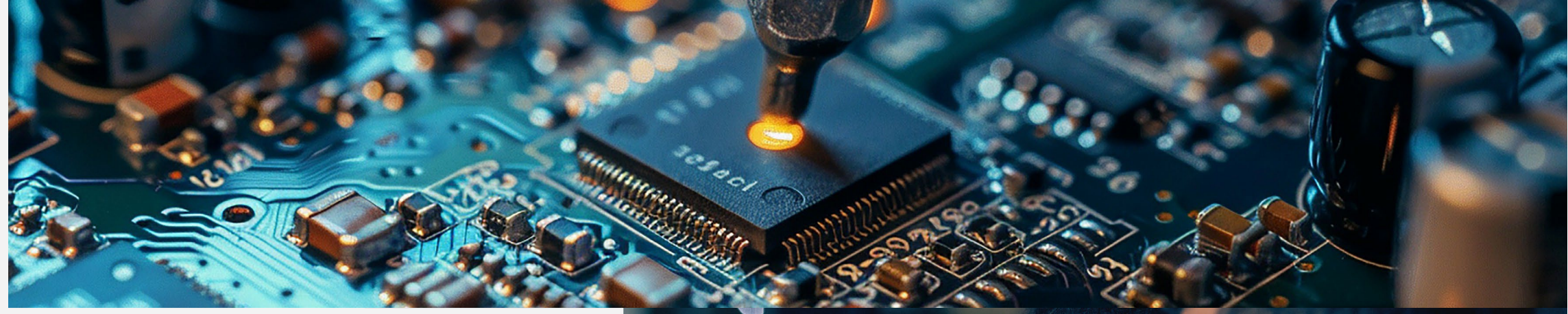
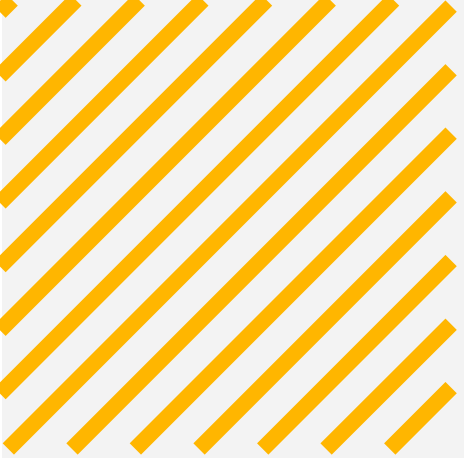


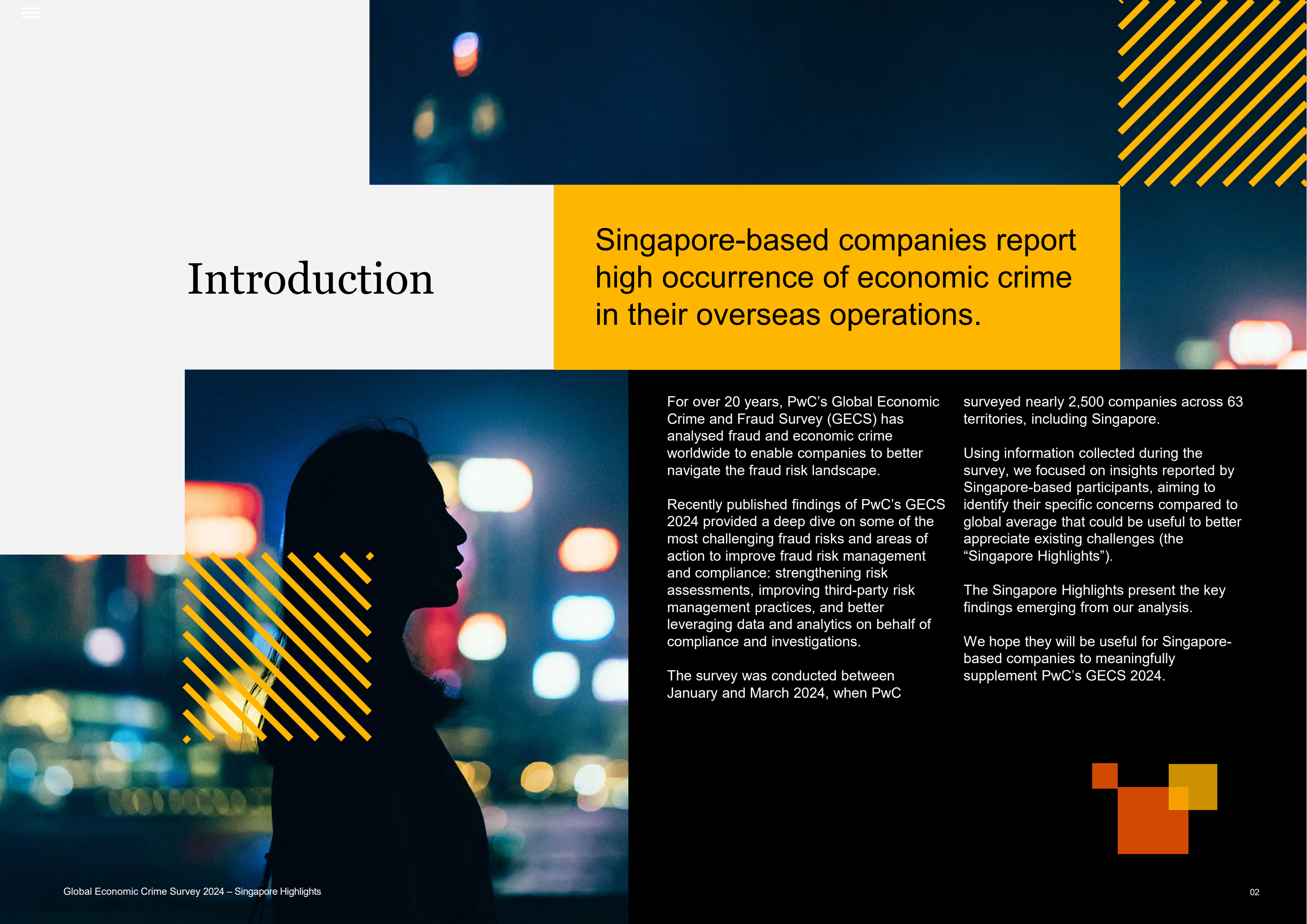


PwC's Global Economic Crime Survey 2024

Singapore highlights

Meeting tomorrow's challenges,
embracing risk intelligently





Introduction

Singapore-based companies report high occurrence of economic crime in their overseas operations.

For over 20 years, PwC's Global Economic Crime and Fraud Survey (GECS) has analysed fraud and economic crime worldwide to enable companies to better navigate the fraud risk landscape.

Recently published findings of PwC's GECS 2024 provided a deep dive on some of the most challenging fraud risks and areas of action to improve fraud risk management and compliance: strengthening risk assessments, improving third-party risk management practices, and better leveraging data and analytics on behalf of compliance and investigations.

The survey was conducted between January and March 2024, when PwC

surveyed nearly 2,500 companies across 63 territories, including Singapore.

Using information collected during the survey, we focused on insights reported by Singapore-based participants, aiming to identify their specific concerns compared to global average that could be useful to better appreciate existing challenges (the "Singapore Highlights").

The Singapore Highlights present the key findings emerging from our analysis.

We hope they will be useful for Singapore-based companies to meaningfully supplement PwC's GECS 2024.

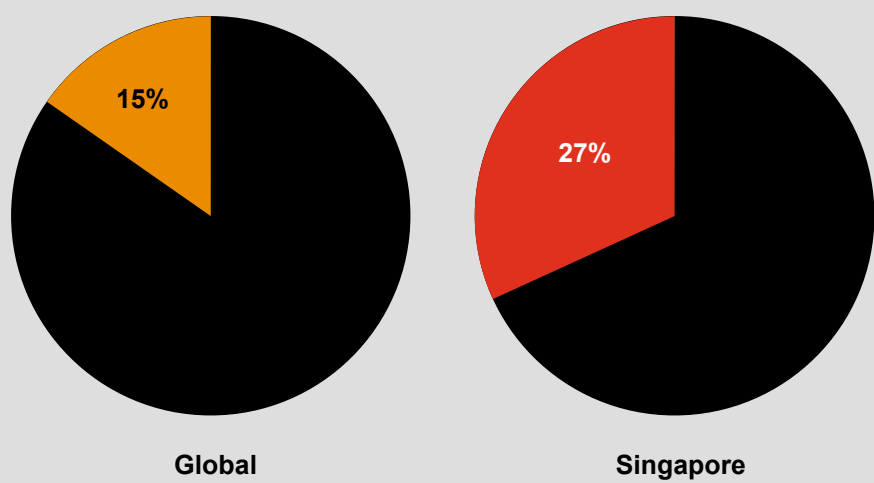


Profile of Singapore-based survey participants

Profile of Singapore-based organisations participating in the survey reflects historical specifics of Singapore as one of major international financial and trading centres.

Higher proportion of larger size companies

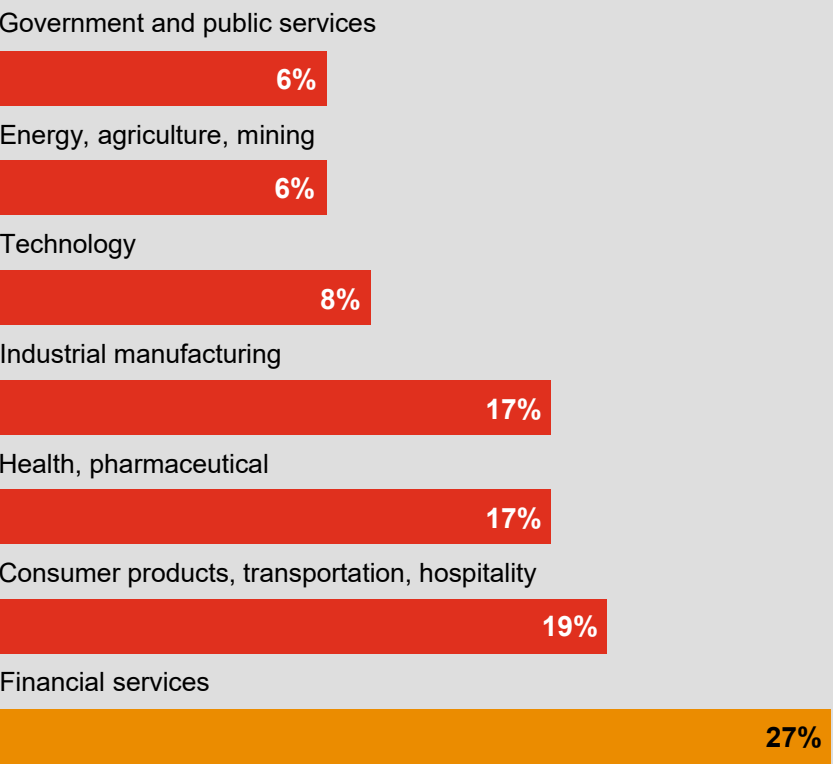
Companies with annual global revenue > USD 10 Billion



The mix of Singapore-based organisations participating in the survey included higher proportion of larger size companies compared to global average: 27% of surveyed Singapore-based organisations had annual global revenue of more than USD 10 billion, compared to 15% globally.

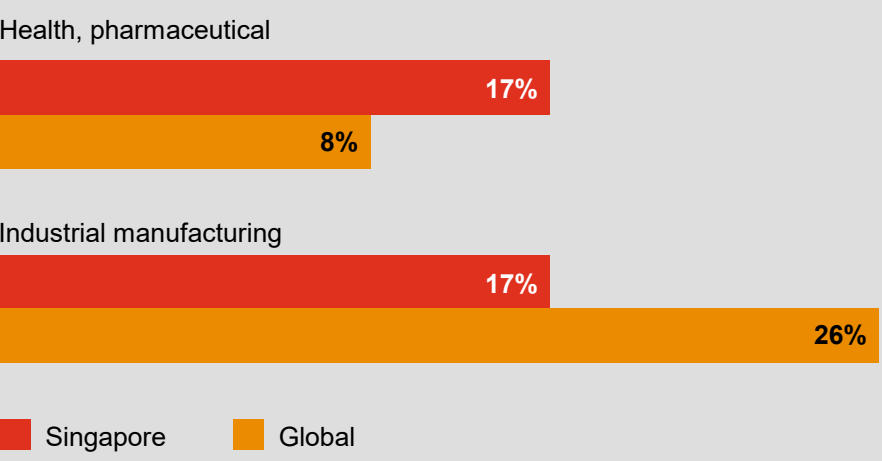
Industry mix of Singapore-based participants

Financial services is traditionally the most represented industry among survey participants.



Key differences in the industry mix of participants come from the 2 following sectors:

- Healthcare and pharmaceutical companies represent 17% of Singapore-based survey participants against only 8% globally;
- At the same time, only 17% of Singapore-based participants come from industrial products and manufacturing sector against 26% globally.





GECS 2024: Singapore specifics

Fraud remains a persistent challenge,
in all its forms.



Singapore-based companies enjoy safety of the home ground,
but face challenges overseas.

In 2024, 41% of survey participants across the world reported suffering a fraud in their home location in the last 24 months. The domestic fraud rate reported by Singapore-based participants was limited to 33%, clearly below the global average. This situation is consistent with the relative safety of the Singapore domestic market, as observed in our earlier surveys.

It stays in stark contrast with the high occurrence of fraud reported by Singapore-based companies in their operations outside of Singapore. The overseas fraud rate of 58% reported by Singapore-based participants is one of the highest in the world and two times higher than a global average of 29%.

There might be some natural explanations as Singapore-based companies unavoidably have extensive foreign operations, especially after reaching a certain size, which increases the chance of encountering fraud. In this respect, the higher proportion of survey participants with annual revenue above USD 10 billion have contributed to the higher rate.

At the same time, this alone cannot explain the occurrence rate, which is, for example, higher than most of domestic fraud rates reported in Southeast Asian countries and India, where Singapore-based companies traditionally have significant presence.

In any case, the fraud in overseas operations appears to be a relevant focus area for Singapore-based companies in their journey to mitigate fraud risks.

Top five types of fraud: Frequency and disruptiveness

As illustrated by the chart below, across the world, among the companies which suffered fraud in the last 24 months, more than one in three encountered cybercrime and/or customer fraud, which remain the most prevalent types of economic crime reported by the survey participants.

They are followed by procurement fraud, asset misappropriation, and bribery and corruption. The same five types of fraud remain the most disruptive.

Fraud types frequency and disruptiveness



Enterprise-wide fraud risk assessment still lagging behind

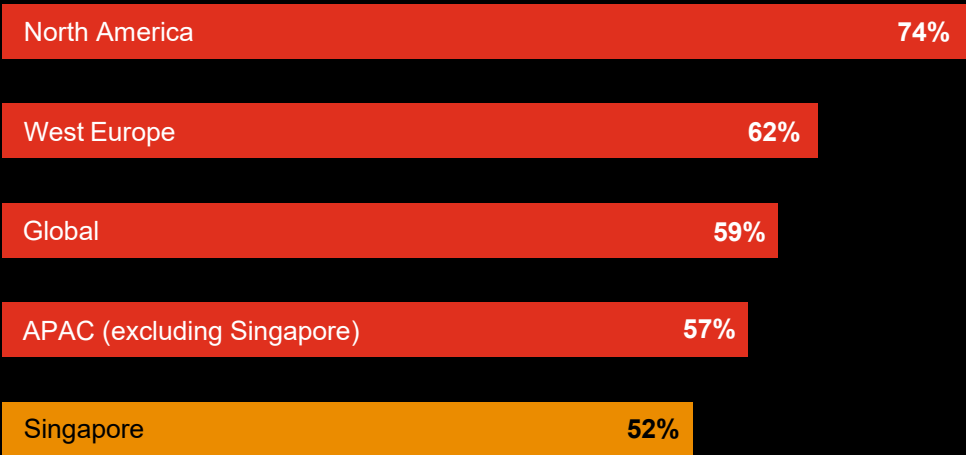
In today’s world, businesses, empowered by new technologies, evolve continuously looking to achieve better outcomes within a shorter timeframe. In this ever-changing environment, fraud continues to remain a fast-evolving phenomenon, with criminals relentlessly adjusting fraud schemes and techniques.

Structured and up-to-date enterprise-wide fraud risk assessment is an important tool to understand an organisation’s specific fraud risk exposure, which is critical for development and customisation of effective safeguards and mitigation plans. It also allows to improve detection techniques to uncover frauds faster, to reduce the cost of fraud and to upgrade prevention techniques.

Although 52% of Singapore survey participants conducted a formal enterprise-wide fraud risk assessment in the last 12 months, this figure is below global average of 59%.

The gap, which may not appear so wide at first glance, is clearly concerning when benchmarked against similar figures reported in North America (74%) and Western Europe (62%). Singapore results also fall behind the figures reported by participants from other Asia-Pacific locations surveyed (57%).

Enterprise-wide fraud risk assessment in the last 12 months



Insufficient focus on comprehensive and timely fraud risk assessments can leave organisations vulnerable to sophisticated and evolving fraud schemes, particularly in international operations where regulatory environments, cultural and business practices may differ significantly from the domestic market. This could have a direct link to higher overseas fraud rate reported by Singapore-based organisations.

Singapore-based organisations should explore the opportunity to upgrade their fraud risk management.

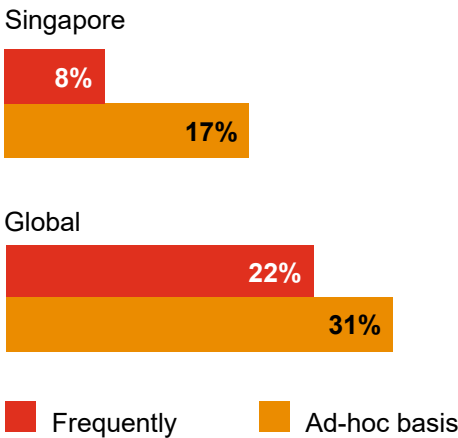
Use of data analytics to combat procurement fraud presents an opportunity to achieve better outcomes

Procurement fraud comes across as a persistent threat globally:

- 55% of participants globally identified it as a widespread concern;
- 29% of participants encountered it in the last 24 months;
- 22% of those who encountered procurement fraud, considered it as the most disruptive.

It appears surprising that only 25% of organisations in Singapore confirmed that they attempt to quantify the cost of procurement fraud against a 53% global average.

Quantification of cost of procurement fraud



Procurement fraud risk mitigation approaches

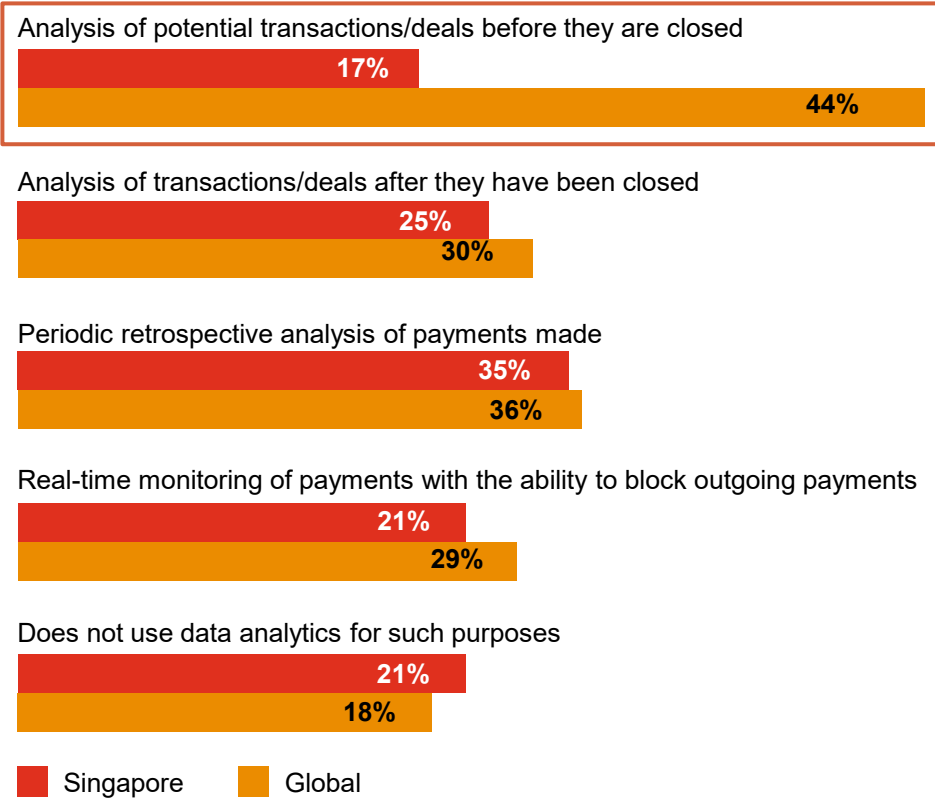


To counter the threat of procurement fraud, organisations use various mitigation approaches, with an important focus on procurement policies and procedures.

However, use of technological tools, such as data analytics, still appears insufficient. Surprisingly, only 1 out of 4 organisations uses data analytics to identify unusual bid patterns.

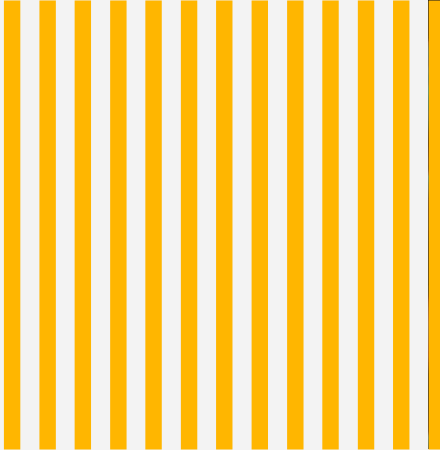
Moreover, even though procurement fraud often occurs at the vendor selection stage, only 44% of organisations globally use data analytics to analyse transactions / deals before they close. Worryingly, Singapore-based organisations appear lagging behind their global peers as only 17% reported doing it.

Use of data analytics to identify procurement fraud



To derive value from the use of technological tools, customisation of technology enabled controls to specific risks targeted by such controls is critical. High-level risk assessment is not sufficient to achieve this goal. In this respect, organisations need to have clarity about specific risks they are facing at the level of business units and specific geographical locations. Better understanding the cost of the relevant risks would also help in allocating resources proportionate to such risks.

Overall, better understanding of procurement fraud risks and customisation of technological tools to facilitate better prevention and faster detection may be a focus area for organisations to further improve effectiveness of their fraud risk mitigation mechanisms.



The way forward

Risks are inevitable. It is whether a company takes, and mitigates risks intelligently and thrive that sets leaders apart.

Economic crime risk is more complex than ever before – and it is far more challenging to both create value and protect it.

On a positive note, there are practical solutions and tools available to help organisations in their journey.

To enable their effective use, in depth understanding of specific risks and challenges will help taking pragmatic and balanced decisions when building defences.

Contact us



David Toh

Partner

Governance, Risk, Controls and
Internal Audit Leader

+65 9186 3006

david.sh.toh@pwc.com



Daniel Fu

Partner

Investigation and Forensic
Technology Solutions

+65 9627 4568

daniel.j.fu@pwc.com



Dmitry Kosarev

Director

Forensic Services and Dispute Advisory

+65 9671 1326

dmitry.kosarev@pwc.com

