



## Large companies' survey

- Perspectives from companies with over ₹ 200 Crore turn over and/or over 200 employees

70% of respondents felt incidents of fraud will increase in the next two years

Top reasons that contribute to fraud include – diminishing ethical values (38%), lack of efficient control system (37%), inadequate due diligence (37%) and unrealistic goals linked to monetary compensation (37%)

Vendor favoritism (42%), diversion/ theft of funds (33%) and bribery and corruption (30%) were the top fraud incidents experienced by organizations

Procurement (35%) and vendor/ partner selection (25%) were considered the functions most vulnerable to fraud risks

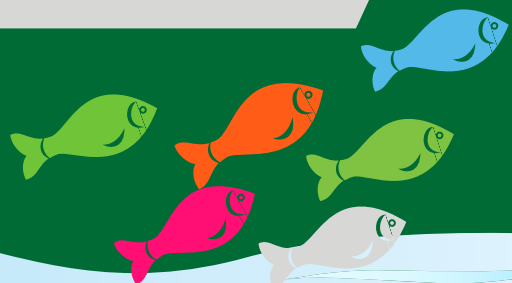
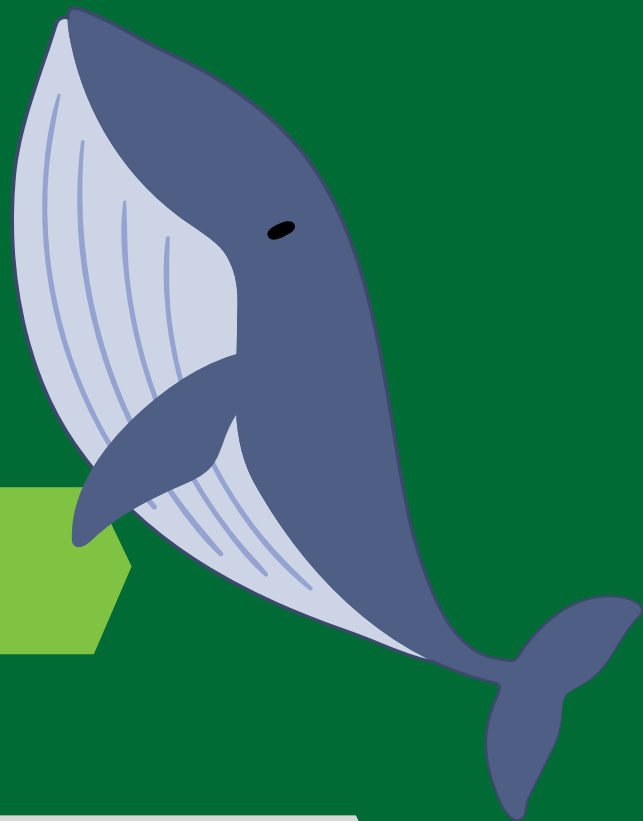
Junior and Middle management employees were considered the most likely to commit fraud

Top three measures undertaken to prevent fraud include – Internal Audit/ Risk assessment (89%), Tone at the top and implementation of anti-fraud policies (79%), and fraud awareness workshops and trainings (66%)

Fraud is mostly detected through whistleblower hotlines

Response to fraud is complex and determined on a case to case basis – 43% said investigations were commenced based on the severity of fraud; 36% said the fraudster was allowed to resign in lieu of pressing legal charges; and 33% said fraud was communicated to employees, the Board and regulatory agencies

Preparedness to emerging fraud and noncompliance risks such as social media and anti-competitive behavior appears to be low



## Small and medium enterprises survey

- Perspective from companies with under ₹ 200 Crore turn over and/or under 200 employees



54% of respondents felt incidents of fraud will increase in the next two years



Top three reasons that contribute to fraud include the following – diminishing ethical values (68%), limited/ lack of segregation of duties (68%) and limited employee education on fraud (60%)



Top three frauds experienced by organizations include – Diversion/ theft of funds (32%), bribery and corruption (28%) and conflict of interest (26%)



The most common forms of corruption experienced include – collusive bribery (69%) and facilitation payments (69%)



Procurement (44%) and sales and distribution (29%) were considered the functions most vulnerable to fraud risks



32% felt complying with anti-fraud regulation placed additional burden on them



Fraud prevention efforts were found wanting – 48% felt there wasn't enough commitment; 42% felt there was inadequate budget and resource allocation to prevent fraud; 25% reviewed their fraud risk management frameworks only upon an incident occurring; and 23% addressed fraud observations within 1-2 months of the incident



Top three measures undertaken to prevent fraud include – Independent Audits (71%), implementing a code of conduct (62%), and regular monitoring and assessment of fraud risks (52%)



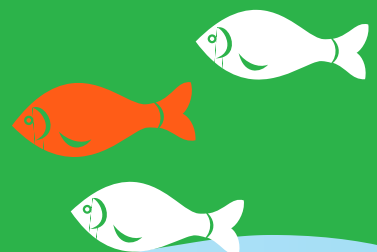
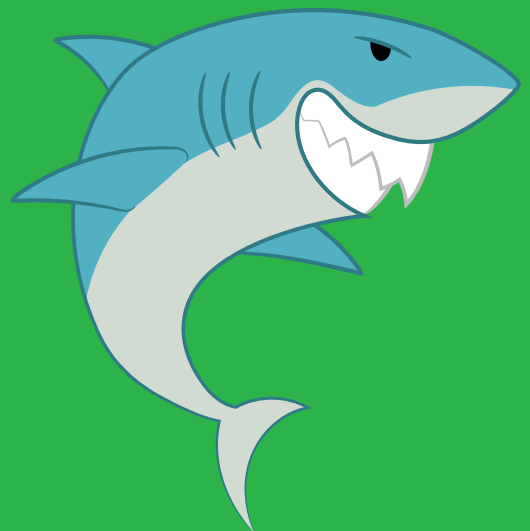
Deploying technology to curb fraud is a challenge with 17% citing budgetary constraints, and 23% claimed lack of clarity around the utility of such tools



Response to fraud is complex and determined on the basis of the materiality of fraud (19%)



Top actions taken upon detection of fraud include – internal investigation (71%), review/ updating of existing controls (53%) and asking the fraudster to resign (53%)



## Working professionals' survey



65% of respondents felt incidents of fraud will increase in the next two years



70% felt their employers encouraged them to provide enough opportunities to share instances of unethical behavior



Top three reasons that contribute to fraud include – Weak/ ineffective controls (65%), technological advancements (43%), and general decline in ethical values (42%)



Are laws on curbing fraud effective? – Yes (47%), No (42%)



Top three frauds experienced by organizations include – bribery and corruption (43%), financial statement fraud (40%), and embezzlement of funds (39%)



Primary responsibility to fight fraud lies with the citizens (56%)



Frauds personally experienced by working professionals include – bribery and corruption at government offices (59%), identity theft (37%) and sector specific frauds (31%)



Top three measures the Government can take that will help reduce fraud in India – stronger enforcement (90%), greater adoption of technology (63%) and government advisory on key fraud schemes (63%)



In response to fraud, 55% of respondents claimed they did nothing as there was no way to recover losses



Top 3 measures that corporates can take to reduce fraud – openly discuss fraud and educate employees (61%), recognize and reward ethical behavior (59%), and name and shame wrong do-ers (57%)



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