

Media title: Half of Vietnamese businesses admit to being defrauded, often by employees
Author: Dat Nguyen
Source: Vnexpress International on 15 November 2018
Online link: <https://e.vnexpress.net/news/business/data-speaks/half-of-vietnamese-businesses-admit-to-being-defrauded-often-by-employees-3839172.html>

Half of Vietnamese businesses admit to being defrauded, often by employees

By Dat Nguyen November 15, 2018 | 11:45 am GMT+7 f t e



A man works at a mechanical factory in Hanoi. Photo by Reuters/Kham

Fifty-two percent of Vietnamese companies suffered fraud in the last two years, half of them committed by employees, a survey has found.

The number is higher than the Asia-Pacific (46 percent) and global (49 percent) rates, professional services company PwC found in the 2018 Global Economic Crime and Fraud Survey it released Wednesday.

Fraud experienced by Vietnamese companies



● Yes ● No ● Don't know

PwC

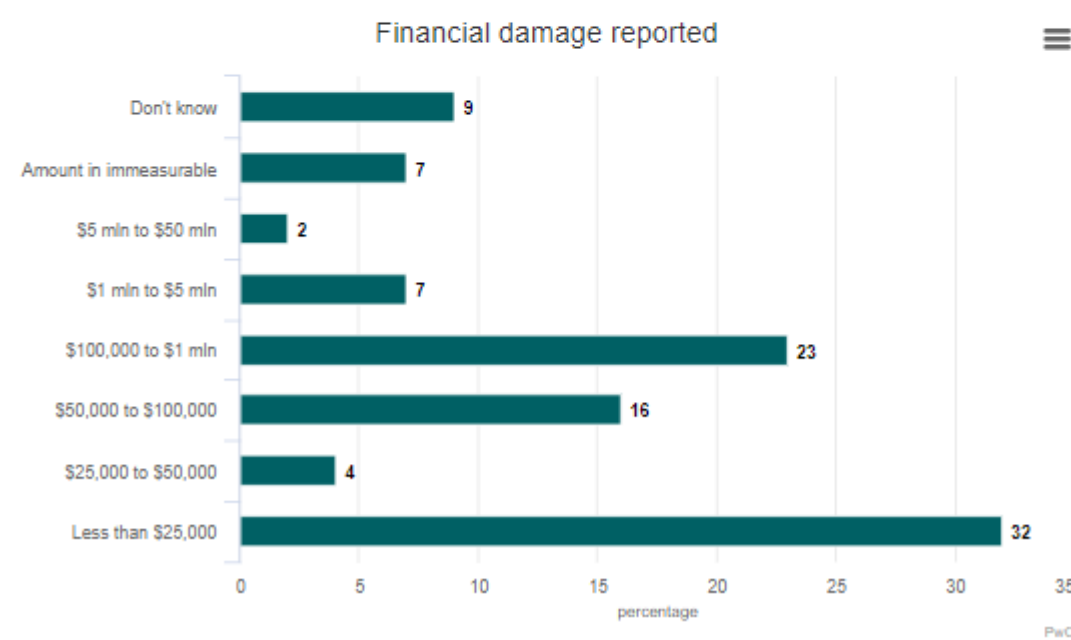
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The most common crime reported by the respondents was "asset misappropriation," which was experienced by 40 percent.

"Bribery and corruption" was second at 36 percent, followed by "fraud committed by consumers" (33 percent) and "business conduct/misconduct fraud" (29 percent).

The report said 53 percent of the fraud was committed by employees, with middle and junior management accounting for 61 percent.

Losses caused by fraud were less than \$100,000 for 53 percent of respondents. One third estimated they lost more than that.



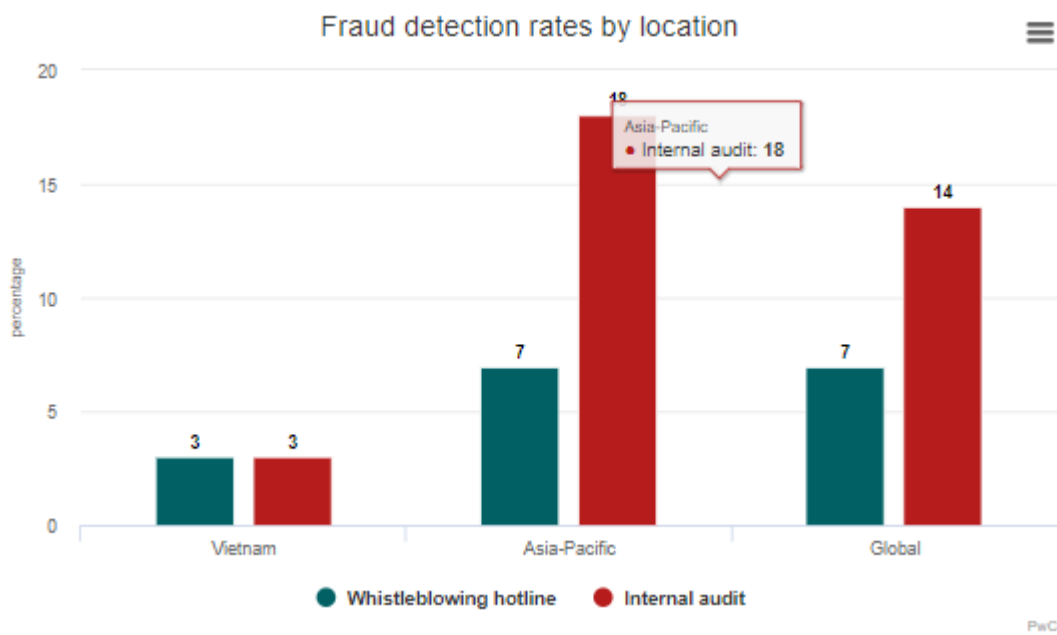
But the damage was not just financial. Marcus Paciocco, director of forensics services at PwC Consulting Vietnam, said: "Even though the non-financial damages may not be quantifiable, they can lead to potentially worse consequences than financial loss, such as irreversible damage to their organization's reputation and employee morale."

Asked how the frauds and other economic crimes were detected, 16 percent each of respondents said because of internal tip-offs or by accident.

Only 3 percent was detected through internal audits, while at the global level this rate was 14 percent.

Whistle-blower hotlines in Vietnam too only resulted in the detection of 3 percent of frauds, while both the Asia-Pacific and global rate was 7 percent.

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Paciocco said effective internal audit and whistle-blowing hotlines are required to reduce fraud.

"The downside of rapid economic development is that companies focus on sales growth and therefore such internal controls are often overlooked as a priority."

Economic criminals and faudsters are also using technology to enable crimes. Forty-seven percent of the surveyed businesses said they had been targeted by cybercrime in the past two years.

Vietnamese respondents lagged well behind the rest of the world in using "key technologies" to protect themselves by detecting fraud, the survey said. Only 64 percent of respondents believed that a formal business ethics and compliance program was urgently needed for their organization. This was lower than the Asia-Pacific rate of 74 percent and the global rate of 77 percent.

Grant Dennis, CEO of PwC Consulting Vietnam, said: "As often occurs in rapidly developing economies, anti-fraud measures may not develop at the same pace as the economy."

"Vietnamese organizations should recognize that it takes a diverse set of tools to succeed in preventing and combating fraud."

Vietnam, being a largely cash-based economy, was considered a prime target for money-laundering criminals since cash leaves no audit trail, the report said.

But Vietnam seemed to perform well in fighting money laundering. The survey found that Vietnam has a 75 percent rate of business that perform anti-money laundering assessments, higher than the Asia-Pacific (61 percent) and global levels (62 percent).

The survey polled over 7,200 respondents in 123 countries.