

ANALYSIS OF PERPETRATORS' PROFILES AND MEDIAN LOSS FOR FRAUD PREVENTION STRATEGIES

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ABSTRACT

This study examines the relationship between perpetrator profiles and the magnitude of median losses to strengthen fraud prevention efforts. Using a Narrative Literature Review approach, data were obtained from ACFE reports and previous studies. The analysis includes variables such as position, tenure, department, gender, age, education, and collusion. The findings indicate that fraud is most frequently committed by employees with 1–5 years of tenure, in accounting departments, by males aged 41–45, holding a university degree, and acting alone (without collusion). Conversely, when considering the magnitude of losses, perpetrators who cause significant damage are typically those in executive positions, with more than 10 years of tenure, from executive departments, male, over 60 years old, holding a postgraduate degree, and involved in collusion. Fraud prevention strategies include rigorous selection processes, proactive auditing, a reward and punishment system, effective leadership, the implementation of Good Corporate Governance (GCG), strong internal controls, balanced power structures, risk management, fraud awareness training, and collusion prevention measures.

Key words: Perpetrator's profile; Median loss; Fraud prevention; Strategies

INTRODUCTION

Fraud in various sectors business, finance, and government poses a serious threat that can lead to significant median losses for organizations and society. According to the (Association of Certified Fraud Examiners (ACFE), 2024), there were 1,921 cases of fraud reported across 138 countries and regions, with a total median loss exceeding USD 3.1 billion. ACFE also states that organizations lose approximately 5% of their annual revenue due to fraud.

According to ACFE (2024), various types of organizations have fallen victim to fraud, including government institutions, public companies, private enterprises, and nonprofit organizations, with median losses of USD 150,000 and USD 76,000 respectively. By industry, the mining sector recorded the highest median loss of USD 550,000, followed by wholesale trade (USD 361,000), manufacturing (USD 267,000), construction (USD 250,000), and government or public administration (USD 200,000). ACFE categorizes fraud into three main schemes: asset misappropriation, corruption, and financial statement fraud. Of all reported cases, 89% involved asset misappropriation with an average median loss of USD 120,000 per case; 48% of these also involved corruption. Although financial statement fraud accounted for only 5% of cases, it caused the highest losses, with a median loss of USD 766,000 per case.

Fraud not only causes financial losses but also damages reputation, disrupts operations, and may even lead to bankruptcy. Therefore, prevention is essential to maintain organizational stability and integrity. One effective approach is perpetrator analysis, which aims to identify individuals who are most likely to commit fraud so that detection and prevention strategies can be more targeted. This study aligns with (Christian et al., 2023, 2024) who emphasized that understanding the characteristics of fraud perpetrators helps organizations manage risk and minimize the financial and reputational impact of fraudulent activities.

Currently, research on fraud perpetrator profiles remains limited, as does research linking such analysis with early detection and effective prevention strategies. Hence, this study provides a significant novel contribution. The purpose of this research is to identify the general characteristics of fraud perpetrators and to determine strategies that organizations can implement to more effectively reduce fraud risk based on perpetrator analysis.

METHOD

The research methodology used in this study is qualitative, aiming to explore and deeply understand a phenomenon in a more focused and detailed manner. According to (Uma & Roger, 2017), the qualitative approach is a research method used to address issues with a broader scope, encompassing a wide range of data and complex variations, although the analysis remains at a surface level. The method of gathering data for this study is the Narrative Literature Review (NLR). According to (Baumeister & Leary, 1997), Narrative Literature Review is a literature review method used to synthesize and summarize the findings of previous studies within a specific field. NLR aims to provide a broader understanding of the research topic based on the available literature sources.

This research utilizes secondary data, which, according to (Sugiyono, 2019), is a source of data that doesn't give the data collector data directly. The sources of the data are taken from the Association of Certified Fraud

Examiners (ACFE), (1996 – 2024), to examine the profile of perpetrators based on position, department, tenure, gender, age, education level, and collusion. Furthermore, this research employs a literature review of prior studies concerning fraud prevention and perpetrators, with the goal of offering a solid theoretical framework for comprehending the characteristics of offenders and the tactics that can be used to stop and identify fraud.

RESULTS AND DISCUSSION

Table 1 Distribution of Fraud Perpetrators by Frequency

No	Characteristic	Most Frequent Category	Case Percentage
1	Position/Job Title	Employee	46%
2	Years of Service	1–5 Years	38%
3	Department	Accounting	19%
4	Gender	Male	65%
5	Age	41–45 Years	22%
6	Education	University Graduate	42%
7	Collusion	Individual (No Collusion)	56%

Table 2 Distribution of Fraud Perpetrators by Median Loss

No	Characteristic	Category with Highest Median Loss	Median Loss
1	Position/Job Title	Owner/Executive	\$ 674.615
2	Years of Service	>10 Years	\$ 232.400
3	Department	Executive/Senior Management	\$ 671.000
4	Gender	Male	\$ 194.538
5	Age	>60 Years	\$ 534.769
6	Education	Postgraduate	\$ 281.692
7	Collusion	Five or More Individuals	\$ 591.500

1. Position

The table above shows that between 1996 and 2004, the majority of perpetrators were employees, because they had direct access to assets and operational processes. Meanwhile, the highest median losses were caused by owners/executives, who have greater access to assets, less oversight, and authority to approve large transactions.

Fraud prevention strategies based on the perpetrator's position can include a rigorous recruitment process (Irianto & Novianti, 2019), considering factors such as work history, criminal records, references, education verification, and credit checks (Association of Certified Fraud Examiners (ACFE), 2024). Other measures include conducting proactive audits and fostering leadership that sets a strong ethical example (Albrecht et al., 2015). Additionally, according to Rustandy et al., (2020), fraud prevention can be strengthened by implementing Good Corporate Governance (GCG) principles, namely transparency, accountability, responsibility, independence, and fairness within the organization.

2. Tenure

The table shows that perpetrators are predominantly employees with 1–5 years of service, indicating that they have had enough time to understand the system. Meanwhile, the highest median losses are caused by perpetrators with more than 10 years of service, suggesting that senior employees, due to their authority, internal control access, and high trust from the company, can commit more significant fraud.

Based on case percentages and median losses by tenure, effective fraud prevention strategies include strengthening internal controls, particularly through monitoring and supervision (Gede et al., 2024; Jalil, 2018; Kartika & Setiawati, 2024; Ruhayat et al., 2024; Saputra, 2017). Monitoring not only ensures that tasks and company objectives are properly executed but also maintains employee integrity to prevent fraud motivation (Irianto & Novianti, 2019). Companies should also cultivate an ethical and honest workforce, even among long-serving employees.

3. Department

The table shows that the accounting department had the highest incidence of fraud, because it has direct control over transactions and financial reports, making it easier to manipulate data. Meanwhile, the highest median losses occur in the executive department, as fraud at this level has a more significant financial impact.

Appropriate prevention measures include strengthening the internal control system. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), internal control

consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring activities. Effective internal control provides reasonable assurance that company objectives are achieved, including operational efficiency, reliable financial reporting, and regulatory compliance (Indarti et al., 2024; Moeller, 2016).

4. Gender

The table shows that males not only dominate fraud cases but also cause the highest median losses compared to females. This is due to greater pressure and opportunity among males, who often hold higher positions that provide access to funds or strategic roles (e.g., finance managers, directors), enabling them to commit larger-scale fraud.

A suitable strategy is to create a balance of power between males and females (Irianto & Novianti, 2019). According to Ruhayat et al. (2024), gender serves as an effective control mechanism against fraud, as females tend to be meticulous, cautious, risk-averse, and less likely to engage in fraudulent activities (Ayunda & Helmayunita, 2022).

5. Age

The table indicates that the majority of perpetrators are aged 41–45, a productive age group holding significant positions and responsibilities. Meanwhile, the highest median losses are committed by perpetrators over 60 years old, who generally occupy senior positions, have high trust levels, and broader access to company assets.

Strategies include applying the “less benefit, high risk” principle, meaning that even small fraudulent actions carry severe penalties (Shonhadji & Irwandi, 2024). Companies can also strengthen risk management focusing on active management oversight, policies and procedures, organizational structure and accountability, control measures, and monitoring (Shonhadji & Irwandi, 2024).

6. Educational Background

The table shows that fraud was initially dominated by high school graduates or lower, but over time shifted toward university graduates, who occupy strategic positions with access to critical information and resources. The highest median losses were committed by postgraduate degree holders, who generally hold senior positions with greater access to company finances.

Appropriate strategies include conducting fraud awareness training and implementing a reward-and-punishment system to enhance employees’ understanding of anti-fraud measures (Irianto & Novianti, 2019; Lubis & Budiwitjaksono, 2023; Tuanakotta, 2018).

7. Collusion

The table shows that most frauds are committed by individuals acting alone, due to a lower risk of detection. In contrast, the highest median losses occur in cases involving five or more people colluding, as multi-party collusion allows for complex fraud schemes.

Effective prevention strategies include developing policies and systems to prevent collusion, such as employee rotation, prohibiting spouses from working in the same company, segregation of duties, and other measures (Irianto & Novianti, 2019). Additionally, according to the ACFE, companies should provide reporting tools, such as a hotline with a whistleblowing system.

CONCLUSION

Based on the research findings, Analysis of fraud case frequency indicates that the majority of incidents are dominated by Employees, with perpetrators having 1–5 years of service being the largest contributors. Cases are also most frequent in the Accounting department, and Males dominate the caseload. Perpetrators aged 41–45 years are most frequently involved, and individuals without collusion represent the highest frequency category. However, despite the high case frequency at the operational level, the largest median losses are caused by different perpetrator characteristics. The highest median loss is recorded by Owners/Executives and perpetrators with more than 10 years of service, as well as those from the Executive/Senior Management category. In terms of age and education, perpetrators over 60 years old and those with a Postgraduate education level yield the highest median losses. Additionally, Males also contribute to a larger median loss value. The highest losses result from collusion involving five or more individuals, highlighting the scheme’s complexity.

Prevention strategies to reduce this frequency must focus on selective recruitment, a reward/punishment system, proactive auditing, exemplary leadership, strengthening Good Corporate Governance (GCG), monitoring systems, and internal controls. Furthermore, companies must also implement the principle of Less benefit and high risk, strengthen risk management, create a balance of power, conduct fraud awareness training, and develop anti-collusion policies.

The findings of this study strengthen the understanding of factors influencing the occurrence of fraud, particularly through the analysis of perpetrator profiles based on position, tenure, department, age, education, and involvement in collusion. The results can serve as a reference for organizations in designing more effective fraud prevention strategies through rigorous employee selection, strengthened internal controls, anti-fraud awareness training, and the implementation of a reward and punishment system. In addition, supervisory bodies and

regulators may utilize these findings to develop risk-based monitoring policies, especially for positions and managerial levels with significant access to organizational resources.

This study has several limitations that should be noted. First, the limited availability of literature sources means the findings may not fully reflect empirical conditions. Second, the data used were derived from the ACFE reports with a global scope, which may not entirely represent local contexts in specific countries or industry sectors. Therefore, future research is recommended to use primary data obtained through surveys or interviews to empirically test the relationships between variables. Subsequent studies may also include additional variables such as organizational culture, individual financial pressure, and corporate governance systems to broaden the analytical perspective.

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