

An Exploration of Why Insider Fraud Is the Biggest Threat to Your Business

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Abstract : Insider fraud, otherwise known as occupational, employee, or internal fraud, is a financial crime threat. Perpetrated by defrauding (or attempting to defraud) one's current, prospective, or past employer, an 'employee' covers anyone employed by the company, including board members and contractors. The Coronavirus pandemic has forced insider fraud into the spotlight, and it isn't dimming. As the focus of most academics and practitioners has historically been on that of 'external fraud', insider fraud is often overlooked or not considered to be a real threat. However, since COVID-19 changed the working world, pushing most of us into remote or hybrid working, employers cannot easily keep an eye on what their staff are doing, which has led to reliance on trust and transparency. This, therefore, brings about an increased risk of insider fraud perpetration. The objective of this paper is to explore why insider fraud is, therefore, now the biggest threat to a business. To achieve the research objective, participating individuals within the financial crime sector (either as a practitioner or consultants) attended semi-structured interviews with the researcher. The principal recruitment strategy for these individuals was via the researcher's LinkedIn network. The main findings in the research suggest that insider fraud has been ignored and rejected as a threat to a business, owing to a reluctance to admit that a colleague may perpetrate. A positive of the Coronavirus pandemic is that it has forced insider fraud into a more prominent position and giving it more importance on a business' agenda and risk register. Despite insider fraud always having been a possibility (and therefore a risk) within any business, it is very rare that a business has given it the attention it requires until now, if at all. The research concludes that insider fraud needs to be prioritised by all businesses, and even ahead of external fraud. The research also provides advice on how a business can add new or enhance existing controls to mitigate the risk.

Keywords : insider fraud, occupational fraud, COVID-19, COVID, coronavirus, pandemic, internal fraud, financial crime, economic crime

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