

# Insider Fraud in Banks: The Post- Covid Threat Landscape in a Snapshot

**Drawing on primary and secondary research**, we've summarized the current insider fraud threat landscape with valuable input from senior banking professionals to understand its consequences for banks, and the best strategies to respond to the challenge.

## Here's a snapshot of the findings



**74%** **are concerned** about insider fraud and collusion risks to their organization.

**THIS FIGURE IS ESPECIALLY SURPRISING WHEN COMPARED TO THE FACT THAT**

**29%** **don't know** if they've been a victim of insider fraud in the last 2 years.

For banks globally, Covid-19 and the mass shift to remote working have created the highest rates of insider fraud in recent history, calling for long-term strategies to address the threat landscape.

**75%** **agree** that COVID-19 has increased the risk of insider fraud and collusion.

**100%** **are also concerned** about employees breaching data protection laws

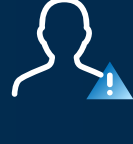
**77%** **agree** that employee WFH has increased the risk of insider fraud and data leakages.

**Although insider fraud is typically linked to financial theft, it is not the only threat worrying organizations.**

## The Fraud Triangle

A trifecta of rationalization, opportunity and pressure<sup>1</sup>

**The pandemic has exacerbated** many drivers of the Fraud Triangle, creating a perfect storm of conditions for insider fraud.



### RATIONALIZATION

A lack of company loyalty and harbored frustrations with leadership stemming from a poor company culture may heighten internal fraud risks through rationalization.



### OPPORTUNITY

The lack of direct supervision has introduced new barriers to monitoring employees

**40%** **reference** the lack of end-to-end visibility as a challenge in insider fraud and collusion detection.

**RAISING CONCERNS AS 52% of fraud cases are discovered by employee whistleblowing.**

Proximity-based detection, such as whistleblowing, is unreliable in today's work from home and hybrid environments



### PRESSURE

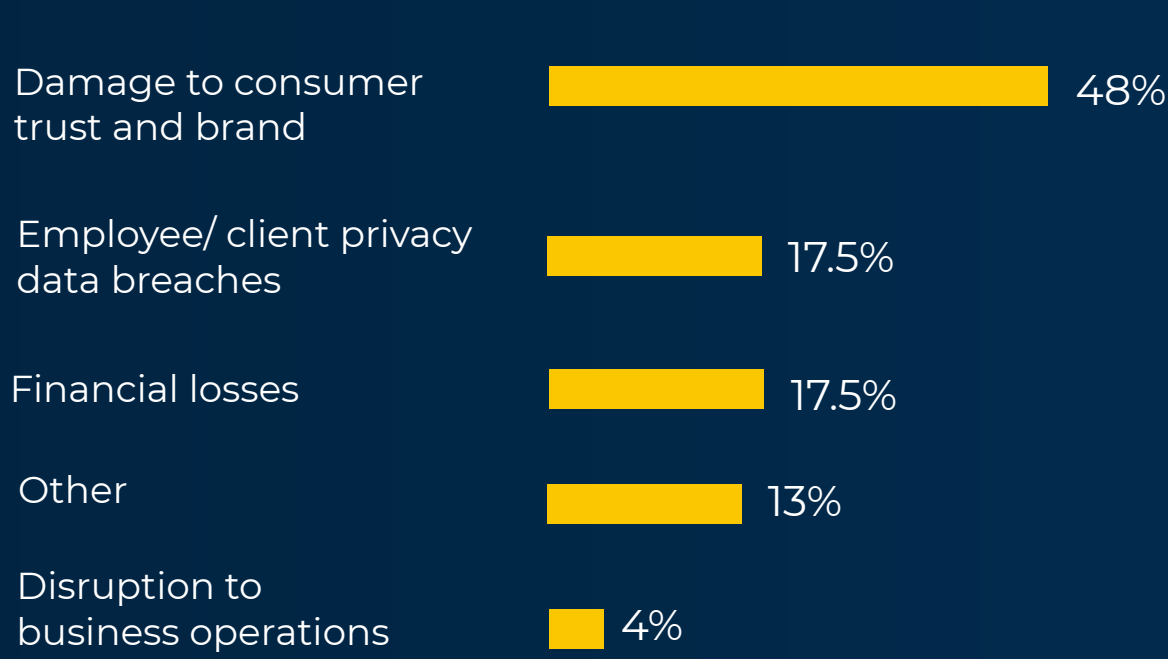
Many companies are demanding their employees deliver ambitious targets and meet bonus thresholds, pushing employees to take desperate measures to fulfill company demands

**26%** saw financial strain and uncertainty as key in driving the increase in fraud under Covid-19.



## Consequences of Insider Fraud

**Here's how our survey respondents ranked** insider fraud consequences from most to least concerning.



**THE CONSEQUENCES ARE DIVERSE AND IMPACTFUL, EXPLAINING WHY**

**15%** **plan to invest** in automated insider fraud management solutions in the next two years. However, despite the catastrophic damage insider fraud can cause.

**60%** **were unsure** of their organization's plans to invest.



## Best Practice

**There's no silver bullet**; instead, insider fraud mitigation efforts must be layered with several different techniques.

**73%** **said a combination of tools** – including artificial intelligence/machine learning, network analytics, and network monitoring is best.

**In addition, here are two key considerations to bear in mind when approaching insider fraud strategies.**

### 1 Improve company culture & awareness around insider fraud

promote a culture of open conversation about fraud risks and reward good practices.



### 2 Prevention is detection

Often, organizations operate reactively, but when it comes to insider fraud, the best strategies pursue prevention through strong detection, 74% value solutions that detect insider and other types of fraud.

Detection solutions are essential to avoid the cumbersome investigation period when fraud is suspected. 90% agree that investigating insider fraud and collusion isn't straightforward because each case's circumstances differ.

Read the full white paper to see how you can strengthen your insider fraud prevention strategy Insider Fraud in Banks: The Post- COVID Threat Landscape

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