

# Frauds and its pillars and ways to prevent

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**Abstract:** The crime of fraud is not limited to particular fields or regions; it is possible to take expected and unexpected forms and types in all fields of business or financial dealings.

The fraudulent has specific characteristics and way of thinking help him in committing the crime of fraud. Consequently, understanding the crime of the fraud is directly linked to go through the definition of this crime, the gaps in transactions or companies that help a fraudulent in intrusion of any system, deals, transactions...etc, while that would not be enough unless the characteristics of the fraudulent have been determined (Volimuth, 1975).

Knowing and explaining the causes of fraud take many ways, but the best way to explain those causes is the triangle of fraud which consists of: Logical motives, the pressure and the opportunity for occurring the fraud. This triangle also helps in knowing how to prevent this crime of occurring (Wolfe, 2004).

Prevention of this crime has means, elements and ways of prevention, some is general based on the causes of the crime, while other is specific depending on analysing each single person and case, whether exceptions, special conditions or special individual characteristics of the fraudulent (shaefer, 1969).

The objective of the study is to avoid fraud attempts before it occur by understanding, analyzing and studying cases of fraud, identifying the reasons leading to it, and creating a problem-free working environment, because falling into the crime of fraud in all its types leads to negative effects and damage to societies, institutions and individuals, and also it have been clarified elements of the prevention of this crime and the methods of protection.

**Keywords:** crime, fraud, societies.

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## 1. INTRODUCTION

Fraud crimes are one of the traditional crimes; they are based on innovation and underpinned by intellectual work and skilled capacities.

This type of crime revolves around the methods and techniques of deception aimed by the fraudsters with their abilities to adapt to the continuous development and improvements (Antong, 1968).

On the other hand, the fraudsters develop new fraud methods compatible with the updates of changes with economic, social and cultural circumstances

The fraudster becomes a dangerous criminal by exploiting all the components of the era, whether scientific or technical developments and facilities that are provided to humanity. Through utilize the gaps in all of the above.

A person may be a victim of fraud because of his/her desire to take advantage of the facilities in the purchasing and buying, where the victim longing for quick and easy ways to get purchases (Goodman, 2002).

The fraudsters make offers of interesting and attractive ways, but in fact they are deceiving, making victims pay their money for services and products provided by fraudsters. Knowing that victims pay their money without any pressure or coercion, especially those who have good intentions (Smith, 2009).

The crime of fraud is no longer a limited crime with a limited geographical area, but has become a transnational one, where fraudsters have spread to more than one country and fraudsters have become organized criminal gangs work in systematic and deliberate deception.

## 2. LITERATURE REVIEW

The danger of international fraud has grown as it has become a threat to international trade and has raised doubts about it, especially in developing countries, causing some legal issues and problems in terms of extradition of the offender, investigations and seizure of evidences (Goveia, 2017).

This type of crime has negative effects on communities, states and individuals, which also affects economic activities because of the distrust and lack of goodwill. Therefore, effective ways and means of preventing and combating such crimes must be found by studying and analyzing the techniques and methods of committing this crime and differentiated from other similar crimes (Stevens, 1951).

### 2.1 Characteristics of Fraud Crime:

1. Considered as a crime of money, because the criminal project of the offender aims to transfer ownership of the money of others unlawfully to himself or to another person by deceiving the victim.
2. Fraud crimes depend on mind and acumen. Where the offender uses his mind to invent or develop methods and techniques that attract the victim to deceive and take the desired, without coercion and forced by deceit and lying. Criminals are a cute, experienced, persuasive and intelligent. Without these qualities, the fraudster cannot discover the gaps through which his crime can be committed (Duff, 2013).
3. Based on lying and deception, where cannot convince the victim in error without the use of methods of deception based on lying, and distorting the facts in victim's mind, thus making money unduly.
4. It is one of the crimes that require full experience and know-how, since the knowledge of the offender and his experience in the field of his activity makes him specialized because he is fully aware of his victims and methods of deceit them, whereas going deeper into a particular category of society makes the offender smarter and more capable of finding new and varied methods and methods of deception (Sosa, 2017).
5. Modern developed, that is often found in developed, civilized and flourishing cities with industrial, commercial and economic activities and movements. Where there is a lot of fraud in transactions that depend on trust (credit) and the speed that fraudsters exploit to pass their fraudulent actions (Alfuraih, 2008).

### 2.2 Fraud crime Types:

One of the most important features of the crime of fraud is that it takes multiple types and images, depending on the fraudulent methods and areas in which it will be practiced in (Elliott, 1980).

There is diversity, variety and disparity between these methods and areas of fraud, the fraudsters are trying to make these methods and areas adapted to their personal desires and whims, and achieve their goals and objectives illegally (Titus, 2001).

The fraudsters also invest in economic ,social and cultural change sand take advantage of their facilities in addition to exploit their gaps and arrange their own methods in line with those transformations.

#### 1. Internal (Local) Fraud

There are many types of fraud at the intern all even in several areas ,the most serious of which are in the scope of companies and commercial papers and insurance (Gover, 2001).

- **Corporate fraud:**

The commercial environment that companies carry out in their activities and actions is a fertile environment for fraud crimes; this is because business transactions have characteristics that help fraud such as speed.

Especially after the great development that has occurred in the commercial and industrial sectors, in this scope possible to occur fraud either from a member of the company or from outside (Willingham, 1980).

- **Fraud in the scope of commercial papers**

There are three types of commercial papers

- commercial transfers

- Bills
- Check

Recently, uses of these paper have increased, they play an important role in commercial areas, they are used to pay and transfer money, which are tools of confidence and security for the papers that facilitate and accelerate the completion of transactions. They also have been used to take illicit funds, resulting in a loss of confidence in dealing and limiting business activities (Moore, 2012).

- **Insurance fraud**

At present, risk insurance has become one of the most important necessities of life, whether it is risk during personal daily activities, or the working environment of enterprises, companies and factories, insurance against risk has become one of the most important contracts and conventions that have been commonly used in recent times (Alfuraih, 2008).

Fraud has been greatly expanded in insurance, in various techniques and methods. Fraudulent methods can be used by representatives of insurance companies or individuals of these companies (Gullkvist, 2013).

## 2. Fraud at the external (International) level:

Fraud is not limited only to the internal (local) level, but it has started to grow and spread across countries, due to the continuous development and comprehensive growth, fraud has become the forefront of security risks. In addition to the presence of facilities in commercial, financial and economic transactions, and the availability of possibilities that allow the crossing of national borders from trade and circulation of money (Stevens, 1951).

That is caused by the development of modern communication devices, computers, technologies and all globalization tools. It has become an international crime and a great challenge facing the whole world, as it has not excluded any segment of society, it also has its direct impact on societies, whether economic, social or even political (Jokipii, 2013).

- **Bank Fraud**

There are many types of bank fraud, the most important of which is the use of banks as cover and interface for the work of deception methods.

This type depends on banking procedures and payment methods, the most dangerous and common is to exploit reliance and confidence that people have toward banks.

- **Aboard real estate fraud**

This type is about marketing real estate, land, palaces, and any other types of property either they are existent or non-existent in real, but the specifications contrary to the offers in the newspapers and websites, which are displayed at attractive prices for the target audience, but in fact they lack credibility.

- **Fraud in the scope of tourism**

There are some fraudsters who take advantage of their own insurance and property during their travel and tourist where they sell their property. Moreover, they sell their possessions and sometimes claim physical injury caused by assaulting by others, to take compensation from insurance companies and take money in their own countries.

- **corporate fraud**

By creating fictitious companies and using those as a tool for fraud and making people think that the company offers to sell the shares of companies around the world during the promotion, and put strict conditions to make them look serious.

### 2.3. Fraud Triangle

Although there are many ways to explain the causes of fraud, the fraud triangle is the best way to know and explain the causes of fraud, besides it is an ideal way to help in prevention the occurrence of fraud (Dorminey, 2010).

As is known fraud exists all over the world and can affect any person in any place, time and even form, which causes undesirable negative effects of the person and society (Skousen, 2009).

Recently, complexity of business, bad systems, the inappropriate working environment, economic and political problems have been increased, all of those are among the reasons that lead a person to criminality and commit a crime of fraud. The most important motivations and justification for fraud according to the framework prepared by Donald Crissy are the basic elements the following three (Fleming, 2010):

- Logical motive: is the justification for incorrect and safe behavior.
- Pressure: It is the motivation that leads the person to commit the crime of fraud.
- Opportunity: where the ability to carry out fraud or embezzlement through the opportunity that is given to the offender so he/she can commit the fraud.

**1. Logical motivation:** After the employees do their work well and meet all requirements in their field of work, they expect to have a financial return as a reward for their efforts in management of the company, where the staff believes that the growth of the company, its functions and continuity of work based on their efforts and experiences in the end (Smith, 2009).

Logical motivation is a motivation that grows when an employee makes him think he is right so that this motive is justified for his wrong behavior, and he will not be allowed to do so.

Everyone has a way of dealing with the circumstances surrounding them and exploiting them in their own way.

There are pressures, whether in the work environment or personal pressures that employees may face in their own daily lives, eventually leads to fraud or embezzlement to relieve these pressures.

**2. Pressure:** The desire of employees to appreciate their achievements or even their desire for quick promotion is one of the conditions that make employees or individuals commit all forms of fraud, and this leads the company to lose its money and reputation in the end (Wright, 2009).

**3. the opportunity:** When the knowledge of the employees and the nature of their work and the knowledge of all the methods of control and protection used within the company, they can find gaps in the system and the use of some powers and authorities to deceive the other employees in the company, in addition to carry out acts of embezzlement and fraud, It is difficult to discover this alleged opportunity that is misused for improper purposes (Kranacher, 2010).

If all these three elements are available at the same time, the incidence of fraud will increase. To remedy the crime and prevent fraud before it occurs, the three elements must be eliminated and the triangle dismantled so that the elements causing the fraud are not completed, which prevents to a certain extent of falling victim to fraudulent crimes (Wolfe, 2004).

The most important element of the former is the element of opportunity that is because of being the basis and key fraud crimes, due to the management of companies from the ability to control it without other elements, unfortunately control systems are usually limited and lacked of providing assurance (Gupta, 2015).

Mostly they provided assurances are reasonable not absolute, through the work and organization a comprehensive internal control system can reduce opportunities to allow one employee to fraud, but not to eliminate them.

Means of prevention: The threat of fraud is not limited to the individual; it could be extended to entire societies. It affects and damages the state economy in general.

It is a renewable and sophisticated crime. This crime is becoming more dangerous by openness, free trade, and the use of technology completing financial transactions.

As an increasing in the use of computers and the Internet in the meantime, and the traditional transactions began to extinction gradually, which increased the risk of this crime and the likelihood of occurrence, thus caused a lack of confidence by customers (Hermanson, 2004).

For this reason, it became a necessary need to find ways to prevent these crimes by clarifying and understanding their meanings, methods and fields in order to avoid them. Prevention is to avoid something before it happens.

This requires knowing and identifying the reasons why a person is to commit such an offense and finding solutions to these causes, which could've been prevented and prevented before they occur.

In short, the concept of crime prevention is all that is done to subject the individual to the values of the society and its behavioral standards to support the process of social control, while the prevention of fraudulent crimes are all necessary to take measures and ways by institutions and authorities to address all the causes of the process of fraud, thus prevent the emergence of any financial relationships and personal transactions in this context (Skousen, 2009 ).

To name some of the most important preventive measures that must be taken to prevent electronic fraud crimes:

- Identification of the reasons leading to criminal activity before it occurs.
- Adapting some criminal motives into legitimate frameworks and trends.
- Stopping and addressing criminal motives in their initial stages.

#### 2.4. Elements of prevention in fraud crimes

**1. Prevention of fraudulent crime:** Through the initiative of all institutions of civil society with the existence of social integration responsible for finding and providing all individuals in the community economically and socially so that prevention is achieved through the treatment of the reasons that lead individuals to resort to those unethical methods into the illegal earn of money and graft (Shulman, 2012).

It is necessary to make individuals in society active elements with activities aimed at serving the noble community's goals, through the judiciary the suffering of individuals through the proper planning of economic, social and cultural policies (Karlebach, 2012).

While on the other hand, solving individuals' problems that could lead them to commit criminal acts and fraud. This work is aimed at creating fair laws and regulations that avoid discrimination and inequality between societies, provide jobs and legitimate ways to earn money, and seek to create balanced social development in order to reach national sense of responsibility.

**2. Crime prevention:** The existence of a criminal legal policy and scientifically studied measures are consistent with the dangerous social situation that may appear in some individuals and alert the danger before the future fraudulent crimes. So that such measures are effective and feasible in order to prevent, curb and bring the criminal character into conformity with correct societal norms (shaefer, 1969).

There are two types of crime prevention in contemporary prevention

- **General prevention**

Which is based on the causes, factors and motives of this crime, and confront them before they occur through the study and analysis of crime, and start a preventive action plan focusing on educating, empowering and developing community (Yu, 2013).

In addition to improving the living conditions of individuals and trying to raise their morale and enhance their selves confidence, and raise the levels of scientific, moral, health and economic, also adopting deterrent legislation resolute to anyone who thinks about committing such crimes.

- **Special prevention**

They are based particularly on individuals where they must study and know persons who are susceptible to delinquency and commit any misdemeanor, study their circumstances and work on remedy them and address the causes and factors that led to the formation of these behaviors and make them threatened and subjected to delinquency, through advice, guidance and awareness of the risks of criminal action and treatment of all these reasons before being Aggravated (Lin, 2013).

**3. Investigation procedures in case of fraud:** The importance of the investigation of fraudulent crimes lies in the detection and knowledge of the methods used in fraud, to name some of the most important investigative procedures (Benson, 1997):

- Reporting a fraudulent crime which is to inform the concerned party of the occurrence or attempts of fraud, and the earlier the communication, the easier control of the crime.
- Search for and collect evidence in every crime that occurs, there is a need to have some evidence that condemns the criminal to face and interrogate him, and allow for the continuation of legal investigation, which depends on the judge of the culprit.
- Investigation procedures: After collecting the evidence that are proving the defendant's guilt, the authorities shall initiate the investigation procedures authorized by the law against the accused, whether the procedure for hearing the witnesses and other methods of investigation that enable the authorities to prove the charges against the accused (Wyk, 1997).

### 3. CONCLUSION

To sum up, the crime of fraud as mentioned above is an internationally extended crime, with its risks and negative effects on societies and people.

The crime of fraud takes many forms, different methods, and the fraudulent has its characteristics, motives and causes (Imperva, 2012).

As any case of other crimes, fraud can be avoided by taking the necessary measures to prevent them, all that is required is to study and analyze the causes of the criminal or gaps that led to fraud (Trzeciak, 2012).

Fraud happens worldwide in all communities, for many reasons such as personal justifications of increasing and accelerating income growth or even aiming to improve the financial living conditions by fraud. While some others got used to the fraud as a guaranteed revenue stream and source of income without spending effort or time in real business.

Fraud becomes a spreading phenomenon in so many fields, for example banks, offices, real estate agencies, insurance companies and so many other entities.

Recently, because of the many stories of fraud victims, some methods of fraud become known for people and the start having recognition about fraud.

Finally, it is necessary to mention the importance of awareness about the causes of fraud, in addition to raise the awareness and educate individuals and institutions which make them aware very well of all gaps and justifications of the fraudsters to avoid such crime.

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