

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 **20% GREATER** than those who did not display any.

No behavioral red flags
\$125,000 MEDIAN LOSS



At least one behavioral red flag
\$150,000 MEDIAN LOSS

8 KEY WARNING SIGNS

75% of fraudsters displayed at least one of the **8 MOST COMMON** behavioral clues; each of these **BEHAVIORAL RED FLAGS** was observed in **AT LEAST 10%** of cases.



39%

Living beyond means



27%

Financial difficulties



20%

Unusually close association with vendor/customer



13%

Control issues, unwillingness to share duties



12%

Irritability, suspiciousness, or defensiveness



12%

"Wheeler-dealer" attitude



11%

Bullying or intimidation



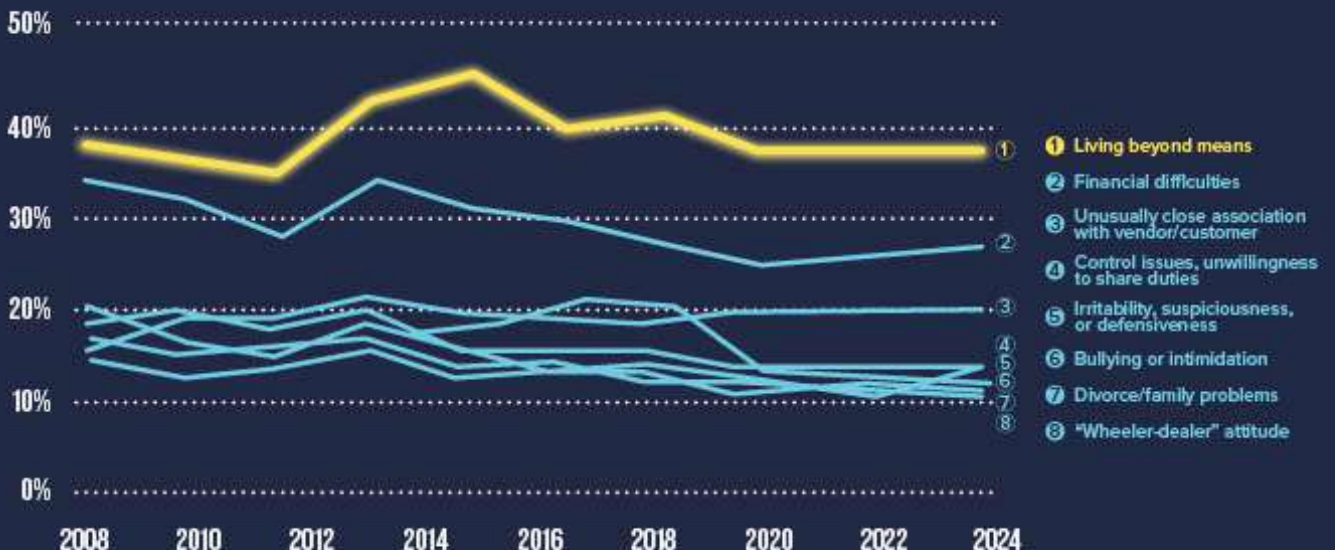
10%

Divorce/family problems



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

COMMON BEHAVIORAL RED FLAGS

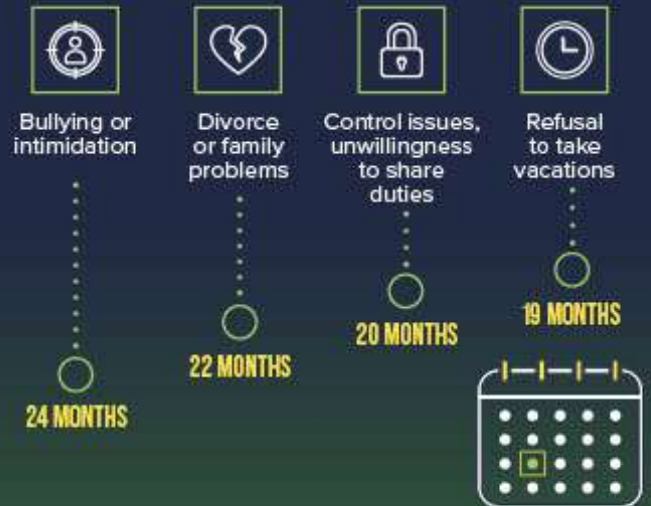




Behavioral red flags associated with the **HIGHEST MEDIAN LOSSES**



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



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.

