Behavioral Red Flags of Fraud

Recognizing the behavioral clues displayed by fraudsters can help organizations more effectively detect fraud and minimize their losses.





OF ALL FRAUDSTERS displayed at least one BEHAVIORAL RED FLAG while committing their crimes.

7 KEY WARNING SIGNS



Living beyond means

'08

'10

'12

'14

^{'16}

'18

'20



Zb⁹⁰
Financial difficulties



Unusually close association with vendor/customer



Control issues, unwillingness to share duties



Irritability, suspiciousness, or defensiveness



"Wheeler-dealer" attitude



Divorce/family problems

LIVING BEYOND MEANS 50% A fraudster living beyond his or her means is the most common red flag by Living beyond a sizable margin. means 40% This has ranked as the **#1 red flag** in every study since 2008. 30% Financial difficulties 20% Unusually close association with vendor/customer Control issues, unwillingness to share duties Irritability, suspiciousness, or defensiveness "Wheeler-dealer" attitude 10% Divorce/family problems

CLASSIFYING **RED FLAG** BEHAVIORS

In **52**% of cases, the fraudster exhibited red flags connected to their **work duties**.

Unusually close association with vendor/customer

19%

Control issues, unwillingness to share duties

15%

Irritability, suspiciousness, or defensiveness

13%

"Wheeler-dealer" attitude

13%

Complained about inadequate pay

8%

Refusal to take vacations

7%

Excessive pressure from within organization

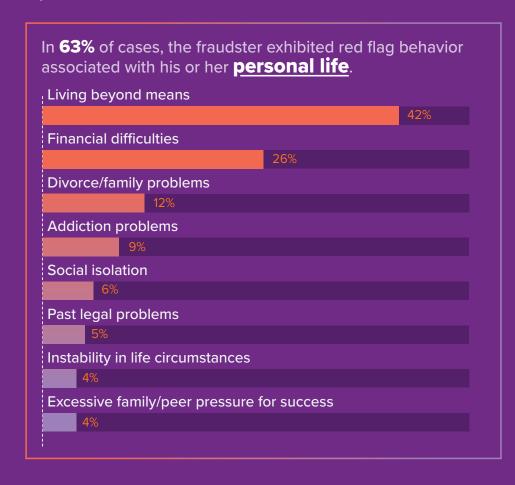
7%

Past employment-related problems

6%

Complained about lack of authority

5%



JOB PERFORMANCE AS A WARNING SIGN

A fraud perpetrator's job performance will often suffer while the scheme is taking place. Each of these performance-related issues were cited in at least 10% of cases.









