



The UK's Fraud Prevention Service

# Press Release

24 May 2010

## **Staff Fraudscape: examining the staff fraud threat in the UK**

CIFAS - the UK's Fraud Prevention Service, today releases *Staff Fraudscape*: a 28-page report that lays bare the frauds recorded by the Members of the CIFAS Staff Fraud Database during 2009. Launched in 2006, the CIFAS Staff Fraud Database is a way for organisations to share information on proven cases of staff fraud in order to prevent further fraud. *Staff Fraudscape* is a first of its kind: examining and revealing the realities of staff fraud in the UK today.

[Click here to download a copy of \*Staff Fraudscape\*](#). An interactive contents page will help you to pinpoint sections of particular interest.

### **Notable findings and trends**

*Staff Fraudscape* analyses the frauds recorded by CIFAS Staff Fraud Members – as well as looking at factors such as the age and gender of the fraudster, and the means of discovery. Key findings include:

- A 45% increase in staff fraud in 2009, compared with 2008.
- A rise in theft offences such as fraudulent withdrawals from customer accounts and theft of cash.
- An overall decrease in employment application fraud (where applications for employment contain serious discrepancies or lies): with a remarkable divergence between unsuccessful employment application frauds (a decrease of 40.48% in 2009) and successful employment application frauds (which saw a 30% increase from 2008).
- A steep rise in the average length of service of a staff fraudster (prior to being recorded to the database for a proven fraud) to nearly 4.5 years in 2009, from just over 1.5 years in 2008.
- An alarming 113% increase in cases of unlawful obtaining or disclosure of personal data.

### **Further analysis**

*Staff Fraudscape* also identifies other, sometimes uncomfortable, possibilities in relation to the staff fraud threats facing organisations in the UK today:

- The increase of 113% in cases of personal data being stolen certainly points to the presence of organised criminals planting insiders within organisations, or bribery or threats against staff to reveal information. More soberingly, businesses and law enforcement alike must consider whether data thefts of this kind go some way to explain the surge in current address fraud (identity fraud using a victim's real and current address – thereby being more difficult to identify quickly) recorded by the 265 Members of the main CIFAS database.
- The combination of a number of trends – such as the increase in the length of service of staff fraudsters prior to the fraud being identified, the rise in theft type offences, and the overall decrease in employment application fraud – indicates that some of the staff frauds recorded may well be influenced by the economic recession. For example, as people began to feel the

economic strain, previously honest and long-standing employees looked to obtain additional monies fraudulently, while employers slowed recruitment: thus explaining the overall decrease in employment application fraud.

- While employment application fraud levels decreased overall, the 30% increase in cases of successful employment application fraud (where the fraud is discovered only after the applicant has commenced employment) demonstrates that delays experienced by factors such as waiting for the return of a Criminal Records Bureau check can lead to organisations employing candidates with undeclared and unspent convictions. Such findings indicate that organisations will need to examine all processes as closely as the applications they receive.

## Comment from CIFAS

Arjun Medhi, CIFAS Staff Fraud Adviser, comments: “Combating the threat of staff fraud is complex. Engendering an anti-fraud culture with the express support of senior management, of course, remains paramount. In addition, a number of relatively simple steps will help. These include communicating clear and robust procedures, establishing a whistleblowing policy in the workplace, supplemented by a supportive process that allows employees to report illicit approaches made by criminals, and a system that allows staff to raise personal financial concerns in a confidential, constructive manner. An anti-fraud culture needs to remind everyone of the consequences of undertaking fraudulent actions, as well as offer help and motivation to encourage people not to choose such a course of action.”

“The trends and analysis presented in *Staff Fraudscape* demonstrate the reality of the insider fraud threats faced by organisations across the UK. As mutual collaboration and responsible data sharing increases, further insights into the motivations and factors influencing staff fraudsters will also increase, and organisations from all sectors will be able to protect themselves and their customers from employing serial fraudsters.”

For further information, contact [press@cifas.org.uk](mailto:press@cifas.org.uk).

## Notes to Editors:

1. CIFAS is the UK's Fraud Prevention Service with 265 Member organisations spread across banking, credit cards, asset finance, retail credit, mail order, insurance, investment management, telecommunications, factoring and share dealing. Members share information on frauds in the fight to prevent further fraud. CIFAS is unique and was the first data sharing scheme of its type in the world.
2. CIFAS launched its Staff Fraud Database in 2006, which currently has over 130 Members sharing information on frauds that have been perpetrated against CIFAS Staff Fraud Members. Members are drawn from the UK financial services industry, but also from telecommunications, insurance, recruitment and other business sectors. The launch of the Database was carried out in consultation with: the Information Commissioner's Office, the Financial Services Authority; the Confederation of British Industry; the Trades Union Congress and Chartered Institute for Personnel and Development.
3. A hard copy of *Staff Fraudscape* can be provided to journalists upon request, while stocks last.