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Isaac M. O'Bannon • May. 21, 2014

Organizations around the world lose an estimated five percent of their annual revenues to occupational fraud, according to a survey of Certified Fraud Examiners (CFEs) who investigated cases between January 2012 and December 2013. Applied to the estimated 2013 Gross World Product, this figure translates to a potential total fraud loss of more than \$3.5 trillion (U.S.).

The Association of Certified Fraud Examiners (ACFE) published the results of the survey in its highly anticipated [2014 Report to the Nations on Occupational Fraud and Abuse](#). The report includes data compiled from 1,483 cases of fraud submitted by CFEs globally.

Other key findings from the 80-page report include (all values in U.S. dollars):

- **Fraud schemes are extremely costly.** The median loss caused by the occupational fraud cases in the study was \$145,000. Nearly one-fourth (24 percent) of these cases caused losses of at least \$1 million.
- **Schemes can continue for months or even years before they are detected.** The frauds in the study lasted a median of 18 months before being caught.
- **Tips are key in detecting fraud.** Occupational fraud is far more likely to be detected by a tip than by any other method. More than 40 percent of all cases were detected by a tip – with the majority of them coming from employees of the victim organization.

- **Occupational fraud is a global problem.** Though some findings differ slightly

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smaller and proportionately, with a median loss of \$145,000 – higher than the overall median loss for fraud cases in the study (\$145,000). These organizations typically employ fewer anti-fraud controls than their larger counterparts, which increases their vulnerability to fraud.

The *Report to the Nations* also details findings such as how organizations were affected based upon industry, how the implementation of anti-fraud controls affected exposure to fraud, the breakdown of fraud statistics by geographical region and the most common behavioral traits observed among fraud perpetrators.

Information from CFEs in more than 100 nations was compiled to develop the benchmarking statistics on occupational fraud losses, detection methods and perpetrators. Since its first edition in 1996, the biannual report has evolved and been modified to continue to draw more meaningful information from the experiences of CFEs and the frauds they encounter.

The 2014 *Report to the Nations* is available for download online at: [ACFE.com/RTTN](https://www.acfe.com/RTTN). The Report is in PDF format.

The first edition of the *Report* was published by the ACFE in 1996. The ACFE has published subsequent editions in 2002, 2004, 2006, 2008, 2010, 2012 and now 2014. Over that time, the *Report* has come to be regarded as the most authoritative statistical resource available on occupational fraud.

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