

Malaysians more pessimistic about corruption

The Edge Financial Daily, Monday 26 May 2014; Home Business; pg 10

By Charlotte Chong

KUALA LUMPUR: Malaysians' pessimism about corruption are higher than the sentiments shown in the global and Asia-Pacific's statistics, with more Malaysians believing that the situation will worsen in the next two years, said PricewaterhouseCoopers (PwC) executive director and forensics lead Alex Tan.

Tan said while the level of corruption in the country is relatively high, "people think it is a lot worse than it actually is".

He cited PwC's 2014 Global Economic Crime Survey that was released on April 24 which stated 38% of the respondents in Malaysia said that in the next two years they believe they would experience some forms of bribery and corruption.

"It is quite high in the statistic and it's higher than the global (29%) and the Asia-Pacific (28%) scores," said Tan, who was a speaker at The International Compliance Leadership Series II last Friday.

The event was organised by the Malaysian International Chamber of Commerce and Industry and aimed to provide practical solutions to mitigate potential risks businesses face.

On challenges faced by Malaysian companies, Tan said: "The markets in Asia have higher risk than the western world."

He added that the hospitality and cash culture in this part of the world have helped to fuel fraud and corruption.

He pointed out that business done here is heavily dependent on relationships and there is prevalence of government in business.

Tan noted that related party transactions are commonly held between Malaysian businessmen, adding that "they are trying to get family members or good friends to be the supplier of their companies."

The Global Economic Crime Survey saw 5,128 respondents from 99 countries participating in the survey and 110 respondents from Malaysia.

"Out of the 110 respondents, seven of them said they have lost in excess of US\$1 million (US\$3.21 million) in the last two years and 26% have not undertaken a fraud risk assessment in the last two years," said Tan.

"Business here in Malaysia is underestimating the risk... Fraud risk assessment is like a health check for the companies," he added.

