

Businesses behaving badly

Fraud, corporate culture and ethics



The ethical behaviour of businesses, especially the big ones, does much to set the ethical tone for our country, our times and our world.

When business behaves badly - especially when the individuals and organisations involved somehow seem insulated from the consequences of their actions - everyone else looks on and adjusts their moral compass accordingly.

The need for ethical leadership, not least by example, has never been greater.



We live in an age in which trust is in very short supply - and not without good cause.

- Fraud and cybercrime have rocketed; 2016 saw an estimated 5.4m offences and this huge number will continue to rise as criminals find increasingly sophisticated ways to trick us.¹
- A significant percentage of corporate frauds are inside jobs, with the proportion committed by senior management increasing.²
- Some of the most trusted global business brands have become embroiled in massive fraud and corruption scandals.
- Technology has made many everyday matters bafflingly complex. Most people have no idea how many times their data has been compromised in the numerous high profile breaches, and a quarter now say they are numb to the latest cyber theft news.³
- Since 2010 the banks have needed to set aside some £57.4bn to pay fines and remediation; £41.4bn of it for payment protection insurance (PPI) mis-selling alone.

STILL LIVING IN THE WRECKAGE

The banking crisis and its aftermath (triggered by the sub-prime mortgage scandal) has left a very large question mark over society's ability to solve big problems and to do it fairly.

- ◆ In the UK alone the financial crash has now cost £1,800bn in lost wages and profits.
- ◆ Each year the government spends some £27bn (3.6% of total spending) supporting the incomes of working people whose jobs don't pay enough to make ends meet.
- ◆ Real wages have shrunk by 10.4% over the last ten years – the worst performance of any OECD country except Greece – compared to growth of 6.7% on average for all 29 OECD members.

Six months after the EU referendum trust in business dropped sharply and little more than a quarter of people now consider CEOs and board-level directors to be credible sources of information about their own companies. More generally, almost two-thirds have lost faith in 'the system' (most of the rest aren't sure).⁴ Worldwide, more than three-quarters think that the system is biased against ordinary people.⁵

BREXIT AND BEYOND

Whatever one's politics, the EU referendum and general election could hardly be construed as the acts of a confident and cohesive nation. Research has revealed 'leavers' to be twice as likely as 'remainers' to be fearful for the future.⁶ The things they are worried about are mainstream business issues: foreign competition, the use of cheap labour, jobs being moved abroad, poor training, and automation.⁷

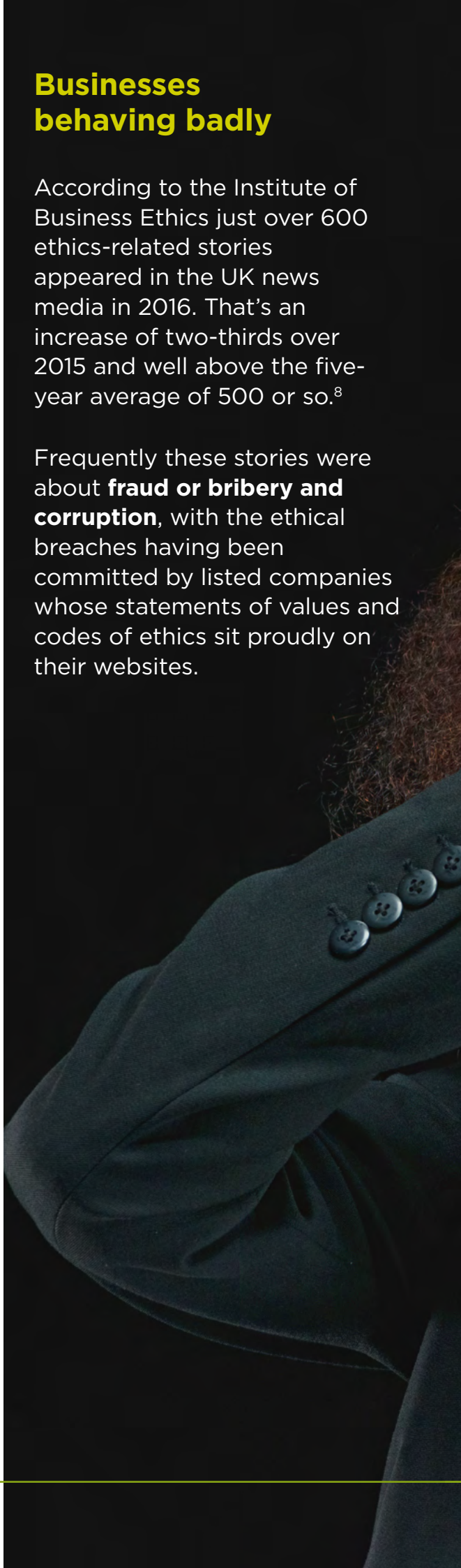
Everything we know about human nature tells us that this collapse of trust, if left unaddressed, will continue to polarise society.

Dishonesty, unethicity and fraud thrive in a climate of 'us and them'.

Businesses behaving badly

According to the Institute of Business Ethics just over 600 ethics-related stories appeared in the UK news media in 2016. That's an increase of two-thirds over 2015 and well above the five-year average of 500 or so.⁸

Frequently these stories were about **fraud or bribery and corruption**, with the ethical breaches having been committed by listed companies whose statements of values and codes of ethics sit proudly on their websites.





ROLLS-ROYCE AND VW

Rolls-Royce and Volkswagen were among the world's most trusted companies – until now.

Both are now seen to have committed dishonesty on a scale few would have imagined possible. That they could keep so much wrong-doing secret for so long should be a warning to us all about the ethical health of mainstream business culture, including its tendency towards autocratic leadership and unnecessarily complex corporate structures. VW (which had both of these risk factors) made its unethical, profit-driven calculations in the knowledge not only that they were illegal, but that they could have serious consequences for human health.

The discovery of long-standing systemic corruption at a company like Rolls-Royce leaves us wondering if this is just the tip of the iceberg? And what about domestic corruption? While the SFO targets UK corruption abroad, very little is known about the home front. Law enforcement professionals privately suspect that once we start looking closely we will be shocked by what we find.

If the latest EY fraud survey findings are anything to go by, they are not mistaken: a quarter of UK employees still believe bribery and corruption is widespread and almost a half think that senior management would act unethically to help a business survive.⁹

WELLS FARGO

This most famous of US banks is now infamous for spectacular failures of ethics and 'tone from the top'. Its CEO claimed that the 5,300 employees accused of opening 1.5m false bank accounts and 465,000 fraudulent credit cards had all acted without management's knowledge. In fact red flags were all over the bank's culture: performance-based pay, intense sales pressure, frequent bullying, and threats of sacking. The company's own report on the scandal relegated whistleblowers and their treatment to a single footnote.

DATA BREACHES

Recent large data breaches have included Kiddicare (794,000), Sage (employee data from 280 customer businesses), 3 Mobile (210,200) and Wonga (245,000). One household name lost personal data covering its entire workforce of 30,000 and then covered it up for three months.

Feezan Hameed's **£113m fraud** was facilitated by customer information supplied by corrupt bank staff.

BT is grappling with a **£540m accounting scandal** involving many people over many years at its Italian subsidiary.

A **£245m loans fraud** involving senior HBOS managers and external business advisers 'ripped apart' the businesses, livelihoods and lives of as many as 100 small-business victims.

Cyber thieves stole a total of **£2.5m** from the online accounts of 9,000 Tesco Bank customers.

A senior Sainsbury's potato buyer lived a lavish lifestyle after conspiring with a supplier in an **£8.7m purchasing fraud**.

All this lost data is the fuel that powers the 173,000 instances of identity theft logged by Cifas members in 2016 (up fractionally to the highest level ever and slightly more than half of all frauds recorded by the organisation). Almost all identity fraud is committed using a real victim's actual identity details.¹⁰

Corporate culture and behaviour play a significant part in cybercrime; 43% of data breaches are inside jobs and half of those are accidents.¹¹

THE GIG ECONOMY

One of the most-reported ethical failings is the treatment of employees. In 2016 Sports Direct was famously admonished by MPs for 'treating workers as commodities'. They also noted that the company was unlikely to be the only one exploiting workers to maximise profits.

Leaked management guidance at one food delivery service has since revealed the efforts made to avoid giving any impression that deliverers are actually employees, with employees' rights. Couriers must be referred to as 'independent suppliers', uniforms are 'equipment', and employment contracts have been replaced by 'supplier agreements'.

The cynical manipulation of employees is a key marker of poor corporate culture and almost guaranteed to increase wider risks of fraud and dishonesty.

THE GAG ECONOMY

Barclays CEO Jes Staley is being investigated by the Financial Conduct Authority (FCA) for breaking its rules protecting whistleblowers. He reportedly made strenuous attempts to uncover the identity of an anonymous informant. Andrew Tyrie, then-chair of the House of Commons Treasury select committee, sees this as the first proper test of the FCA's new senior managers and certification regime, which is supposed to ensure better conduct by senior management

including the protection of whistleblowers. Mr Staley arrived at Barclays just six months ago saying 'The trust of our customers and clients ... is the foundation of our success'.

The chilling effect on whistleblowing will likely extend far beyond the banking sector and will not easily be reversed. Half of people now say they would not report unethical behaviour for fear of jeopardising their careers and one-third say they would even fear for their safety.¹² Meanwhile, almost two-thirds of UK employees who have actually reported their concerns then suffered retaliation, the second highest proportion after India and nearly twice the global average.¹³

In Mr Staley's own sector, one-third of employees are worried about speaking up (even though twice as many feel under considerable pressure to perform) and about one in eight think that unethical behaviour is still rewarded and that behaving ethically is an obstacle to getting on.¹⁴

Toxic cultures, teams pushed to meet targets, a lack of real leadership (or worse) from the top – all these things are both incentives to act unethically and major disincentives to speak up about it.



A climate of (dis)trust

Technology is creating new opportunities for fraudsters and making it more and more difficult for any of us to know who it is we are actually dealing with.

One worldwide survey found that very nearly half of us believe technological innovations are happening too fast and leading to changes that are not good. Nor are we convinced that technology companies are sufficiently transparent in their operations, clear about the intended benefits of their technology or doing enough to protect our personal data.¹⁵

Old technology poses its own risks. Almost all bank-based anti-fraud professionals now expect legacy systems to hinder their fight against economic crime during the next two years. Most of them also say they can't upgrade bank technology fast enough to keep pace with the threat.¹⁶

WHEN KETTLES BITE

No household appliance – toasters, lightbulbs, kettles – is too mundane to be connected to the internet of things (IoT). Every new connection is a new vulnerability that cyber criminals can and will exploit. In the headlong rush to be first with new products at low prices manufacturers' decisions to cut corners with security and safety are already coming back to bite us.

Hackers know that these things are perfect targets; unsecure out-of-the-box thanks to the most basic password security and then largely ignored by their owners. The largest ever internet blackout, which disabled websites all over the US and Europe in October 2016, was launched by hijacking tens of millions of individual internet-enabled smart devices later found to have been shipped with completely inadequate security.

- ◆ One team of academic researchers recently hacked a heart pacemaker, enabling them to deliver fatal shocks from a distance of five metres.
- ◆ Another group installed ransomware in a domestic thermostat, one of the most widely-adopted smart devices.
- ◆ Researchers first took control of a moving vehicle by hacking its internet-enabled systems as long ago as mid-2015. It was travelling at 70mph.

Beyond the internet of things lies a new frontier of artificial intelligence, machine learning and robotics. The sales pitch will again be all 'convenience' and 'cool', but it is the towering ethical questions around security and personal safety that should really occupy us.

WHOSE SIDE ARE YOU ON?

Fake websites, fake emails (even fake letters through the post) are now often indistinguishable from the real thing – except for the contact details or hyperlink, which instead connects you to a fraudster or downloads a piece of malware. This poses big immediate risks for consumers, but it also destroys trust in the channels and techniques upon which real businesses depend.

The many legitimate organisations who demand excessive amounts of personal data to provide routine customer services fuel the problem. The unnecessary databases they create are magnets for hackers and the endless questioning softens-up customers for the social engineering techniques of fraudsters. It has been suggested that it is for the individual to decide whether identity requests are reasonable, but how are we supposed to do that?

It is also frequently but mistakenly assumed that limited company status is a kind of Kitemark that guarantees honest management, lawful behaviour and good governance. In fact Companies House performs almost no due diligence on registrations, leaving fraudsters to exploit victims' misplaced trust in registered status.

Companies who take data security seriously (especially the large ones) should now have **Cyber Essentials Plus** or **ISO27001** certification. Too many of them, including many household names, still do not.

An all-too-frequent feature of cyber thefts is the abject inadequacy of the security measures in place. In fining TalkTalk a record £400,000 the Information Commissioner found it had failed to implement 'the most basic cyber security measures'. One key vulnerability was out-of-date software no longer supported by the vendor, just as in the recent NHS ransomware attack.

Companies who have suffered data breaches are already paying a commercial price, perhaps without realising it. According to one recent survey two-thirds of respondents had lost trust in a business because it had mishandled data and almost half of them had boycotted it as a consequence. Overall, 6% said that data security fears were driving them away from online services completely.¹⁷ The strict disclosure requirements of the EU General Data Protection Regulation (GDPR), which comes into effect in 2018, will further increase public awareness and concern.

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FAKE NEWS

Ours is now a world in which lies are spread on an unprecedented scale, minds seem increasingly closed to counter-argument, and reasoned rebuttals are rejected out-of-hand as smears and scaremongering.

Disinformation and propaganda are not new, but social media has industrialised them. Fake news has begun to distort the political process in many countries. Unchecked it will soon have the same effect on business and finance.

These days people in the UK are as likely to trust 'someone like themselves' as they are a technical or academic expert. Six out of ten are more likely to trust a search engine than a human editor.¹⁸ (At the end of 2016 Google's search algorithm was found to have been tricked into prioritising racist propaganda in search results.) Even the latest advances in artificial intelligence and machine learning still lag far behind the criminal.

All of this is surely music to the ears of charlatans, cheats and fraudsters everywhere. It is also a real concern for those of us trying to get expert anti-fraud advice to where it is most needed.

Why do 'good' people do bad things?

The answer: too much stress, the wrong incentives and everyday tolerance of small wrongs.

Career fraudsters are one thing, but many serious ethical breaches are committed by people who genuinely think they are 'just doing their job'. They probably are if the workplace culture is dog-eat-dog, the performance incentives are badly aligned, and managers are known to turn a blind eye.

That sometimes we ask too much of people is implicit in the fraud triangle. Most crime might never have happened if there had been no opportunity, rationale or incentive.

This can be hard for us to accept because it implies that one day we too could be 'that person'. But if leaders and managers pretend otherwise, we are all deprived of the opportunity to improve the way staff are supported and prevent similar ethical failings in future.

This is not a homily. The Panel believes that penalties for financial wrong-doing need to be tough and properly enforced. But employers can be too quick to throw a colleague to the regulator or the police. They want someone to blame so that they can draw a line. Sustainable improvements in ethical behaviour will elude us, from the boardroom to the dealing room and factory floor, if we do not do more to understand ourselves and learn the wider lessons of our ethical failures.

PEOPLE LIKE US

When the pressure is on to 'win' at any price, our sense of loyalty – to colleagues, a special boss, the team, the business – can propel any of us across an ethical line. Even a simple desire to be thought of as a team player, or someone who 'gets things done', can make us more likely to side-line our scruples.

This may be particularly so if certain behaviour seems 'normal' for our group. The 'group' might be as big as a market or even a whole industry. The CEO of one of the world's biggest banks justified its involvement in the sub-prime mortgage scandal by saying: 'As long as the music is playing, you've got to get up and dance'.

The mere presence of money can change the way we think, making us more likely to focus tightly on our own success. Time pressure does something similar. When we stand to benefit either from someone else's corrupt behaviour or our own conflicts of interest, we may completely fail to notice either.

Nicknames and euphemisms (mis-selling vs. fraud; leverage vs. debt) can also distance us from our actions and make them feel more acceptable. Routine unethical behaviour in the present makes it easier for us to imagine doing even worse things in the future.

NON-ZERO TOLERANCE

Black-and-white moral attitudes can prevent grey areas being discussed, making it harder to know where the limit lies and easier to overstep it accidentally. And when small wrongs are routinely ignored we begin to feel comfortable pushing the boundaries even further, with some of us propelled down the slippery slope by a feeling that there is no-one to talk to and no way out.

People disconnected from the objectives of the business and remote from their bosses can be more likely to act unethically or neglectfully. Honest employees constantly viewed with suspicion can be more likely to steal or cheat.

Even a long-hours, lunch-skipping culture can have consequences. Research suggests that when we are hungry or tired we have less self control and are more vulnerable to moments of ethical weakness.

Male

Motivated
by personal gain,
greed or 'because
I can'

36 to 55
years old

Colluded
with others

When thinking about how to promote ethical behaviour inside organisations, the **profile of a typical insider fraudster** reveals where the focus should lie. These are the people with the power, access and status to recruit, commit and conceal with ease – if they put their minds to it.

Employed
for six years
or more

Sees himself as
autocratic,
friendly and
well-respected

Executive
or director

Businesses themselves could do much more to prevent fraud but choose not to. Almost three-quarters of executive-level fraudsters say that **weak internal controls were a significant factor in their criminal decision-making.**

And yet the it-can't-happen-here attitude is still widespread.



Carrots and sticks

UNDERSTANDING CARROTS

Staff need and deserve encouragement, training and rewards geared to helping them do the right thing.

Businesses for whom sustainable improvements in behaviour are a matter of life and death develop no-blame cultures that focus on improving processes, rather than simply blaming individuals. Shouldn't the same be true at any business in every industry?

And yet about one-third of UK employees say they don't receive regular training on their company's code of conduct and policies, and one in five doubt that ethical conduct is really a key factor in objective setting, promotion, reward, recognition and discipline.¹⁹

Peoples' concerns about work-life balance have increased sharply since 2014.²⁰ Unbearable work pressure and the long-hours cultures almost inevitably detach people from the instinctive moral anchors provided by home and family life.

UNDERSTANDING STICKS

The criminal justice system is under immense strain. Unable to cope with the sheer volume of crime (especially cybercrime) it is no longer any kind of deterrent to whole classes of criminal.

Little wonder so few companies bother to report fraud to the police. Only 20% of UK businesses have confidence in law enforcement's ability to deal with economic crime (the global average is 28%), falling to 12% (23%) for cybercrime.²¹

Society has an almost epidemiological need for better data to build a better picture of the problem and to maximise understanding and use of best practice. But with some organisations compelled to report fraud (by their regulators) and most not, the picture we have is skewed as well as incomplete. Businesses should think carefully about their wider social duty to report crime. Meanwhile, the government must do more to give them good reasons to do so.

Penalties too, even those imposed in the biggest cases, lack bite. The Rolls-Royce deferred prosecution agreement was a significant result; a big scalp for the SFO and a fine more typical of the US. But can any fine alone deliver true justice? And is the amount (£130m a year for five years) really large enough to deter others?

This crisis in criminal justice creates an even greater need for effective regulators and accessible, affordable civil courts. Instead, civil action is far beyond the means of most fraud victims and becoming more so.

Businesses themselves could also do much more to prevent fraud but choose not to. Almost three-quarters of executive-level fraudsters say that weak internal controls were a significant factor in their criminal decision-making.²² And yet the it-can't-happen-here attitude is still widespread; one survey found that one in five businesses have never even performed a fraud risk assessment.²³

The FCA says it is critically important for boards of directors to think through the ethical consequences of pay structures and incentives. So what are we to make of the enormous body of evidence showing that performance-related pay doesn't actually work?

The Bank of England's chief economist has warned that high executive pay not only reduces investment, it drives a wedge between management and employees, eroding social capital and, we would add, damaging corporate culture from within.

One recent US study, looking at 1,500 companies over 20 years, found that business performance and executive pay are correlated, but negatively. Overpaid CEOs become overconfident, making them much more likely to launch ill-advised mergers (destroying shareholder value) and much less likely to heed warnings.²⁴ Similar large-scale research reviews have concluded that using money as an incentive also undermines other forms of motivation (enjoyment, curiosity, helping others).²⁵

FCA head Andrew Bailey says one of the big lessons from history is, 'incentives tend to work, but it is crucial to understand how they work'. Is that challenge more complicated than he realises?

**CASE
STUDY**

Kweku Adoboli

**FORMER ROLE: TRADER ON UBS'S
GLOBAL SYNTHETIC EQUITIES TEAM**

Kweku's career began as an operations analyst, but his contributions to the bank soon earned him a place on the equities trading floor. In 2007, with just 10 months experience, he was asked to help take responsibility for the bank's US\$50bn ETF trading book. As the banking crisis unfolded, the pressure to minimise losses and increase trading profits grew. In 2011 Kweku took responsibility for a £1.4bn loss incurred on the desk. Subsequently convicted of fraud but found not guilty of false accounting, he served half of a seven-year prison sentence. Since his release, in June 2015, Kweku has had to fight deportation from the UK. He now speaks widely on the need for cultural and systemic change in the finance industry.

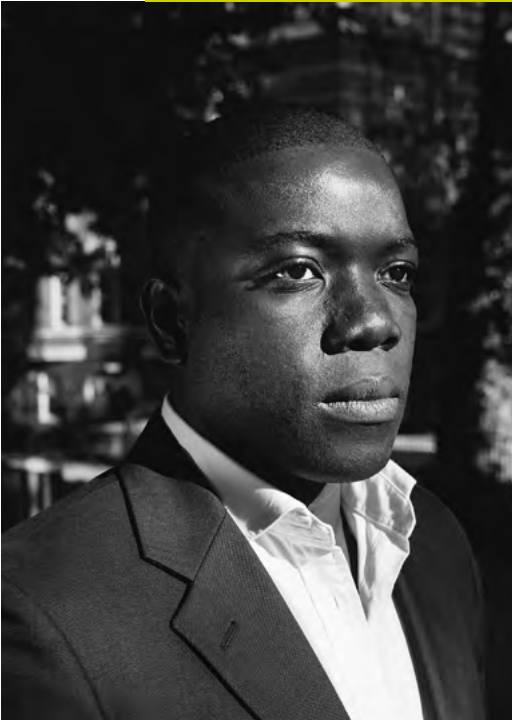


Photo courtesy of Adama Jalloh for the FT

‘Complex, high-pressure, highly-conflicted working environments leave individuals unable to make morally-sound decisions.

They become tired and run-down and simply don't have the emotional energy required to protect themselves from poor decision-making.’

**CASE
STUDY**

Richard Bistrong

FORMER ROLE: VICE-PRESIDENT OF
INTERNATIONAL SALES, ARMOR HOLDINGS

For a decade Richard spent two-thirds of each year overseas, flying business class, staying in fine hotels, and being paid handsomely. To create a sales network quickly and cheaply meant using agents and intermediaries for whom bribery of foreign officials was often part of doing business and 'getting things done'. In 2007, when one of his agents fell under suspicion, the trail led back to Richard. Discovery came as a huge relief, allowing him the opportunity to change the course of his life and behaviour. In 2009 he pleaded guilty and began five years as a cooperating witness – three of them working under cover for the FBI and UK law enforcement – which reduced his sentence to fourteen-and-a-half months. He now consults, writes and speaks all over the world on corruption risks and effective compliance.



‘An incentives discussion is a risk discussion. Everyone wants to be the best and meet their commercial objectives, but the important question for businesses is what really happens when we build that ambition into individual performance objectives, especially in regions where local cultures might appear to conflict with the rules.’

Doing the right thing

Tips from the sharp end

‘The importance of trust in speak-up is impossible to overstate. Talk as openly as possible about outcomes so staff are assured that there are consequences for people at all levels. If your people see you are always open and accountable they will trust you – and, in the end, that will get into their DNA too.’

JACQUELINE CONWAY

Group risk and compliance director,
Vodafone

‘Unmonitored culture self-generates many risks: unacceptable stress, counter-productive competitiveness, fear of speaking up, and a kind of robotic compliance with no ethical thought. Organisations need to make it easier for their people to do the right thing. That’s how you build sustainable performance.’

RACHEL SEXTON

Partner, fraud investigations
and dispute services, EY LLP

‘When people make mistakes it’s often because they weren’t given the skills and knowledge they needed. We expect everyone to hold their hand up, go back and put things right, then make sure it can’t happen again. As they say: ‘There is never a wrong time to do the right thing’.’

GARY SULLIVAN OBE

Founder and chairman, Wilson James Ltd

‘Who understands the compliance risks better than your front-line people and teams? Show some humility and ask them to share their knowledge, especially when they see gaps and weak links in compliance initiatives and programmes. They’ll also be more likely to bring you future concerns when they’ll expect to be heard and not judged.’

RICHARD BISTRONG

CEO, Front-Line Anti-Bribery LLC

‘Companies may prefer the clarity and simplicity of hard and fast rules and penalties. But they can stop things happening in the first place by recruiting good people, training them in policies and procedures that are proportionate, and enabling a culture in which they feel safe to speak openly about difficult things.’

PATRICK RAPPO

Partner, Steptoe and Johnson LLP

‘Good people can do bad things when we take away their moral anchors and supports. They are not criminals and they will make mistakes. Any of us can find ourselves in that situation.’

KWEKU ADOBOLI

Former trader, public speaker, adviser on culture and systems

‘We can’t change culture without change at the top, but it’s hard for successful people to change. They believe in who they are and how they operate, and they have the success to prove they are ‘right’. So they need a big push, not a nudge.’

PHILLIP HAGON QPM

Trustee director and former Metropolitan Police commander

‘Don’t make the whistleblowing line your people’s only option. Create safe ways for them to have courageous conversations long before things come to a head – big scandals often start with small ethical risks taken by powerful, high status or popular people who’s behaviour is never challenged.’

WENDY ADDISON

Founder and CEO, SpeakOut SpeakUp Ltd

‘Can you have an ethically positive cultural change without senior people accepting a short-term cost to profits to achieve this goal? I doubt it. Such changes need a long-term view but that’s not rewarded, encouraged or respected by markets, investors and analysts.’

ARUN CHAUHAN

Founder director, Tenet Compliance & Litigation

**CASE
STUDY**

Wendy Addison

FORMER ROLE: INTERNATIONAL GROUP TREASURER,
LEISURENET LTD

Wendy blew the whistle on massive fraud by the joint-CEOs of LeisureNet, a darling of the Johannesburg stock exchange. When she and her 11-year-old son had their lives threatened they fled to the UK in 2000. The notoriety of the case saw her dismissed from her new executive role in the UK and made unemployable. Reduced to begging, and squatting in the home she used to rent, her mental health declined. Wendy was the prosecution's key witness but judicial corruption saved the guilty men from jail. This new twist launched her on a new crusade. She finally secured justice after 11 years which helped set her on the road to personal recovery. The joint CEOs were jailed in 2011. Wendy's odyssey fired a deep curiosity about society's antagonism towards people who speak up about wrong-doing. She now researches, lectures and provides training on ethics, compliance and whistleblowing.



‘People need to **speak up** early to stop small ethical problems snowballing into criminality. But speaking up won’t be effective if bosses don’t know how to **‘listen up’** too.’

Building trust

The catalogue of corporate wrong-doing and consequences at the start of this report explains why there is now so much lively discussion about the role of corporate culture in unethical behaviour. But the bulk of these pages show why real, durable cultural change will not come easily, if at all.

Progress in banking is being propelled by its recent experience of some very significant reputational and financial pain. For the rest it will be business as usual, until crisis comes calling, as it tends to.

Good culture is always going to be up against the need to make profits. We expect individual organisations to create ethical environments in which it is easy for employees to do the right thing. Society must do something similar for business. A blueprint is far beyond the scope of this report, but we can certainly think of places to start.

GROWING CARROTS

The corporate governance green paper focuses on the right issues: executive pay, 'vulnerable' stakeholders (employees and small suppliers) and unlisted companies (like those implicated in the BHS scandal). But the Companies Act 2006 (s172) already requires directors to take account of similar things and to be mindful of the need for high standards of conduct. In governance we seem to lack encouragement and engagement, not rules.

RISKY BUSINESS

Culture discussions are risk discussions – but that begs the question 'risk of what?' For some time strategic management has needed connecting with the wider consequences of cultural failings in business. The Bribery Act began the job. The General Data Protection Regulation, with its heavy financial penalties, will add another piece to the jigsaw. The long-delayed failure-to-prevent offences for fraud and money laundering are needed to complete the job.

OPEN AND HONEST

People are reassured by a company's registered status. In reality (and five years after we first drew attention to it) fraudsters easily create limited companies registered at Companies House because there is very little scrutiny of the information submitted and no active policing of deception. This is bad for consumers and unfair to legitimate businesses, but it also actively hampers the fight on fraud.

TECHNOLOGY COMPANIES

Calls are getting louder for social media companies to tackle fake news, streamed violence and hate-filled content. We would add fraud to that list. Technology companies need to take more responsibility for the flood of fraudulent communications threatening to engulf us all and to devote much more of their impressive expertise and technology to stemming it out at source.

TRUSTWORTHINESS, NOT TRUST

The Banking Standards Board has recently said that the priority for banks is to rebuild their trustworthiness – that means earning our trust through the things that they do. This is also true for all businesses.

High levels of trustworthiness in mainstream business is good for the economy, good for society and, of course, good for reducing fraud.

‘High levels of **trustworthiness in mainstream business** is good for the economy, good for society and, of course, good for reducing fraud.’



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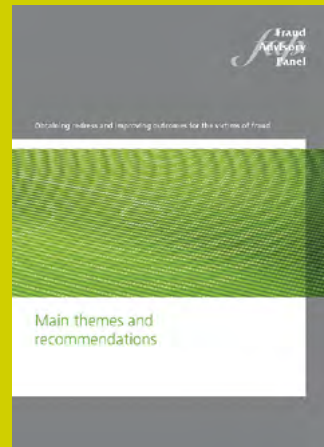
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