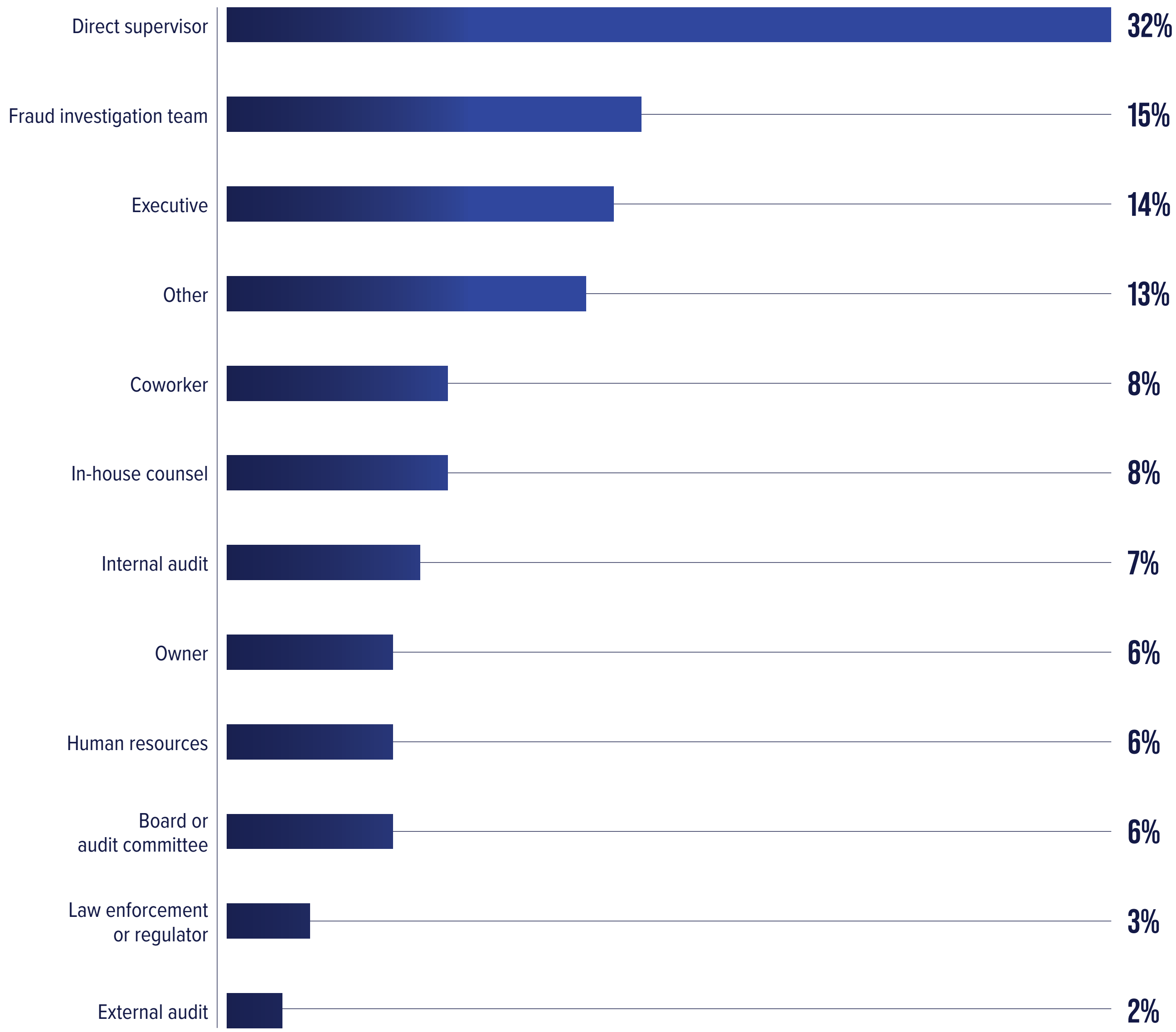
HOTLINE EFFECTIVENESS



PARTIES TO WHOM WHISTLEBLOWERS REPORT

Frequently, whistleblowers choose to report to someone within their organization rather than using a formal hotline or other reporting mechanism. As shown in Figure 17, direct supervisors (32%) were most often whom whistleblowers reported to in these situations. However, whistleblowers may reach out to individuals at various levels within an entity, such as coworkers, executives, internal audit, and legal. All staff should be trained on what to do if they suspect fraud, how fraud allegations are handled within the organization, and what to do if they receive notification about suspected fraud.

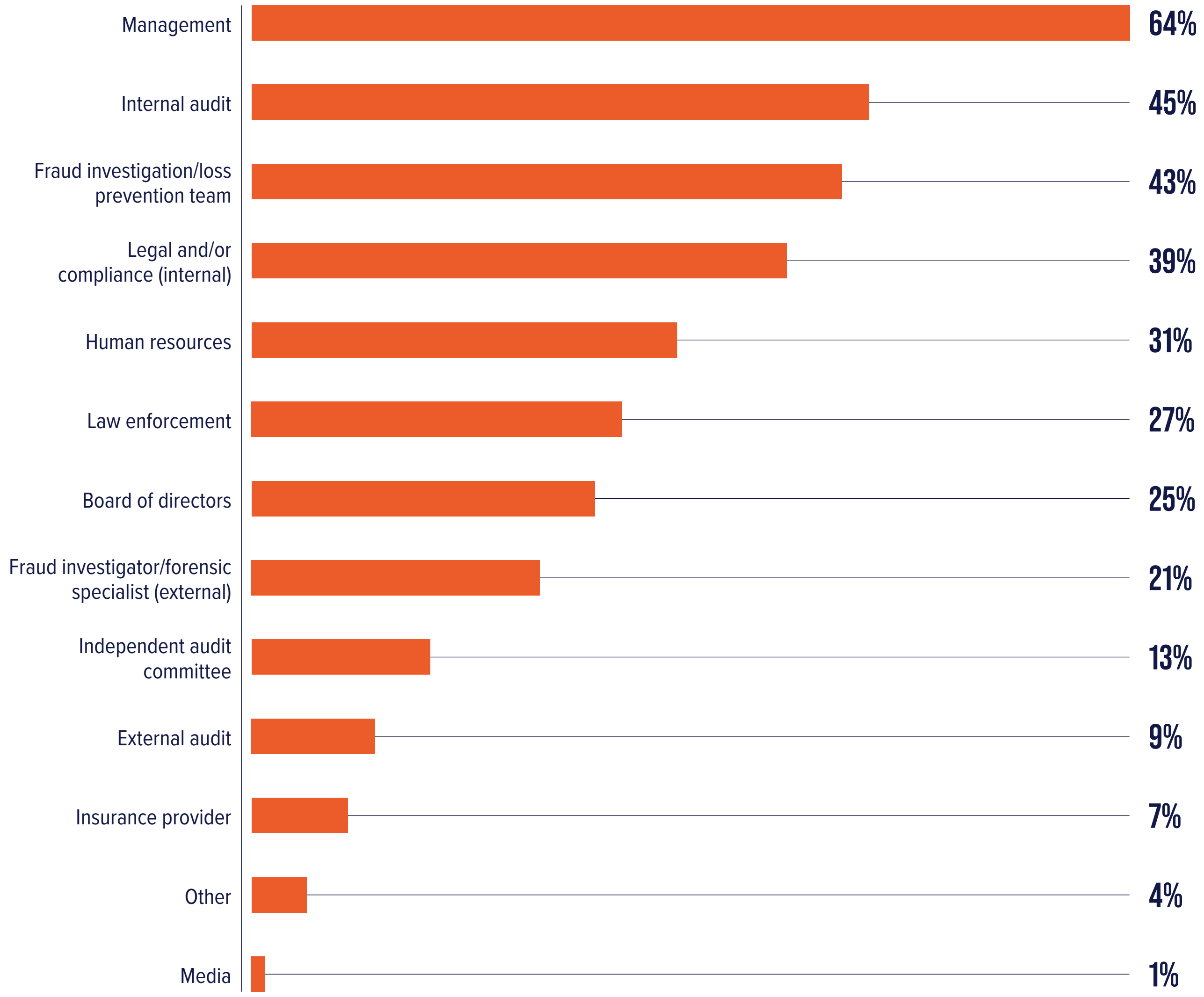
FIG. 17 To whom did whistleblowers initially report?



PARTIES ALERTED TO THE FRAUD

We also asked respondents which parties were alerted to the fraud after it was discovered, as seen in Figure 18. This helps us understand who was involved in the organization's fraud response. Management was the party most commonly alerted (64%) after the fraud scheme was uncovered, followed by internal audit (45%), fraud investigations (43%), and legal (39%).

FIG. 18 **Which parties were alerted to the fraud after it was discovered?**



DETECTION STATISTICAL ANALYSIS

Most loss amounts presented in this report are median losses, which we use as a proxy for the cost of a "typical" fraud. Figure 19 provides a more holistic view of the costs associated with frauds uncovered via different detection methods, showing quartile and mean loss amounts, as well.

FIG. 19 Detection statistical analysis table

DETECTION METHOD					
Category	**Cases**	**25th percentile**	**Median (50th percentile)**	**75th percentile**	**Mean***
Tip	341	$28,000	$138,000	$657,000	$1,117,000
Internal audit	162	$35,000	$138,000	$643,000	$1,118,000
Management review	145	$25,000	$93,000	$601,000	$1,014,000
Document examination	81	$26,000	$133,000	$678,000	$1,453,000
Account reconciliation	77	$25,000	$163,000	$575,000	$1,143,000
By accident	69	$34,000	$135,000	$1,150,000	$1,926,000
Automated transaction/data monitoring	50	$23,000	$138,000	$488,000	$834,000
External audit	37	$104,000	$334,000	$1,250,000	$1,897,000
Surveillance/monitoring	34	$16,000	$66,000	$494,000	$1,386,000
Notification by law enforcement	32	$108,000	$500,000	$2,200,000	$3,135,000
Confession	16	$80,000	$125,000	$4,000,000	$1,968,000

**Mean amounts were calculated using loss data that was winsorized at 5% (i.e., we assigned all cases in the top 2.5% and bottom 2.5% the same value as the 97.5th percentile and 2.5th percentile, respectively).*

VICTIM ORGANIZATIONS

Any organization can fall victim to occupational fraud, irrespective of size, industry, or the region in which it is located. Our study featured cases submitted by CFEs who worked for or with organizations in every region and industry, from small to large in terms of employee count and gross revenue. Anti-fraud professionals can use this information to better understand the circumstances that led to actual fraud cases in organizations similar to their own and appropriately allocate resources and inform their anti-fraud programs.

TYPE OF ORGANIZATION

Private companies were victimized by the largest percentage of frauds in our study, accounting for 44% of cases with a median loss of USD 140,000. The least victimized organizations in our study were nonprofits (10%), which also incurred the lowest median loss (USD 69,000). Government organizations fell in the middle of both spectrums, with 16% of cases impacting this category and a median loss of USD 110,000.

LEVELS OF GOVERNMENT

As illustrated in Figure 20, the majority of government organizations victimized by the frauds in our study were at the national level (37%), followed closely by local (32%) and state/provincial (27%) governments. National-level governmental organizations also suffered the highest median losses at USD 150,000, followed by state/provincial at USD 121,000 and local at USD 79,000. The significant and elevated fraud risk at the national level of government indicated by these results is likely related to the fact that national governments receive more funding and have complex organizational structures and operations, which could create more opportunities for occupational fraud.

FIG. 20 What types of organizations are victimized by occupational fraud?

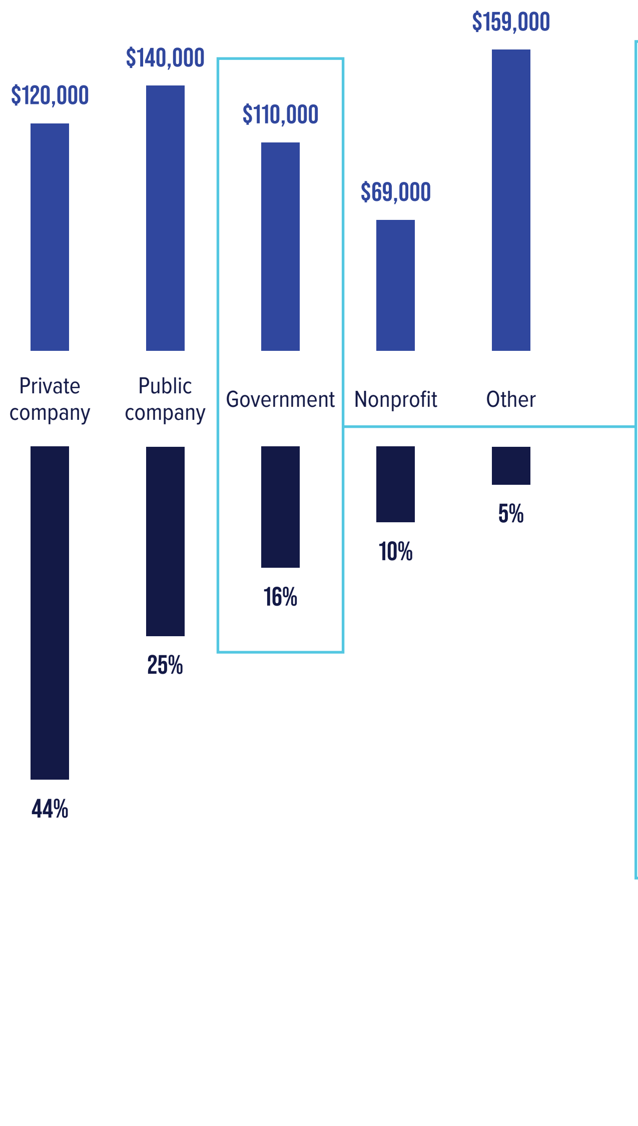
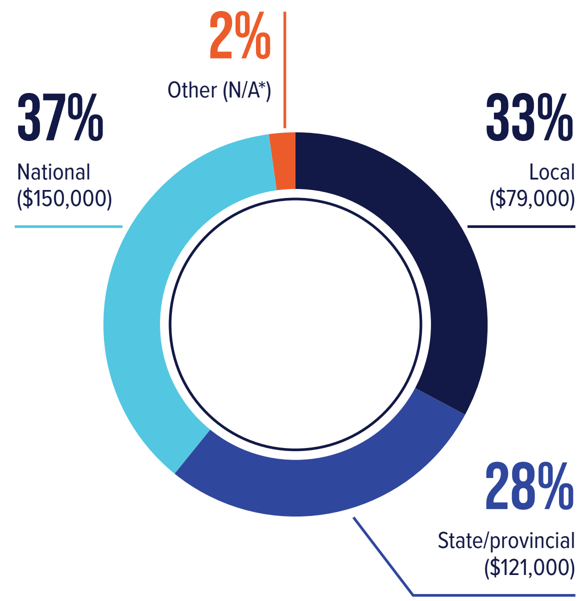


FIG. 21 What levels of government are victimized by occupational fraud?

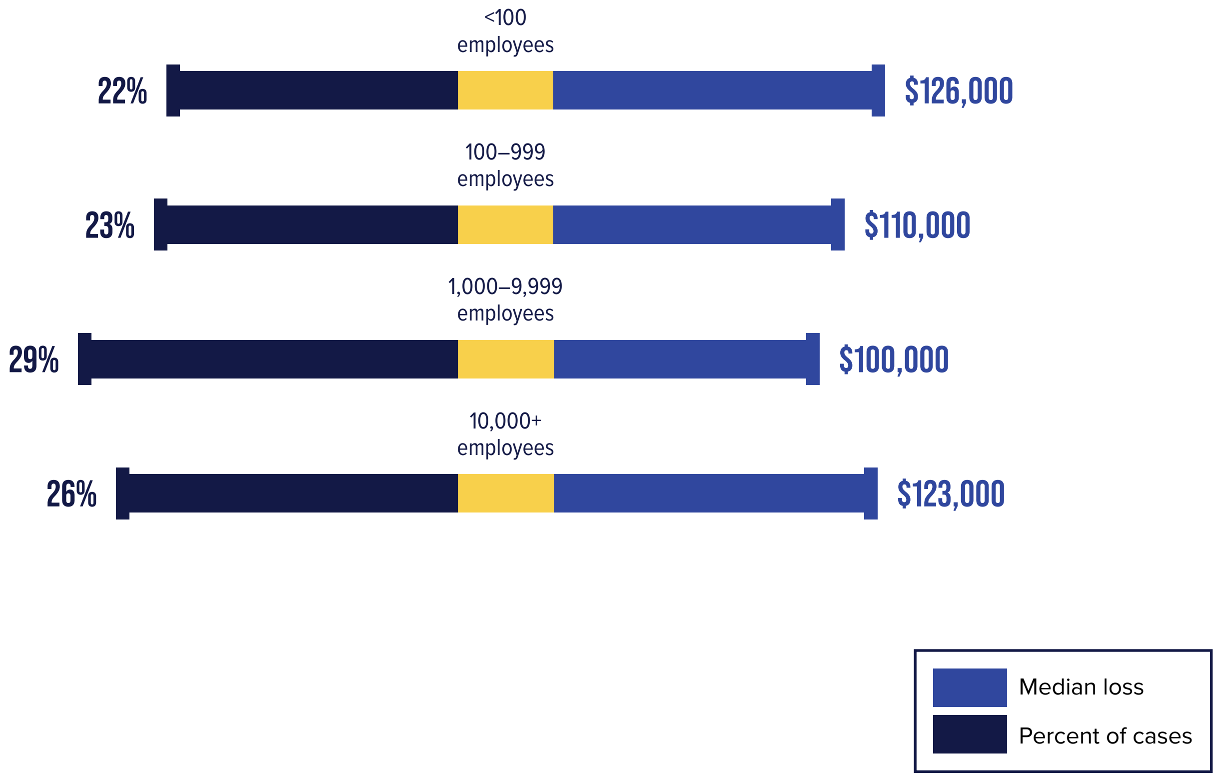


*Dollar amounts are median loss. Median loss calculations for categories with fewer than ten cases were omitted.

SIZE OF ORGANIZATION

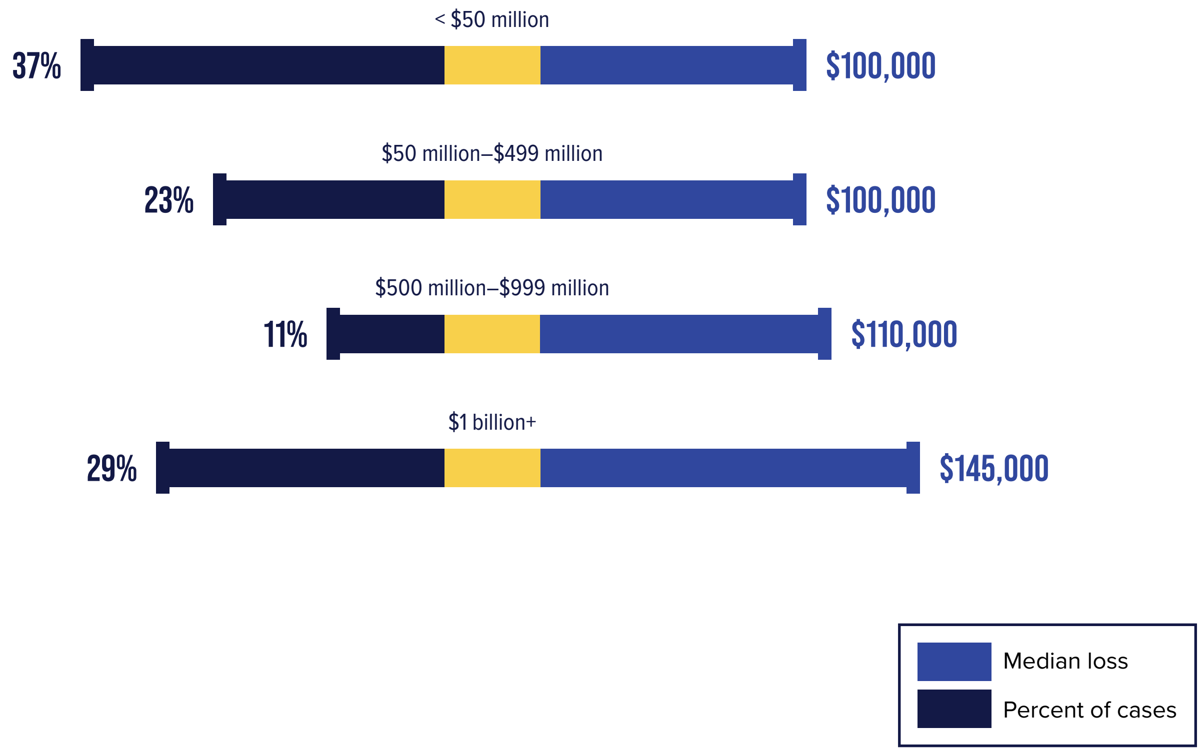
The organizations represented in our data are almost evenly distributed in terms of size, as illustrated in Figure 22. Median losses were greatest at the smallest (USD 126,000) and largest (USD 123,000) organizations, and lowest at organizations with 1,000 to 9,999 employees (USD 100,000). Although median losses did not vary significantly among different sizes of organizations, the effect that these losses have is typically more significant at smaller organizations, since those losses likely represent a much larger percentage of the organization's revenue.

FIG. 22 **How does an organization's size relate to its occupational fraud risk?**



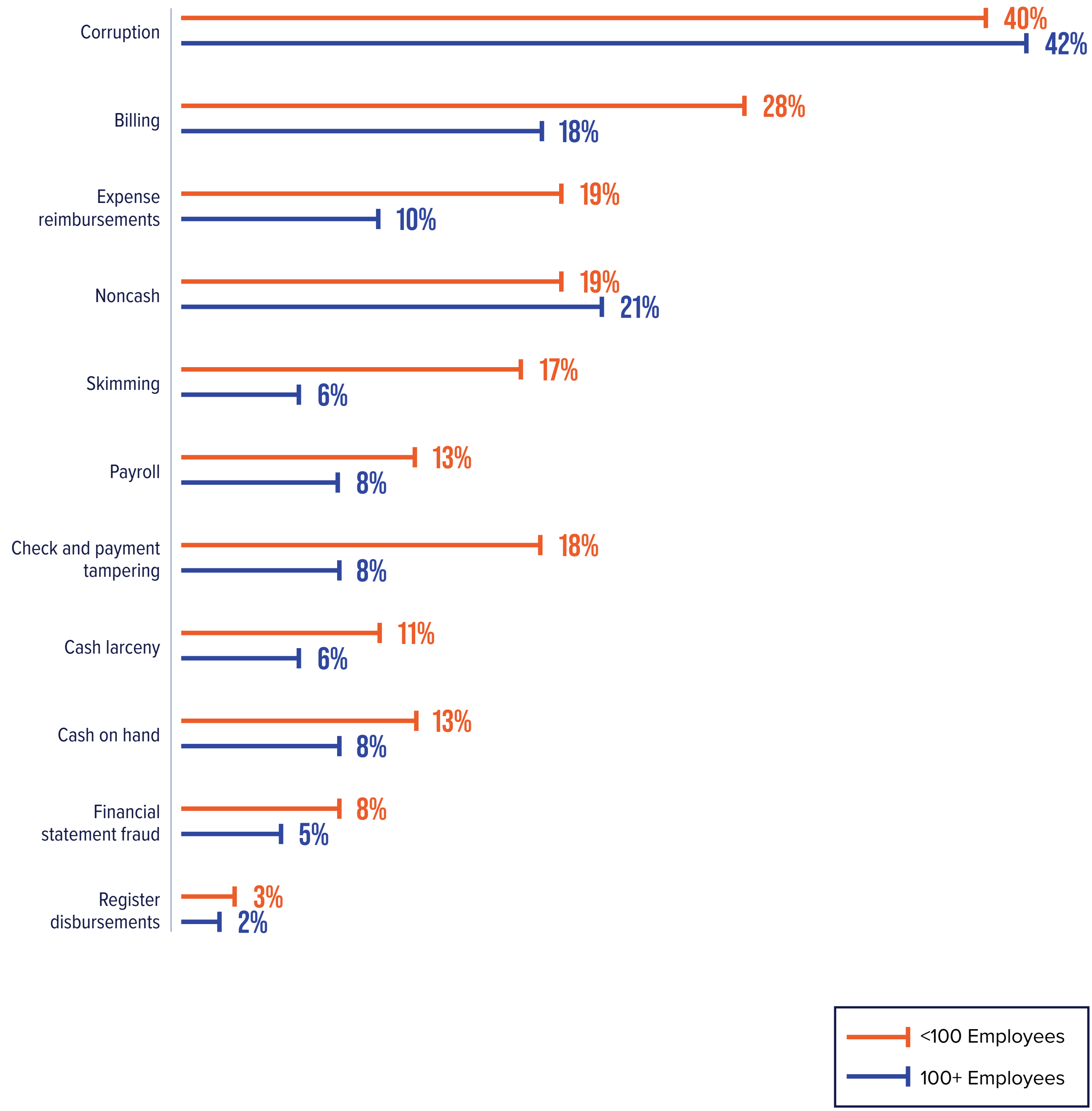
When comparing organizations based on their gross annual revenue, our analysis showed that the organizations with gross annual revenue of USD 1 billion and above had the highest median fraud losses at USD 145,000, while organizations with revenues of less than USD 50 million made up the greatest percentage of cases in our study (37%), as shown in Figure 23.

FIG. 23 **How does an organization's gross annual revenue relate to its occupational fraud risk?**



Some schemes may be more common in larger or smaller companies. This may be because of differences in the ability to prevent and detect fraud, the ease of concealment, the presence (or absence) of internal controls, or other factors. As illustrated in Figure 24, corruption was the most prevalent scheme for both organizations with 100+ employees (42%) and those with fewer than 100 employees (40%). All schemes other than corruption or theft of noncash assets were more prevalent in smaller organizations, while the schemes with the largest differences in frequency between small and larger organizations were billing schemes, skimming, and check and payment tampering.

FIG. 24 How do fraud schemes vary by organization size?



INDUSTRY OF ORGANIZATION

We also analyzed cases by the industry of the victim organization to compare median losses and percentage of cases across different industry categories. Note that this information does not necessarily indicate whether fraud is generally more common in one industry compared to another, but reflects the distribution of the cases submitted by CFEs who participated in the study. Figure 25 shows that some industries have a much higher median fraud loss than other industries, such as mining (USD 300,000), wholesale trade (USD 256,000), and real estate (USD 250,000). The three industries with the lowest median fraud losses were education (USD 30,000), utilities (USD 37,000), and retail (USD 59,000).

FIG. 25 How does occupational fraud affect organizations in different industries?

MOST COMMON SCHEMES BY INDUSTRY

Although fraud exists in organizations in all industries, some schemes are more common in certain sectors. The heat map in Figure 26 shows the frequency of occupational fraud schemes across various industries in which at least 50 cases were reported. This data can help anti-fraud professionals better assess their fraud risks and shape their fraud risk management programs. Corruption was the highest risk across each industry and was present in greater than 60% of cases for the manufacturing, technology, and agriculture industries. Billing schemes and misappropriation of noncash assets were also consistently high across various industries.

FIG. 26 What are the most common occupational fraud schemes in various industries?

Industry	Cases	Billing	Cash larceny	Cash on hand	Check and payment tampering	Corruption	Expense reimbursements	Financial statement fraud	Noncash	Payroll	Register disbursements	Skimming
Banking and financial services	437	13%	10%	17%	13%	41%	7%	4%	17%	5%	3%	8%
Government and public administration	217	19%	13%	6%	10%	48%	11%	6%	18%	15%	2%	7%
Manufacturing	192	21%	5%	4%	9%	61%	15%	7%	41%	8%	1%	3%
Health care	140	32%	6%	7%	10%	44%	14%	6%	17%	11%	2%	8%
Retail	110	19%	10%	15%	9%	40%	10%	6%	39%	7%	11%	20%
Construction	92	35%	13%	8%	13%	50%	11%	5%	23%	11%	1%	9%
Technology	89	19%	6%	8%	7%	64%	15%	3%	25%	9%	0%	1%
Energy	89	20%	6%	6%	4%	58%	18%	6%	29%	8%	4%	10%
Education	82	30%	6%	20%	7%	34%	28%	2%	20%	21%	4%	16%
Religious, charitable, or social services	82	27%	10%	10%	15%	37%	24%	1%	15%	10%	2%	13%
Transportation and warehousing	76	24%	1%	3%	1%	54%	12%	4%	30%	4%	0%	7%
Insurance	76	20%	3%	4%	13%	46%	11%	8%	8%	14%	0%	5%
Food service and hospitality	53	30%	6%	11%	19%	45%	25%	11%	28%	19%	6%	15%
Agriculture, forestry, fishing, and hunting	52	35%	15%	13%	15%	65%	21%	13%	35%	15%	4%	12%

Less risk — More risk

FRAUD IN BANKING AND FINANCIAL SERVICES

Banking and financial services is typically the most represented industry in *Global Fraud Survey* responses. This year was no exception, and the large number of cases warranted additional scrutiny.

Our study included **439 CASES OF OCCUPATIONAL FRAUD** that occurred within the banking and financial services industry.

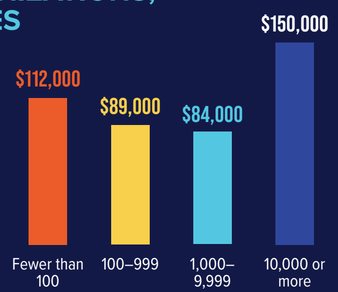
MEDIAN LOSS **$100,000**

AVERAGE LOSS **$1,535,000**

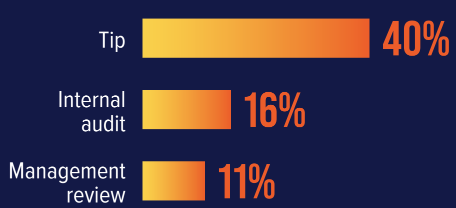
MEDIAN DURATION **8 MONTHS**

BIGGER ORGANIZATIONS, BIGGER LOSSES

Large organizations suffer the highest median losses.



Top three ways fraud is detected in **BANKING AND FINANCIAL SERVICES** organizations:

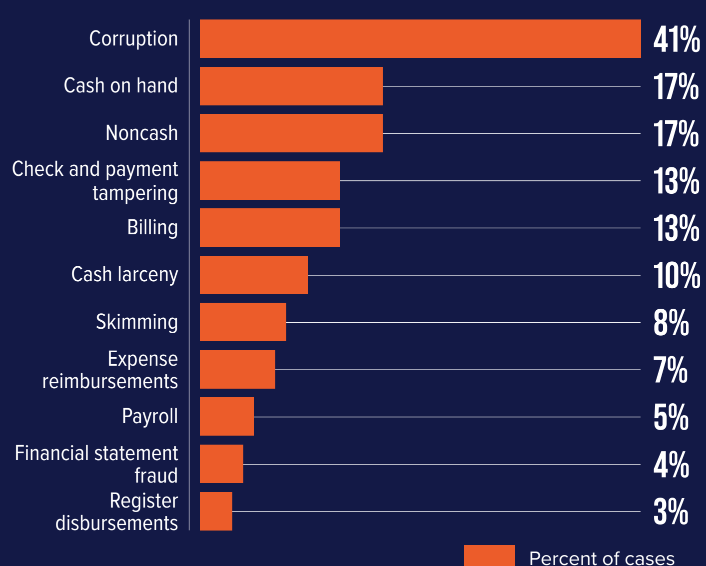


WHO COMMITS OCCUPATIONAL FRAUD IN THE BANKING AND FINANCIAL SERVICES INDUSTRY?

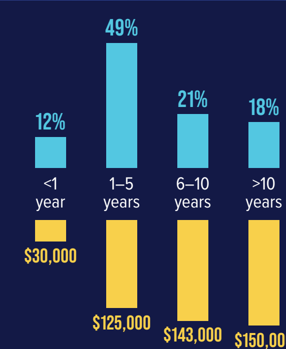
ONLY 9% of perpetrators in the banking and financial services industry were at the executive level, but fraudsters at the top caused the largest losses.

	% of cases	Median loss
Employees	59%	$64,000
Managers	29%	$160,000
Owners/executives	9%	$1,400,000

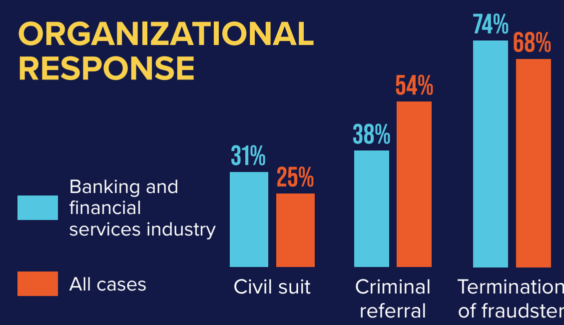
OCCUPATIONAL FRAUD SCHEMES IN THE BANKING AND FINANCIAL SERVICES INDUSTRY



Almost half of perpetrators had worked for the victim organization for 1–5 years. But perpetrators with a **TENURE OF 10+ YEARS CAUSED THE HIGHEST MEDIAN LOSS.**



ORGANIZATIONAL RESPONSE

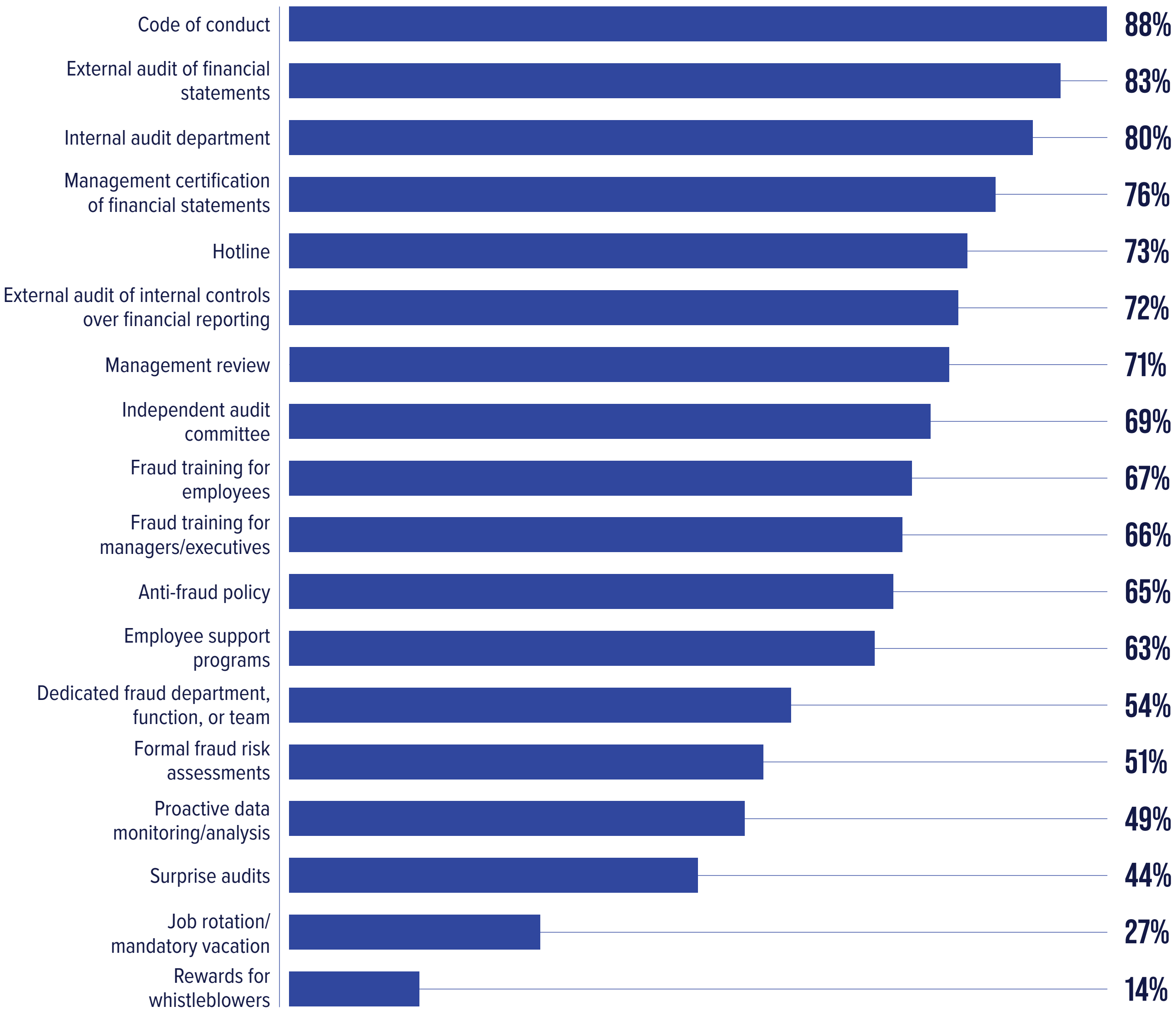


ANTI-FRAUD CONTROLS AT VICTIM ORGANIZATIONS

Effectively managing the risk of occupational fraud requires a comprehensive system of preventive, detective, and responsive anti-fraud controls. But with limited budgets and competing resources, organizations must often make decisions about which controls are the top priority for their investments. We asked respondents several questions about the anti-fraud control environment in place at the victim organization at the time the reported fraud occurred, as well as changes made to the controls following the detection of the fraud.

As noted in Figure 27, the most commonly implemented anti-fraud controls were a code of conduct (88%), external audits of the organization's financial statements (83%), and an internal audit department (80%). These controls are often mandated by regulators, and they are typically designed to achieve other objectives in addition to preventing and detecting fraud, so it is not surprising that they were the most common. On the opposite end of the spectrum, targeted anti-fraud controls such as job rotation and mandatory vacation policies, surprise audits, and proactive data monitoring and analysis were all in place at fewer than half of the victim organizations in our study at the time of the fraud.

FIG. 27 **What anti-fraud controls are most common?**



EFFECTIVENESS OF ANTI-FRAUD CONTROLS

To further understand the relationship between anti-fraud controls and occupational fraud, we examined each of the 18 anti-fraud controls along with the relevant losses and duration of the fraud at the victim organization. By comparing the median losses and median durations at organizations that had each control in place against those at organizations lacking each control, we get a view into the potential impact each control has on reducing the length and costliness of occupational frauds.

As shown in Figures 28 and 29, all 18 controls were associated with reduced median losses and faster detection. Among these, four controls—management review, proactive data monitoring and analysis, a code of conduct, and surprise audits—were associated with the largest reductions in both measures.

When a lack of internal controls was cited as the primary contributing factor to a fraud's occurrence, **MEDIAN LOSSES WERE 43% HIGHER** than overall median losses.

On average, the presence of an internal control **REDUCED FRAUD LOSSES BY MORE THAN ONE-THIRD** (37% average reduction in losses for controls present vs. not present).

MOST EFFECTIVE ANTI-FRAUD CONTROLS

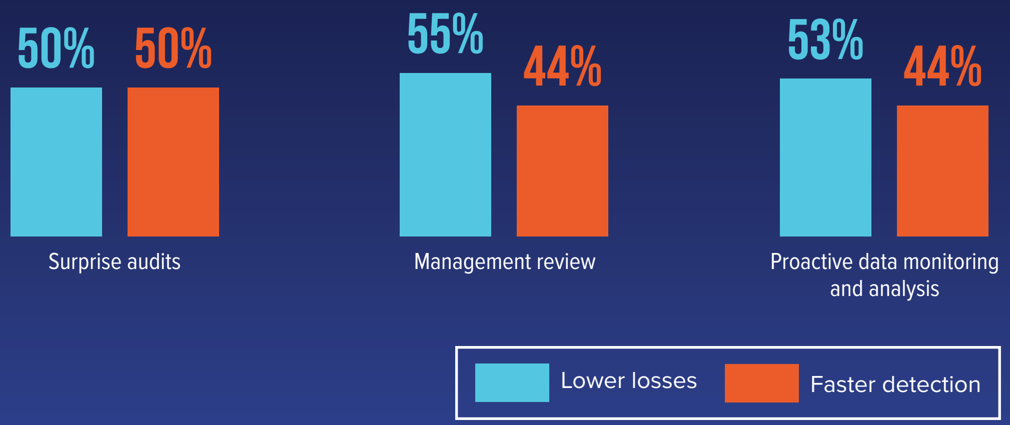
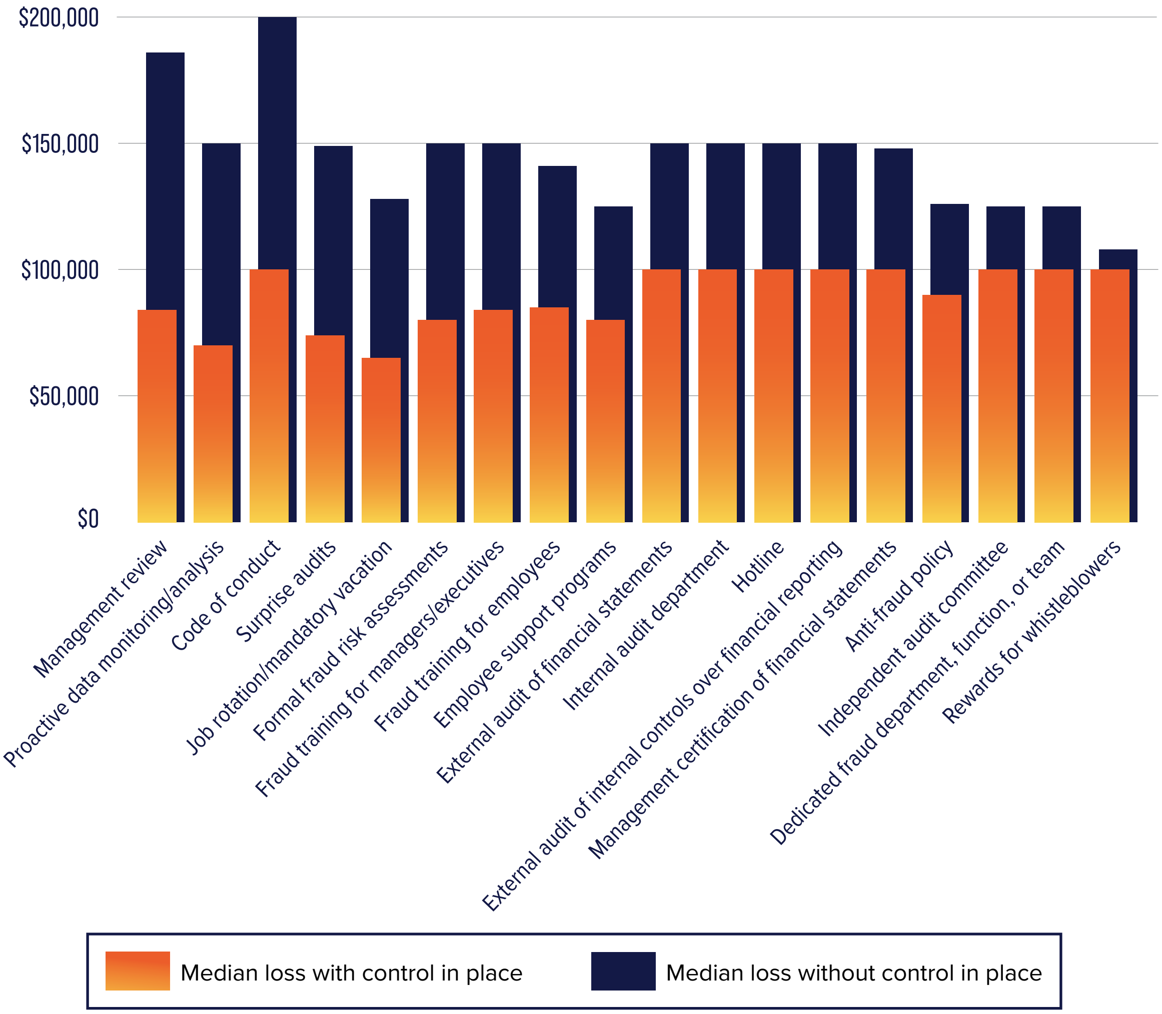
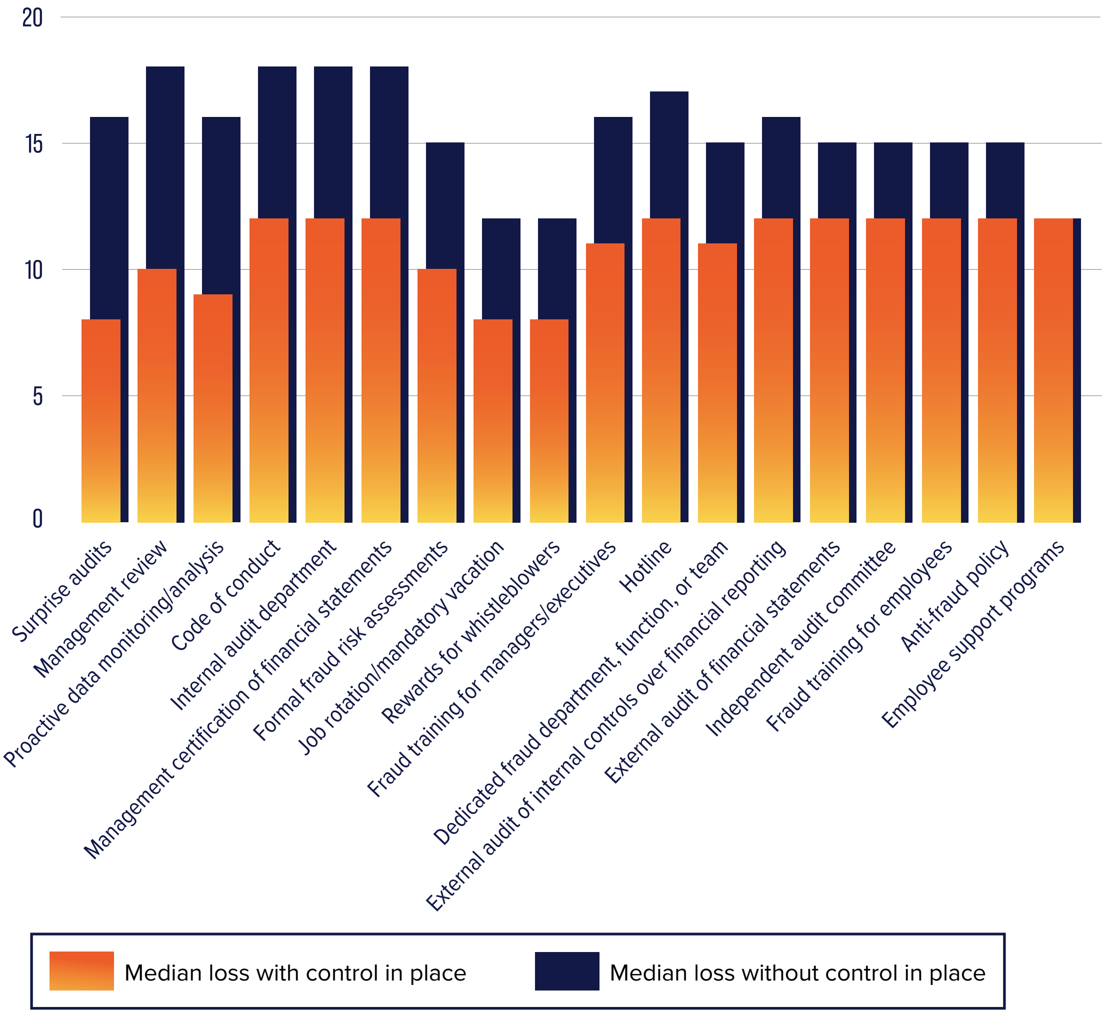


FIG. 28 How does the presence of anti-fraud controls relate to median loss?



Control	Percent of cases	Control in place	Control not in place	Percent reduction
Management review	71%	$84,000	$186,000	55%
Proactive data monitoring/analysis	49%	$70,000	$150,000	53%
Code of conduct	88%	$100,000	$200,000	50%
Surprise audits	44%	$74,000	$149,000	50%
Job rotation/mandatory vacation	27%	$65,000	$128,000	49%
Formal fraud risk assessments	51%	$80,000	$150,000	47%
Fraud training for managers/executives	66%	$84,000	$150,000	44%
Fraud training for employees	67%	$85,000	$141,000	40%
Employee support programs	63%	$80,000	$125,000	36%
External audit of financial statements	83%	$100,000	$150,000	33%
Internal audit department	80%	$100,000	$150,000	33%
Hotline	73%	$100,000	$150,000	33%
External audit of internal controls over financial reporting	72%	$100,000	$150,000	33%
Management certification of financial statements	76%	$100,000	$148,000	32%
Anti-fraud policy	65%	$90,000	$126,000	29%
Independent audit committee	69%	$100,000	$125,000	20%
Dedicated fraud department, function, or team	54%	$100,000	$125,000	20%
Rewards for whistleblowers	14%	$100,000	$108,000	7%

FIG. 29 How does the presence of anti-fraud controls relate to the duration of fraud?



Control	Percent of cases	Control in place	Control not in place	Percent reduction
Surprise audits	44%	8 months	16 months	50%
Management review	71%	10 months	18 months	44%
Proactive data monitoring/analysis	49%	9 months	16 months	44%
Code of conduct	88%	12 months	18 months	33%
Internal audit department	80%	12 months	18 months	33%
Management certification of financial statements	76%	12 months	18 months	33%
Formal fraud risk assessments	51%	10 months	15 months	33%
Job rotation/mandatory vacation	27%	8 months	12 months	33%
Rewards for whistleblowers	14%	8 months	12 months	33%
Fraud training for managers/executives	66%	11 months	16 months	31%
Hotline	73%	12 months	17 months	29%
Dedicated fraud department, function, or team	54%	11 months	15 months	27%
External audit of internal controls over financial reporting	72%	12 months	16 months	25%
External audit of financial statements	83%	12 months	15 months	20%
Independent audit committee	69%	12 months	15 months	20%
Fraud training for employees	67%	12 months	15 months	20%
Anti-fraud policy	65%	12 months	15 months	20%
Employee support programs	63%	12 months	12 months	0%

THE EFFECTIVENESS OF PROVIDING FRAUD AWARENESS TRAINING

Providing fraud awareness training to employees at all levels of an organization is an important component of a comprehensive fraud risk management program. Our study highlights how this type of training can help organizations detect frauds faster and reduce fraud losses.

A growing percentage of organizations are providing **FRAUD AWARENESS TRAINING** for their staff.

	2016		2026
Employees	52%	→	67%
Managers	51%	→	66%

Organizations that have **FRAUD AWARENESS TRAINING** have lower median losses.

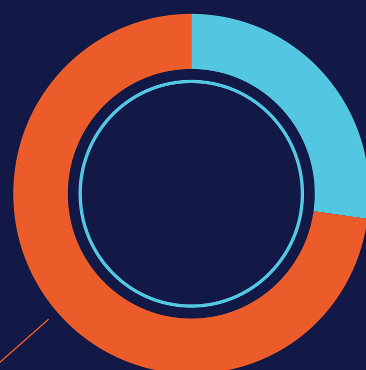
Training both staff-level employees and management
$84,000 MEDIAN LOSS

Training neither
$150,000 MEDIAN LOSS

OVER 2X MORE TIPS

Employees whose organizations provided fraud awareness training to employees were **MORE THAN 2X** as likely to submit a tip that resulted in the detection of fraud.

Employee tips with and without **FRAUD AWARENESS TRAINING**

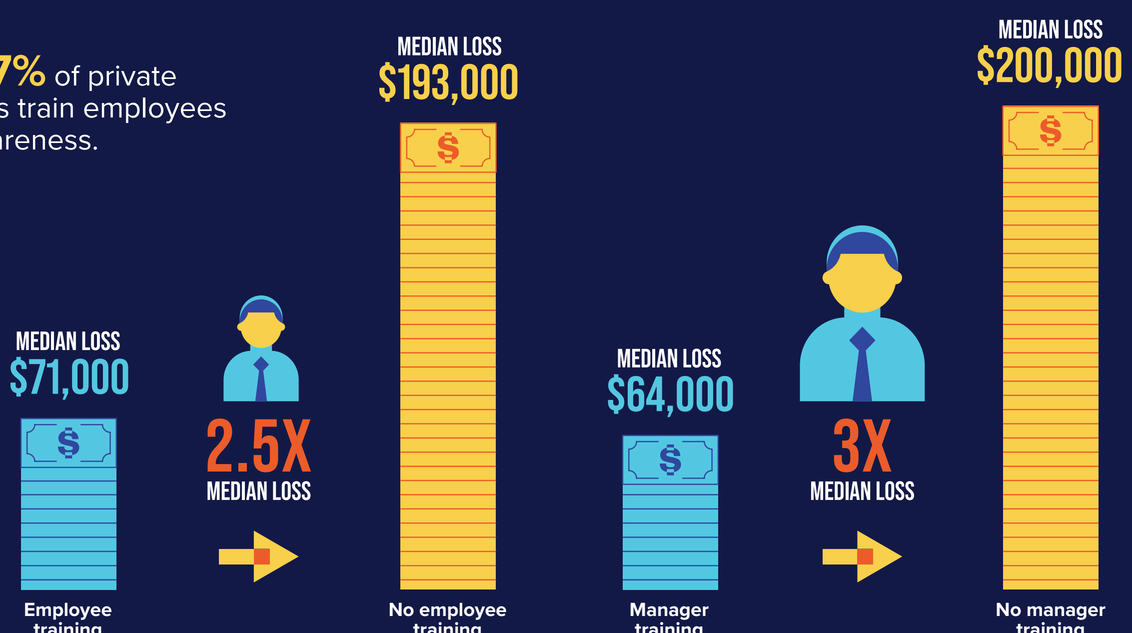


29% Employee whistleblowers did not have fraud awareness training

71% Employee whistleblowers had fraud awareness training

THE IMPACT OF FRAUD AWARENESS TRAINING AT PRIVATELY HELD COMPANIES

ONLY 47% of private organizations train employees on fraud awareness.



FRAUD AWARENESS TRAINING AT NONPROFIT ORGANIZATIONS

Fraud awareness training for
EMPLOYEES

WITH TRAINING	WITHOUT TRAINING
8 MONTHS median duration	18 MONTHS median duration

Fraud awareness training for
MANAGERS

WITH TRAINING	WITHOUT TRAINING
8 MONTHS median duration	15 MONTHS median duration

Nonprofit organizations that provided fraud awareness training uncovered frauds over **2X TIMES FASTER** than organizations that did not.

DURATION OF FRAUD

Organizations that provided fraud awareness training **UNCOVERED FRAUD FASTER** at all perpetrator levels.

PERPETRATOR	MEDIAN DURATION WITH TRAINING	MEDIAN DURATION WITHOUT TRAINING
Employee	8 MONTHS	12 MONTHS
Manager	12 MONTHS	18 MONTHS
Owner	15 MONTHS	24 MONTHS

Owner-level frauds took the longest to detect.

HOTLINE REPORTING

NO HOTLINE OR TRAINING

18 MONTHS median duration

$175,000 median loss

HOTLINE WITH TRAINING

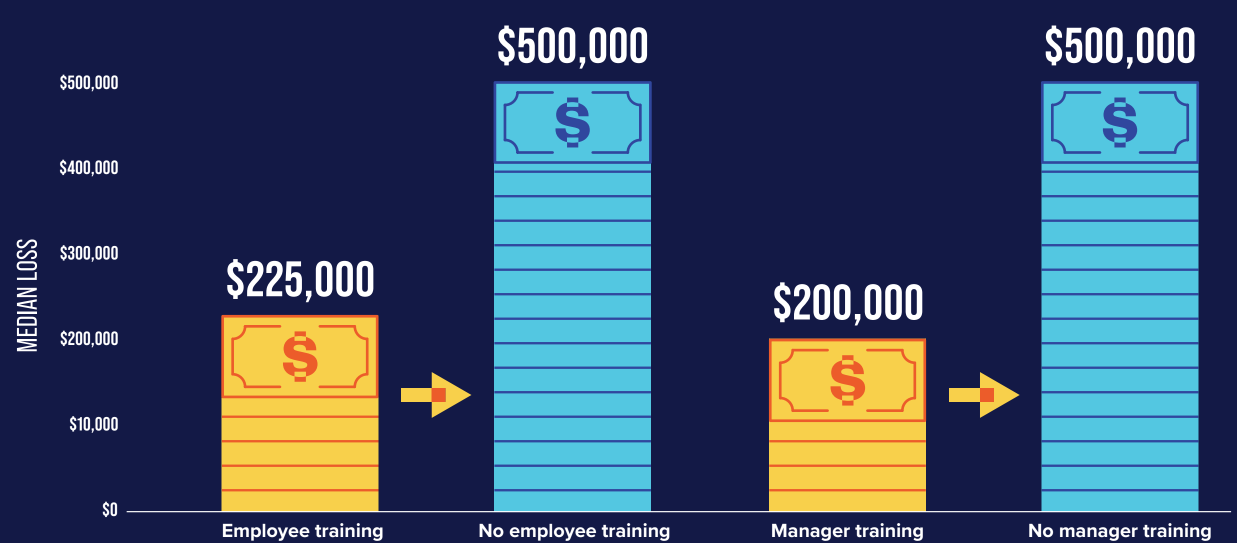
11 MONTHS median duration

$85,000 median loss

50% lower losses and **40%** faster detection

MEDIAN LOSSES OF FRAUDS PERPETRATED BY OWNERS

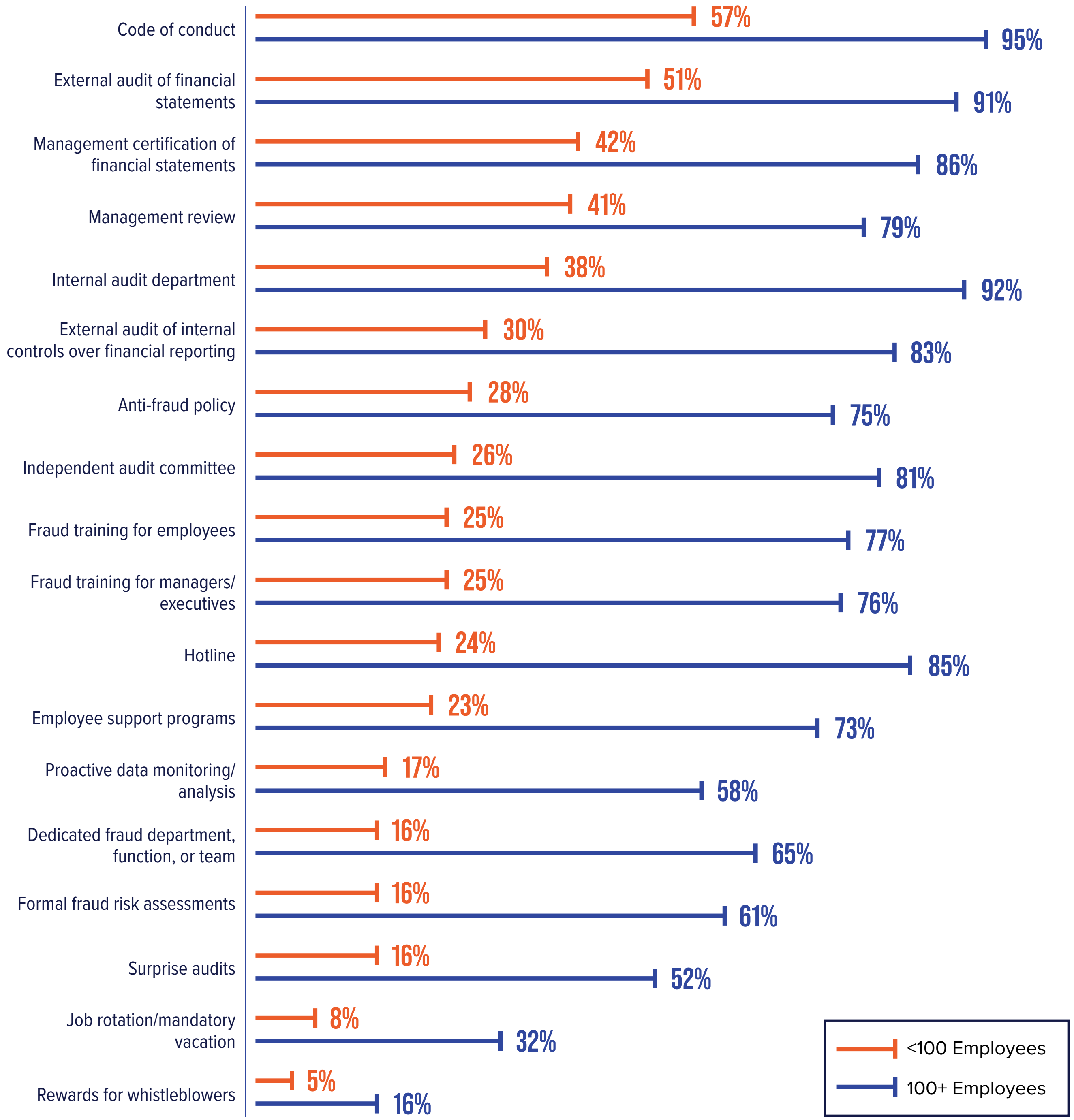
Fraud awareness training was associated with **SIGNIFICANTLY LOWER MEDIAN LOSSES** in frauds perpetrated by owners.



ANTI-FRAUD CONTROLS IN SMALL BUSINESSES

Small businesses often do not have the resources to prioritize large investments of time or money in their anti-fraud program. As a result, the implementation rate of anti-fraud controls in these organizations is dramatically lower than in their larger counterparts. Figure 30 shows that businesses with fewer than 100 employees are much less likely to have all 18 anti-fraud controls that we studied. The biggest implementation gap pertains to hotlines: While 85% of larger organizations have an established whistleblowing mechanism, only one-quarter of small businesses do. This is especially concerning, given the importance of tips in detecting fraud, as noted in Figure 13.

FIG. 30 How do anti-fraud controls vary by size of victim organization?

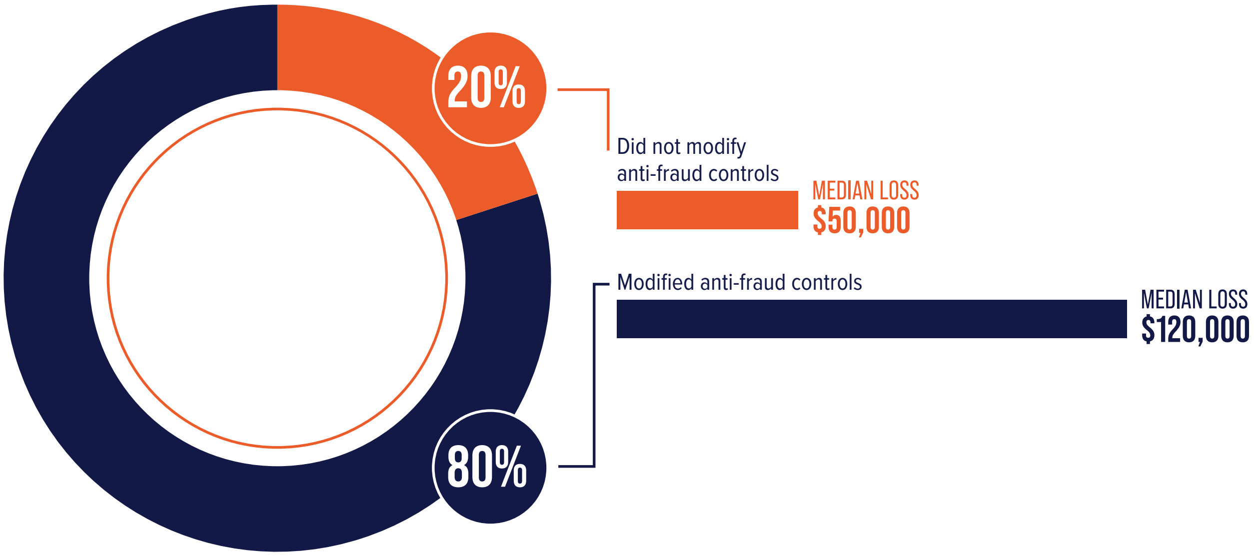


MODIFYING ANTI-FRAUD CONTROLS FOLLOWING THE FRAUD

Even well-designed anti-fraud controls can fail, whether due to override, collusion, process changes, or human error. When a fraud does occur, it is important for organizations to consider improvements to their anti-fraud programs that could have better protected against it.

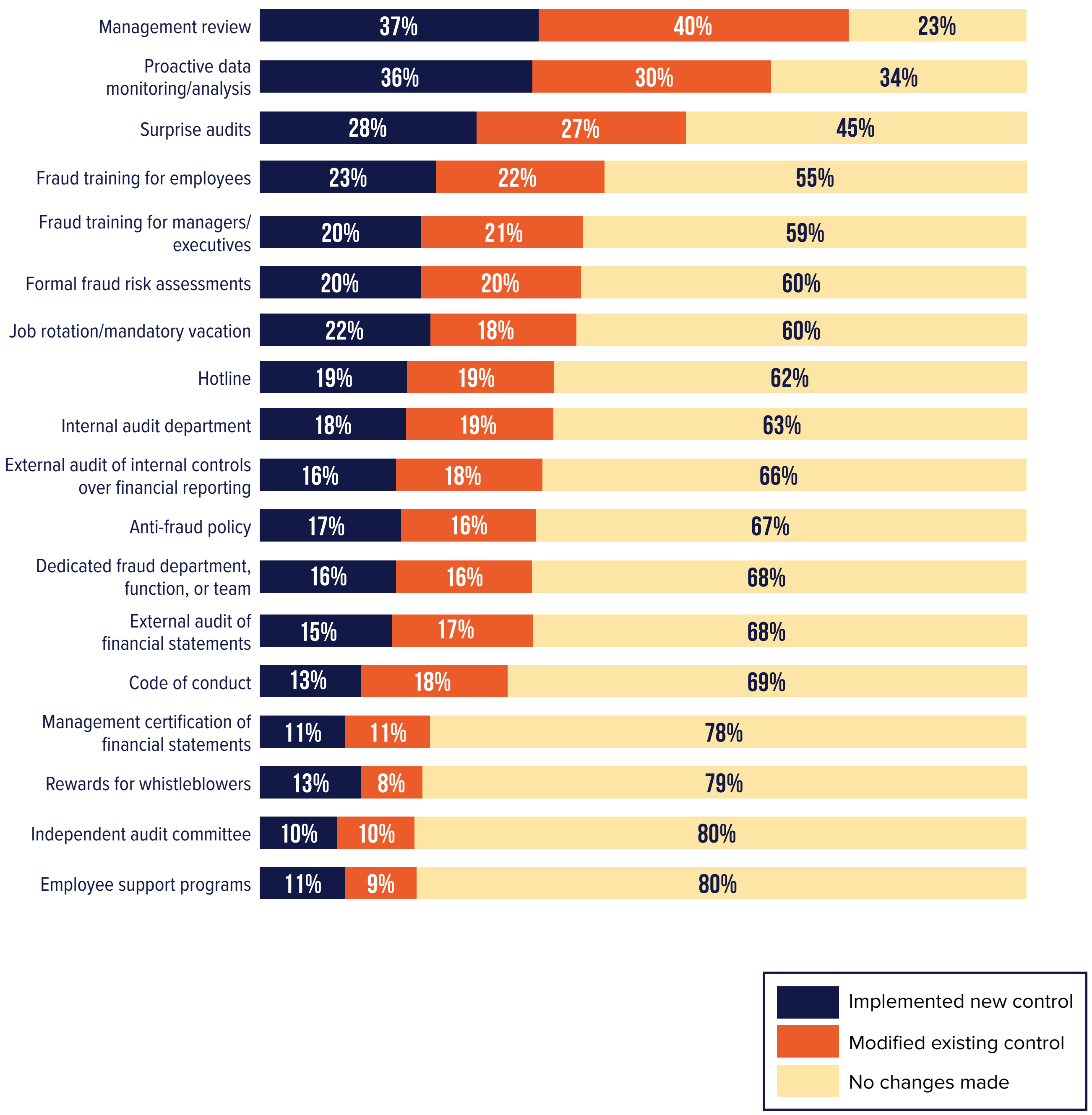
We asked respondents whether the victim organizations made any modifications to their anti-fraud controls following the frauds in our study. For those organizations that did make changes, we further explored what specific controls were modified. Figure 31 shows that 80% of the organizations did modify their controls following the detection of the fraud. The median loss experienced by organizations that were compelled to modify their controls (USD 120,000) was more than twice as large as the median loss experienced by the organizations that were not (USD 50,000).

FIG. 31 Did victim organizations modify their anti-fraud controls following the fraud?



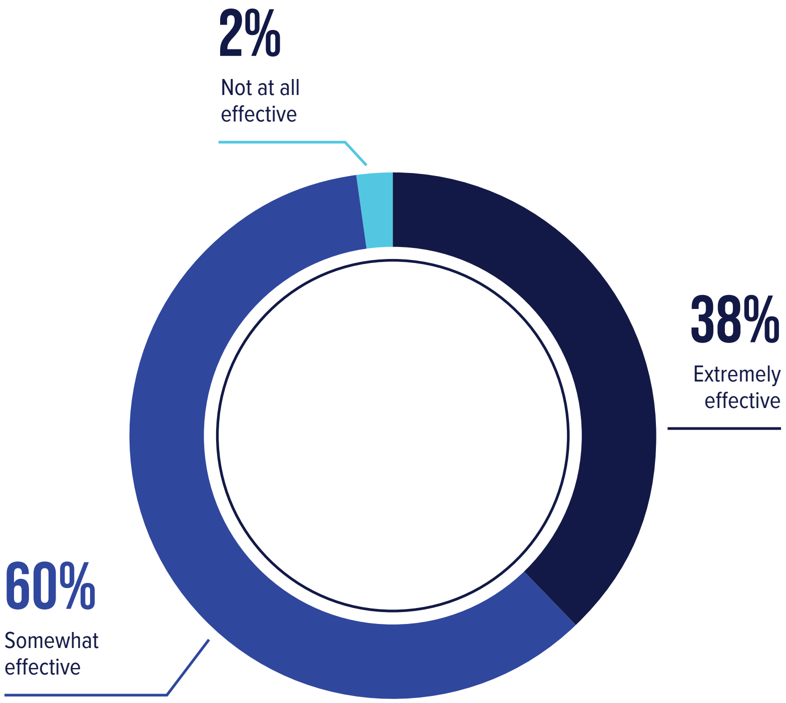
Among the organizations that did modify their controls following the fraud, the most common changes pertained to management review, with 40% of victim organizations modifying their existing reviews and 37% implementing new reviews. More than half of the organizations also updated their approaches for data monitoring and analysis and for surprise audits. These three controls all focus on proactive fraud detection, indicating that victim organizations prioritized improvements in catching fraud faster and increasing the perception of detection among employees (see Figure 32).

FIG. 32 What anti-fraud controls did the victim organization modify in response to the fraud?



For the victim organizations that modified their anti-fraud controls following the fraud, we also asked how effective the respondent expected those changes to be in preventing future frauds. As shown in Figure 33, 38% of respondents anticipated the modifications to be extremely effective, with another 60% believing they will be somewhat effective at preventing frauds. Only 2% expected the control modifications to be completely ineffective.

FIG. 33 **How effective are the modifications in anti-fraud controls expected to be in preventing future frauds?**



98% of the control modifications were **EXPECTED TO BE EFFECTIVE AT PREVENTING FUTURE FRAUDS.**

Two controls were in place at fewer than half of organizations, and were associated with at **LEAST A 50% REDUCTION IN MEDIAN FRAUD LOSSES:**

PROACTIVE DATA MONITORING/ANALYSIS

- **49%** of organizations had this control in place
- **53%** reduction of median fraud losses
- **66%** of organizations either implemented or modified this control following a fraud

SURPRISE AUDITS

- **44%** of organizations had this in place
- **50%** reduction in fraud losses
- **54%** of organizations either implemented or modified this control following a fraud

BACKGROUND CHECKS

One of the most straightforward ways an organization can protect itself from fraud is to avoid hiring someone with a history of fraud-related misconduct. As such, effective background checks are an important part of a comprehensive fraud prevention program. Figure 34 shows that 64% of the victim organizations in our study conducted a background check on the perpetrator prior to hiring them, with 88% of those background checks coming back without any red flags. However, 12% of the background checks did reveal at least one red flag before the perpetrator was hired, illuminating a gap in the protective value of background checks as an anti-fraud control.

FIG. 34 Was a background check run on the perpetrator prior to hiring?

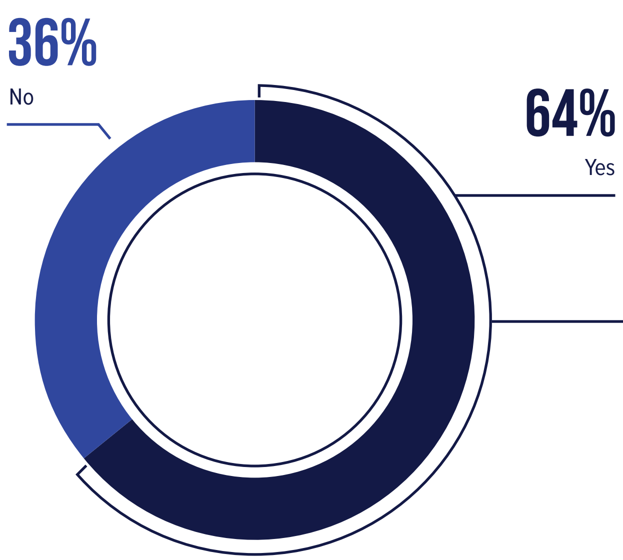
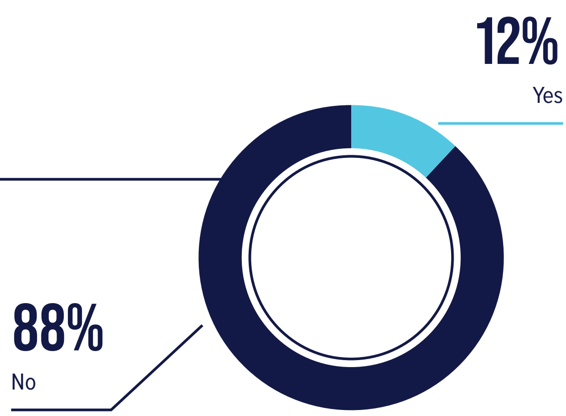
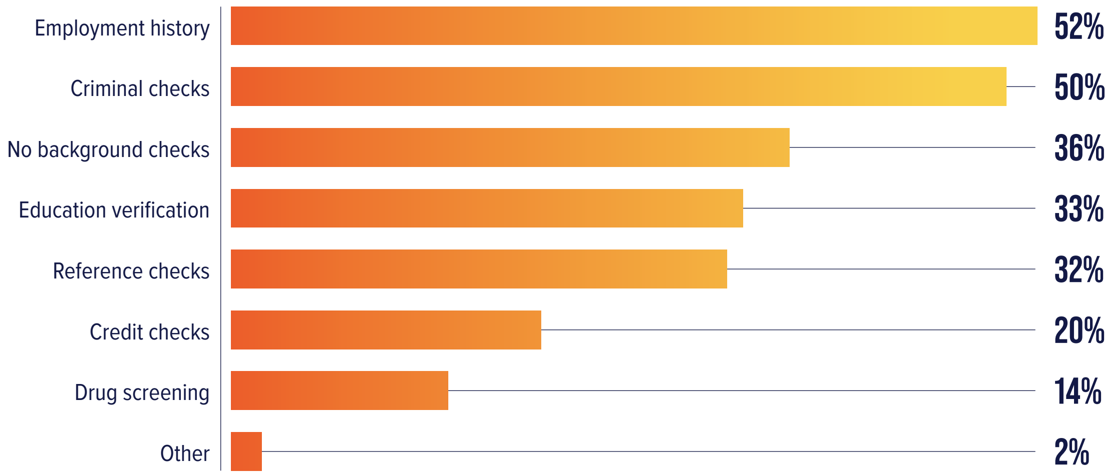


FIG. 35 Did the background check reveal existing red flags?



As seen in Figure 36, the most common form of background check run on the perpetrators in our study was employment history checks (52%), followed closely by criminal background checks (50%). Only about one-third of victim organizations conducted education verification (33%) or reference checks (32%) on the perpetrators before hiring them.

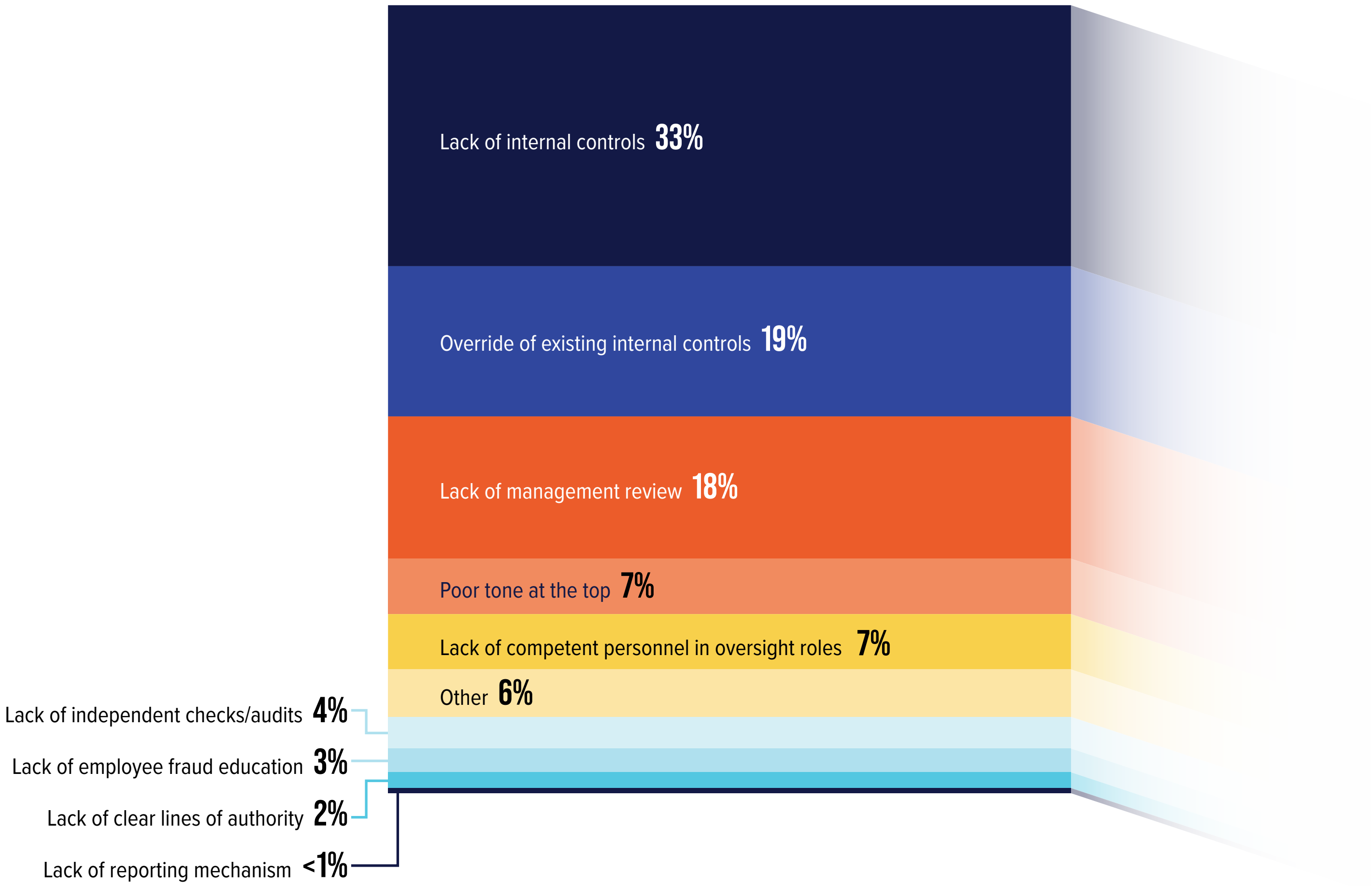
FIG. 36 What types of background checks were run on the perpetrator prior to hiring?



INTERNAL CONTROL WEAKNESSES THAT CONTRIBUTED TO THE FRAUD

Analyzing the root cause behind a fraud can help organizations both identify weaknesses that could lead to other violations and ensure that steps taken following the fraud truly remedy the factors that allowed it to occur. We asked respondents about the primary internal control weakness that contributed to the frauds they reported. As shown in Figure 37, one-third of cases occurred due to the victim organization lacking internal controls, with another 19% resulting from an override of existing internal controls. The next most common weakness cited was a lack of management review (18%). Collectively, these three weaknesses accounted for 70% of all frauds in our study.

FIG. 37 What are the primary internal control weaknesses that contribute to occupational fraud?



Our study also reveals that there is some variation in the primary internal control weaknesses that contribute to fraud based on the position of the perpetrator within the organization. For all three levels of perpetrators—staff-level employees, mid-level managers, and owners/executives—a lack of internal controls was the top factor contributing to the fraud, followed by an override of existing controls. However, frauds perpetrated by managers were slightly more likely to involve a lack of management review than those perpetrated by staff-level employees. And for frauds involving owners/executives, a poor tone at the top was cited as the third most common factor, rather than a lack of management review.

FIG. 38 **Top three internal control weaknesses based on the perpetrator's position**

VICTIM ORGANIZATION STATISTICAL ANALYSIS

Most loss amounts presented in this report are median losses, which we use as a proxy for the cost of a "typical" fraud. Figure 39 provides a more holistic view of the costs associated with frauds affecting different categories of victim organizations, showing quartile and mean loss amounts, as well.

FIG. 39 Victim organization statistical analysis table

VICTIM ORGANIZATION					
Category	Cases	25th percentile	Median (50th percentile)	75th percentile	Mean*
Region:					
United States and Canada	863	$20,000	$110,000	$550,000	$1,314,000
Sub-Saharan Africa	392	$16,000	$97,000	$385,000	$1,402,000
Western Europe	157	$37,000	$150,000	$1,225,000	$2,274,000
Asia-Pacific	143	$20,000	$150,000	$1,000,000	$2,372,000
Southern Asia	141	$21,000	$100,000	$500,000	$1,299,000
Middle East and North Africa	140	$34,000	$123,000	$500,000	$968,000
Latin America and the Caribbean	108	$45,000	$200,000	$1,000,000	$1,702,000
Eastern Europe and Western/Central Asia	71	$20,000	$170,000	$450,000	$1,241,000
Organization type:					
Private company	932	$25,000	$120,000	$601,000	$1,419,000
Public company	537	$30,000	$140,000	$750,000	$1,546,000
Nonprofit	210	$15,000	$69,000	$175,000	$474,000
Government	336	$18,000	$110,000	$876,000	$2,061,000
National	121	$23,000	$150,000	$1,500,000	$3,105,000
State/provincial	94	$15,000	$121,000	$675,000	$1,743,000
Local	109	$18,000	$79,000	$548,000	$1,168,000
Organization size:					
<100 employees	459	$30,000	$126,000	$500,000	$1,307,000
100–999 employees	493	$20,000	$110,000	$570,000	$1,637,000
1,000–9,999 employees	622	$20,000	$100,000	$500,000	$1,456,000
10,000+ employees	535	$25,000	$123,000	$900,000	$1,522,000
Organization revenue:					
<$50 million	761	$20,000	$100,000	$444,000	$1,001,000
$50 million–$499 million	474	$17,000	$100,000	$513,000	$1,447,000
$500 million–$999 million	232	$25,000	$110,000	$731,000	$2,525,000
$1 billion+	610	$30,000	$145,000	$1,000,000	$1,773,000
Industry:					
Banking and financial services	431	$115,000	$100,000	$550,000	$1,535,000
Government and public administration	215	$19,000	$100,000	$897,000	$1,950,000
Manufacturing	191	$40,000	$170,000	$750,000	$1,559,000
Health care	137	$22,000	$100,000	$563,000	$1,313,000
Retail	110	$20,000	$59,000	$481,000	$883,000
Construction	91	$20,000	$120,000	$500,000	$1,429,000
Technology	90	$21,000	$104,000	$669,000	$1,621,000
Energy	89	$33,000	$220,000	$1,000,000	$2,606,000
Education	82	$12,000	$30,000	$159,000	$634,000
Religious, charitable, or social services	82	$19,000	$76,000	$205,000	$308,000
Insurance	76	$15,000	$96,000	$495,000	$1,118,000
Transportation and warehousing	73	$44,000	$200,000	$535,000	$1,119,000
Agriculture, forestry, fishing, and hunting	53	$13,000	$122,000	$875,000	$2,015,000
Food service and hospitality	50	$17,000	$100,000	$463,000	$1,965,000
Services (professional)	47	$13,000	$150,000	$725,000	$1,133,000
Arts, entertainment, and recreation	40	$25,000	$125,000	$439,000	$1,199,000
Real estate	37	$77,000	$250,000	$1,000,000	$1,756,000
Information (e.g., publishing, media, telecommunications)	36	$46,000	$160,000	$435,000	$1,795,000
Services (other)	32	$10,000	$68,000	$250,000	$1,576,000
Mining	28	$76,000	$300,000	$1,658,000	$2,037,000
Utilities	24	$10,000	$37,000	$380,000	$320,000
Wholesale trade	18	$48,000	$256,000	$1,418,000	$1,270,000

**Mean amounts were calculated using loss data that was winsorized at 5% (i.e., we assigned all cases in the top 2.5% and bottom 2.5% the same value as the 97.5th percentile and 2.5th percentile, respectively).*

PERPETRATORS

To better understand the individuals responsible for occupational fraud, we asked survey respondents to provide detailed information about the perpetrators involved in the cases they investigated. These questions covered the perpetrators' positions within the organization, demographic characteristics, observable behaviors, and prior fraud-related incidents. Through identifying how the different characteristics of fraud perpetrators relate to the occupational fraud schemes they commit, we hope to provide insight that organizations can use to strengthen their fraud risk management efforts.

PERPETRATOR'S POSITION

According to our data, a perpetrator's level of employment within their organization correlated to the median loss and duration of the fraud. Frauds carried out by perpetrators at higher levels of authority caused higher losses and lasted longer, as has been the case in previous editions of this study.

As illustrated in Figure 40, frauds carried out at the owner/executive level only represented 16% of the cases submitted but caused by far the highest median losses, at USD 475,000, which was more than nine times as much as employees (USD 50,000), and more than three times as much as managers (USD 125,000). Frauds carried out by employees and managers were much more common, each representing 41% of the cases submitted.

Similarly, perpetrators with higher levels of authority carried out fraud schemes that took longer to detect, according to our data. The median duration of frauds perpetrated by employees was only 8 months, just over one-third as long as those perpetrated by owners and executives (23 months); managers' frauds had a median duration of 14 months, as shown in Figure 41.

MORE THAN HALF of all cases came from these five departments:

- Operations **13%**
- Accounting **13%**
- Sales **10%**
- Customer service **10%**
- Executive/upper management **10%**

THE LONGER a fraudster has worked for an organization, **THE MORE COSTLY** their fraud.

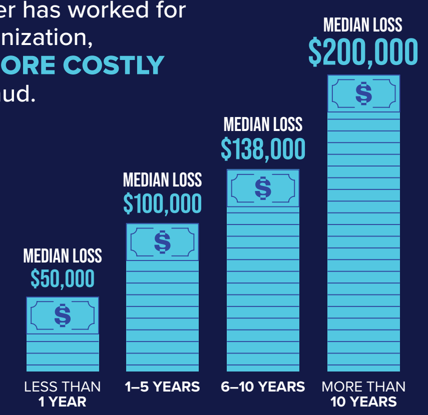


FIG. 40 How does the perpetrator's level of authority relate to occupational fraud?

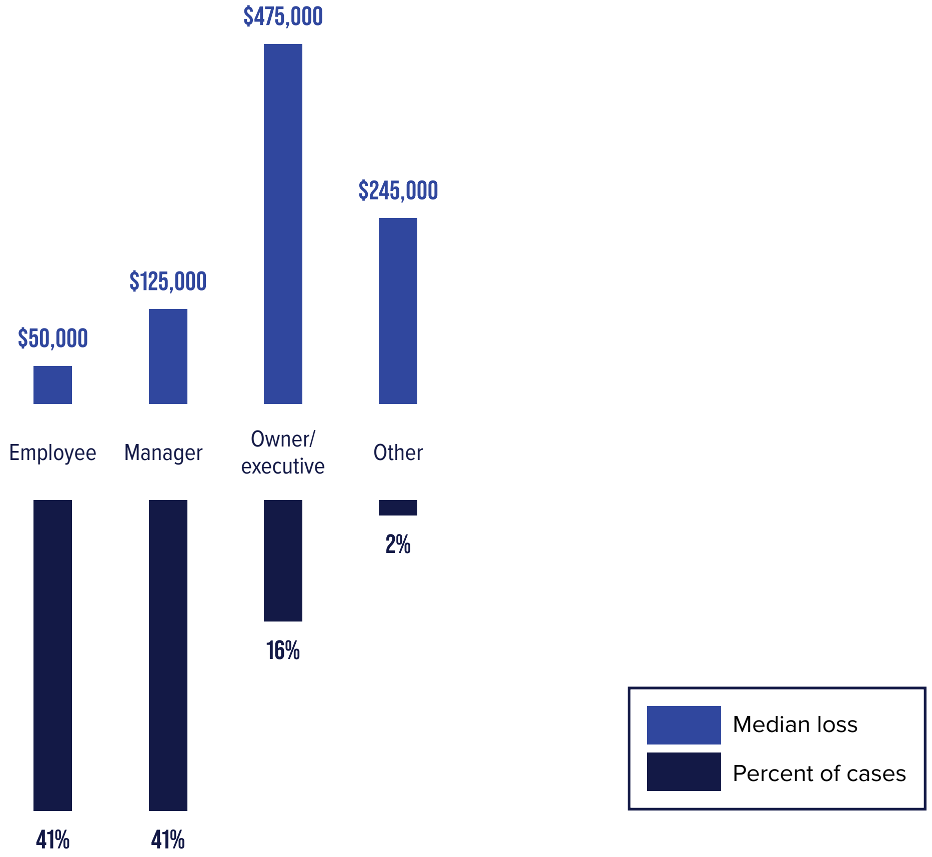
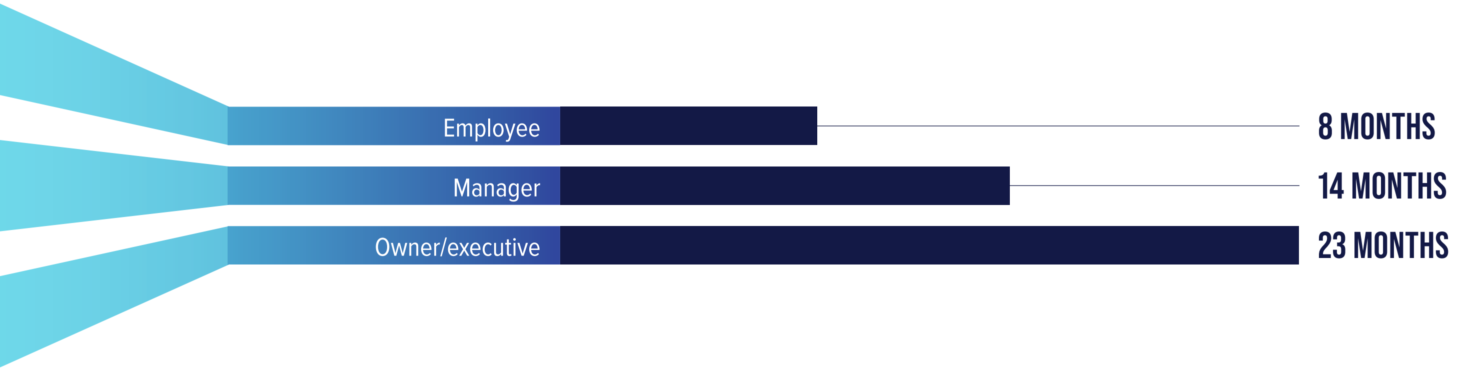


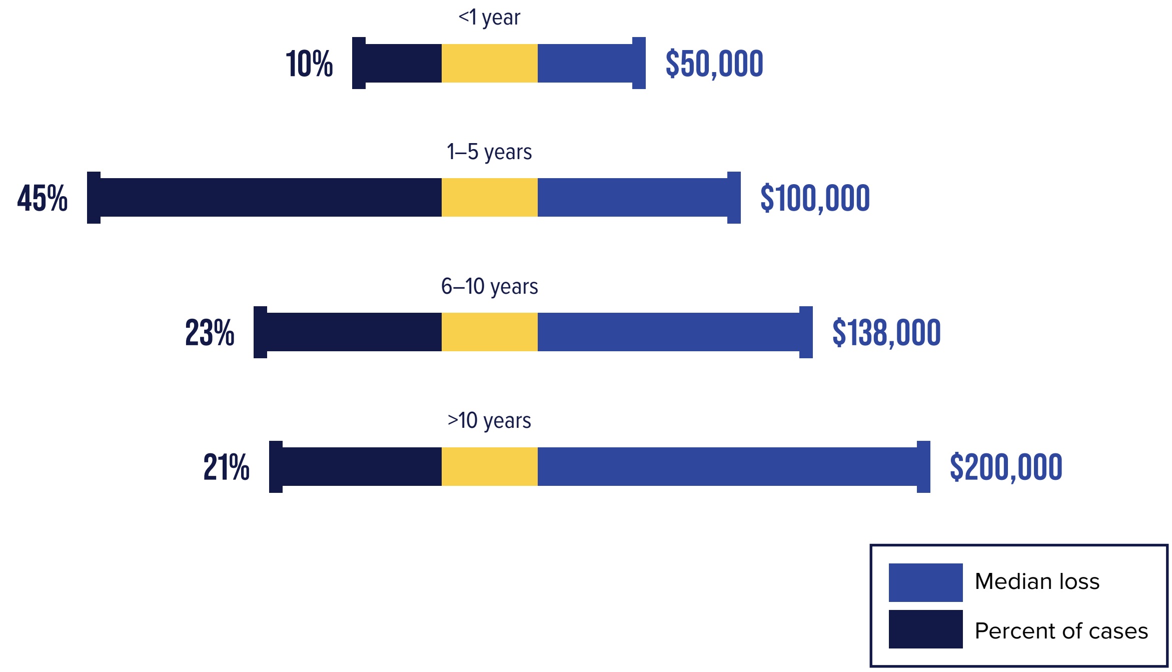
FIG. 41 How does the perpetrator's level of authority relate to median scheme duration?



PERPETRATOR'S TENURE

To assess how a perpetrator's employment tenure relates to occupational fraud risk, we asked survey respondents to report how long the primary perpetrator had been employed by the victim organization at the time the fraud occurred. As illustrated in Figure 42, losses increased steadily with tenure, with schemes committed by individuals who had worked for the organization more than ten years resulting in the highest median losses (USD 200,000). However, longer tenure did not equate to higher frequency; our findings indicate that, while extended tenure is associated with more-costly frauds, a majority of occupational fraud is committed by employees who have been employed at a victim organization fewer than five years.

FIG. 42 **How does the perpetrator's tenure relate to occupational fraud?**

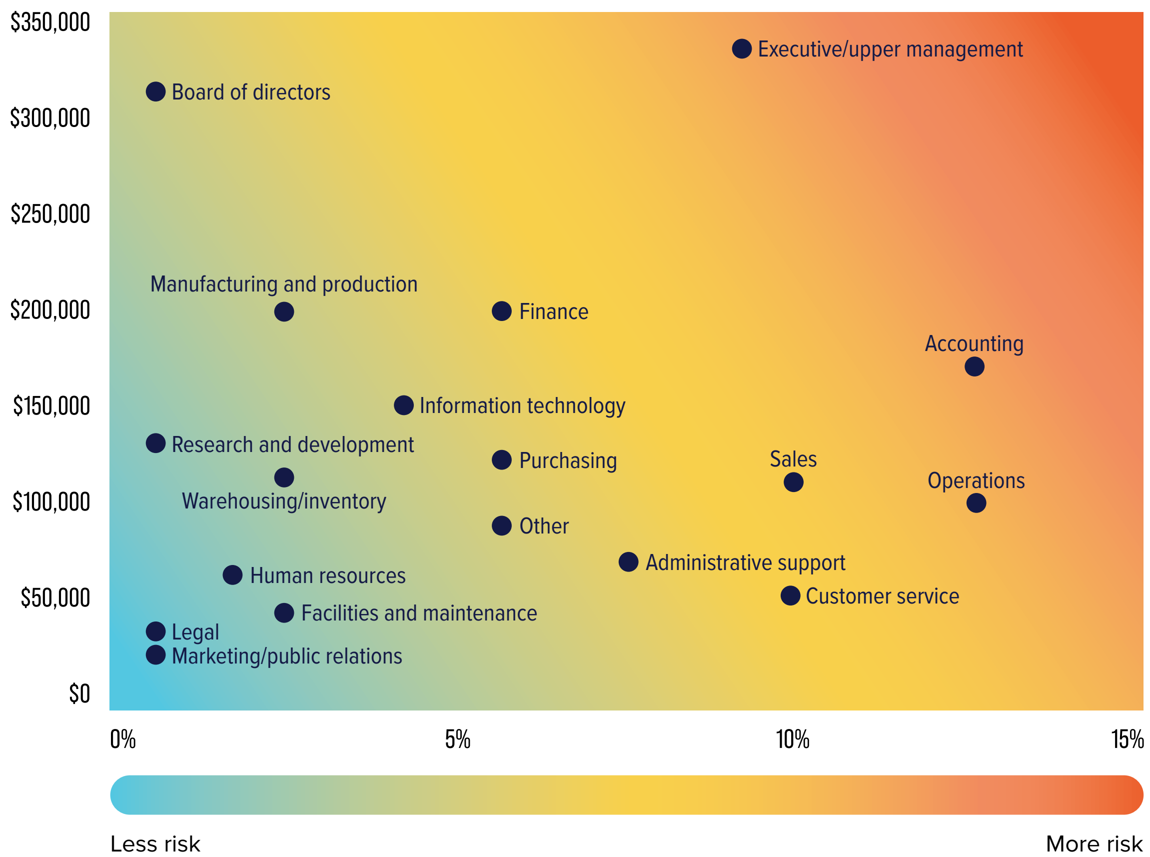


PERPETRATOR'S DEPARTMENT

To examine how fraud risk varies across organizational functions, we asked survey respondents to identify the department in which the primary perpetrator worked at the time the fraud occurred. Figure 43 presents both the frequency of cases and the associated median losses by department, illustrating that occupational fraud risk differs substantially across business units. Perpetrators in accounting (13%) and operations (13%) accounted for the largest share of cases, reflecting their broad access to assets and financial records.

The highest median losses were associated with perpetrators from executive/upper management (USD 345,000), boards of directors (USD 316,000), finance (USD 200,000), and manufacturing and production (USD 200,000). These results indicate that the departments posing the greatest fraud risk are not defined solely by how often fraud occurs, but also by the potential severity of losses when fraud does arise, underscoring the need for risk-based anti-fraud controls across the organization.

FIG. 43 What departments pose the greatest risk for occupational fraud?



Department*	Number of cases	Percent of cases	Median loss
Operations	279	13%	$100,000
Accounting	261	13%	$164,000
Sales	219	10%	$110,000
Customer service	214	10%	$50,000
Executive/upper management	198	9%	$345,000
Administrative support	155	7%	$60,000
Other	129	6%	$95,000
Finance	120	6%	$200,000
Purchasing	118	6%	$120,000
Information technology	74	4%	$150,000
Warehousing/inventory	70	3%	$117,000
Facilities and maintenance	66	3%	$49,000
Manufacturing and production	61	3%	$200,000
Human resources	36	2%	$68,000
Board of directors	30	1%	$316,000
Marketing/public relations	20	1%	$25,000
Research and development	15	1%	$137,000
Legal	15	1%	$35,000
Internal audit	7	0%	*

**Departments with fewer than ten cases were omitted.*

SCHEMES BASED ON PERPETRATOR'S DEPARTMENT

Figure 44 highlights the eight departments most frequently associated with occupational fraud in our study, which together accounted for 74% of all cases reported by survey respondents. In addition to showing where fraud most commonly originates, the figure illustrates the distribution of fraud scheme types within each of these high-risk departments, showing that fraud risk varies not only by department, but also by the schemes perpetrators most commonly carry out within those functions. Notably, corruption was the most common scheme in each high-risk department.

FIG. 44 What are the most common occupational fraud schemes in high-risk departments?

Department	Cases	Billing	Cash larceny	Cash on hand	Check and payment tampering	Corruption	Expense reimbursements	Financial statement fraud	Noncash	Payroll	Register disbursements	Skimming
Operations	278	20%	6%	6%	4%	42%	14%	3%	24%	8%	3%	6%
Accounting	260	30%	14%	12%	27%	35%	13%	9%	11%	13%	2%	17%
Sales	219	15%	8%	9%	7%	51%	13%	7%	28%	8%	3%	8%
Customer service	212	13%	9%	15%	10%	30%	5%	2%	17%	4%	4%	11%
Executive/upper management	198	32%	7%	11%	11%	66%	29%	20%	25%	16%	4%	8%
Administrative support	154	24%	10%	14%	14%	29%	17%	2%	18%	16%	3%	17%
Finance	120	33%	15%	16%	23%	38%	16%	6%	15%	7%	3%	14%
Purchasing	117	30%	5%	3%	7%	83%	11%	3%	23%	1%	2%	1%

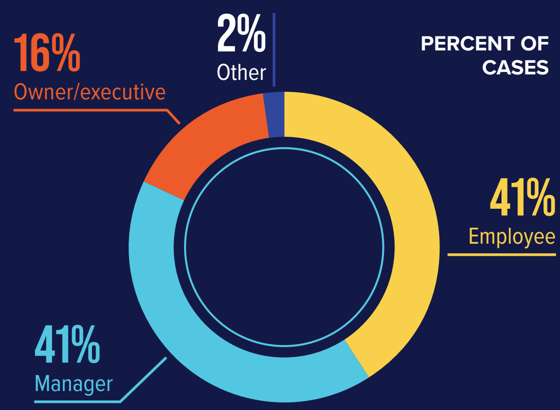
Less risk

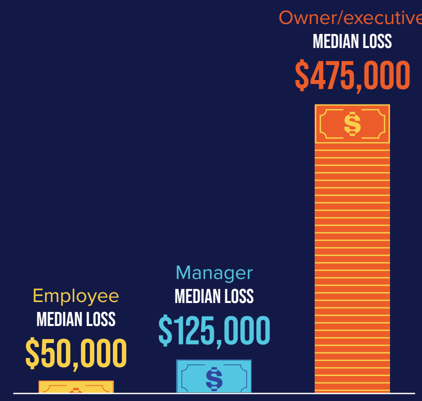
More risk

PROFILE OF A FRAUDSTER

LEVEL OF AUTHORITY

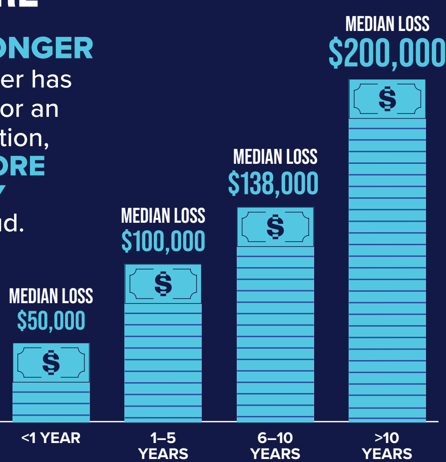
Most fraudsters were employees or managers, but **FRAUDS PERPETRATED BY OWNERS AND EXECUTIVES WERE THE COSTLIEST.**





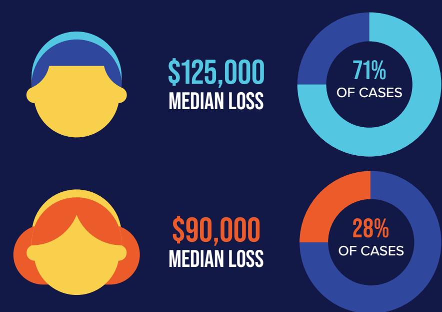
TENURE

THE LONGER a fraudster has worked for an organization, **THE MORE COSTLY** their fraud.



GENDER

WOMEN committed fewer frauds and caused lower losses.



COLLUSION

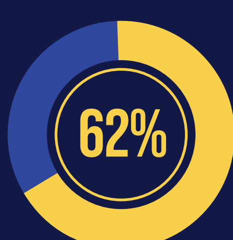
FRAUDSTERS WHO COLLUDED with others caused median losses **MORE THAN 4X AS HIGH** as those who acted alone.

1 Perpetrator
MEDIAN LOSS
$55,000

2+ Perpetrators
MEDIAN LOSS
$224,000

EDUCATION

MORE THAN 60% of occupational fraudsters **HAD A UNIVERSITY DEGREE OR HIGHER.**



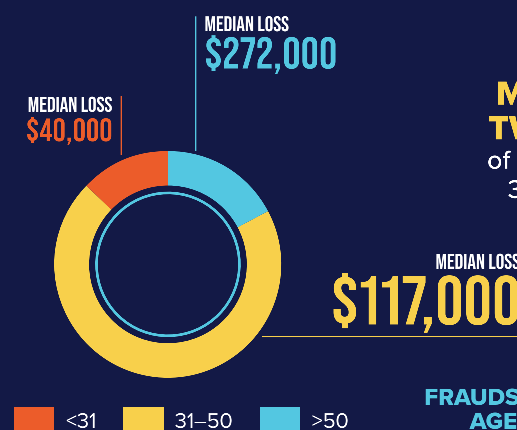
Fraudsters **WITHOUT A DEGREE** caused **LOWER LOSSES.**

No university degree
$89,000 MEDIAN LOSS

University degree or higher
$150,000 MEDIAN LOSS

AGE

MORE THAN TWO-THIRDS of fraudsters were 31–50 years old.

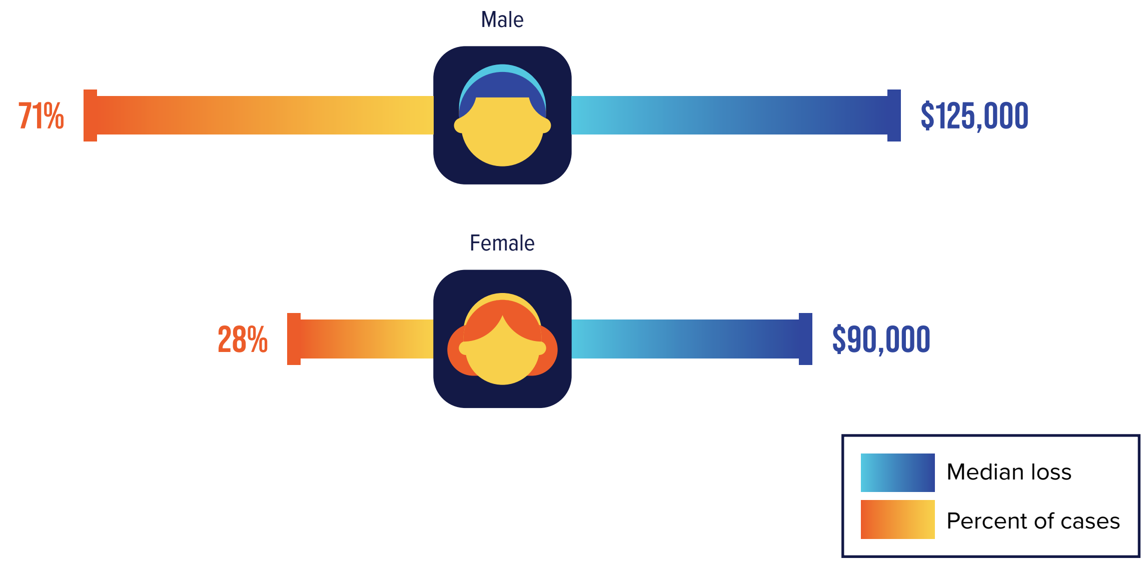


FRAUDSTERS OVER THE AGE OF 50 caused the highest median losses.

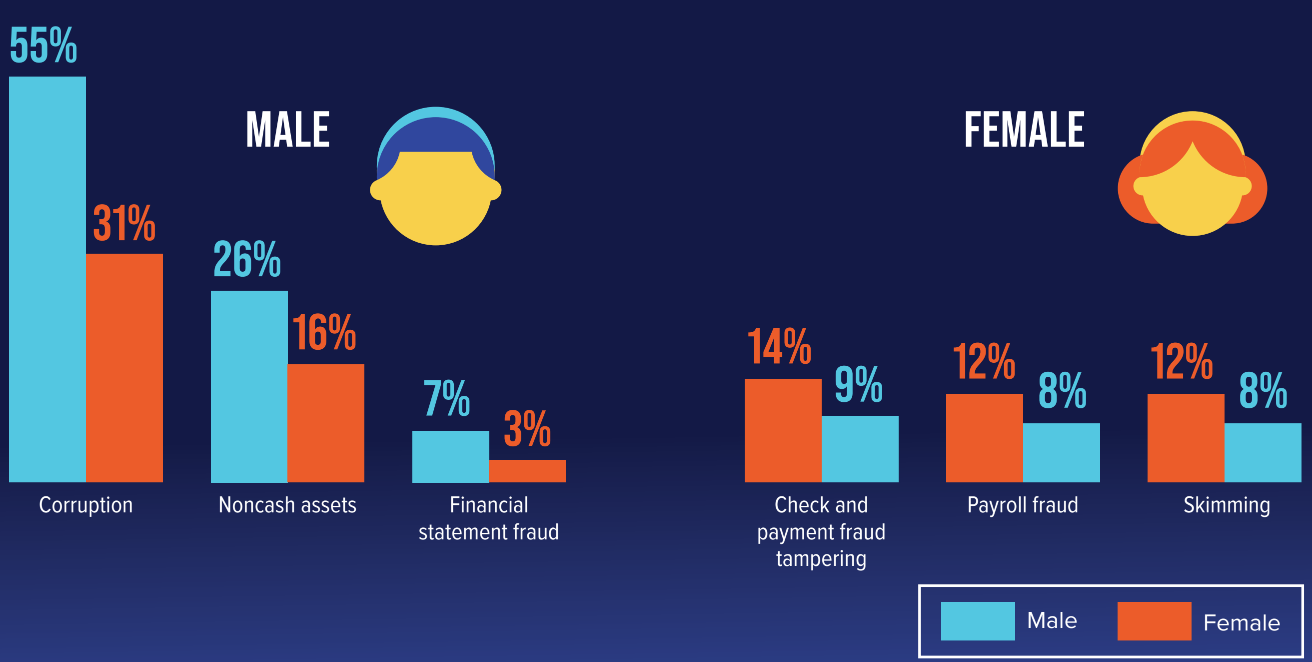
PERPETRATOR'S GENDER

As in every edition of this study, occupational fraud perpetrators were again disproportionately male. In the cases we analyzed, male perpetrators outnumbered females by more than two to one and were associated with higher median losses. As shown in Figure 45, frauds committed by men resulted in median losses that were 39% greater than those caused by female perpetrators, reinforcing the long-standing relationship between perpetrator demographics and fraud impact observed across successive studies.

FIG. 45 How does the perpetrator's gender relate to occupational fraud?



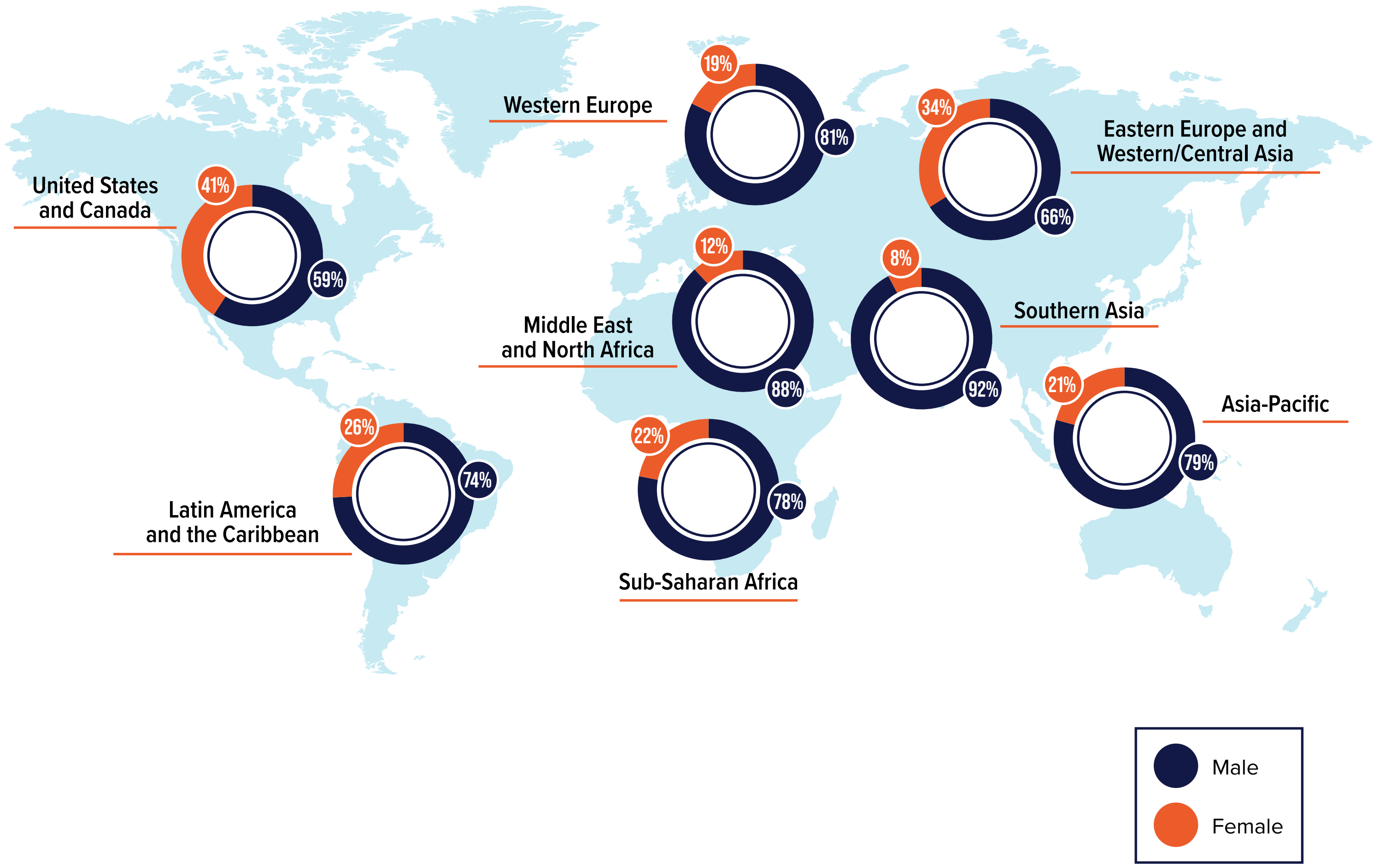
SCHEMES MORE COMMONLY ASSOCIATED WITH MALE AND FEMALE FRAUDSTERS



PERPETRATOR'S GENDER BASED ON REGION

Across all global regions included in our study, male perpetrators were more prevalent than female perpetrators, though the degree of disparity varied considerably. As shown in Figure 46, the difference between male and female perpetrators ranged from 18 percentage points in some regions to as much as 84 percentage points in others. The highest proportion of female perpetrators was observed in the United States and Canada (41%), while female perpetrators were least common in Southern Asia (8%) and the Middle East and North Africa (12%).

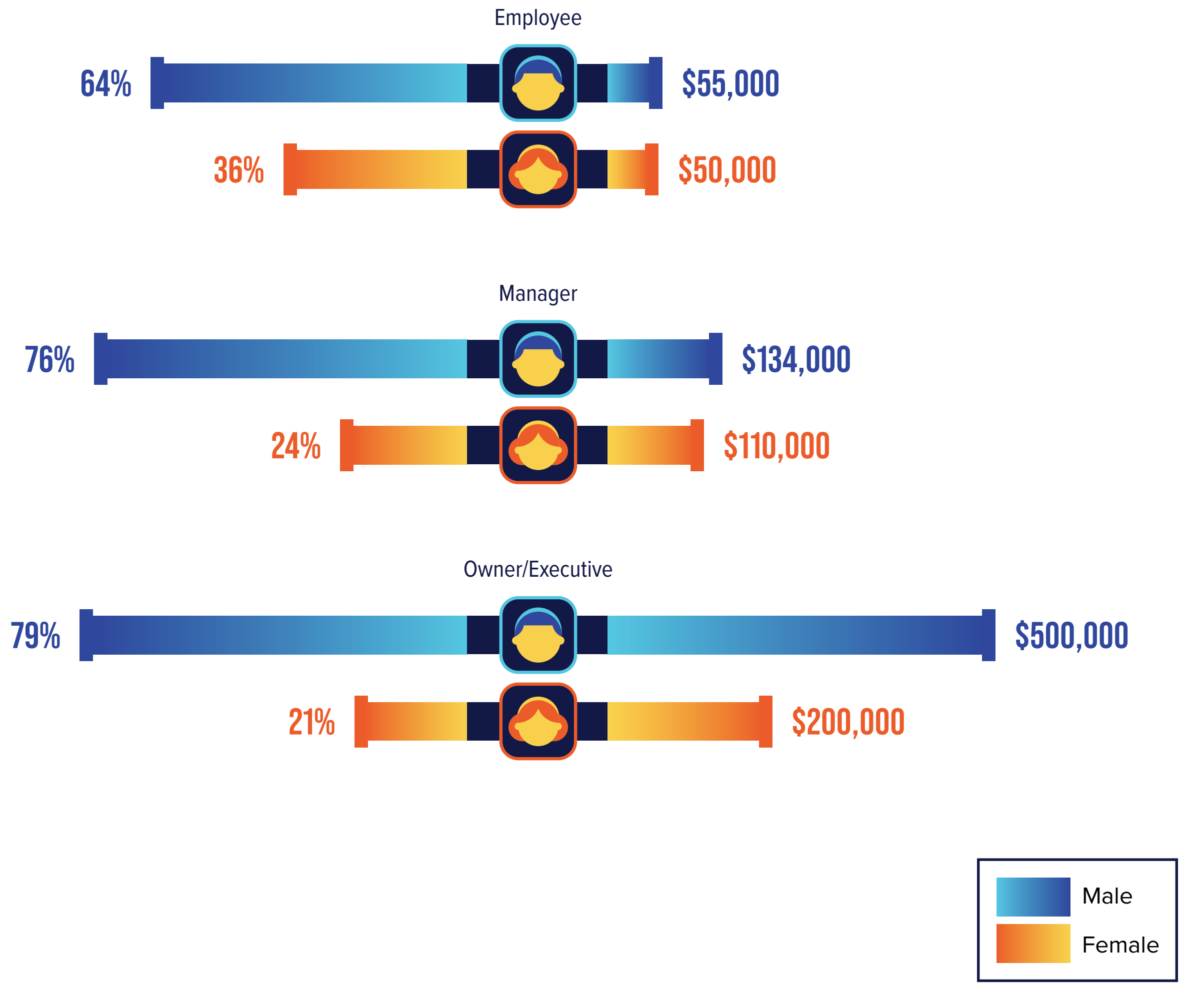
FIG. 46 How does gender distribution of perpetrators vary by region?



PERPETRATOR'S POSITION BASED ON GENDER

To further examine how gender relates to occupational fraud risk, we analyzed the frequency and median losses of frauds committed by male and female perpetrators across different levels of organizational authority. As shown in Figure 47, female perpetrators were most frequently observed at the employee level, where they accounted for 36% of cases. Across all authority levels, frauds committed by females were associated with lower median losses than those committed by males. The greatest differences in both frequency and loss severity between genders occurred among owners and executives, indicating that gender disparities in fraud impact are most pronounced at the highest levels of authority.

FIG. 47 How do gender distribution and median loss vary based on the perpetrator's level of authority?

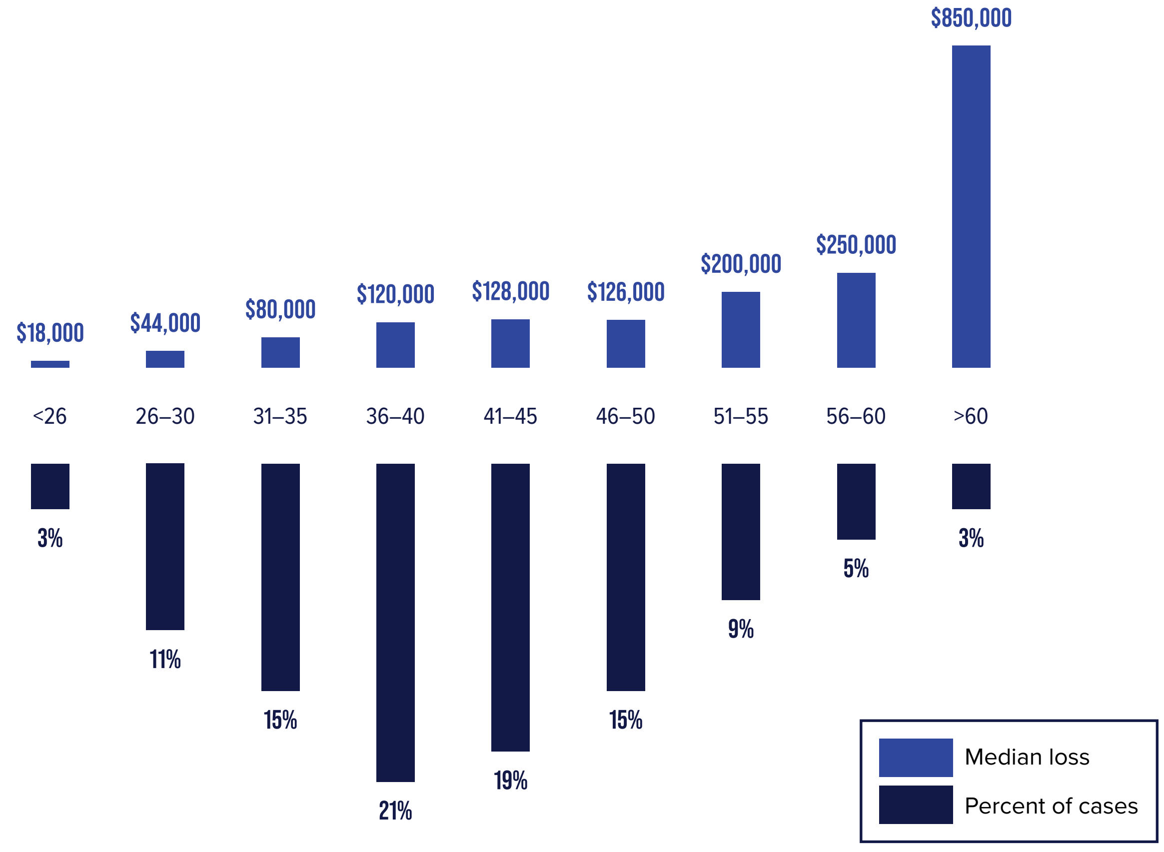


PERPETRATOR'S AGE

Analysis revealed a clear relationship between a perpetrator's age and the financial impact of occupational fraud. As illustrated in Figure 48, median losses increased with age, with perpetrators over the age of 60 causing median losses of USD 850,000, which was more than 47 times greater than the median losses associated with perpetrators under the age of 26 (USD 18,000).

Despite the high losses linked to older fraudsters, they accounted for a relatively small share of cases. Instead, perpetrators between the ages of 31 and 50 were responsible for the majority of frauds in our study, collectively accounting for 70% of reported cases. These findings indicate that, while fraud committed by older individuals tends to be more costly, occupational fraud most frequently originates from mid-career employees.

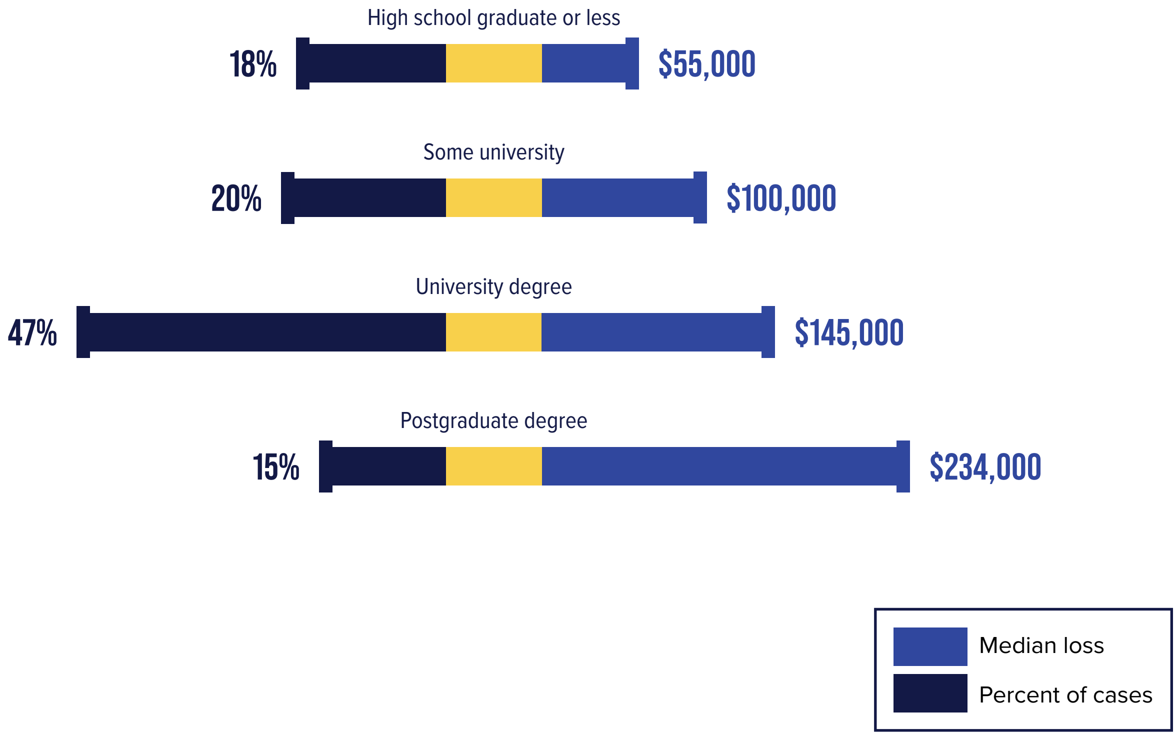
FIG. 48 How does the perpetrator's age relate to occupational fraud?



PERPETRATOR'S EDUCATION LEVEL

Analysis of perpetrators' education levels indicates that occupational fraud is most often committed by individuals with higher levels of formal education. More than 60% of the perpetrators in our study held at least a university degree. As illustrated in Figure 49, median losses increased consistently with higher levels of education, suggesting that perpetrators with greater educational attainment tend to cause more-costly frauds, likely reflecting their access to more-complex roles, responsibilities, or organizational resources.

FIG. 49 **How does the perpetrator's education level relate to occupational fraud?**



COLLUSION BY MULTIPLE PERPETRATORS

As shown in Figure 50, the fraud cases in our study were almost evenly split between those committed by a single perpetrator (51%) and those involving two or more individuals acting together (49%). Although collusive schemes occurred slightly less frequently than single-perpetrator frauds, they were associated with higher median losses than schemes carried out by one individual (USD 55,000). Losses increased further as the number of perpetrators grew, with frauds involving three or more individuals resulting in median losses more than twice as high as those involving only two perpetrators. These findings suggest that collusion can significantly amplify fraud impact, likely due in part to the increased ability of multiple perpetrators to bypass anti-fraud controls when working together.

FIG. 50 How does the number of perpetrators in a scheme relate to occupational fraud?

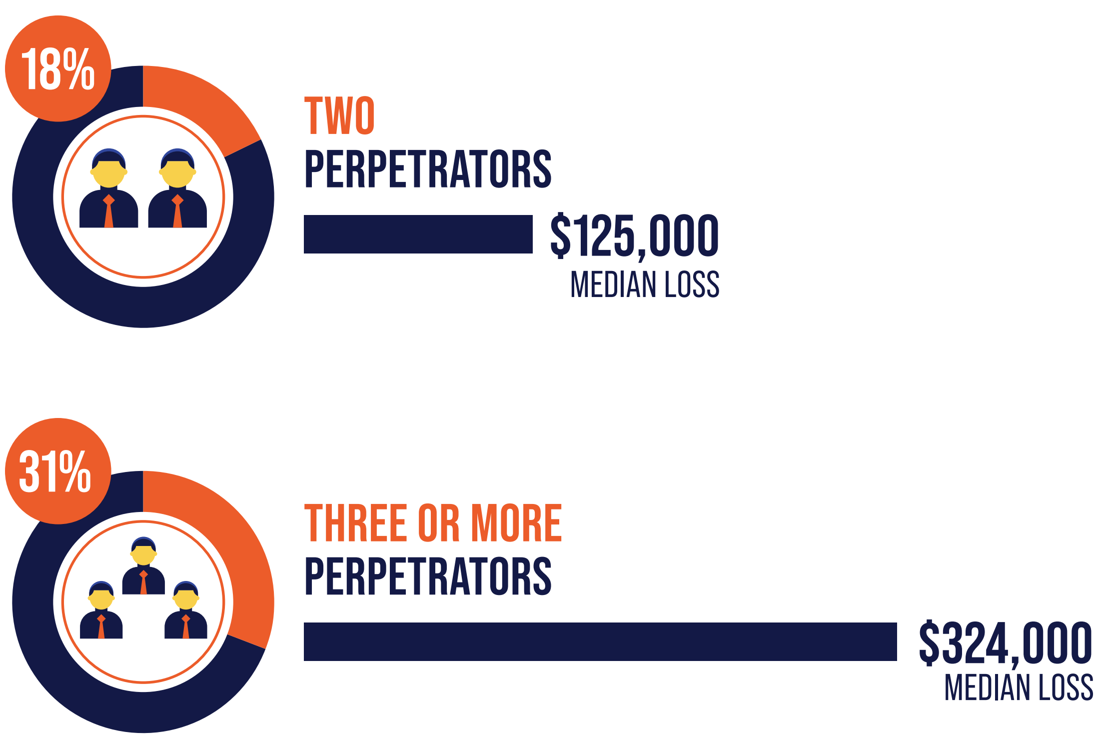
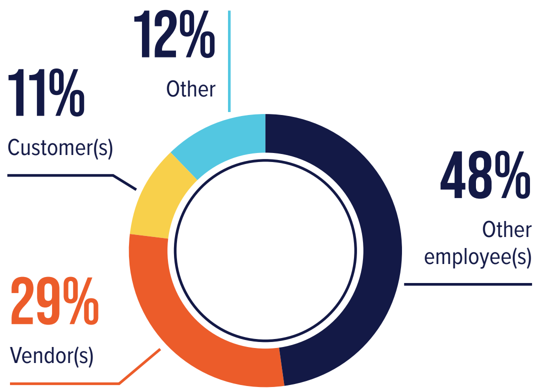


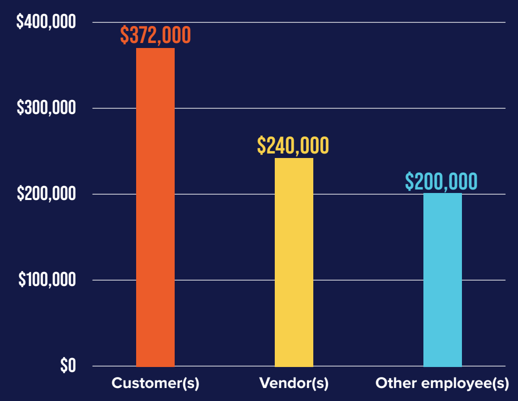
FIG. 51 Who else participated in perpetrating the fraud?



COLLUSION BY PERPETRATORS

Since occupational fraud schemes involving collusion between two or more perpetrators result in significantly higher fraud losses (see Figure 50 on page 63), we took a closer look at fraud cases that involved collusion. When fraudsters colluded with external co-conspirators, including customers or vendors, median losses were higher than when they colluded with other employees.

MEDIAN LOSSES IN CASES INVOLVING CO-CONSPIRATORS



WHICH SCHEMES MOST FREQUENTLY INVOLVED TWO OR MORE PERPETRATORS?

More than half of corruption, financial statement fraud, misappropriation of noncash assets, and register disbursement cases involved multiple perpetrators.

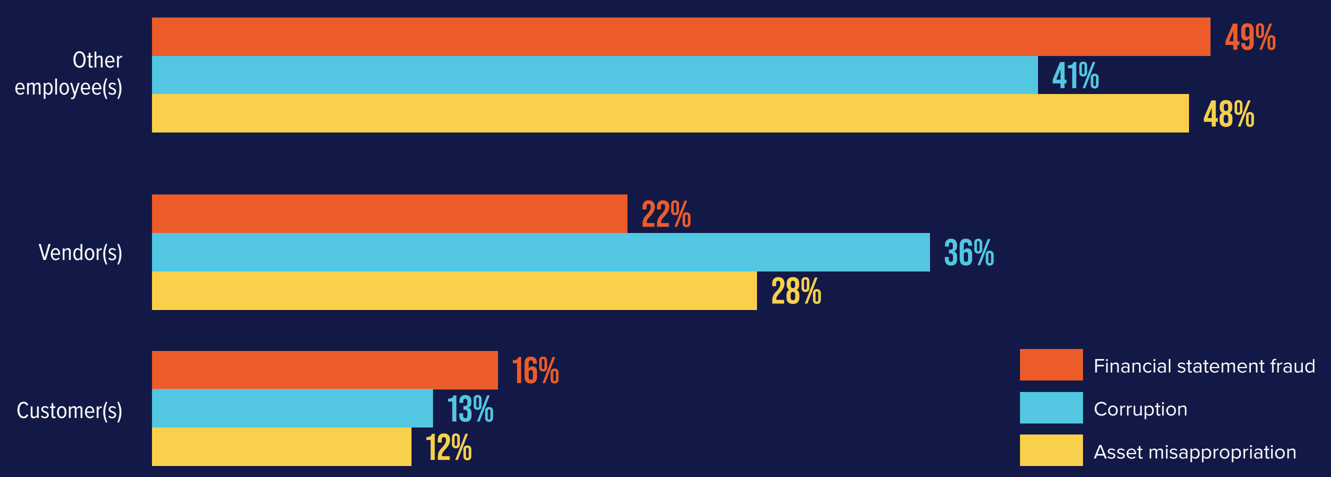
62% CORRUPTION

56% NONCASH

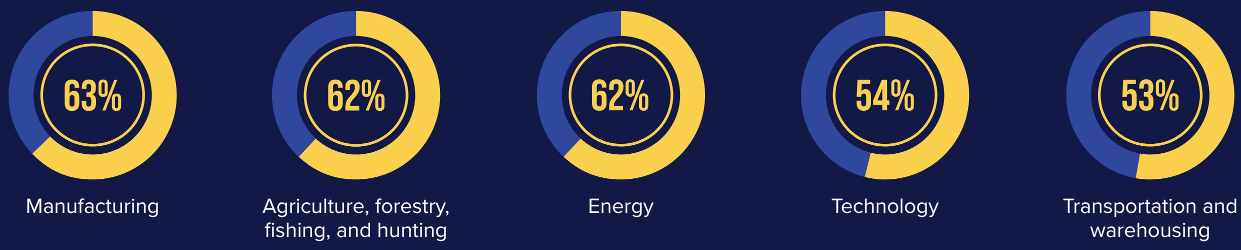
62% FINANCIAL STATEMENT FRAUD

52% REGISTER DISBURSEMENTS

HOW OFTEN WERE CO-CONSPIRATORS INVOLVED IN EACH SCHEME TYPE?



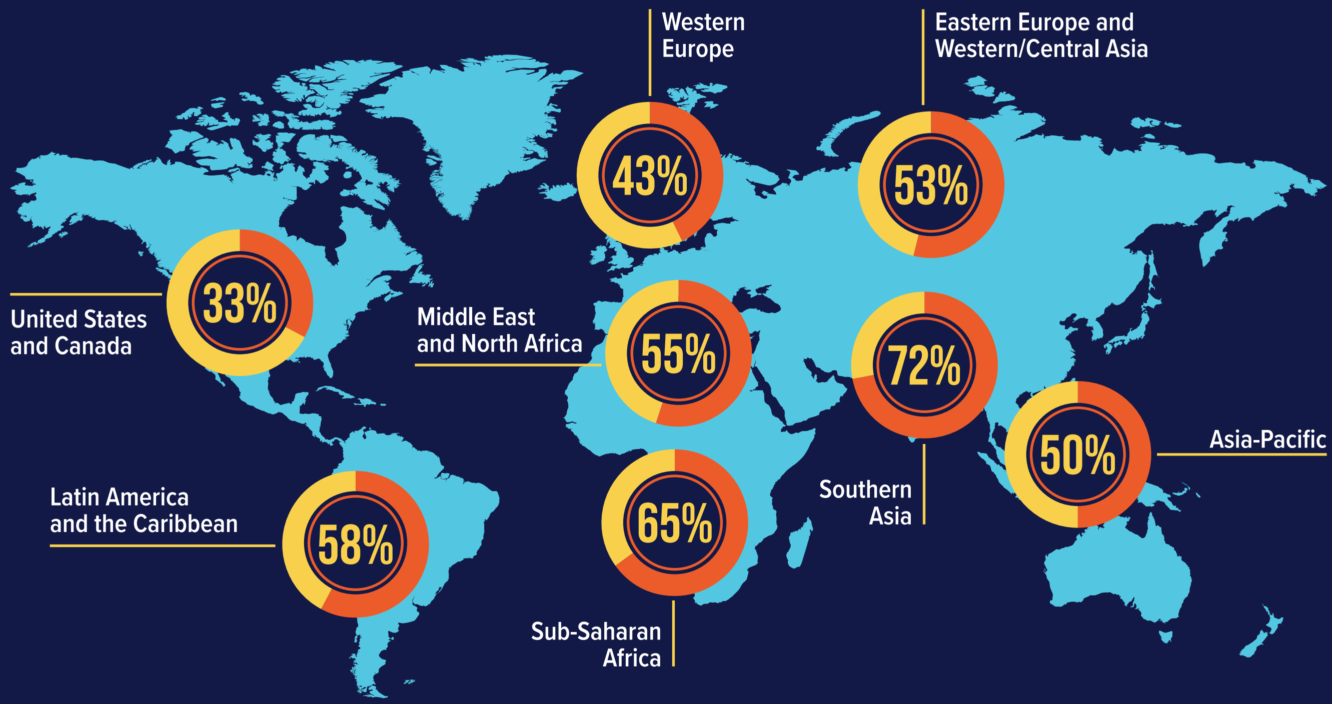
IN WHICH INDUSTRIES WAS COLLUSION MOST PREVALENT?*



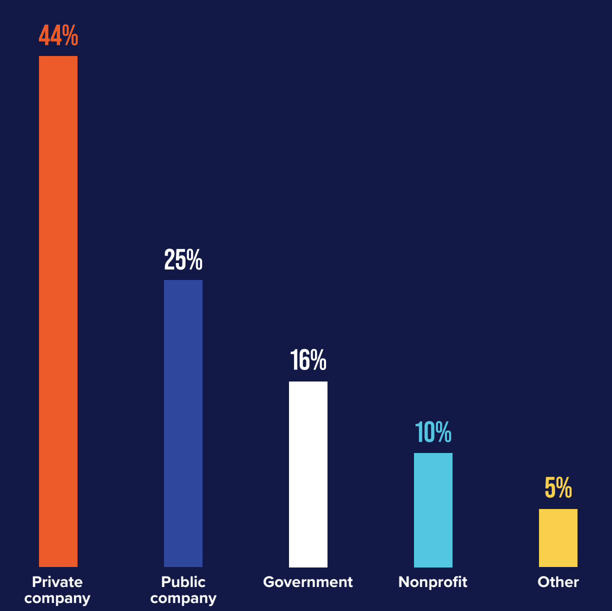
*Industries with fewer than 50 total cases were omitted.

WHAT PERCENTAGE OF CASES IN EACH REGION INVOLVED COLLUSION?

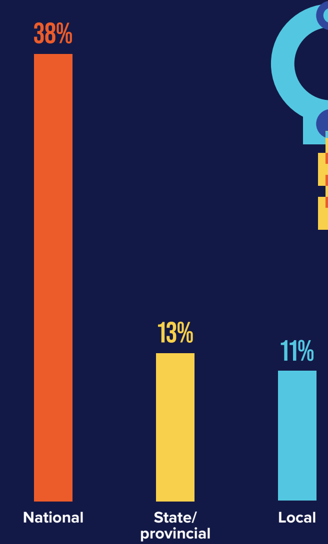
Collusion was most common in Sub-Saharan Africa and Southern Asia, and least common in Western Europe and the U.S. and Canada.

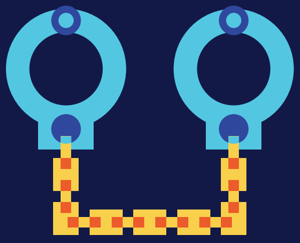


HOW FREQUENTLY WAS COLLUSION PART OF FRAUD FOR EACH COMPANY TYPE?



HOW FREQUENTLY WAS COLLUSION PART OF FRAUD IN EACH LEVEL OF GOVERNMENT?

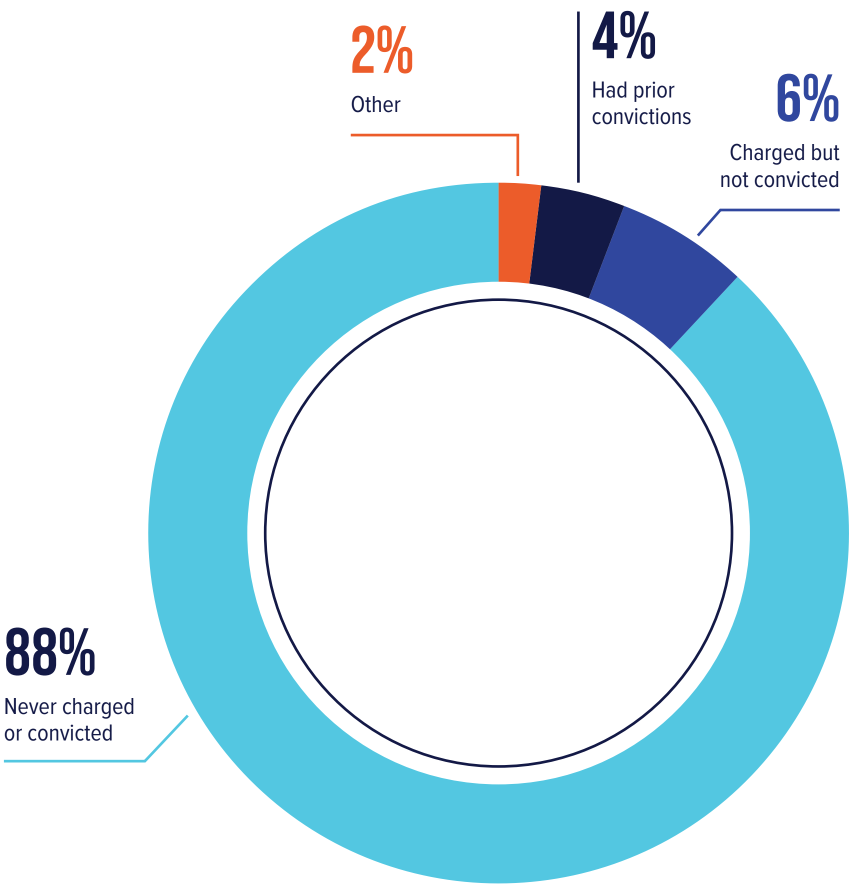




PERPETRATOR'S CRIMINAL BACKGROUND

As illustrated in Figure 52, most perpetrators in our study had no known history of fraud-related criminal charges or convictions at the time of the offense. This finding suggests that traditional criminal background checks alone would not have prevented the majority of the frauds analyzed. Notably, however, 4% of cases involved perpetrators with a prior fraud conviction—either because that information was not identified during the hiring process or because it did not preclude their employment. These results highlight the limitations of relying solely on criminal history screening as a fraud prevention measure.

FIG. 52 Do perpetrators tend to have prior fraud convictions?



PERPETRATOR'S EMPLOYMENT HISTORY

Beyond criminal history, we also examined whether perpetrators had previously faced internal punishment for fraud-related conduct and, if so, where that action originated. As shown in Figure 53, prior discipline was uncommon among perpetrators in our study: 85% had no known history of fraud-related disciplinary action before the scheme occurred. Among the remaining cases, a small proportion involved individuals who had previously been terminated for fraud (6%), while others had received non-termination disciplinary sanctions (8%).

For perpetrators with a documented history of fraud-related discipline, responsibility for that action varied across employers. More than half had been disciplined by the same organization victimized in the reported case, while 33% had faced consequences at a previous employer. An additional 12% had been disciplined by both a former employer and the victim organization.

FIG. 53 **Do perpetrators tend to have prior employment-related disciplinary actions for fraud?**

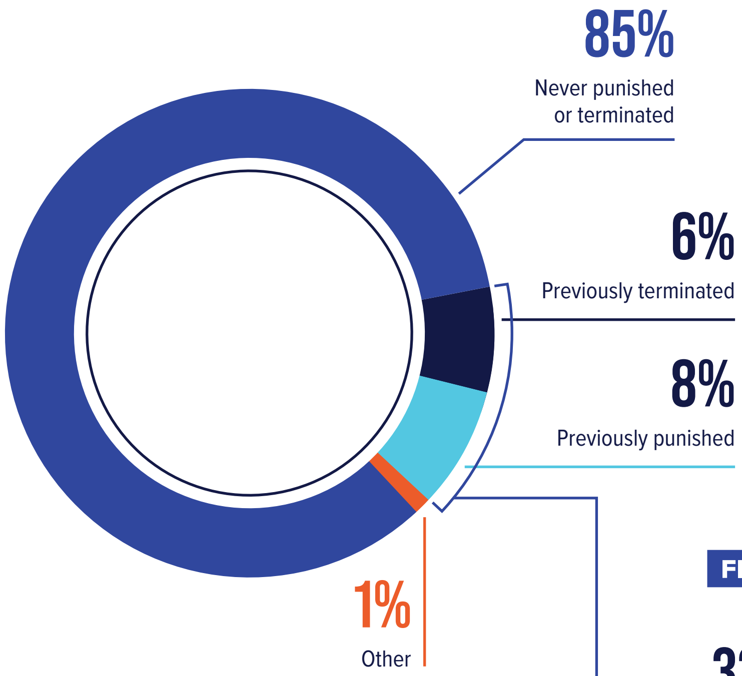
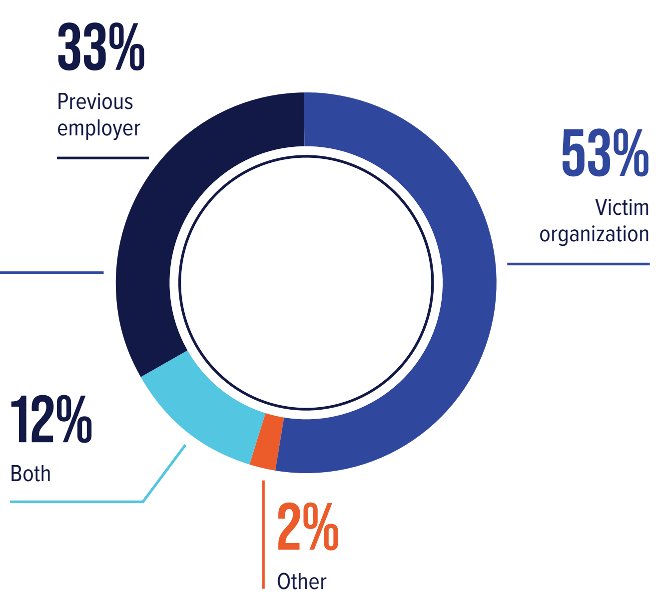


FIG. 54 **Who administered the prior discipline?**

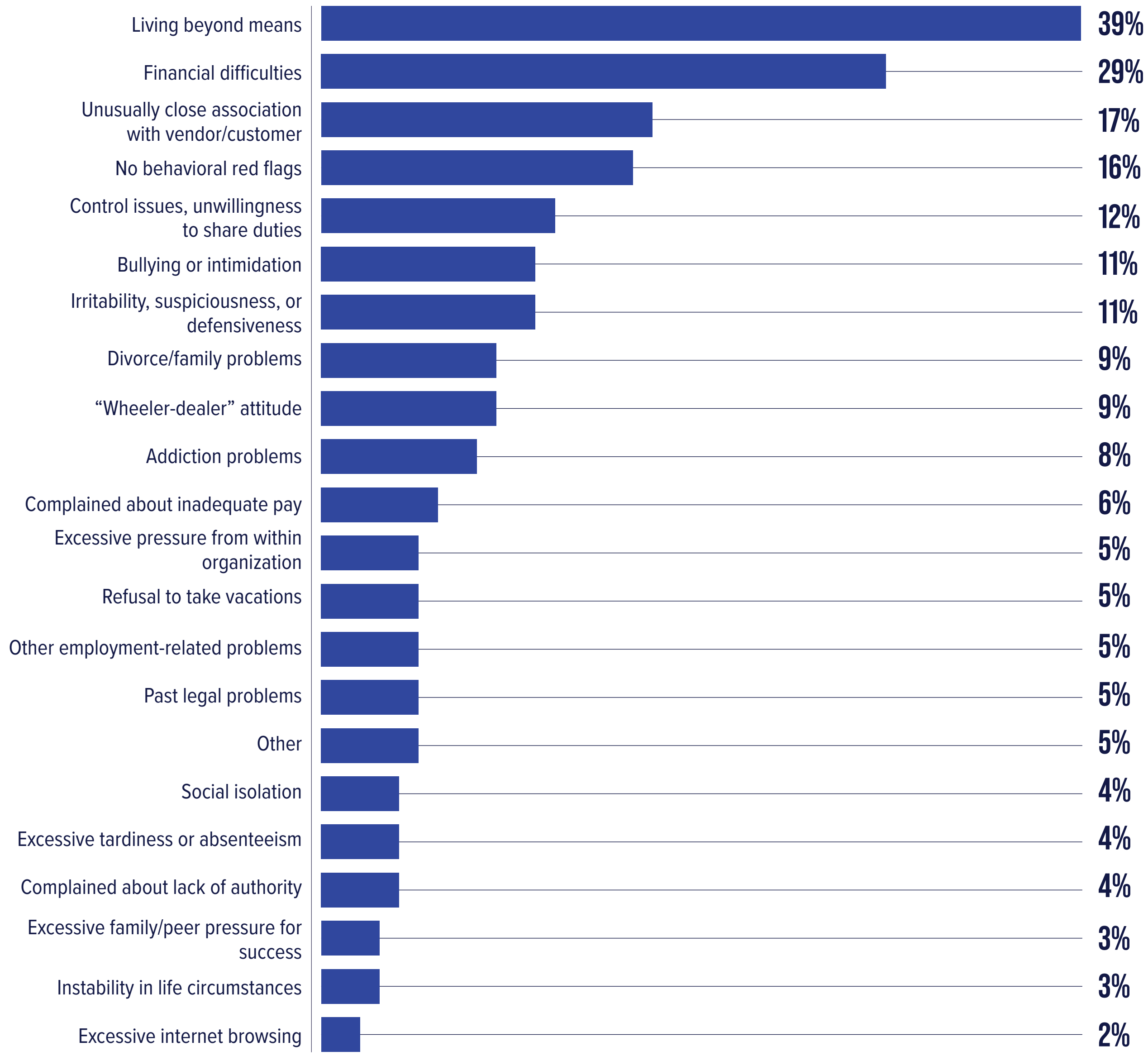


BEHAVIORAL RED FLAGS DISPLAYED BY PERPETRATORS

Individuals who commit occupational fraud often exhibit observable behaviors while carrying out their schemes, some of which might serve as warning signs of misconduct. To better understand the prevalence of these indicators, we asked survey respondents whether the perpetrators in their cases displayed any of 20 behavioral traits commonly associated with fraud.

As shown in Figure 55, the most frequently observed behavioral red flag was living beyond one's means or known sources of income, a trait exhibited by almost 40% of perpetrators and consistently identified as the most common red flag across multiple editions of this study. Overall, perpetrators displayed at least one behavioral red flag in 84% of the cases analyzed, and more than half of cases involved multiple red flags. Although behavioral warning signs are common and can potentially be informative, their absence does not preclude the existence of occupational fraud, as 16% of frauds occurred without any of the identified red flags being observed.

FIG. 55 How often did perpetrators exhibit behavioral red flags?



HUMAN RESOURCES–RELATED RED FLAGS

In addition to behavioral indicators, we asked whether perpetrators experienced job-related conditions that might have might have been a factor in their decision to commit fraud. These circumstances, referred to as HR-related red flags, include expressions of concern about job security, adverse performance evaluations, demotions, denial of raises or promotions, and reductions in compensation or benefits.

As shown in Figures 56 and 57, 45% of perpetrators experienced at least one HR-related red flag prior to or during the fraud. The most commonly reported conditions were poor performance evaluations (12%), fear of job loss (12%), and being denied a raise or promotion (11%).

FIG. 56 Do fraud perpetrators experience negative HR-related issues prior to or during their frauds?

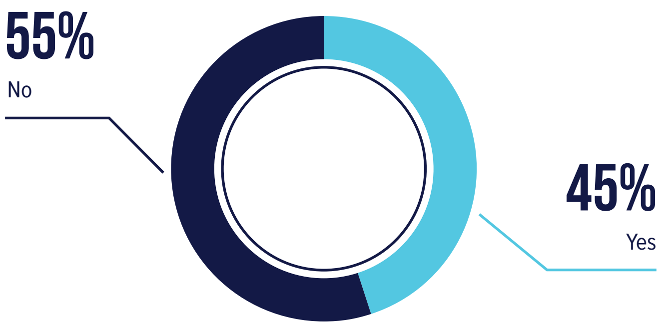
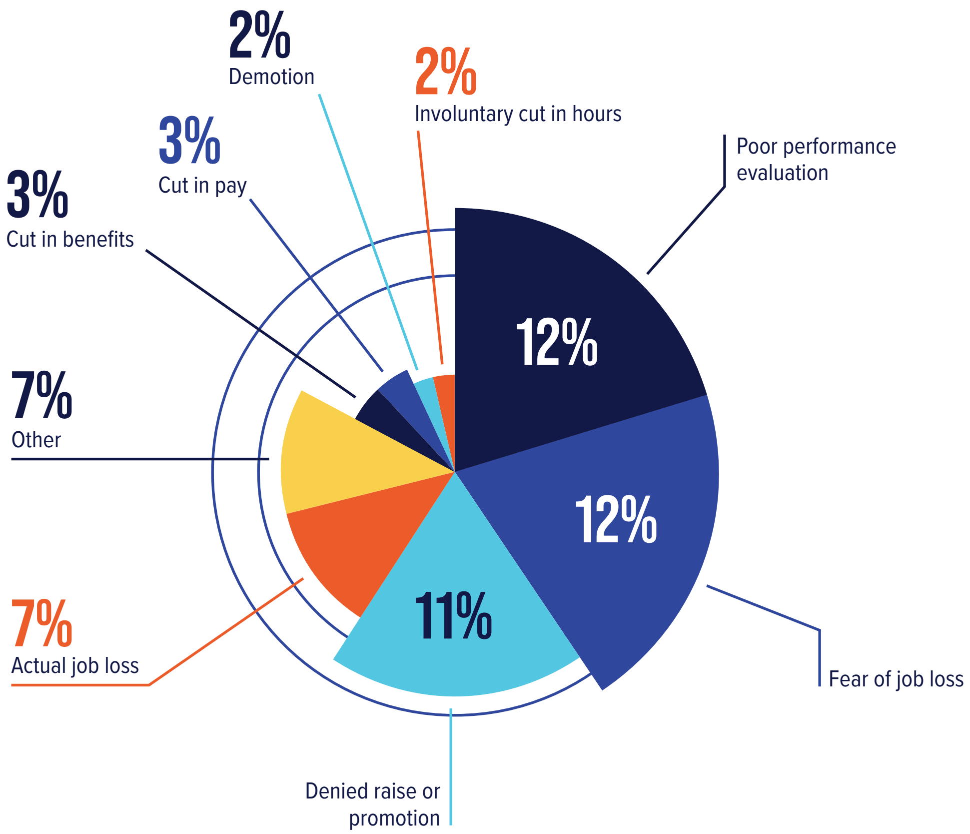
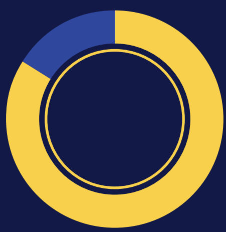


FIG. 57 Which HR-related issues are most commonly experienced by fraud perpetrators?



BEHAVIORAL RED FLAGS OF FRAUD

Fraudsters commonly display distinct behaviors that can serve as warning signs of their misdeeds. Organizations can improve their anti-fraud programs by taking these behavioral red flags into consideration when designing and implementing fraud prevention and detection measures.



84% of all fraudsters displayed at least one **BEHAVIORAL RED FLAG**

FRAUDSTERS WHO DISPLAYED AT LEAST ONE behavioral red flag caused median losses that were **33% GREATER** than those who did not display any.

No behavioral red flags
$94,000 MEDIAN LOSS

At least one behavioral red flag
$125,000 MEDIAN LOSS

8 MOST COMMON BEHAVIORAL RED FLAGS OF FRAUD

75% of fraudsters displayed at least one of the **8 MOST COMMON** behavioral clues, and each of these **BEHAVIORAL RED FLAGS** was observed in **AT LEAST 9%** of cases.

39% Living beyond means

29% Financial difficulties

17% Unusually close association with vendor/customer

12% Control issues, unwillingness to share duties

11% Irritability, suspiciousness, or defensiveness

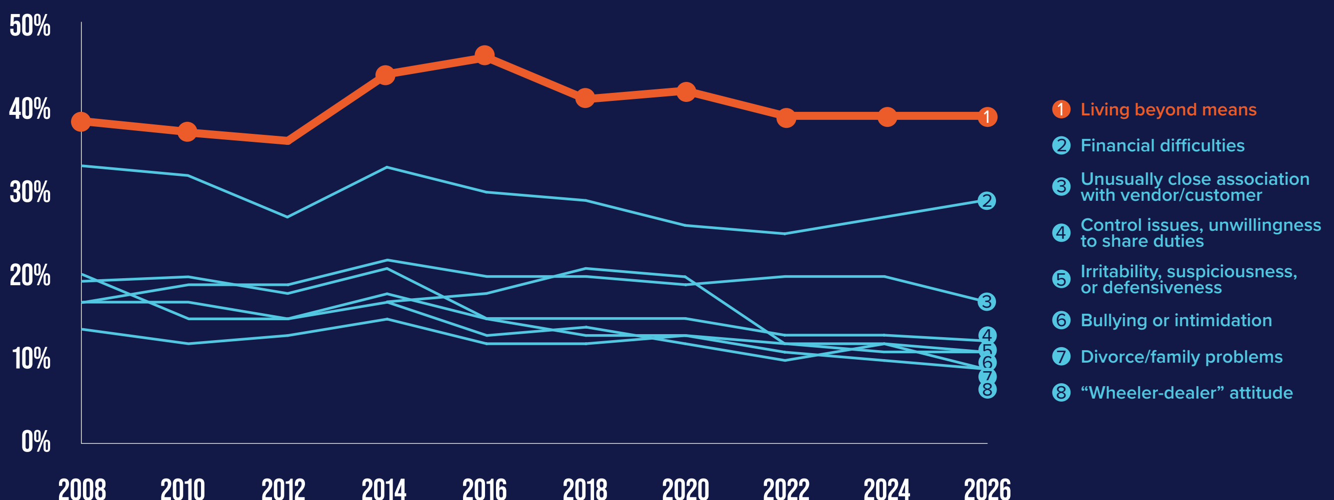
11% Bullying or intimidation

9% "Wheeler-dealer" attitude

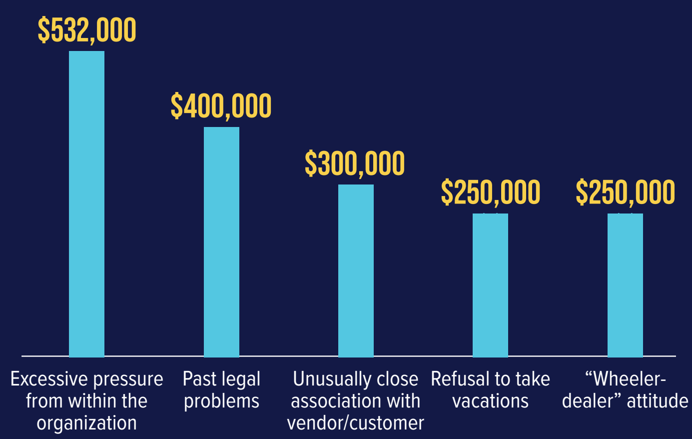
9% Divorce/family problems

MOST COMMON BEHAVIORAL RED FLAGS

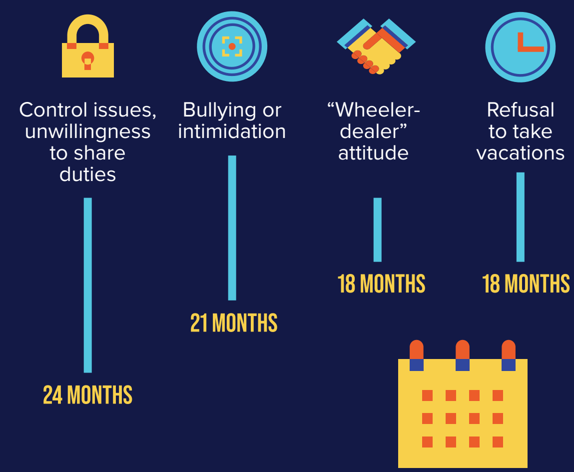
FRAUDSTERS LIVING BEYOND THEIR MEANS has consistently been the **MOST COMMON BEHAVIORAL RED FLAG** since we began tracking this data in 2008.



Behavioral red flags associated with the HIGHEST MEDIAN LOSSES



Behavioral red flags associated with the LONGEST MEDIAN DURATIONS



GENDER DIFFERENCES IN BEHAVIORAL RED FLAGS

These behavioral flags tended to correlate with the fraudster's gender.

	FEMALE	MALE
Financial difficulties	36%	27%
Divorce or family problems	15%	7%
Instability in life circumstances	6%	2%
Unusually close association with vendor/customer	12%	19%
"Wheeler-dealer" attitude	5%	11%
Living beyond means	37%	40%

MOST COMMON BEHAVIORAL RED FLAGS IN CORRUPTION AND FINANCIAL STATEMENT FRAUD

Perpetrators of corruption schemes more commonly **MAINTAINED AN UNUSUALLY CLOSE ASSOCIATION WITH A VENDOR/CUSTOMER.**

Perpetrators of financial statement fraud schemes more commonly **FACED EXCESSIVE PRESSURE TO PERFORM FROM WITHIN** the organization.

PERPETRATORS STATISTICAL ANALYSIS

Most loss amounts presented in this report are median losses, which we use as a proxy for the cost of a "typical" fraud. Figure 58 provides a more holistic view of the costs associated with frauds committed by various categories of perpetrators, showing quartile and mean loss amounts, as well.

FIG. 58 Perpetrators statistical analysis table

PERPETRATOR					
Category	**Cases**	**25th percentile**	**Median (50th percentile)**	**75th percentile**	**Mean***
Number of perpetrators:					
One perpetrator	1,050	$12,000	$55,000	$250,000	$696,000
Two perpetrators	373	$35,000	$125,000	$580,000	$1,490,000
Three or more perpetrators	631	$65,000	$324,000	$1,600,000	$2,798,000
Position:					
Employee	838	$10,000	$52,000	$305,000	$890,000
Manager	845	$30,000	$125,000	$564,000	$1,183,000
Owner/executive	333	$96,000	$475,000	$3,200,000	$4,198,000
Tenure:					
<1 year	212	$10,000	$50,000	$240,000	$674,000
1–5 years	929	$20,000	$100,000	$494,000	$1,042,000
6–10 years	474	$30,000	$138,000	$984,000	$1,870,000
>10 years	439	$32,000	$200,000	$1,100,000	$2,380,000
Department:					
Operations	276	$13,000	$100,000	$487,000	$1,378,000
Accounting	259	$36,000	$164,000	$600,000	$1,158,000
Sales	214	$20,000	$110,000	$757,000	$1,006,000
Customer service	210	$13,000	$50,000	$246,000	$581,000
Executive/upper management	192	$90,000	$345,000	$2,650,000	$3,972,000
Administrative support	154	$14,000	$60,000	$250,000	$481,000
Finance	119	$36,000	$200,000	$2,000,000	$3,000,000
Purchasing	116	$36,000	$120,000	$500,000	$1,190,000
Information technology	74	$30,000	$150,000	$600,000	$961,000
Warehousing/inventory	70	$20,000	$117,000	$550,000	$709,000
Facilities and maintenance	64	$10,000	$49,000	$494,000	$1,016,000
Manufacturing and production	61	$28,000	$20,000	$100,000	$2,220,000
Human resources	36	$16,000	$68,000	$425,000	$776,000
Board of directors	28	$100,000	$316,000	$7,000,000	$4,892,000
Marketing/public relations	19	$10,000	$25,000	$500,000	$327,000
Research and development	15	$30,000	$137,000	$400,000	$808,000
Legal	15	$10,000	$35,000	$5,000,000	$3,963,000
Gender:					
Male	1444	$25,000	$125,000	$800,000	$1,777,000
Female	577	$15,000	$90,000	$346,000	$726,000
Age:					
<26	63	$6,000	$18,000	$108,000	$154,000
26–30	209	$10,000	$44,000	$250,000	$856,000
31–35	292	$15,000	$80,000	$311,000	$834,000
36–40	397	$20,000	$120,000	$500,000	$992,000
41–45	370	$25,000	$128,000	$943,000	$1,467,000
46–50	284	$40,000	$126,000	$884,000	$2,417,000
51–55	163	$50,000	$200,000	$1,000,000	$1,909,000
56–60	97	$45,000	$250,000	$1,500,000	$3,310,000
>60	53	$220,000	$850,000	$1,690,000	$2,358,000
Education level:					
High school graduate or less	287	$13,000	$55,000	$350,000	$795,000
Some university	314	$20,000	$100,000	$371,000	$675,000
University degree	724	$27,000	$145,000	$800,000	$1,738,000
Postgraduate degree	234	$50,000	$234,000	$1,527,000	$2,888,000

**Mean amounts were calculated using loss data that was winsorized at 5% (i.e., assigned all cases in the top 2.5% and bottom 2.5% the same value as the 97.5th percentile and 2.5th percentile, respectively).*

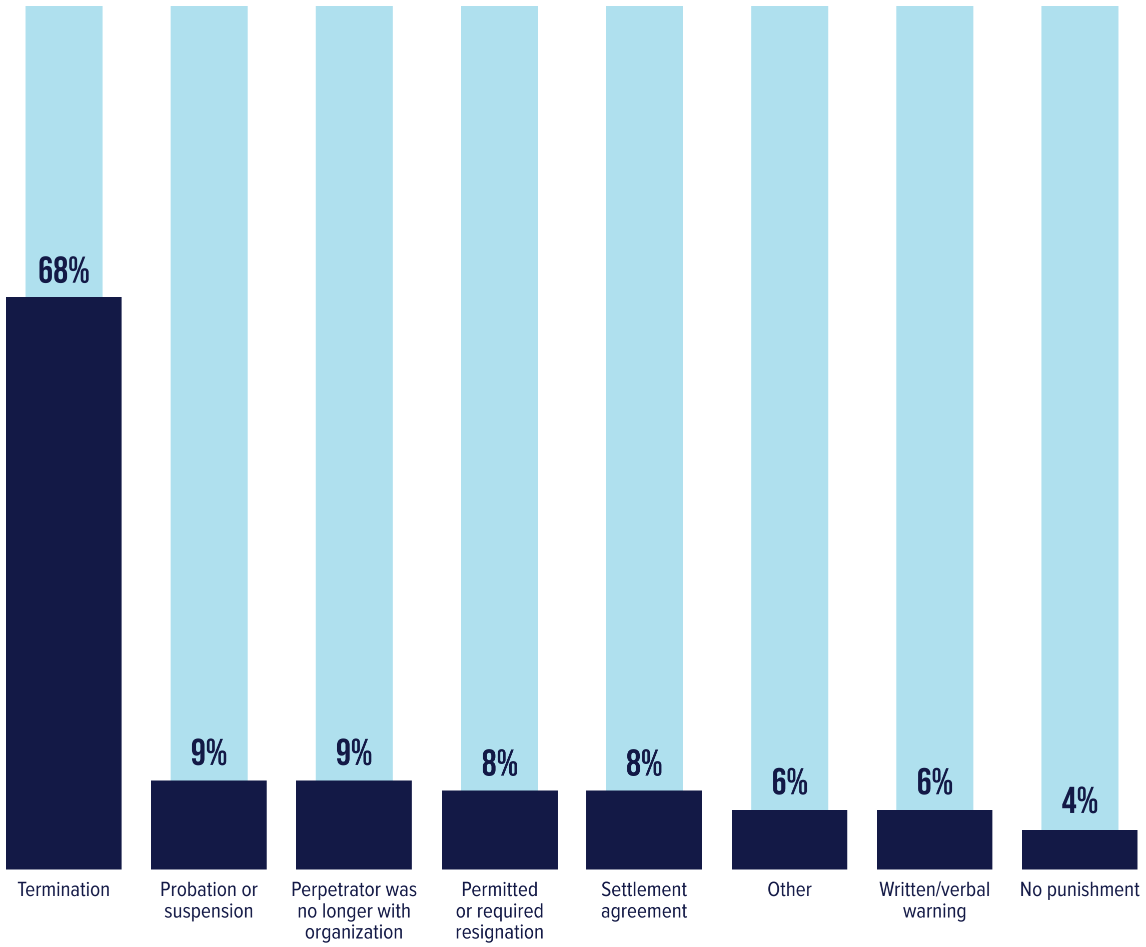
CASE RESULTS

We asked survey respondents about how the victim organization at the center of their fraud case responded to the fraud. The survey included questions on whether and how perpetrators were punished internally, whether civil lawsuits or criminal prosecutions were pursued, and how much of the assets lost to fraud were recovered by the victim organization. Understanding how organizations react to fraud and the success of their recovery efforts can assist other organizations in determining the best course of action when they find themselves victimized.

INTERNAL ACTION TAKEN AGAINST PERPETRATORS

After a fraud examination has identified the perpetrator(s) involved in the scheme, the first step for most organizations is determining what internal punishments are appropriate and necessary. Termination is (and has been) the most common punishment, with 68% of perpetrators being terminated following the investigation of their fraud (see Figure 59). A small portion of cases result in no punishment (4%) or only a written or verbal warning (6%).

FIG. 59 How do victim organizations punish fraud perpetrators?



INTERNAL PUNISHMENT BY PERPETRATOR POSITION

Within our survey responses, fraudsters can be found in every position in an organization. Their level of authority can affect the extent and impact of the fraud (see Figure 40 on page 53), as well as the internal punishments they tend to receive. Owners and executives were terminated in only 52% of reported cases, while fraudsters working as managers (68%) and employees (75%) were more frequently removed. Similarly, owners and executives received no internal punishment for the fraud they perpetrated in 12% of cases, while managers and employees received no punishment more rarely (2% each).

FIG. 60 How often are perpetrators in different positions terminated following a fraud?

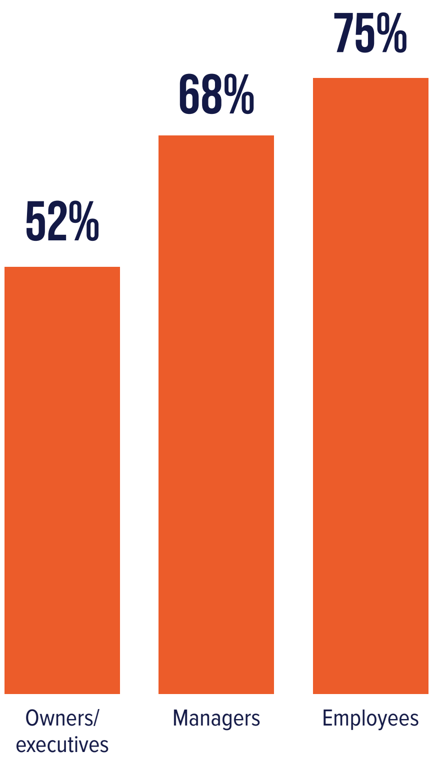
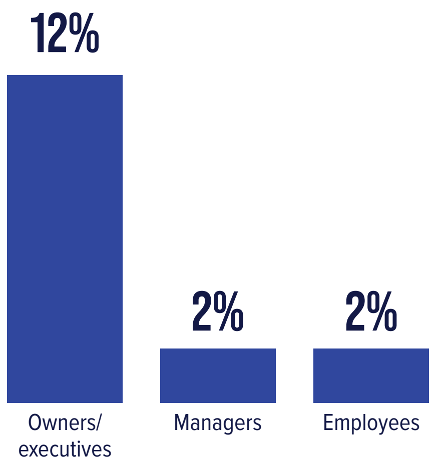


FIG. 61 How often do perpetrators in different positions receive no punishment following a fraud?



LITIGATION AGAINST PERPETRATORS

Along with internal punishments, many organizations decide to pursue legal action against fraudsters. Private civil lawsuits and criminal referrals to law enforcement are the primary vehicles organizations use to pursue recoveries and punish fraudulent acts. We asked survey respondents whether the organizations victimized by fraud filed a civil lawsuit against the perpetrator and how the lawsuit concluded. Organizations filed civil lawsuits in only 25% of reported fraud cases, though the suits that were filed were successful, either through a settlement or a judgment for the victim, in 82% of cases (see Figures 62 and 63).

FIG. 62 Did the organization file a civil lawsuit against the perpetrator(s)?

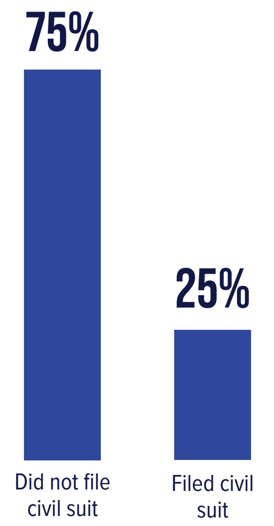
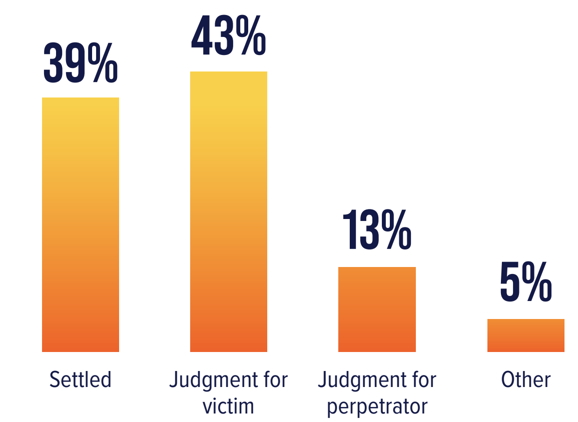


FIG. 63 What were the results of the civil lawsuits?



CRIMINAL REFERRALS

Fraud is a crime prosecuted by the government, but it's up to organizations to decide whether to refer cases they investigate internally to law enforcement. We asked survey respondents whether the victim organizations in their cases made a criminal referral, whether prosecution was pursued, and whether the prosecution was successful. Overall, organizations were much more willing to refer fraud cases for criminal prosecution compared to pursuing their own civil actions, with 54% of respondents reporting that the case was sent to law enforcement. Fraud prosecutions were generally successful, with 48% of defendants pleading guilty or no contest, 24% of defendants convicted at trial, and only 2% of defendants acquitted at trial. Most cases were pursued by law enforcement after being referred, with only 14% of respondents reporting that prosecutors declined to pursue the case.

FIG. 64 Was the case referred to law enforcement?

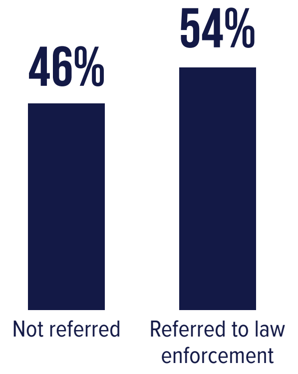
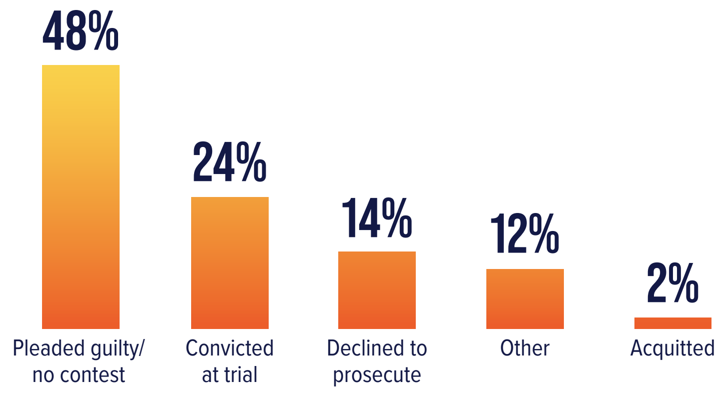


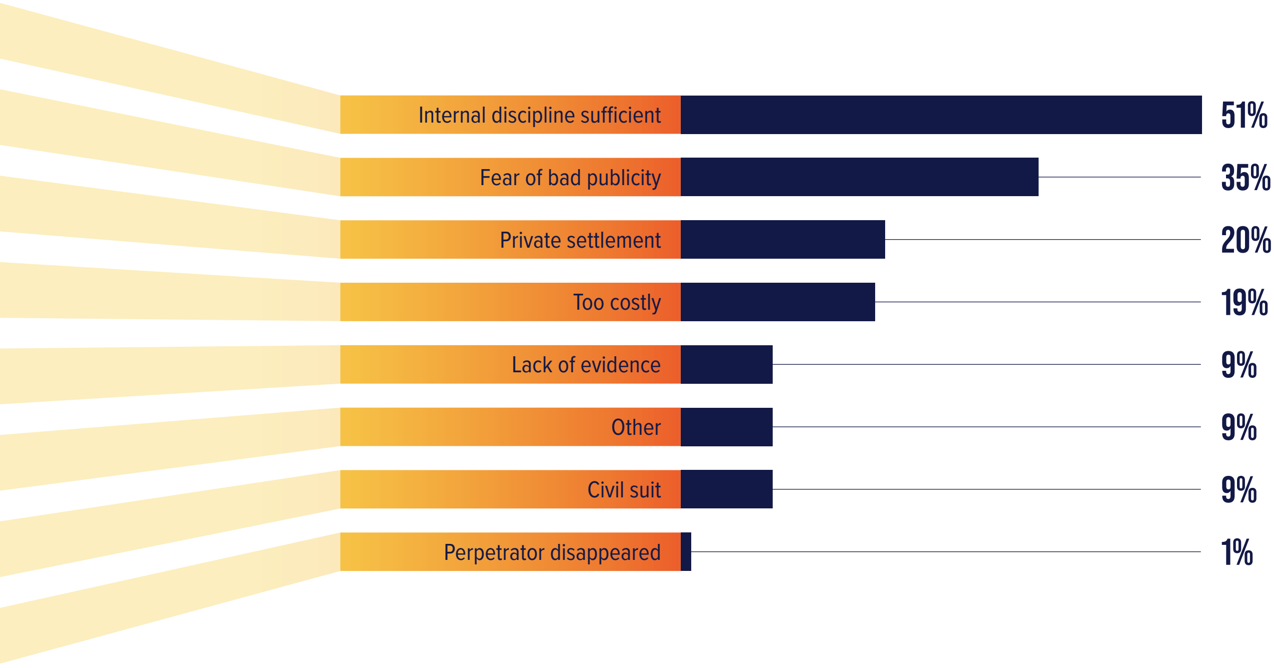
FIG. 65 What were the results of the criminal referrals?



REASONS FOR NOT REFERRING CASES TO LAW ENFORCEMENT

Not all fraud cases are referred to law enforcement for further investigation and prosecution. To better understand the decision-making of the 46% of organizations who did not refer to law enforcement, we asked survey respondents which of the reasons included in the chart below applied to their fraud case. As shown in Figure 66, the most common response was that internal discipline was deemed sufficient punishment of the perpetrator (51%), followed by the fear of bad publicity (35%) and private settlements being reached (20%).

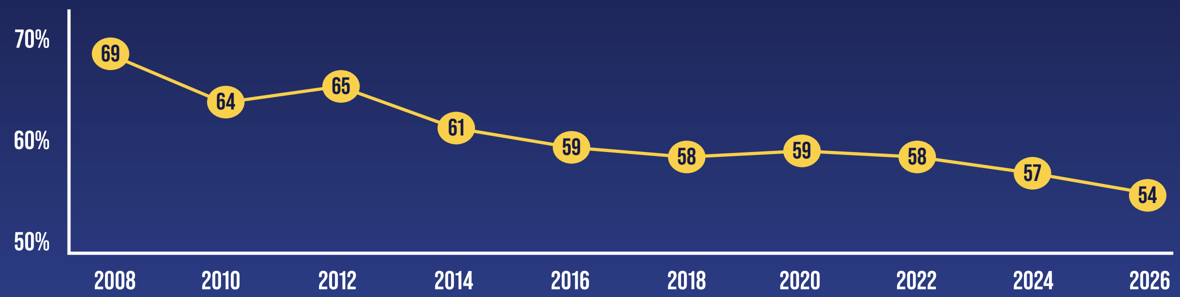
FIG. 66 Why do organizations decline to refer cases to law enforcement?



REFERRALS TO LAW ENFORCEMENT

Referrals to law enforcement are at an all-time low, decreasing from **69% OF CASES TO 54% OVER THE LAST 10 EDITIONS OF THIS STUDY.**

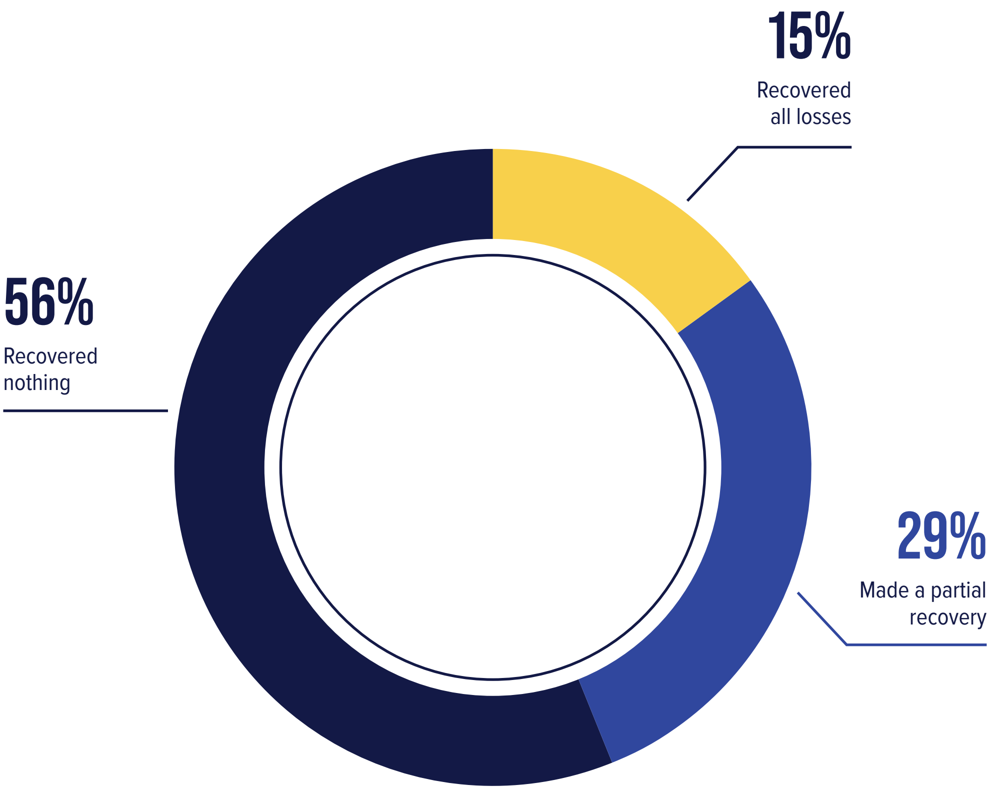
Cases referred to law enforcement



RECOVERING FRAUD LOSSES

Organizations must weigh the benefits of internal punishments, costly legal actions, and settlement agreements against the potential for recovering assets lost to fraud. The results of our current survey and surveys past show an unfortunate trend of organizations failing to recover any fraud losses. As Figure 67 shows, 56% of the organizations in our study were unable to recover anything following the fraud. While 29% of organizations managed a partial recovery, only a small portion of respondents (15%) reported a full recovery for the victim organization.

FIG. 67 **How successful were organizations at recovering losses from fraud?**



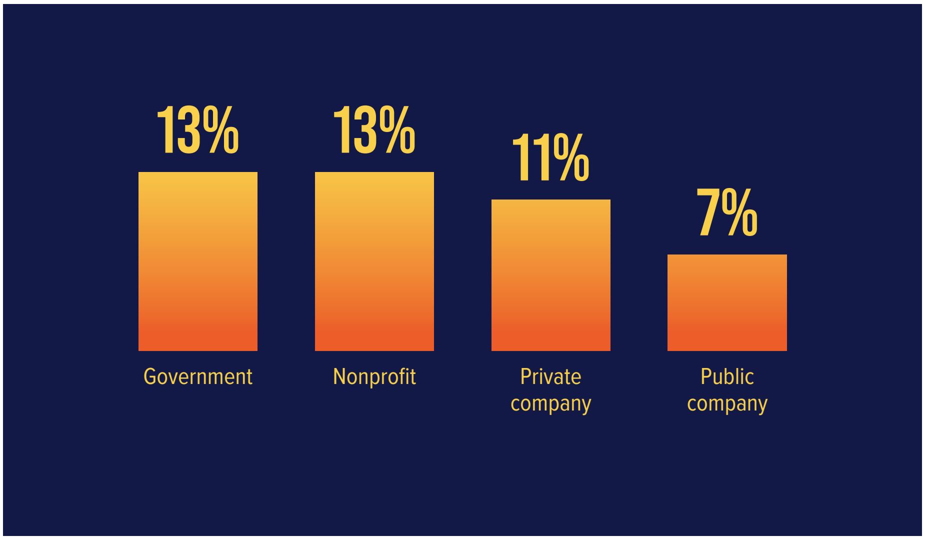
FINES

Organizations victimized by fraud might be fined or penalized by regulators in their jurisdiction due to the fraud uncovering or resulting from a compliance failure. We asked survey respondents whether the victim organization in their case had received such a fine and analyzed the results by scheme and the type of organization. This information can be helpful for organizations to understand how occupational fraud might result in a finding of noncompliance and help them make decisions concerning their internal compliance initiatives.

As shown in Figure 68, 11% of organizations victimized by asset misappropriation schemes received a fine. Comparatively, in cases of financial statement fraud, 22% of victim organizations reported receiving a fine. As shown in Figure 69, government agencies reported receiving fines most frequently (13%), while publicly traded companies received fines in the smallest percentage of cases (7%).

FIG. 68 How did the type of scheme affect the frequency of fines incurred by victim organizations?

FIG. 69 What organization types are fined most frequently?



METHODOLOGY

Occupational Fraud 2026: A Report to the Nations is based on the results of the ACFE 2025 *Global Fraud Survey*, an online survey open to Certified Fraud Examiners and conducted from July to September 2025. As part of the survey, respondents were asked to provide a narrative description of the single largest occupational fraud case they had investigated between January 2024 and September 2025. Respondents were then presented with questions regarding the details of the fraud case, including information about the perpetrator, the victim organization, and the methods of fraud employed, as well as fraud trends in general. (Respondents were not asked to identify the perpetrator or the victim.)

We received 10,276 total responses to the survey, 2,402 of which were usable for purposes of the report. The data contained herein is based solely on the information provided in these 2,402 survey responses.

Cases submitted were required to meet the following four criteria:

1. The case must have involved occupational fraud (i.e., fraud committed by a person against the organization for which they work).
2. The investigation must have occurred between January 2024 and September 2025.
3. The investigation must have been completed.
4. The respondent must have been reasonably sure the perpetrator(s) was (were) identified.

OUR STUDY COVERED

2,402 CASES from **143** COUNTRIES and TERRITORIES

Causing total losses of more than

$3.4 BILLION

ANALYSIS METHODOLOGY

PERCENTAGES

The percentages discussed throughout this report were calculated by using the total number of complete and relevant responses for the question being analyzed. Specifically, we excluded any blank responses or instances where the participant indicated that they did not know the answer to a question. Consequently, the total number of cases included in each analysis varies.

In addition, it is important to understand that several survey questions allowed participants to select more than one answer. Therefore, the sum of percentages in many figures throughout the report exceeds 100%.

LOSS AMOUNTS

All loss amounts are expressed in terms of U.S. dollars, which is how respondents were asked to report this information in the *Global Fraud Survey*.

Unless otherwise indicated, all loss amounts discussed throughout the report are calculated using median loss rather than mean, or average, loss. Using median loss provides a more conservative—and, we believe, more accurate—picture of the typical impact of occupational fraud schemes. The statistical appendix featured at the end of each section provides a more holistic view of the losses in our study, reflecting quartiles and average loss amounts for numerous categories explored throughout the report.

To normalize the loss amounts reported and ensure that cases with extremely large losses were not identifiable, all average and total loss amounts reported were calculated using loss data that was winsorized at 5% (i.e., all cases in the top 2.5% and bottom 2.5% were assigned the same value as the 97.5th percentile and 2.5th percentile, respectively). Additionally, we excluded median and average loss calculations for categories for which there were fewer than ten responses.

Because the direct losses caused by financial statement frauds are typically spread among numerous stakeholders, obtaining an accurate estimate for this amount is extremely difficult. Consequently, for schemes involving financial statement fraud, we asked survey participants to provide the gross amount of the financial statement misstatement (over- or understatement) involved in the scheme. All losses reported for financial statement frauds throughout this report are based on those reported amounts.

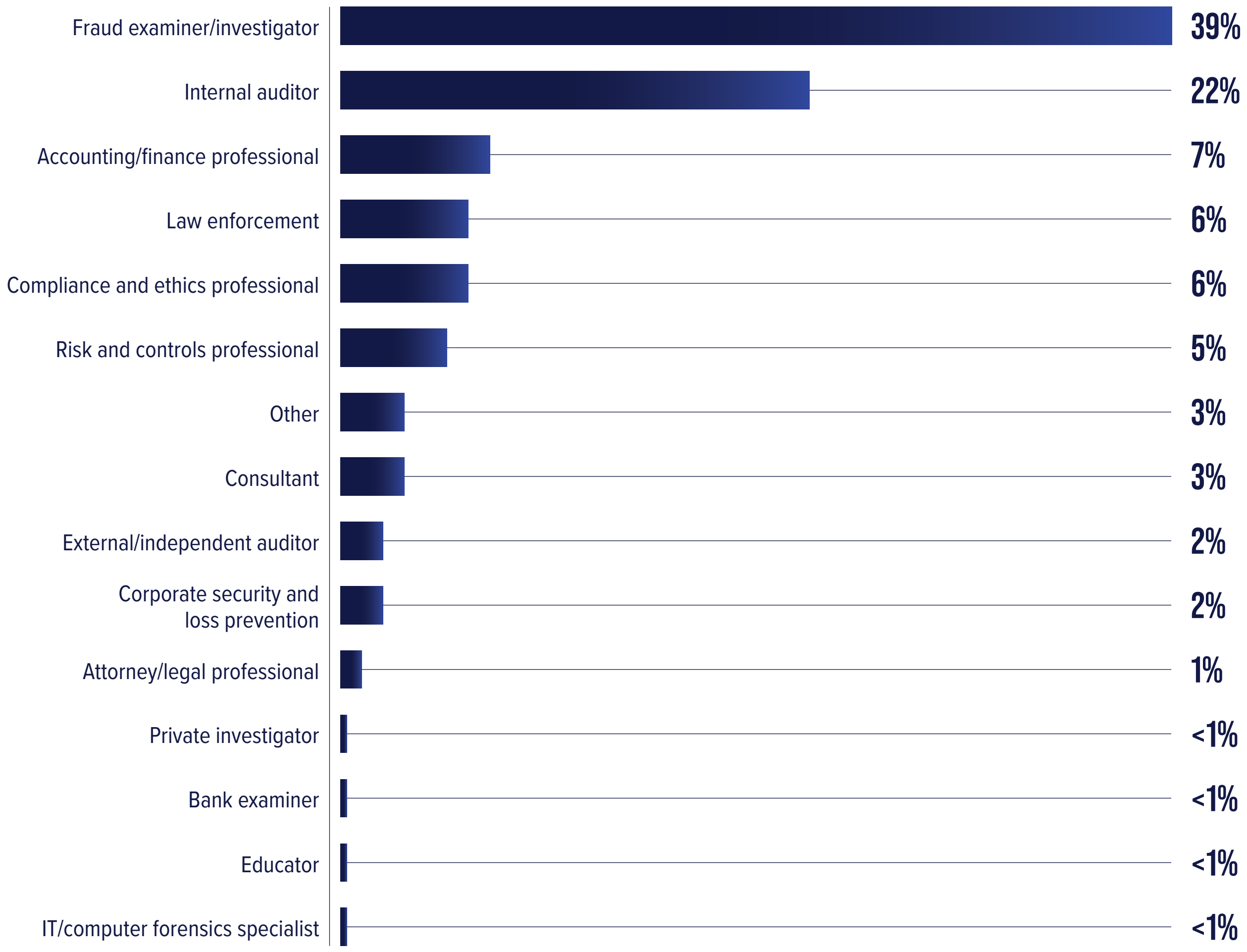
SURVEY PARTICIPANTS

Respondents provided professional and career information about their experiences and qualifications that gave context for the survey responses. This assists in understanding who investigates cases of occupational fraud.

PRIMARY OCCUPATION

Over two-thirds of survey respondents cited fraud examiner/investigator (39%), internal auditor (22%), or accounting/finance professional (7%) as their primary profession.

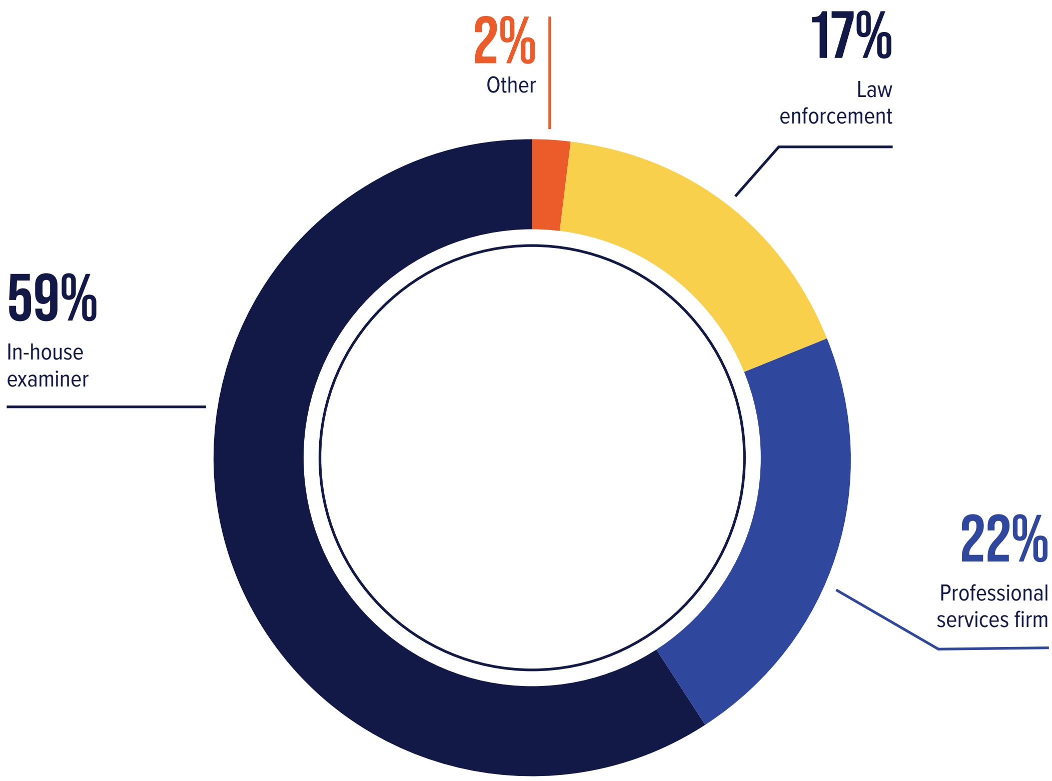
FIG. 70 What was the primary occupation of survey participants?



NATURE OF FRAUD EXAMINATION ROLE

Many survey participants are employed as in-house examiners (59%) at a single organization and conduct fraud-related engagements for their employer. Nearly one-quarter of participants work for a firm that offers professional services such as conducting fraud-related engagements for client organizations. Another 17% of participants identify as employees of law enforcement agencies and conduct fraud investigations of other parties under their agency's authority.

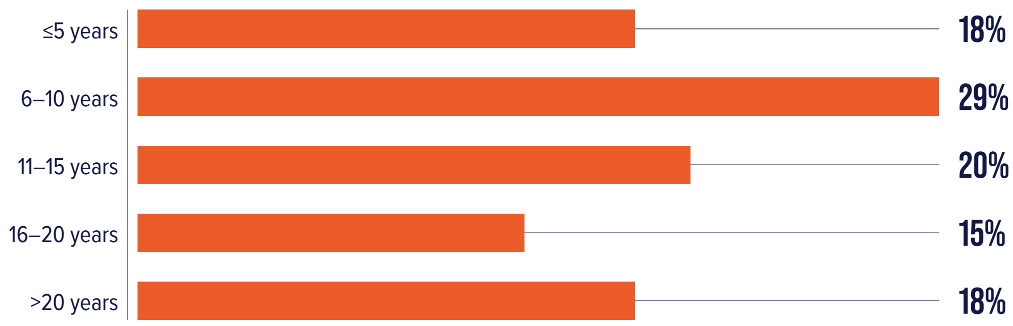
FIG. 71 **What was the professional role of the survey participants?**



PROFESSIONAL EXPERIENCE

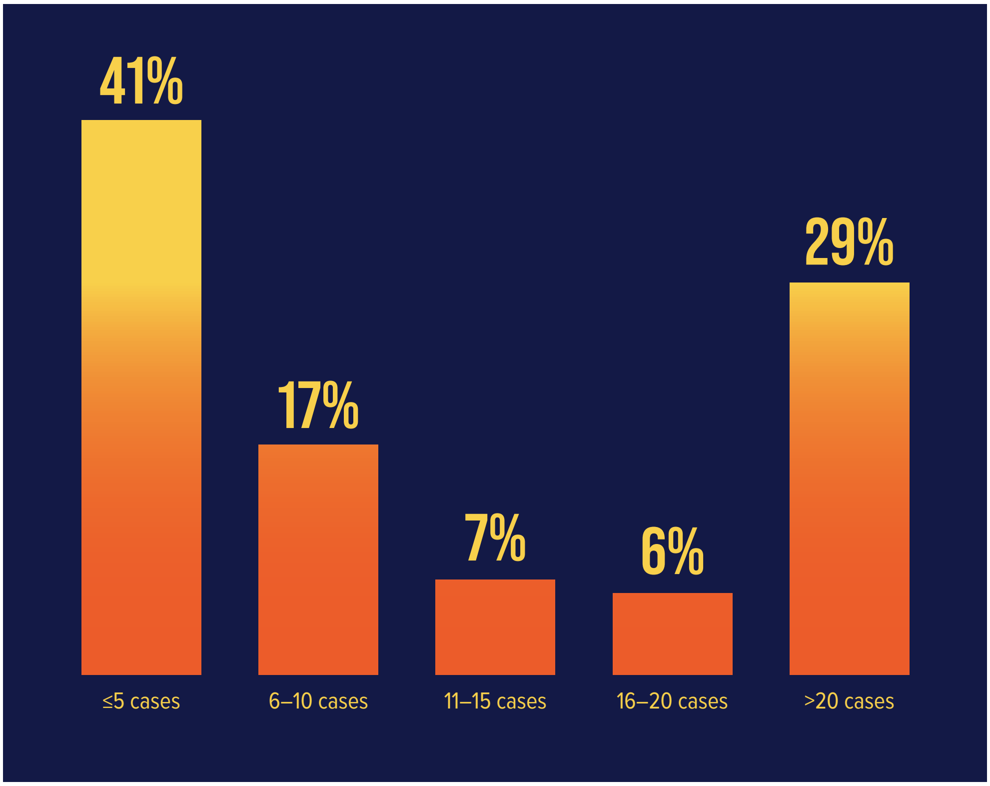
The CFEs who participated in the *Global Fraud Survey* had a median 12 years' experience examining fraud, with 33% having more than 15 years of experience.

FIG. 72 How much fraud examination experience did survey participants have?



Over one-third of participants have investigated more than 16 cases of fraud in the past two years (see Figure 73).

FIG. 73 How many fraud cases have survey participants investigated in the past two years?



REGIONAL FOCUS

ASIA-PACIFIC

MEDIAN LOSS:
$150,000

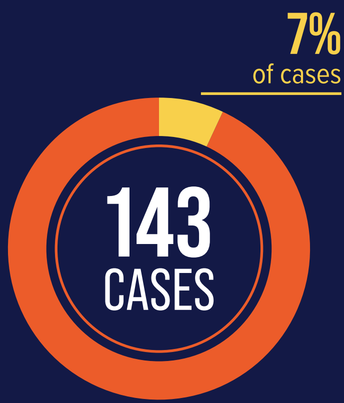


FIG. 74 What are the most common occupational fraud schemes in the Asia-Pacific region?

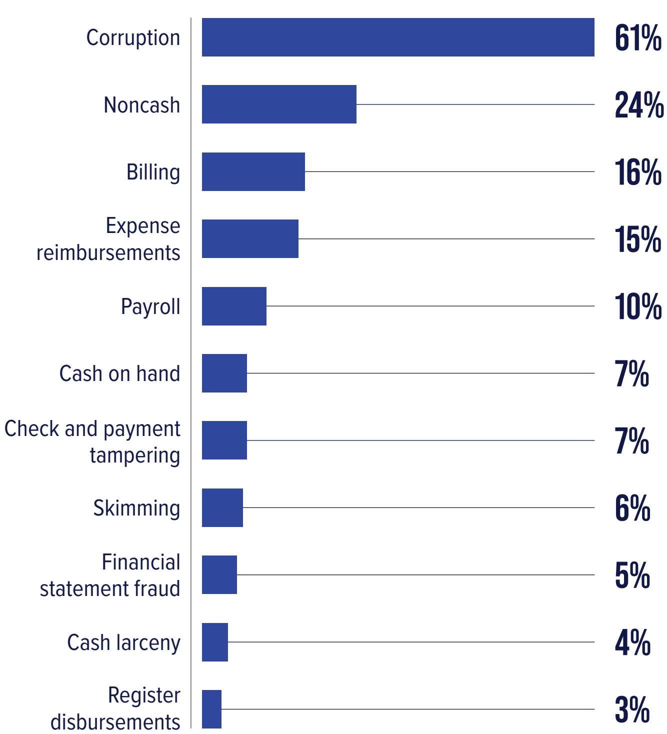


FIG. 75 How is occupational fraud initially detected in the Asia-Pacific region?

FIG. 76 What anti-fraud controls are the most common in the Asia-Pacific region?

Control	Percent of cases
Code of conduct	87%
External audit of financial statements	85%
Internal audit department	83%
Management certification of financial statements	81%
Hotline	78%
Management review	76%
Independent audit committee	72%
External audit of internal controls over financial reporting	71%
Fraud training for employees	69%
Anti-fraud policy	67%
Fraud training for managers/executives	67%
Employee support programs	61%
Dedicated fraud department, function, or team	54%
Formal fraud risk assessments	49%
Proactive data monitoring/analysis	45%
Surprise audits	34%
Job rotation/mandatory vacation	18%
Rewards for whistleblowers	8%

FIG. 78 How successful were organizations in the Asia-Pacific region at recovering losses from fraud?

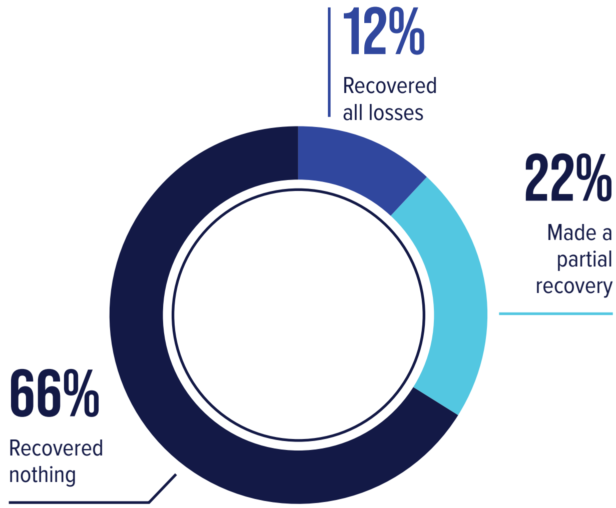


FIG. 77 How does the perpetrator's level of authority relate to occupational fraud in the Asia-Pacific region?

FIG. 79 Cases by country/territory in the Asia-Pacific region:

Country or territory	Number of Cases
Australia	25
Cambodia	2
China	21
Fiji	2
Guam	2
Hong Kong	6
Indonesia	20
Japan	1
Korea, Republic	5
Laos	1
Macao	1
Malaysia	17
Mongolia	2
New Zealand	6
Philippines	13
Singapore	3
Taiwan	4
Thailand	5
Vietnam	7
TOTAL CASES	143

REGIONAL FOCUS

EASTERN EUROPE AND WESTERN/ CENTRAL ASIA

MEDIAN LOSS:
$170,000

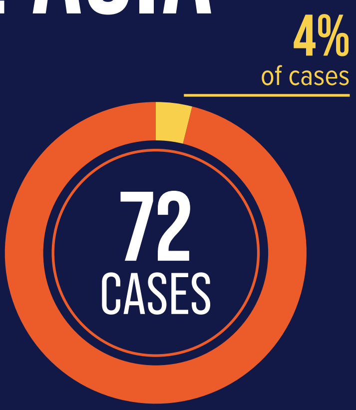


FIG. 80 What are the most common occupational fraud schemes in Eastern Europe and Western/Central Asia?

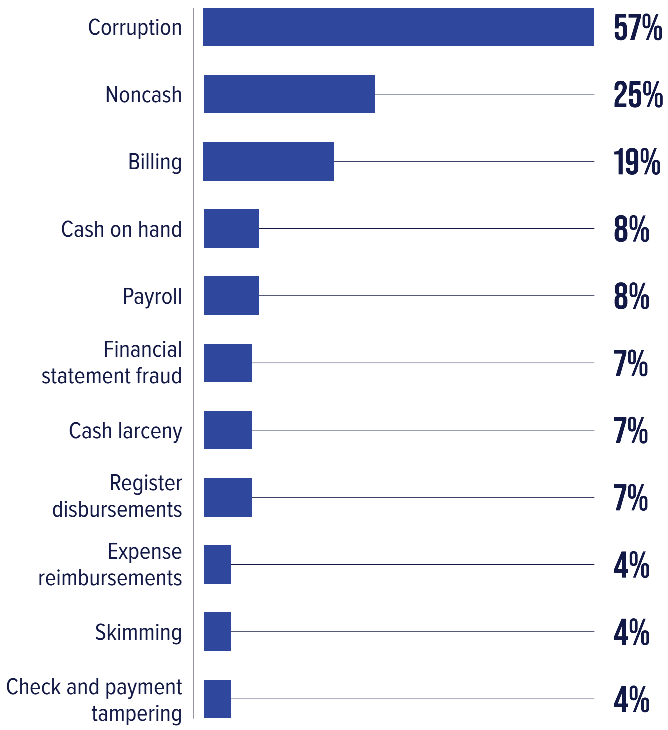


FIG. 81 How is occupational fraud initially detected in the Eastern Europe and Western/Central Asia?

FIG. 82 What anti-fraud controls are the most common in Eastern Europe and Western/Central Asia?

Control	Percent of cases
Code of conduct	91%
Internal audit department	90%
External audit of financial statements	89%
Hotline	84%
Management review	80%
Fraud training for employees	77%
Fraud training for managers/executives	75%
Anti-fraud policy	74%
External audit of internal controls over financial reporting	74%
Management certification of financial statements	74%
Independent audit committee	72%
Dedicated fraud department, function, or team	66%
Formal fraud risk assessments	58%
Proactive data monitoring/analysis	56%
Surprise audits	54%
Employee support programs	43%
Job rotation/mandatory vacation	32%
Rewards for whistleblowers	11%

FIG. 84 How successful were organizations in Eastern Europe and Western/Central Asia at recovering losses from fraud?

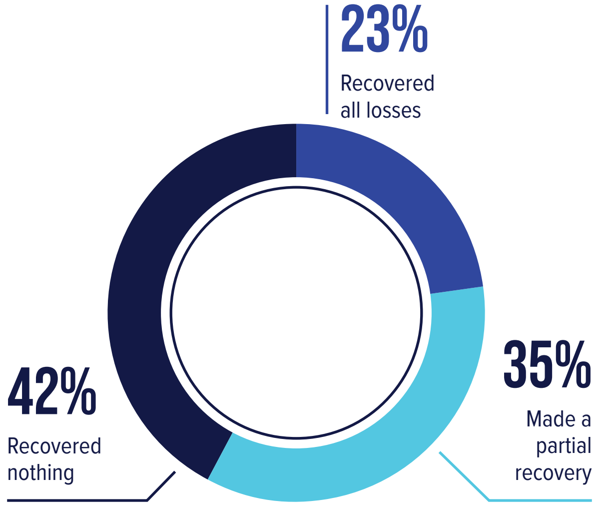


FIG. 83 How does the perpetrator's level of authority relate to occupational fraud in Eastern Europe and Western/Central Asia?

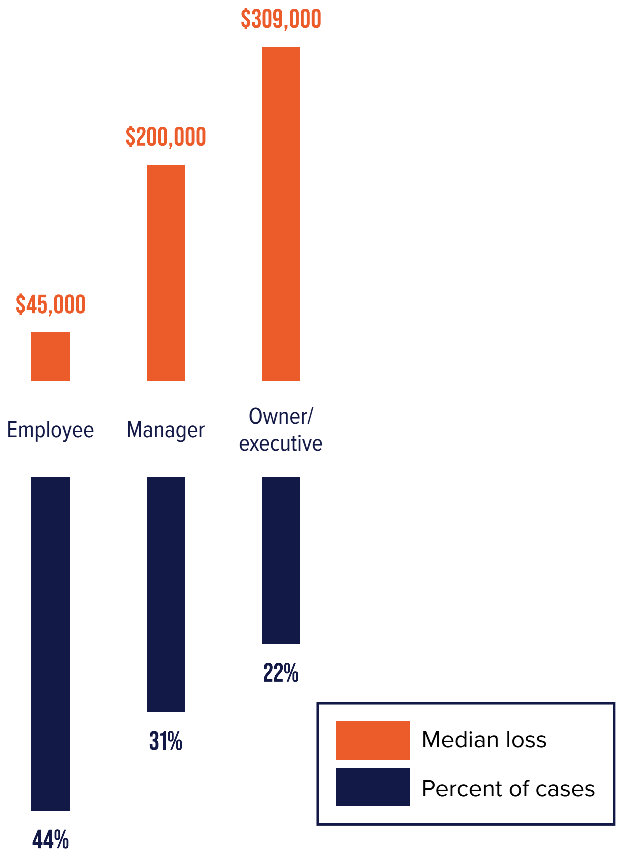


FIG. 85 Cases by country/territory in Eastern Europe and Western/Central Asia:

Country or territory	Number of Cases
Azerbaijan	3
Bosnia and Herzegovina	1
Bulgaria	3
Croatia	3
Czech Republic	3
Hungary	5
Kazakhstan	6
Kosovo	2
Macedonia, Republic of North	1
Other/unknown	1
Poland	12
Romania	4
Russian Federation	2
Serbia	5
Slovakia	2
Slovenia	3
Turkey	8
Ukraine	6
Uzbekistan	2
TOTAL CASES	72

REGIONAL FOCUS

LATIN AMERICA AND THE CARIBBEAN

MEDIAN LOSS:
$200,000

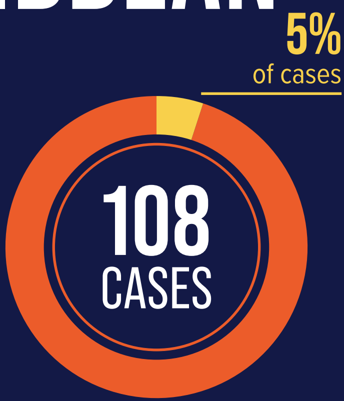


FIG. 86 What are the most common occupational fraud schemes in Latin America and the Caribbean?

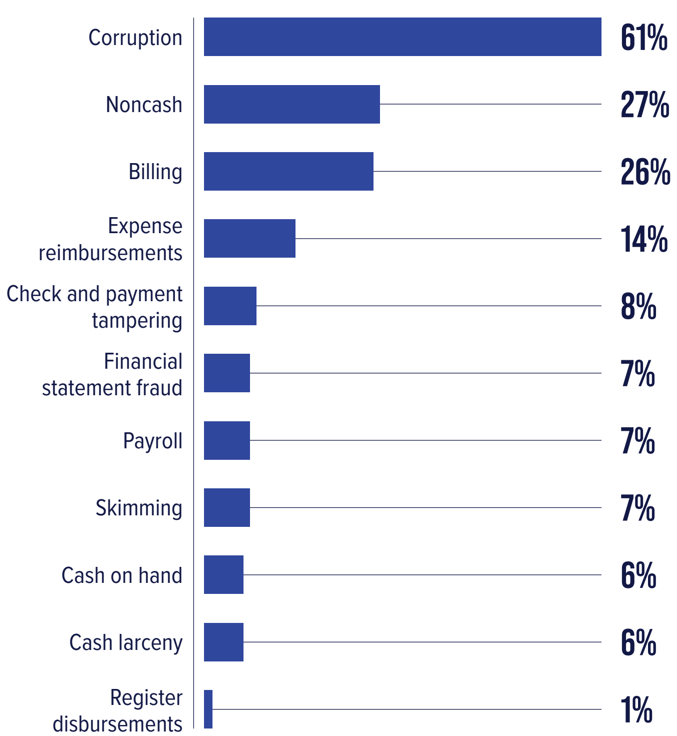


FIG. 87 How is occupational fraud initially detected in Latin America and the Caribbean?

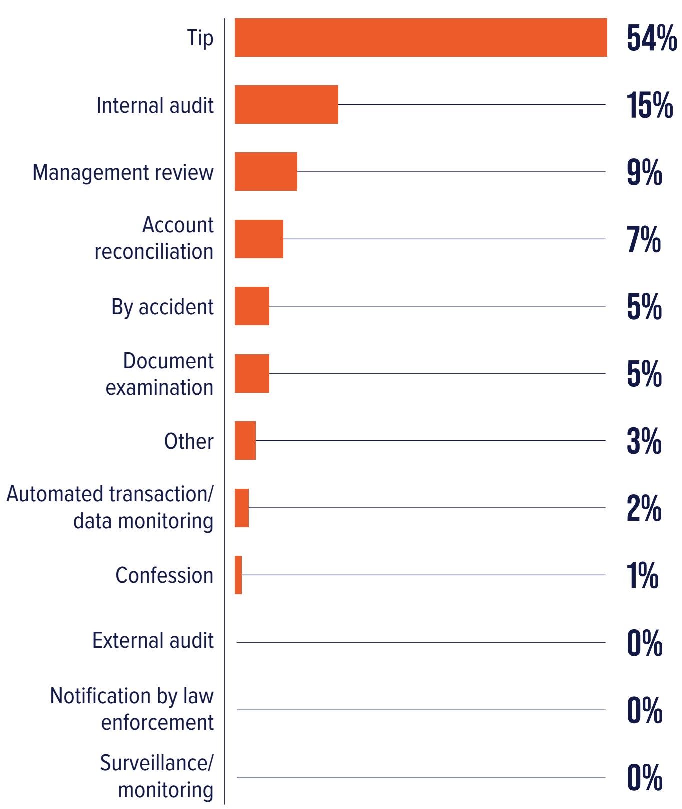
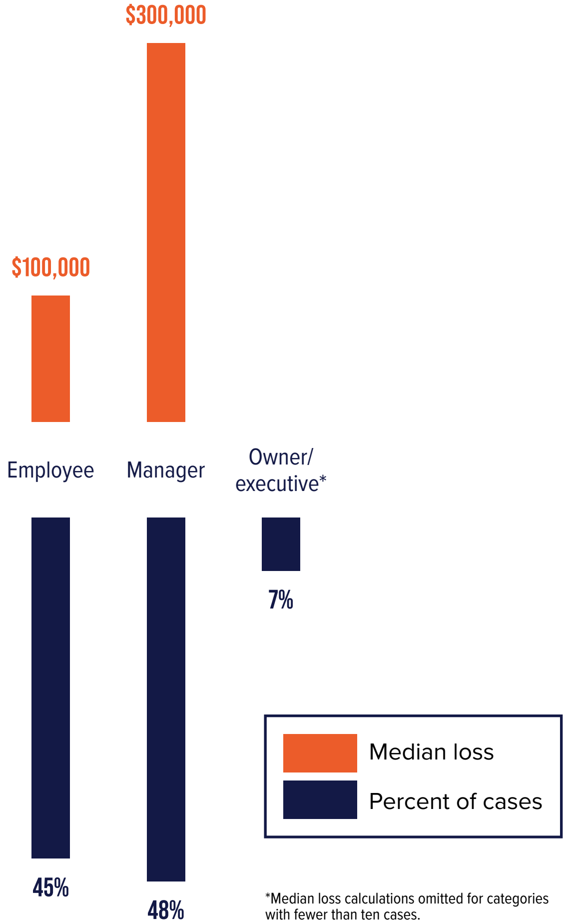


FIG. 88 What anti-fraud controls are the most common in Latin America and the Caribbean?

Control	Percent of cases
Code of conduct	92%
External audit of financial statements	88%
Internal audit department	87%
Hotline	78%
Independent audit committee	76%
Management certification of financial statements	72%
Management review	68%
Fraud training for employees	67%
Anti-fraud policy	66%
External audit of internal controls over financial reporting	64%
Fraud training for managers/executives	64%
Employee support programs	56%
Dedicated fraud department, function, or team	51%
Proactive data monitoring/analysis	46%
Formal fraud risk assessments	45%
Surprise audits	42%
Job rotation/mandatory vacation	22%
Rewards for whistleblowers	8%

FIG. 89 How does the perpetrator's level of authority relate to occupational fraud in Latin America and the Caribbean?



*Median loss calculations omitted for categories with fewer than ten cases.

FIG. 90 How successful were organizations in Latin America and the Caribbean at recovering losses from fraud?

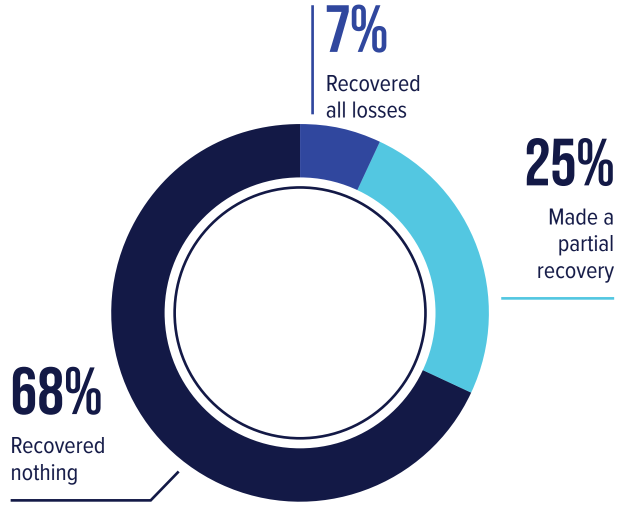


FIG. 91 Cases by country/territory in Latin America and the Caribbean:

Country or territory	Number of Cases
Argentina	2
Bahamas	4
Barbados	1
Belize	1
Bolivia	1
Brazil	18
Cayman Islands	1
Chile	5
Colombia	11
Costa Rica	2
Curaçao	2
Dominican Republic	1
Ecuador	1
El Salvador	1
Guyana	1
Honduras	2
Jamaica	1
Mexico	37
Other/unknown	2
Panama	1
Paraguay	1
Peru	5
Puerto Rico	2
Suriname	1
Trinidad and Tobago	3
Uruguay	1
TOTAL CASES	**108**

REGIONAL FOCUS

MIDDLE EAST AND NORTH AFRICA

MEDIAN LOSS:
$123,000

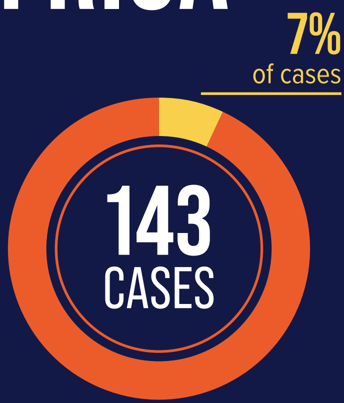


FIG. 92 What are the most common occupational fraud schemes in Middle East and North Africa?

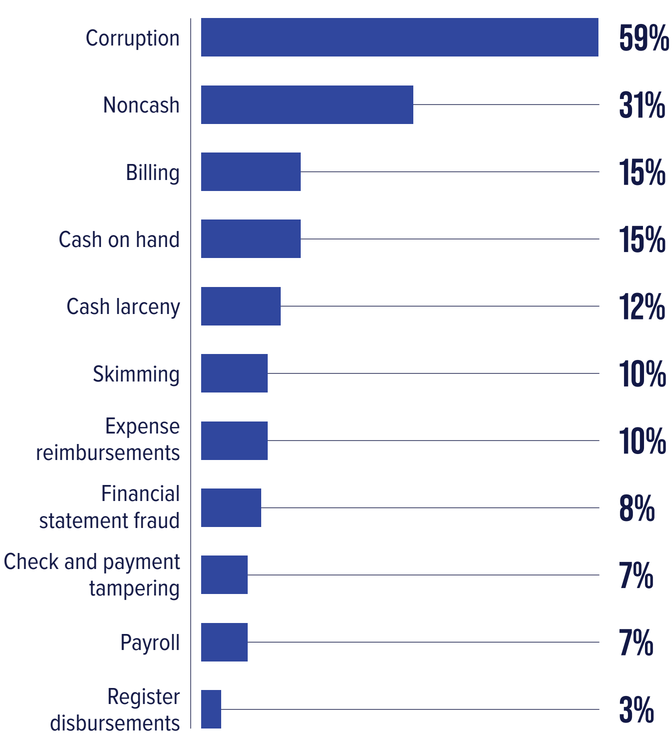


FIG. 93 How is occupational fraud initially detected in Middle East and North Africa?

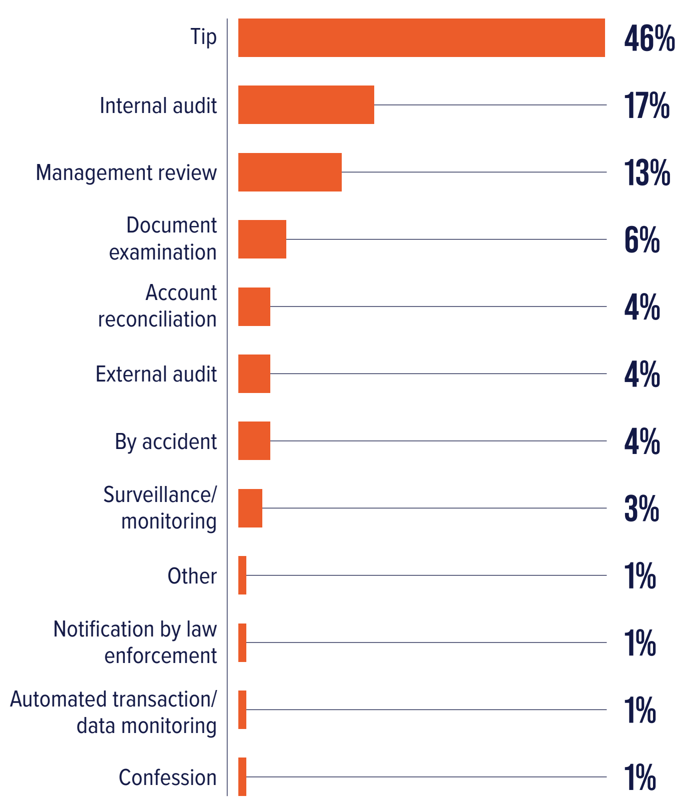


FIG. 94 What anti-fraud controls are the most common in the Middle East and North Africa?

Control	Percent of cases
Code of conduct	89%
External audit of financial statements	88%
Internal audit department	85%
Management certification of financial statements	78%
Management review	76%
External audit of internal controls over financial reporting	75%
Hotline	70%
Independent audit committee	69%
Fraud training for managers/executives	65%
Anti-fraud policy	64%
Fraud training for employees	64%
Formal fraud risk assessments	50%
Proactive data monitoring/analysis	49%
Dedicated fraud department, function, or team	48%
Surprise audits	47%
Employee support programs	42%
Job rotation/mandatory vacation	28%
Rewards for whistleblowers	18%

FIG. 96 How successful were organizations in the Middle East and North Africa at recovering losses from fraud?

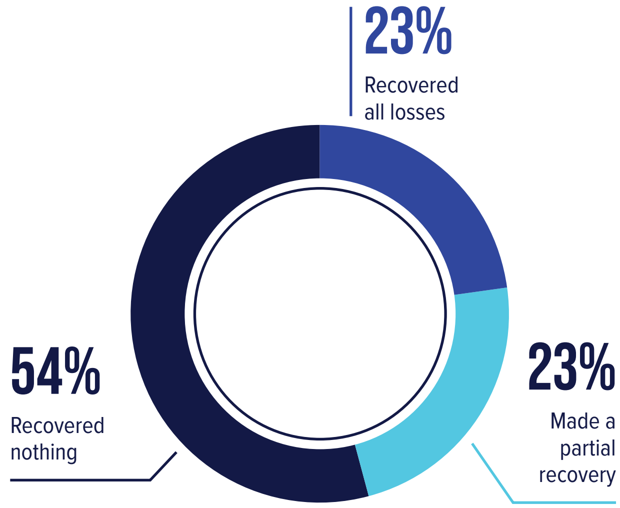


FIG. 95 How does the perpetrator's level of authority relate to occupational fraud in the Middle East and North Africa?

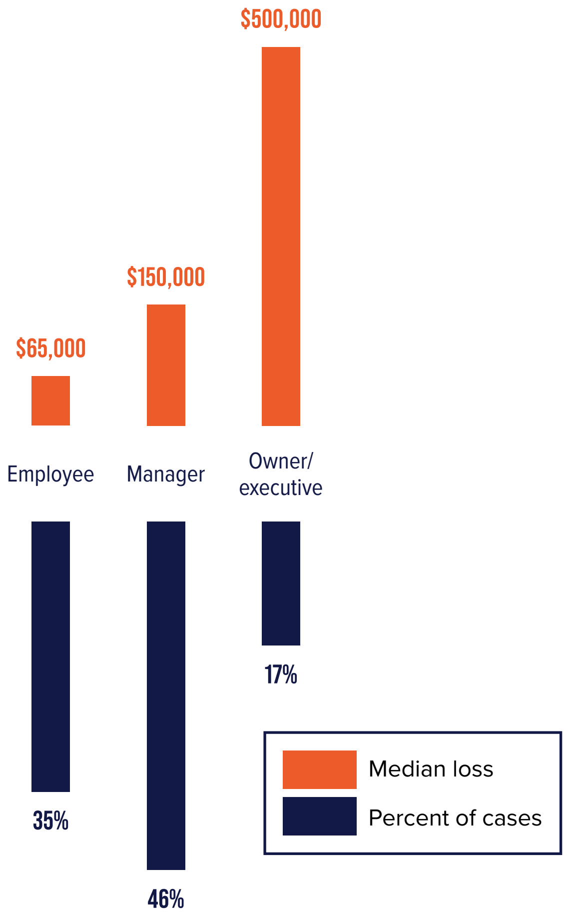
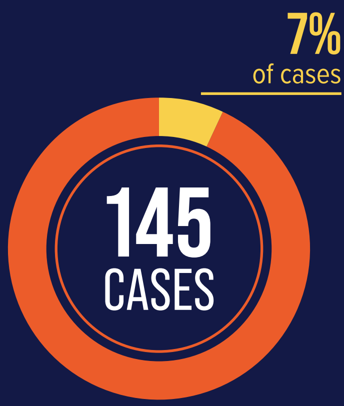


FIG. 97 Cases by country/territory in the Middle East and North Africa:

Country or territory	Number of Cases
Algeria	1
Bahrain	2
Cyprus	2
Egypt	12
Iraq	6
Jordan	7
Kuwait	3
Lebanon	1
Libya	2
Malta	2
Morocco	2
Oman	2
Palestine	1
Qatar	7
Saudi Arabia	32
Tunisia	2
United Arab Emirates	58
Yemen	1
TOTAL CASES	143

REGIONAL FOCUS

SOUTHERN ASIA



MEDIAN LOSS:
$100,000

FIG. 98 What are the most common occupational fraud schemes in Southern Asia?

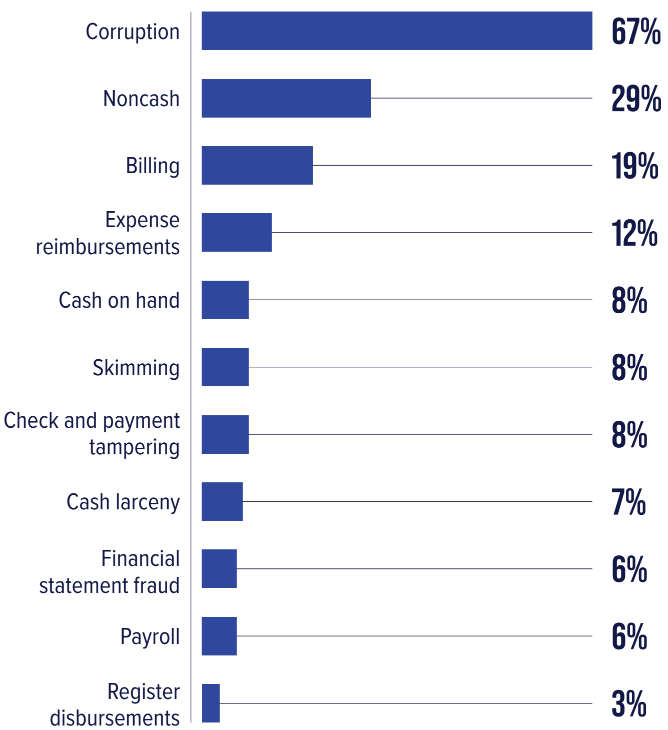


FIG. 99 How is occupational fraud initially detected in Southern Asia?

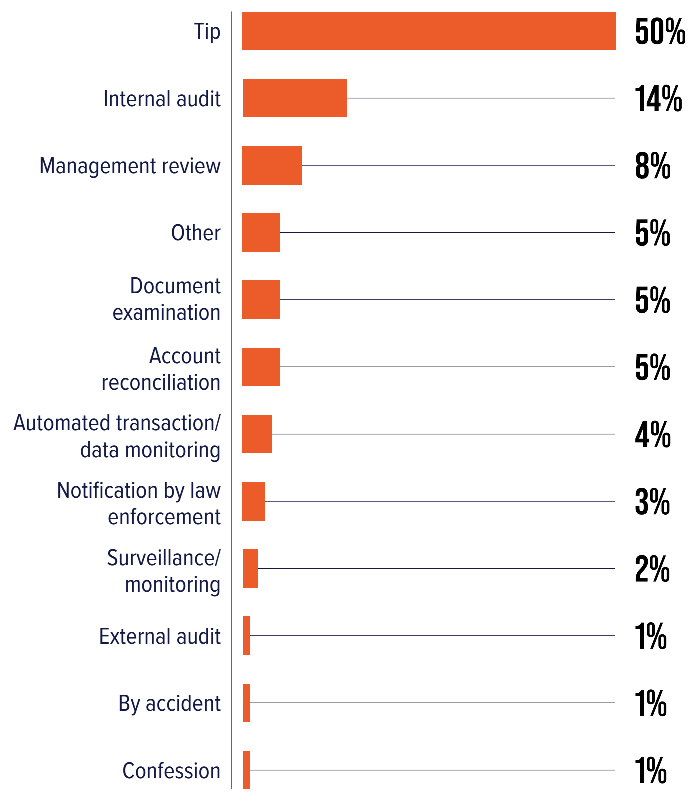


FIG. 100 What anti-fraud controls are the most common in Southern Asia?

Control	Percent of cases
Internal audit department	95%
Management certification of financial statements	95%
Code of conduct	93%
External audit of financial statements	91%
External audit of internal controls over financial reporting	89%
Independent audit committee	88%
Management review	87%
Hotline	80%
Fraud training for managers/executives	74%
Fraud training for employees	72%
Anti-fraud policy	71%
Employee support programs	68%
Formal fraud risk assessments	60%
Dedicated fraud department, function, or team	60%
Surprise audits	60%
Proactive data monitoring/analysis	52%
Job rotation/mandatory vacation	35%
Rewards for whistleblowers	19%

FIG. 101 How does the perpetrator's level of authority relate to occupational fraud in Southern Asia?

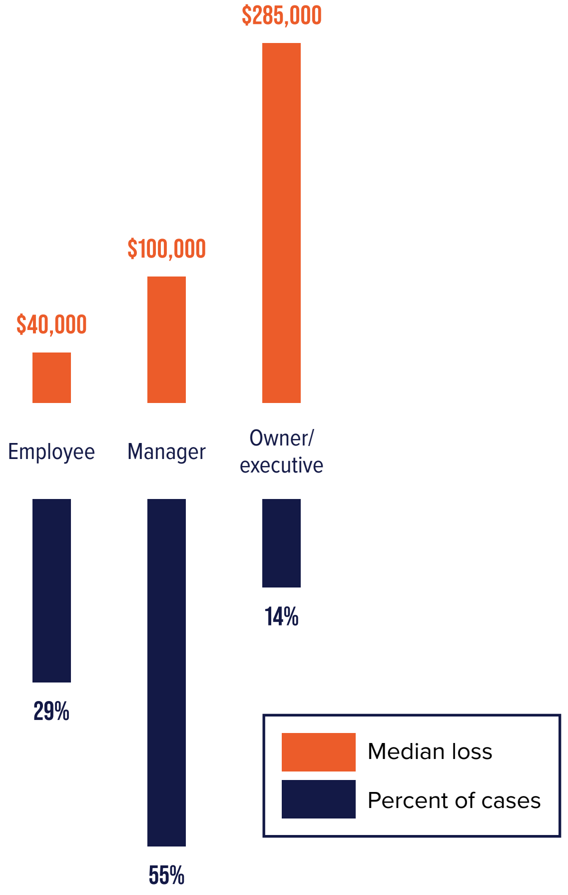


FIG. 102 How successful were organizations in Southern Asia at recovering losses from fraud?

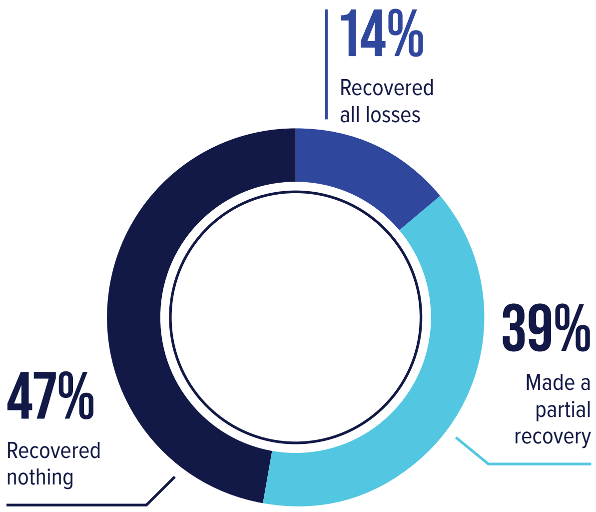


FIG. 103 Cases by country/territory in Southern Asia:

Country or territory	Number of Cases
Afghanistan	5
Bangladesh	5
India	122
Maldives	1
Pakistan	7
Sri Lanka	5
TOTAL CASES	145

REGIONAL FOCUS

SUB-SAHARAN AFRICA

MEDIAN LOSS:
$97,000

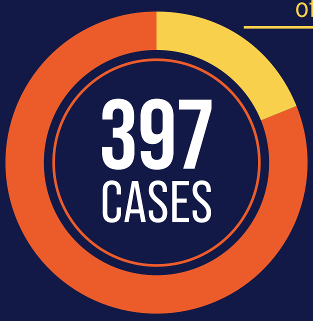


FIG. 104 What are the most common occupational fraud schemes in Sub-Saharan Africa?

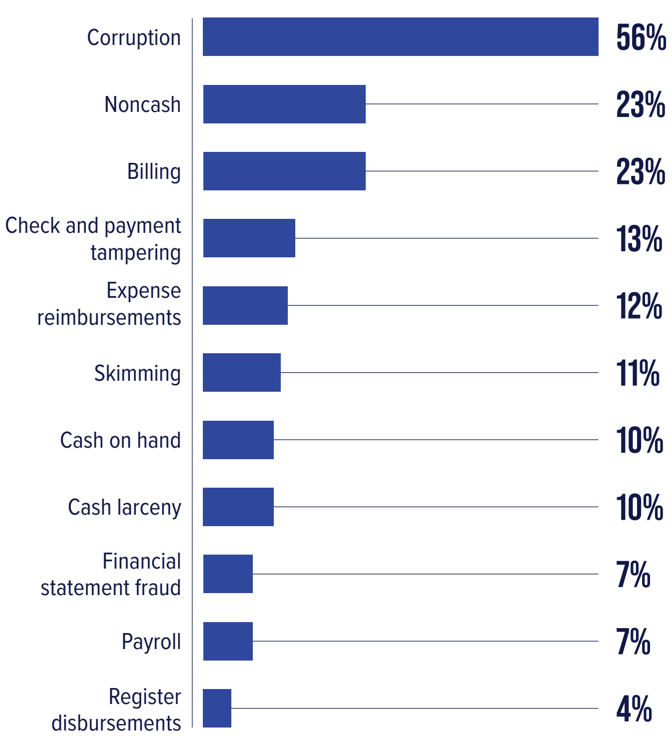


FIG. 105 How is occupational fraud initially detected in Sub-Saharan Africa?

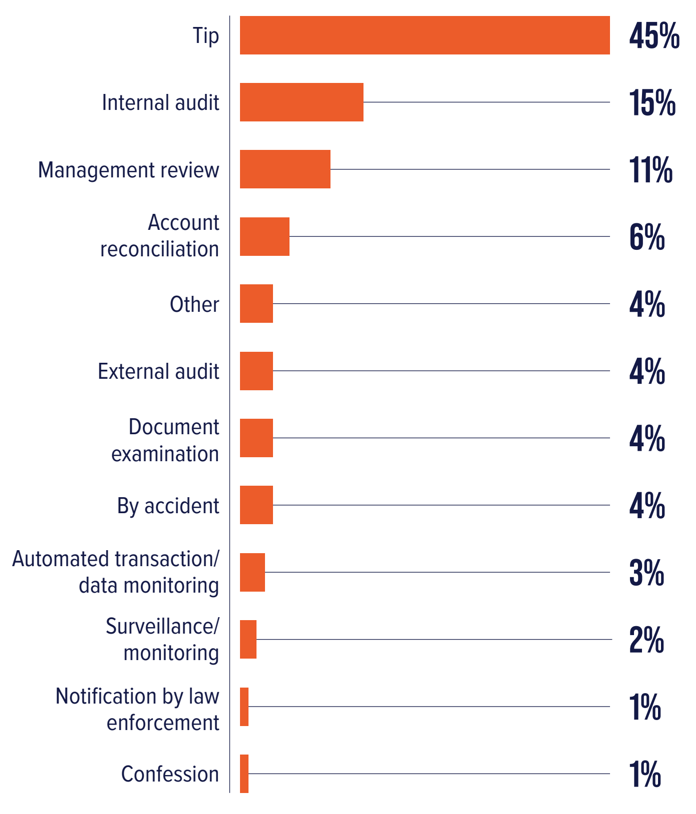


FIG. 106 What anti-fraud controls are the most common in Sub-Saharan Africa?

Control	Percent of cases
Code of conduct	91%
Internal audit department	89%
External audit of financial statements	88%
Management certification of financial statements	83%
External audit of internal controls over financial reporting	78%
Management review	76%
Independent audit committee	76%
Hotline	74%
Fraud training for employees	69%
Anti-fraud policy	68%
Fraud training for managers/executives	66%
Dedicated fraud department, function, or team	58%
Employee support programs	58%
Formal fraud risk assessments	57%
Surprise audits	51%
Proactive data monitoring/analysis	46%
Job rotation/mandatory vacation	29%
Rewards for whistleblowers	18%

FIG. 107 How does the perpetrator's level of authority relate to occupational fraud in Sub-Saharan Africa?

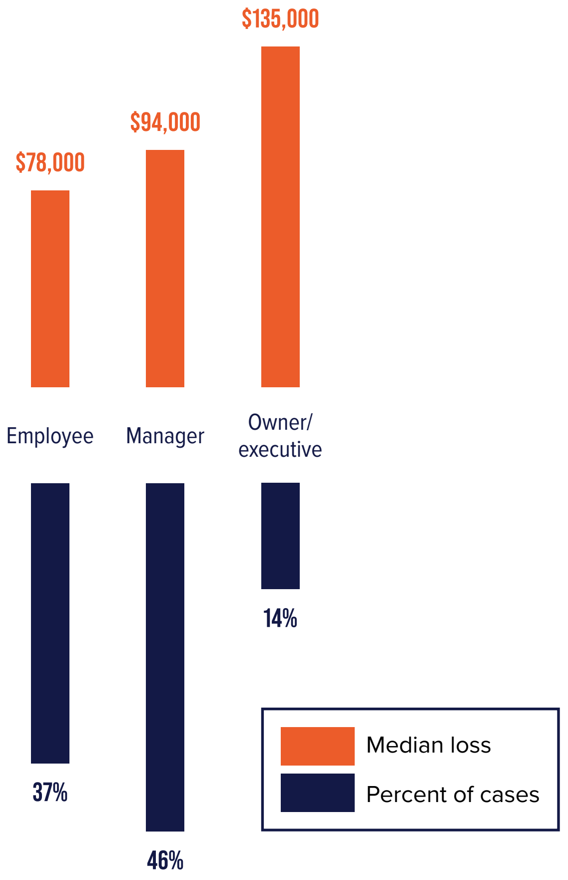


FIG. 108 How successful were organizations in Sub-Saharan Africa at recovering losses from fraud?

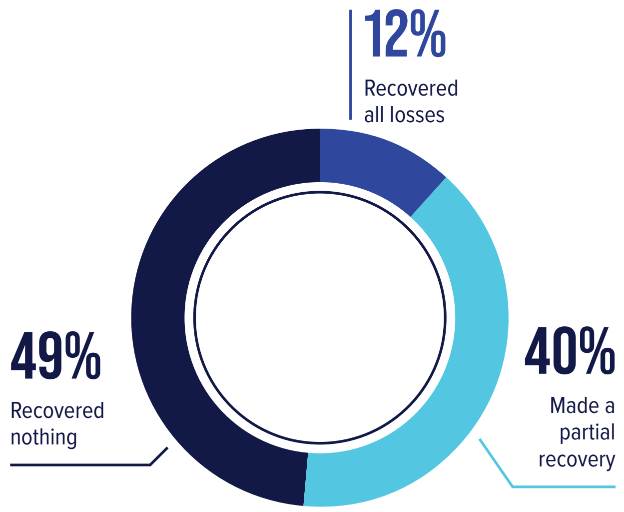


FIG. 109 Cases by country/territory in Sub-Saharan Africa:

Country or territory	Number of Cases
Botswana	10
Burkina Faso	2
Burundi	2
Cameroon	5
Central African Republic	1
Chad	1
Comoros	2
Congo	1
Congo, Democratic Republic of the	9
Cote d'Ivoire	7
Eswatini (formerly Swaziland)	2
Ethiopia	1
Gambia (The)	2
Ghana	16
Guinea	1
Kenya	33
Liberia	8
Madagascar	3
Malawi	7
Mali	4
Mozambique	5
Namibia	4
Nigeria	64
Other/unknown	1
Rwanda	2
Senegal	1
Seychelles	1
Sierra Leone	2
Somalia	7
South Africa	123
South Sudan	3
Sudan	1
Tanzania, United Republic of	12
Togo	1
Uganda	19
Zambia	8
Zimbabwe	26
TOTAL CASES	397

REGIONAL FOCUS

UNITED STATES AND CANADA

MEDIAN LOSS:
$110,000

FIG. 110 What are the most common occupational fraud schemes in the United States and Canada?

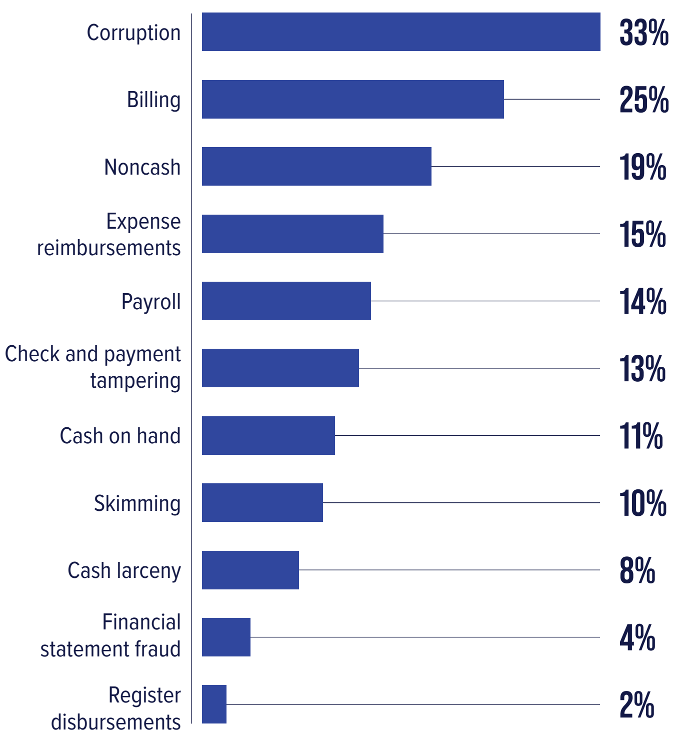


FIG. 111 How is occupational fraud initially detected in the United States and Canada?

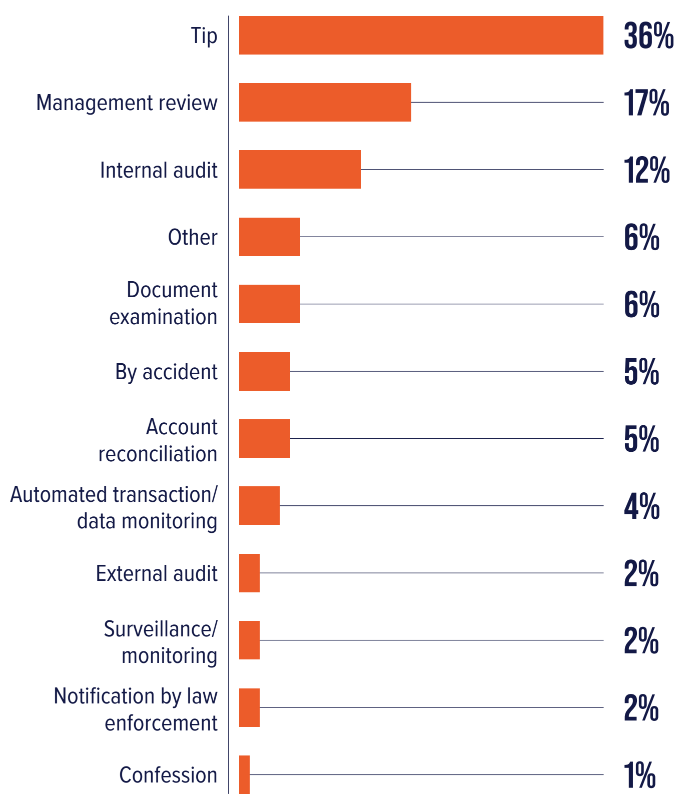


FIG. 112 What anti-fraud controls are the most common in the United States and Canada?

Control	Percent of cases
Code of conduct	83%
External audit of financial statements	74%
Employee support programs	71%
Internal audit department	70%
Management certification of financial statements	69%
Hotline	66%
External audit of internal controls over financial reporting	66%
Management review	64%
Fraud training for employees	63%
Fraud training for managers/executives	63%
Anti-fraud policy	60%
Independent audit committee	59%
Dedicated fraud department, function, or team	52%
Proactive data monitoring/analysis	49%
Formal fraud risk assessments	48%
Surprise audits	39%
Job rotation/mandatory vacation	24%
Rewards for whistleblowers	12%

FIG. 113 How does the perpetrator's level of authority relate to occupational fraud in the United States and Canada?

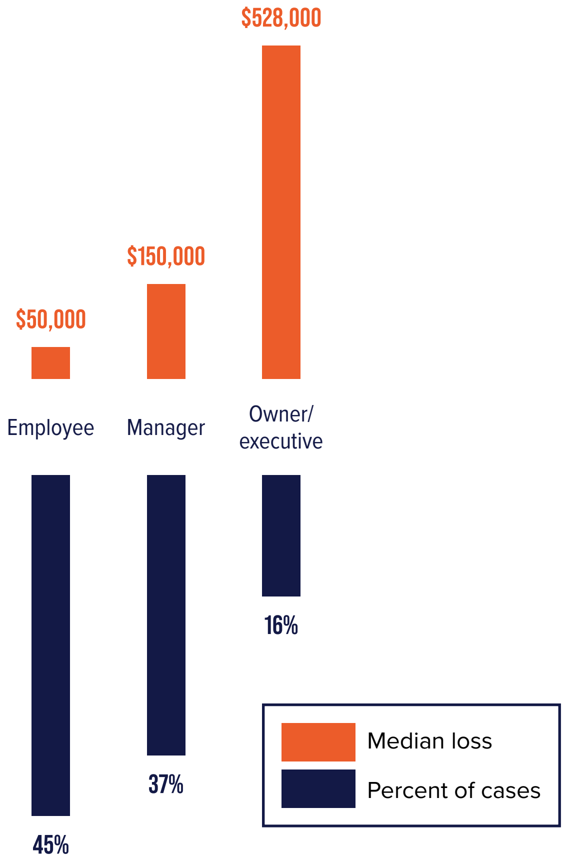


FIG. 114 How successful were organizations in the United States and Canada at recovering losses from fraud?

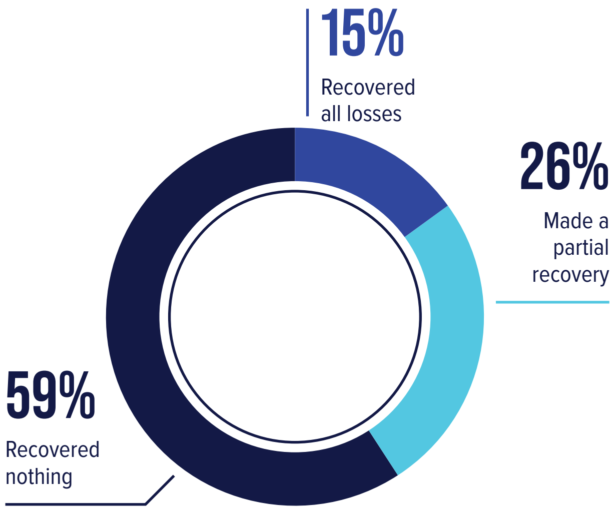


FIG. 115 Cases by country/territory in the United States and Canada:

Country or territory	Number of Cases
Canada	97
United States	779
TOTAL CASES	**876**

WESTERN EUROPE

MEDIAN LOSS:
$150,000

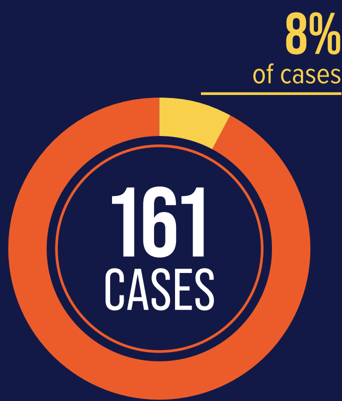


FIG. 116 What are the most common occupational fraud schemes in Western Europe?

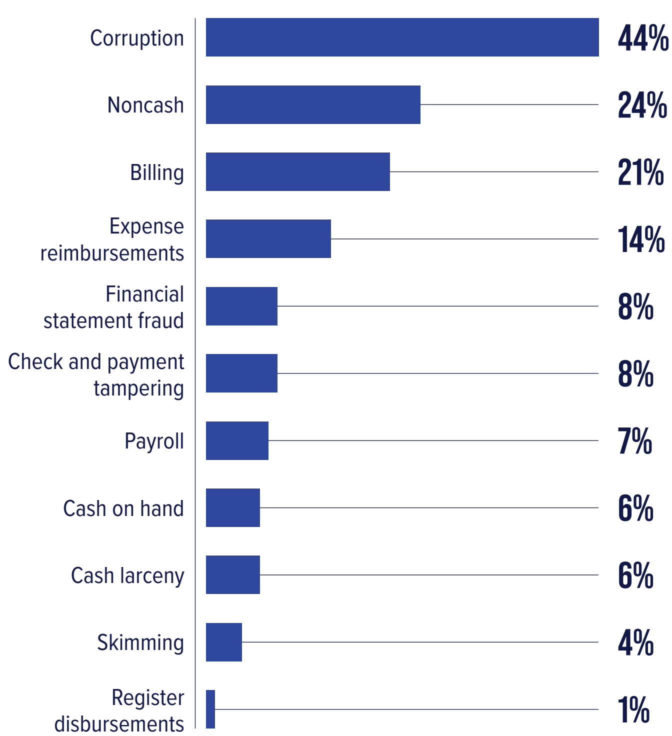


FIG. 117 How is occupational fraud initially detected in Western Europe?

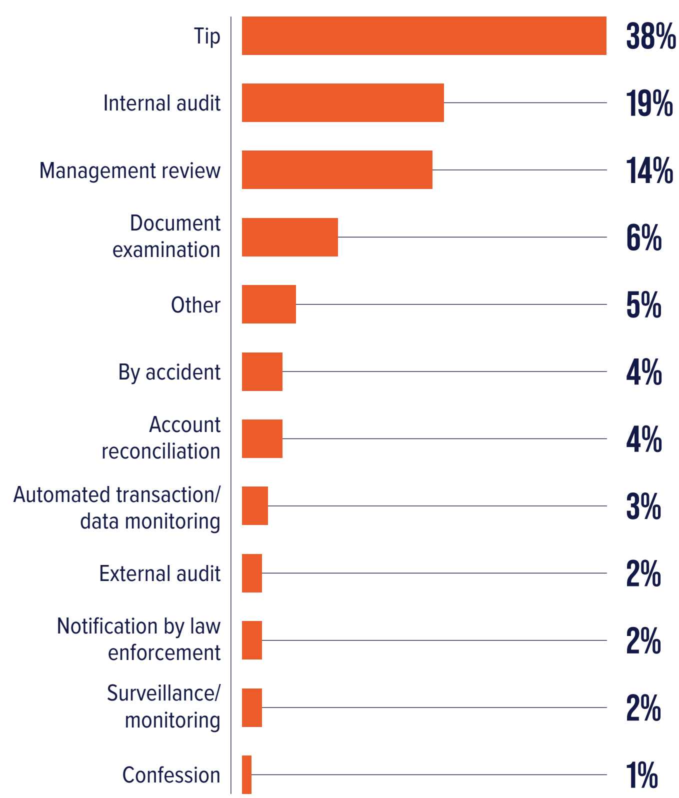


FIG. 118 What anti-fraud controls are the most common in Western Europe?

Control	Percent of cases
Code of conduct	93%
External audit of financial statements	88%
Management certification of financial statements	82%
Internal audit department	80%
Hotline	78%
External audit of internal controls over financial reporting	77%
Independent audit committee	76%
Management review	76%
Fraud training for managers/executives	70%
Fraud training for employees	69%
Anti-fraud policy	65%
Employee support programs	60%
Proactive data monitoring/analysis	52%
Dedicated fraud department, function, or team	49%
Formal fraud risk assessments	46%
Surprise audits	43%
Job rotation/mandatory vacation	35%
Rewards for whistleblowers	10%

FIG. 119 How does the perpetrator's level of authority relate to occupational fraud in Western Europe?

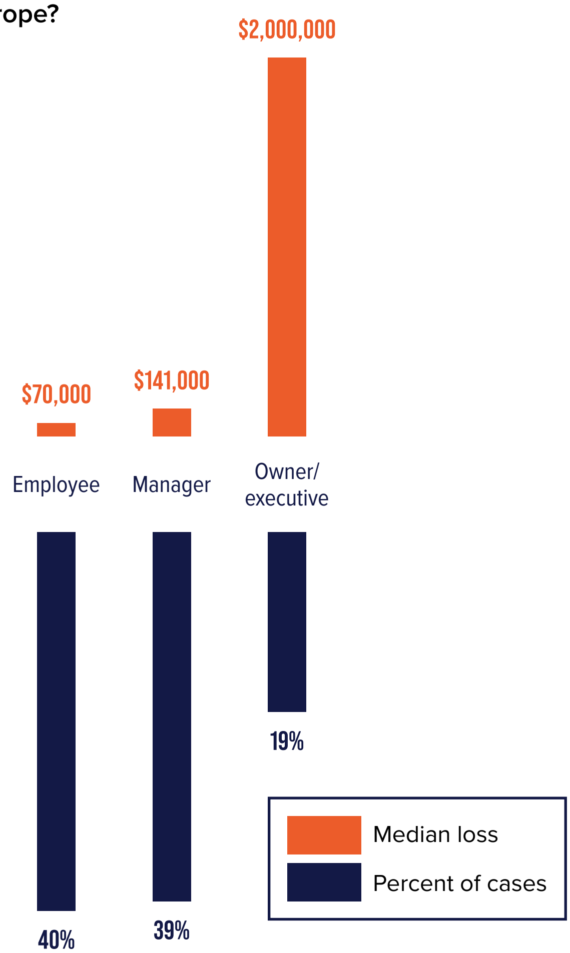


FIG. 120 How successful were organizations in Western Europe at recovering losses from fraud?

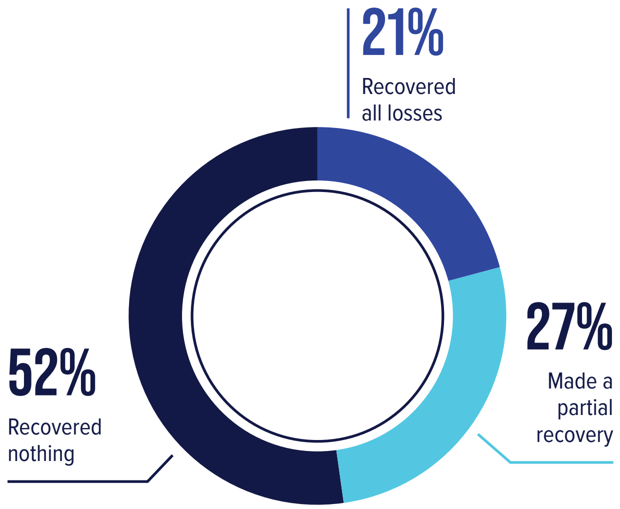


FIG. 121 Cases by country/territory in Western Europe:

Country or territory	Number of Cases
Austria	8
Belgium	6
Denmark	2
Finland	1
France	13
Germany	25
Greece	26
Ireland	4
Italy	15
Luxembourg	2
Netherlands	10
Portugal	1
Spain	7
Sweden	2
Switzerland	13
United Kingdom	26
TOTAL CASES	161

INDEX OF FIGURES

CONCEALMENT OF FRAUD SCHEMES

CRIMINAL AND EMPLOYMENT BACKGROUND OF PERPETRATOR

DEMOGRAPHICS OF SURVEY PARTICIPANTS

DEPARTMENT OF PERPETRATOR

DETECTION METHOD

DURATION OF FRAUD

EDUCATION LEVEL OF PERPETRATOR

GENDER OF PERPETRATOR

GEOGRAPHICAL REGION OF VICTIM ORGANIZATION

INDUSTRY OF VICTIM ORGANIZATION

NUMBER OF PERPETRATORS

POSITION OF PERPETRATOR

SCHEME TYPE

SIZE OF VICTIM ORGANIZATION

TENURE OF PERPETRATOR

TYPE OF VICTIM ORGANIZATION

FRAUD PREVENTION CHECKLIST

Preventing fraud from occurring in the first place is the most cost-effective way to limit fraud losses. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures. Additional guidance, resources, and tools for managing organizational fraud risk can be found at ACFE.com/FraudRiskTools.

1. **Is ongoing anti-fraud training provided to all employees of the organization?**
   - ☐ Do employees understand what does and does not constitute fraud?
   - ☐ Have the costs of fraud to the company and everyone in it—including lost profits, adverse publicity, potential job loss, and decreased morale and productivity—been made clear to all employees?
   - ☐ Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
   - ☐ Has a policy of zero tolerance for fraud been communicated to employees through words and actions?
2. **Is an effective fraud reporting mechanism in place?**
   - ☐ Have employees been taught how to communicate concerns about known or potential wrongdoing?
   - ☐ Are one or more reporting channels (e.g., a third-party hotline, dedicated email inbox, or web-based form) available to employees?
   - ☐ Are whistleblower resources maintained and accessible to all employees?
   - ☐ Do employees trust that they can report suspicious activity anonymously and/or confidentially (where legally permissible) and without fear of reprisal?
   - ☐ Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
   - ☐ Do reporting policies and mechanisms extend to vendors, customers, and other outside parties?
   - ☐ Do reporting mechanisms include multilingual capabilities and provide access to a trained interviewer 24 hours a day, 7 days a week?
3. **To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?**
   - ☐ Is possible fraudulent conduct aggressively and proactively sought out, rather than dealt with passively or reactively?
   - ☐ Are surprise fraud audits performed in addition to regularly scheduled audits?
   - ☐ Are data analytics techniques used to proactively search for fraud and, if so, has the use of such techniques been communicated throughout the organization?
   - ☐ Do managers actively review the controls, processes, accounts, or transactions under their purview for adherence to company policies and expectations?

4. Is the management climate/tone at the top one of honesty and integrity?

- ☐ Are employees periodically surveyed to determine the extent to which they believe management acts with honesty and integrity?
- ☐ Are performance goals realistic and clearly communicated?
- ☐ Have fraud prevention goals been incorporated into the performance measures that are used to evaluate managers and to determine performance-related compensation?
- ☐ Has the organization established, implemented, and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?

5. Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?

- ☐ Are fraud risk assessments updated regularly (e.g., annually), as well as following times of notable organizational or environmental changes?
- ☐ Are the results of the fraud risk assessment shared with appropriate levels of management and used to update the organization's anti-fraud program and controls?

6. Are strong anti-fraud controls in place and operating effectively, including the following?

- ☐ Proper separation of duties
- ☐ Use of authorizations
- ☐ Physical safeguards
- ☐ Job rotations
- ☐ Mandatory vacations

7. Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?

8. Does the hiring policy include the following (where permitted by law)?

- ☐ Past employment verification
- ☐ Criminal and civil background checks
- ☐ Credit checks
- ☐ Drug screening
- ☐ Education verification
- ☐ References checks

9. Are employee support programs in place to assist employees struggling with addiction, mental/emotional health, family, or financial problems?

10. Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?

11. Are regular, anonymous surveys conducted to assess employee morale?

GLOSSARY OF TERMINOLOGY

Asset misappropriation: A scheme in which an employee steals or misuses the employing organization's resources (e.g., theft of company cash, false billing schemes, or inflated expense reports)

Billing scheme: A fraudulent disbursement scheme in which a person causes their employer to issue a payment by submitting invoices for fictitious goods or services, inflated invoices, or invoices for personal purchases (e.g., employee creates a shell company and bills employer for services not actually rendered; employee purchases personal items and submits an invoice to employer for payment)

Cash larceny: A scheme in which an incoming payment is stolen from an organization after it has been recorded on the organization's books and records (e.g., employee steals cash and checks from daily receipts before they can be deposited in the bank)

Cash-on-hand misappropriation: A scheme in which the perpetrator misappropriates cash kept on hand at the victim organization's premises (e.g., employee steals cash from a company vault)

Check or payment tampering scheme: A fraudulent disbursement scheme in which a person steals their employer's funds by intercepting, forging, or altering a check or electronic payment drawn on one of the organization's bank accounts (e.g., employee steals blank company checks and makes them out to themself or an accomplice; employee re-routes an outgoing electronic payment to a vendor to be deposited into their own bank account)

Collusion: Agreement or consent of two or more parties to commit a fraud scheme against a victim organization (e.g., employee agrees to inform a bidder of what criteria will win a contract up for bid)

Corruption: A scheme in which an employee misuses their influence in a business transaction in a way that violates their duty to the employer in order to gain a direct or indirect benefit (e.g., schemes involving bribery or conflicts of interest)

Employee support programs: Programs that provide assistance to employees dealing with personal issues or challenges, such as counseling services for drug, family, or financial problems

Expense reimbursements scheme: A fraudulent disbursement scheme in which an employee makes a claim for reimbursement of fictitious or inflated business expenses (e.g., employee files fraudulent expense report, claiming personal travel, nonexistent meals)

Financial statement fraud: A scheme in which an employee intentionally causes a misstatement or omission of material information in the organization's financial reports (e.g., recording fictitious revenues, understating reported expenses, or artificially inflating reported assets)

Fraudulent disbursement scheme: A scheme in which an employee makes a distribution of organizational funds or manipulates a disbursement/payment function for a dishonest purpose (e.g., submitting false invoices for payment, altering time cards, or making personal purchases with company funds)

Hotline: A mechanism to report fraud or other violations, whether managed internally or by an external party. This might include telephone and text hotlines, dedicated email addresses, web-based platforms, and other mechanisms established to facilitate fraud reporting.

Management review: The process of management reviewing organizational controls, processes, accounts, or transactions for adherence to company policies and expectations

Noncash misappropriation: Any scheme in which an employee steals or misuses noncash assets of the victim organization (e.g., employee steals inventory from a warehouse or storeroom; employee steals or misuses confidential customer information)

Occupational fraud: The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets

Payroll scheme: A fraudulent disbursement scheme in which an employee causes their employer to issue a payment by making false claims for compensation (e.g., employee claims overtime for hours not worked; employee adds ghost employees to the payroll)

Primary perpetrator: The person who worked for the victim organization and who was reasonably confirmed as the primary culprit in the case

Register disbursements scheme: A fraudulent disbursement scheme in which an employee makes false entries on a cash register to conceal the fraudulent removal of cash (e.g., employee fraudulently voids a sale on a cash register and steals the cash)

Skimming: A scheme in which an incoming payment is stolen from an organization before it is recorded on the organization's books and records (e.g., employee accepts payment from a customer but does not record the sale and instead pockets the money)

ABOUT THE ACFE

Founded in 1988 by Dr. Joseph T. Wells, CFE, CPA, the Association of Certified Fraud Examiners (ACFE) is the world's largest anti-fraud organization and premier provider of anti-fraud training and education. Together with more than 95,000 members, the ACFE is reducing business fraud worldwide and inspiring public confidence in the integrity and objectivity within the profession.

The ACFE unites and supports the global anti-fraud community by providing educational tools and practical solutions for professionals through events, publications, networking, and educational materials for colleges and universities.

CERTIFIED FRAUD EXAMINERS

The ACFE offers its members the opportunity for professional certification with the Certified Fraud Examiner (CFE) credential. The CFE is preferred by businesses and government entities around the world, and indicates expertise in fraud prevention and detection. CFEs are anti-fraud experts who have demonstrated knowledge in three critical areas: Fraud Schemes and Financial Crimes, Fraud Investigations and Legal Issues, and Fraud Prevention and Deterrence.

MEMBERSHIP

Members of the ACFE include accountants, internal auditors, fraud investigators, law enforcement officers, lawyers, business leaders, risk/compliance professionals, and educators, all of whom have access to expert training, educational tools, and resources. Whether their career is focused exclusively on preventing and detecting fraudulent activities or they just want to learn more about fraud, the ACFE provides anti-fraud professionals with the essential tools and resources necessary to accomplish their objectives.

To learn more, visit ACFE.com or call (800) 245-3321 / +1 (512) 478-9000.

CONTACT

Association of Certified Fraud Examiners
Global Headquarters
716 West Ave | Austin, TX 78701-2727 | USA
T: (800) 245-3321 | +1 (512) 478-9000
E: Info@ACFE.com | ACFE.com

TERMS OF USE

Occupational Fraud 2026: A Report to the Nations is available for use free of charge as a public service of the ACFE. You may download, copy and/or distribute the report for personal or business use on the following conditions:

1. No portion of *Occupational Fraud 2026: A Report to the Nations* may be sold or otherwise licensed, shared or transferred to any party for a fee, or included in any work that is to be sold, licensed, shared or transferred to any party for a fee, without the express written consent of the ACFE. The foregoing notwithstanding, you are permitted to use the report as part of a speech or presentation for which an admission fee is charged.
2. *Occupational Fraud 2026: A Report to the Nations* must be properly attributed to the ACFE, including the name of the publication. An example of proper attribution is: "*Occupational Fraud 2026: A Report to the Nations*. Copyright 2026 by the Association of Certified Fraud Examiners, Inc."

Facebook X LinkedIn Instagram YouTube

ACFE.com/RTTN