

## Insider Fraud and its Risks to FinTechs

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**Abstract :** Insider fraud, including its various forms such as employee fraud or internal fraud, is a major financial crime threat whereby an employee defrauds (or attempts to defraud) their current, prospective or past employer. 'Employee' covers anyone employed by the company, including contractors, agency workers, directors and part time staff. Insider fraud is even more of a concern given the impacts of the Coronavirus pandemic and the cost-of-living crisis, which have generated multiple opportunities to commit insider fraud. Insider fraud is something that is not necessarily thought of as a significant financial crime; Without the face-to-face, 'over the shoulder' capabilities of staff being able to keep an eye on their employees, there is a heightened reliance on trust and transparency. With this, naturally, comes an increased risk of insider fraud. Given that the number of FinTechs is on the rise and there is a significant lack of empirically based solutions for reducing insider fraud, these are gaps in the research space that this thesis aims to fill. Finally, Kassem (2022) notes that "academic research plays a crucial role in raising awareness about fraud and researching effective methods for countering it". Thus, this thesis may be used as an opportune tool to provide an extensive list of controls spanning detection, deterrence and prevention, that are recommended to be implemented to help combat the insider threat.

**Keywords :** insider fraud, internal fraud, pandemic, Covid-19

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