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Headline: Over 1 in 4 UAE companies are victims of fraud

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Over 1 in 4 UAE companies are victims of fraud

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More than a quarter of UAE organisations responding to an economic crime survey have been victims of fraud during the past two years.

Twenty-seven per cent of UAE respondents reported economic crime within their organisations, above the average for the Middle East of 21 per cent, according to the survey by the professional services company PwC. Globally, it found 37 per cent of those surveyed were victims of economic crime.

But PwC said the lower levels of reported crime in the region were a reflection of less effective fraud detection measures.

"Economic crime in the region still continues to be a significant threat, affecting large and small organisations," said John Wilkinson, PwC partner and leader of the professional services company's Middle East forensic services team. "Every industry or company in the region is susceptible to the impact of fraud."

The company asked 5,128 respondents from private and public sector organisations from diverse industries across 95 countries their perception of economic crime for the global survey. In the Middle East, it surveyed 232 respondents from nine countries.

In the UAE, 56 per cent of respondents, which reported being victim, said economic crime had cost their organisation from US$100,000 to $5 million over the past two years. That compared with 51 per cent of respondents across the Middle East citing the same costs.

In the UAE, 34 per cent put the cost to their organistion at less than $100,000, compared with 33 per cent in the region.

Three per cent of respondents in the UAE said economic crime had cost their organisation more than $100m, less than the 6 per cent in the Middle East who estimated the same amount.

The results showed there was more variety in crime suffered by those in the region than globally.

Asset misappropriation was the most common crime, suffered by 71 per cent of respondents who experienced some form of fraud.

Cyber crime was the next most common crime at 37 per cent, followed by bribery and corruption (35 per cent) and accounting fraud (35 per cent).

PwC said the results highlighted the need for better fraud detection methods within companies.

"According to our 2014 findings, only 5 per cent of frauds were detected by internal audit, with 22 per cent detected by tip-offs and 16 per cent now detected by chance," said Mr Wilkinson. "We believe the shortfall in effective fraud prevention and detection leads to a substantial deficit in the knowledge of economic crimes actually being committed."

PwC said it expected cyber crime to be one of the biggest problems for businesses in the next two years.