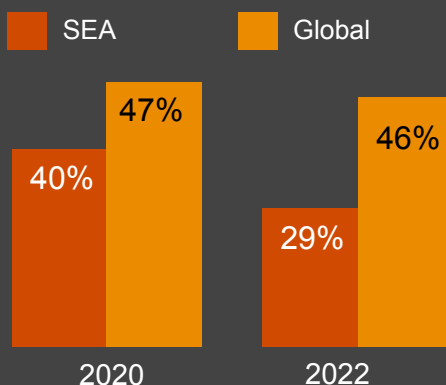


In a risk landscape that is more volatile than ever, preventing fraud and economic crime presents a complex challenge. The 2022 Global Economic Crime and Fraud Survey (GECS) explores the views of 1,296 respondents, including 242 in Southeast Asia (SEA), in relation to issues of the day over the last 24 months, such as COVID-19 and ESG.

Note: Southeast Asia respondents include those from Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam

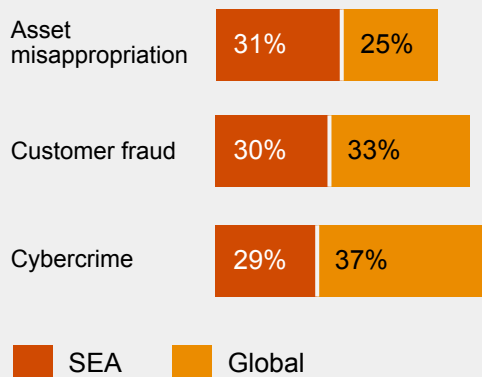
Share of organisations experiencing fraud, corruption or other types of economic crime



25%

of SEA respondents experienced an **increased risk in cybercrime as a result of COVID-19**. The rise in remote working is almost certainly the main driver of this.

Top 3 types of fraud experienced

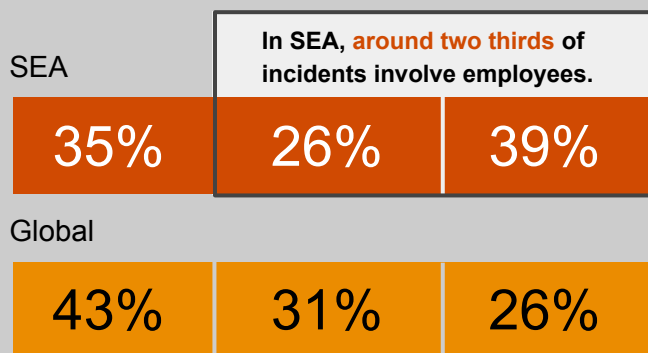


Detecting fraud



Internal audit plays an important role but shouldn't be relied upon exclusively. Cultivating an environment of trust and proactively monitoring suspicious activity can be more effective in identifying fraud.

Main perpetrator of the most disruptive or serious fraud experienced



Financial impact of the most serious incidents of fraud

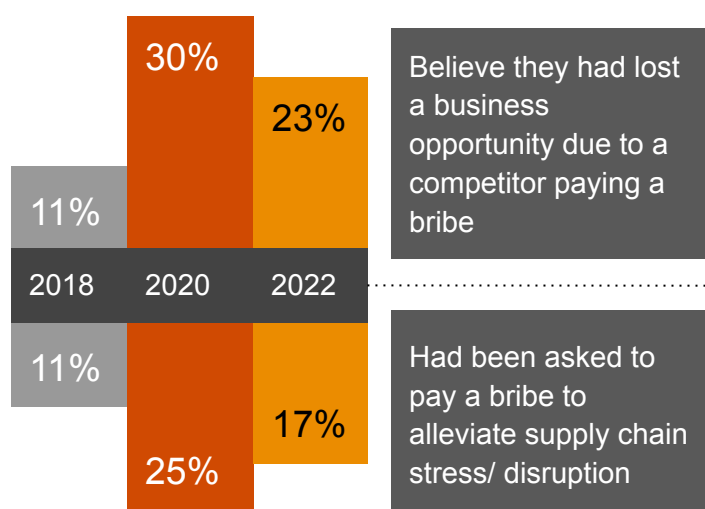


47% of organisations have grown their risk and compliance functions, but **11%** still don't have designated enterprise risk management/ compliance functions

Emerging threats have the potential to cause greater disruption over the next few years. While low on the radar, these risks can move to the forefront quickly. We explore two areas of potential concern.

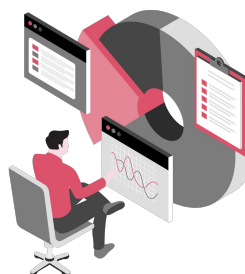
Supply chain fraud

Around a third of SEA respondents reported instances of identifying supply chain misconduct (32%) or third party misconduct (26%). Bribery, particularly, presents a threat to economic opportunities.



Whilst many companies had implemented full or partial risk assessment processes to help manage supply chain risks, many indicated that the next two years would be critical in enhancing controls and further integrating risk management.

ESG reporting fraud



6%

of SEA respondents indicated that they had been victims of ESG reporting fraud.

While rates remain low, the rise in regulatory requirements and the growing commercial value to meet ESG standards will likely expose sustainability reporting to fraud.

Areas of concern around ESG responsibility



Some thoughts

1 - Creating a 'speak up' culture

Whistleblowing remains a critical tool to uncover fraud and misconduct, especially as over two thirds of incidents involve internal actors. A culture built on trust will give employees the confidence to report fraudulent activity at work.

2 - Orchestrate data

Often, fraud signals will come from different systems and are only detectable through the occasional manual review. While the systems don't need to be centralised, it is crucial that fraud indicators are, so as to generate meaningful alerts that allow you to act quickly.

3 - Get up to speed on ESG

There is a fine line between greenwashing and fraud, but both can damage trust. A lack of understanding of what ESG means, combined with the pressure to achieve ESG goals can hinder efforts to manage risks associated with ESG reporting.

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