

typically male and over 46 years says new research

by Emily Chantiri | 16 Feb 2016

The face of fraud has become a little clearer, based on new research. Typically, the fraudster is male and over 46 years old with a penchant for extravagance. The KPMG [Face of Fraud](#) report found more than half (71 per cent) of all frauds were committed by men, far more than those committed by women (26 per cent).

The value of frauds men undertake tend to be larger than those for women. The average value for men is \$1.7 million, whereas it is \$400,000 million for women. However, a higher proportion of the frauds committed by women were in relation to wrongful claiming of state benefits compared to men. Ninety per cent of men committed frauds in relation to financial institutions.

The most common perpetrators are business 'insiders' with frauds attributable to management averaging \$3.3 million, about double that of non-management employees. They are closely followed by professional criminals, and includes organised crime, at \$2.9 million.

Gary Gill, head of forensic at KPMG Australia, said the 'inside job' continues to be a key theme of frauds involving business and government organisations, with almost \$89 million of all fraud perpetrated by management and employees; with management responsible for the larger frauds.

"This is likely due to them having more access to information and hence greater scope and opportunity," he said.

Government agencies and investors together were the victims of more than \$57 million of frauds in 2015. Fraud against government also include a number of instances of benefit fraud. A number of the investor frauds involved con artists duping their victims into parting with their money and the theft of client funds by advisers.

KPMG's Fraud Barometer for the period April to September 2015 shows 91 frauds with a value of \$128.6 million, and an average value per case of \$1.4 million.

Victoria and Queensland top the fraud charts at \$38.7 million and \$36.9 million, respectively. In Queensland, there were more cases by number, involving government agencies and investor frauds than any other state.

Many fraud investigations indicate gambling and extravagant lifestyles are major drivers of fraud. "Online gambling and access through mobile devices means that employers ... are powerless to prevent their employees accessing gaming sites," says Gill.

In most cases, warning signs are present, but the victim organisation has either not recognised or not acted on them. As a result of which it typically takes around two years or more before fraud is detected.

Gill said the red flags include employees showing signs of an extravagant lifestyle, such as a flashy new car or overseas holiday, and employees not taking leave, in case someone else discovers the fraud while they are away.

In many cases that is when frauds are discovered; employees regularly working late in the evening and on weekends, to cover their tracks and make sure the fraud is not detected.

A number of frauds in the research were uncovered by whistleblowers, who noticed suspicious behaviour and raised these concerns so they can be actioned.

“This is often the way that many fraudsters are caught and held accountable for their actions.”

He says, “in almost every case, somebody in the victim organisation, other than the fraudster, knew or had a suspicion about what was going on but never spoke up. Organisations need effective whistle-blower procedures to enable their employees to speak up.”