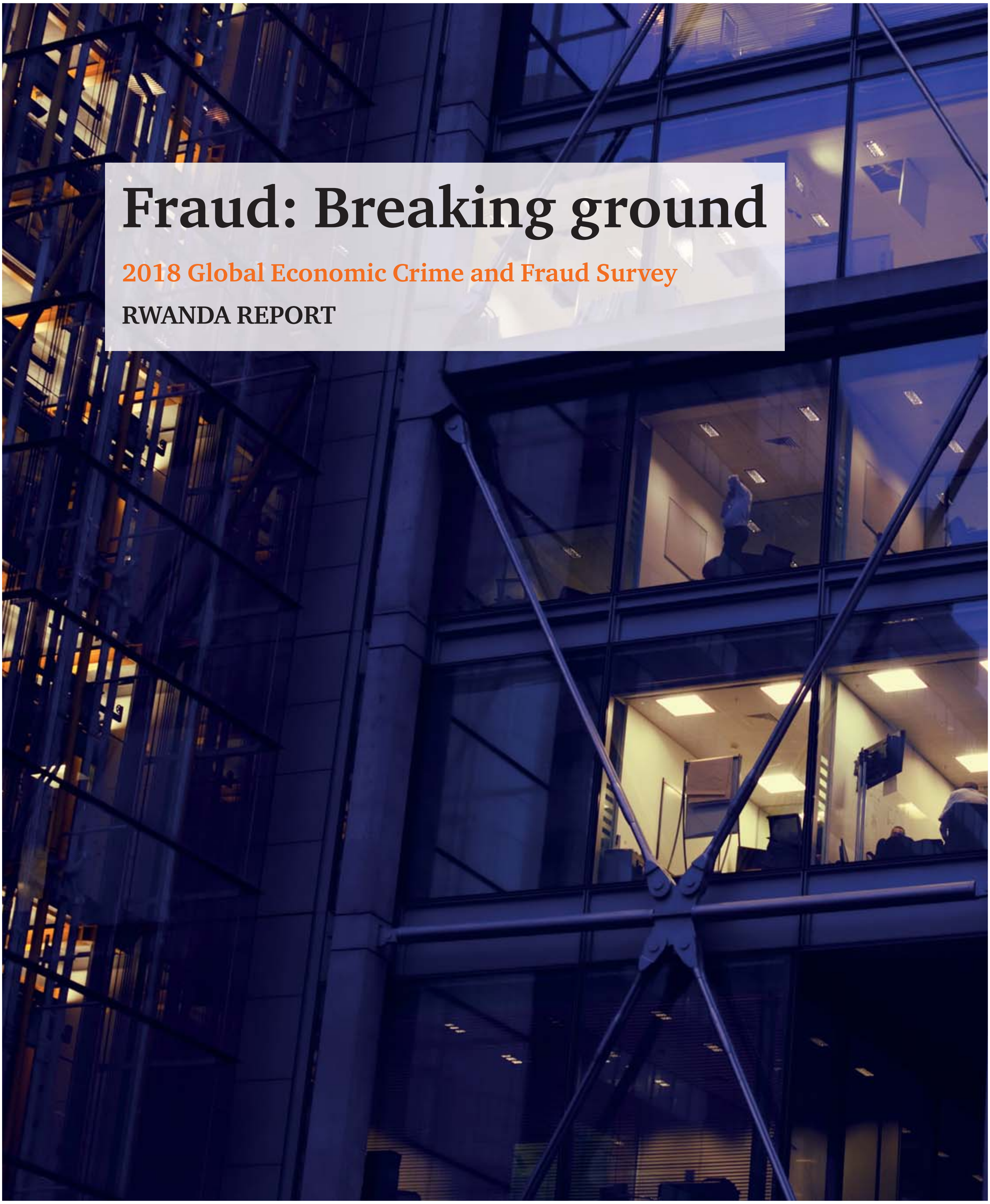
Fraud: Breaking ground

2018 Global Economic Crime and Fraud Survey

RWANDA REPORT



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Foreword

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The Global Economic Crime Survey ("GECS") is a biennial PricewaterhouseCoopers survey that receives and analyses feedback from stakeholders in various economic sectors of focus. In this current survey, the Global Economic Crime Survey 2018 ("GECS 2018"), we received responses from over 7,000 respondents across 123 countries in 18 languages. This makes it one of the largest and most comprehensive surveys on economic crime in the world.

This is the first time we are releasing a GECS Rwanda report! We are able to release the report because for the first time since the Survey's inception in 2001, we have attained the minimum number of responses necessary to generate a country-specific report. We take this opportunity to sincerely thank all those that participated in the survey.

Since our last GECS, which was conducted in October 2015 and launched in February 2016, there have been a number of significant events on both the global and the local scenes that have shaped the backdrop against which the results of our most recent survey can be viewed. The period from October 2015 to October 2017 was marked by landmark votes in key Western economies.

The United Kingdom voted in favour of "Brexit" in June 2016. In November of that year the United States elected Donald Trump, who ran on an "America First" policy platform, as President. Subsequently, perhaps more predictable elections took place in both France and Germany. Despite significant political change, the global economy grew by 2.6% in 2016[1] and is estimated to have grown at 3% in 2017[2].

On the African stage, during the same period, Presidential elections took place in a number of Africa's "market hub" countries, such as Rwanda, Tanzania, Uganda, Zambia, Ghana and Kenya. In some of the East African countries the elections resulted in some uncertainty, but matters are gradually returning to normal. In addition, commodity prices fell for most of 2016 on the back of reduced Chinese demand, before showing some recovery in 2017.

The effect of this drop and subsequent rise was to dramatically lower and then somewhat increase the value of African commodity exports, so that sub-Saharan Africa's GDP growth dropped to 1.3% in 2016[3] before rising to 2.4% in 2017[4].

Rwanda experienced GDP growth of 5.9% in 2016, buoyed by the industry and services sectors, which both grew at 7%[5]. The relatively high growth rates in these two sectors offset the lower growth rate in agriculture, which was affected by low harvests in that year. In the first half of 2017, however, Rwanda recorded a relatively low GDP growth rate of 2.9%.

One major contributor to this drop in the growth rate was the slowdown in construction activity following the completion of large investment projects in 2016. In addition, the Rwandan franc was allowed to depreciate encouraging dampening of import demand and making Rwandan exports more attractive[6].

We are very pleased to present the 1st Rwandan GECS report since the survey's inception in 2001

It is against this global, pan-African, and Rwandan backdrop that we release our first Rwanda GECS report. The first Rwandan GECS report contains some key differences from past reports. This year we have introduced a new fraud classification: Fraud Committed by the Consumer. This distinction proved important because this form of economic crime ranked as the second-most prevalent form of economic crime in Rwanda, after Asset Misappropriation.

We have also been able – for the first time – to compare Rwanda's results to those of other Eastern African countries (i.e. Kenya, Uganda, Tanzania and Zambia). Overall, 47% of Rwandan respondents reported having experienced at least one form of economic crime during the 24 months covered by the survey. This figure is lower than the global average (49%) and the African average (62%), which is commendable.

However, 43% of respondents stated that the most disruptive economic crime over the preceding two years cost them at least USD 50,000 (RWF 42.5M).

In an already challenging economic environment, losses attributable to economic crime is a business issue that Rwandan organisations must confront.

The GECS is an important tool for measuring the global and local economic crime environment(s). Our Rwanda report contains some valuable lessons for Rwandan organisations. For example it is clear that, as in most jurisdictions, Asset Misappropriation is the most prevalent form of economic crime in Rwanda.

Given that this form of crime is most often perpetrated by internal actors, it would be prudent for organisations in Rwanda to vet the people they employ and continue to promote a culture of zero tolerance to fraud.

As awareness of the pervasiveness of economic crime continues to grow, and Rwandan organisations set out policies to prevent and control fraud, we can hope that the number and costliness of fraud incidents will reduce in future.

[1] World Trade and GDP Growth in 2016 and early 2017, World Trade Organisation

[2] Global Economic Prospects Broad-Based Upturn, but for How Long?, World Bank

[3] April 2017; "Africa's Pulse" (published by the World Bank)

[4] Kambou, G. (January 2018) The outlook for Sub-Saharan Africa in five charts: Striving for recovery. World Bank Blog

[5] 16 March 2017, Rwanda's economy grew by 5.9% in 2016, Ministry of Finance and Economic Planning

[6] 06 September 2017, Rwanda Economic Update: Sustaining Growth by Building on Emerging Export Opportunities, World Bank

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Introduction

7,000

Participants, 123 countries in 18 languages

The Global Economic Crime and Fraud Survey (GECS) is a global survey conducted biennially by PricewaterhouseCoopers since 2001. We are pleased to present the first-ever Rwanda edition of the GECS report. This report aims to provide insights on the prevalence of economic crimes in the 24 months covered by the survey. The results are drawn from the responses of a multi-sectoral pool of organisation leaders from around the world.

Globally, the 2018 GECS report analyses feedback from over 7,000 stakeholders in economic sectors of focus across 123 countries in 18 languages. This makes it the largest and most comprehensive survey on economic crime in the world. Some of the main sections of the Survey include Fraud and Economic Crime trends, Technology (including new technologies), the typical Perpetrator's Profile, and Business Ethics and Compliance Programs. The Survey covered more than ten forms of economic crime, including Asset Misappropriation (theft of company assets by internal actors), Fraud Committed by the Consumer, Business Misconduct (fraud or deception of the market or the general public by perpetrating companies), Bribery and Corruption, and Accounting Fraud.

Our Rwanda report draws on insights from the experiences, perceptions and knowledge of economic crime from 59 respondents. The 59 respondents are Board members and senior managers who are part of Executive Management, Finance, Audit, Risk Management and other core functions in large, medium and small organisations. Of the 59 respondents, 22% represent listed companies, 51% represent private organisations and 27% represent public or non-governmental institutions.

In this age of globalisation, the prevalence, effect and control of economic crime in Rwanda is to a significant extent affected by the geopolitical and socioeconomic conditions of the regional blocs it inhabits. This report compares the survey results in Rwanda to those observed in the East African Region (consisting of Kenya, Uganda, Tanzania, Rwanda and Zambia[7]), Africa and globally, putting them in the context of social, political and economic developments of the last two years.

It is the first time that we have received the requisite number of responses from Tanzania, Uganda and Rwanda and the insights gathered from comparing the trends in Rwanda to its neighbours are profound.

Looking more closely at the data, Rwanda's economic crime rate of 47% is well below the East African average of 64% and is below the global average of 49%. Rwanda also has the lowest Bribery and Corruption rate (21%) in East Africa. This may be because the country stringently enforces laws and regulations against Bribery and Corruption.

In addition, the stringent enforcement of these laws and regulations may mean that recidivism rates have been reduced, as reflected in our survey results. The failure to disclose or to detect fraud in all its forms may also play a role, albeit smaller, in explaining the low prevalence rate in Rwanda.

Although Rwanda's figures compare well with its East African counterparts and the rest of the world, efforts need to be made to bring the prevalence rate down further. Our Rwanda respondents appear to be hardest-hit in the Financial Services sector, with 69% of the Rwandan respondents in this sector having experienced economic crime in the 24 months covered by the survey. We discuss why this may have been the case in various sections of this report.

[7] For purposes of this Survey, Zambia is clustered in the East Africa region.

Asset Misappropriation is a form of crime that involves theft of company assets by internal actors. It was the most prevalent crime in Rwanda with a prevalence rate of 50%. This is in line with the East Africa, Africa and Global results as well as historical trends. Asset, compared to 45% globally).

For the first time, the 2018 survey included Fraud Committed by the Consumer as a new economic crime classification. This classification relates to the type of fraud in which a consumer, in the course of undertaking a legitimate transaction with an organization, exploits the governance and control weaknesses of the organisation to commit fraud.

The results of the survey showed that this form of economic crime had a 39% incidence rate, becoming the second-most prevalent form of economic crime both in Rwanda and globally, behind Asset Misappropriation (50% in Rwanda and 45% globally). Similar trend was reported in East Africa and Africa where consumer fraud emerged the second most prevalent form of economic crime at the 37% and 36% incidence rate respectively.

In Rwanda the vice was especially prevalent in the Financial Services industry, where it had an incidence rate of 64%, becoming the most prevalent form of economic crime, ahead of Asset Misappropriation (50%) and Cybercrime (18%) which have traditionally been the leading forms of economic crime in that industry.

59

Participants in Rwanda, 379 participants in East Africa

In this report, we take a closer look at Asset Misappropriation and Fraud Committed by the Consumer which are often episodic crimes that occur after a perpetrator finds themselves in a set of circumstances that present the opportunity to commit fraud. As these forms of crime do not typically have many shared attributes, they are harder to regulate outside the realm of the laws of the land, making them harder to suppress.

As such, organisations must work harder to come up with solutions and deterrents that are customised to their unique set-ups and governance frameworks to mitigate the risk of these crimes occurring.

Further, we have laid out the cost of economic crime in Rwanda. We explain who is committing economic crime, and give some insights on how Rwandan organisations can manage it. In that part of the discussion we examine the nature of fraud, which helps give insight on how it may be prevented. We have also taken the time to compare Rwandan economic crime with East African economic crime, so as to contextualize the Rwandan situation.

We are hopeful that private, public, and non-governmental players will find this report useful as they continue to confront the risk of economic crime in these times.

Economic Crime – painting the picture

47%

of Rwandan respondents reported experiencing economic crime in the preceding two years. This is lower than the East African average of 64% and the global average of 49%

Comparing Rwanda with the rest of the world

Globally, the 2018 survey saw an increase in the proportion of respondents who reported having experienced an economic crime in the 24 months surveyed. Half (49%) of our global respondents reported experiencing an economic crime in their area of work compared to 36% who reported experiencing one in 2016. In Rwanda, 47% of our respondents indicated that they had experienced at least one form of economic crime in the preceding two years.

The marked rise in incidences of economic crime is seen to transcend regional blocs. Whereas Africa continues to take the lead in the pervasiveness of economic crimes at 62% in 2018 (up from 57% in 2016), other regions were not immune to economic crime, with all regional blocs experiencing between 5%-25% increases in the prevalence of economic crime as summarized in the table below.

In Africa and globally, the prevalence of economic crimes appears to be at its peak when compared to the GECS reports of the last decade. In our assessment, a number of factors could have contributed to this phenomenon, including the widening of the wealth inequality between the rich and the poor; increased connectivity brought about by the ICT revolution, coupled with a poor understanding of the controls needed in a highly inter-connected environment; and poor enforcement of existing regulations.

Of the 10 countries that reported the highest incidence rate of economic crimes globally, we observe that 5 (50%) are African countries, once again bringing Africa into focus as a region that is the most severely affected by economic crimes. Of the remaining five, three were European, one was Asian, and the other was Central American.

Figure 1: Economic crime incidence rates in the various regions

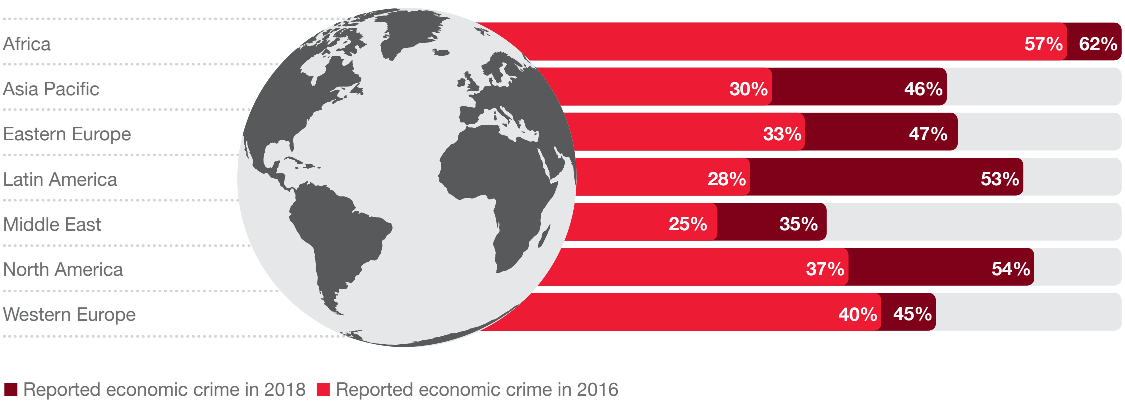
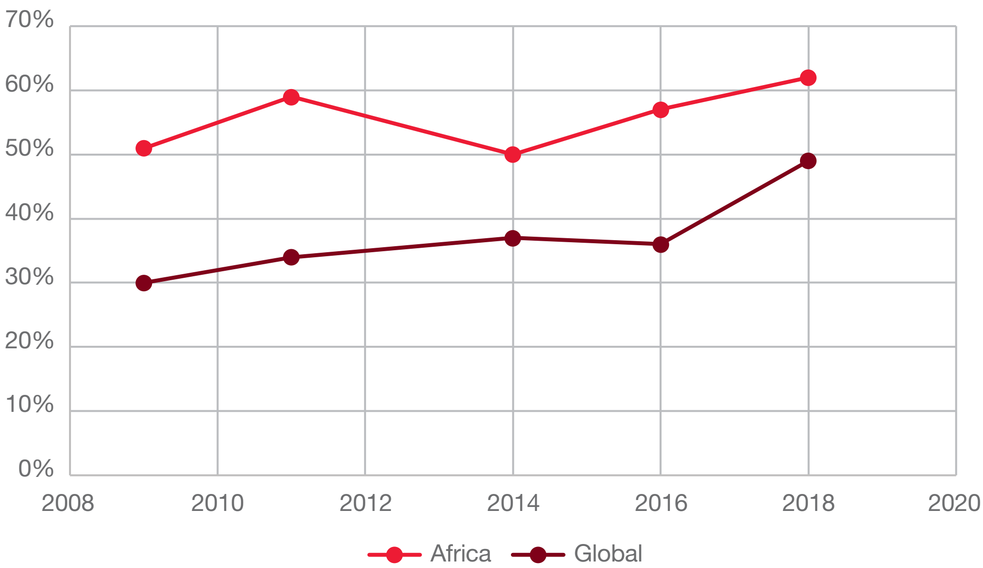


Figure 2: Historical incidence rates of economic crimes in Africa and globally

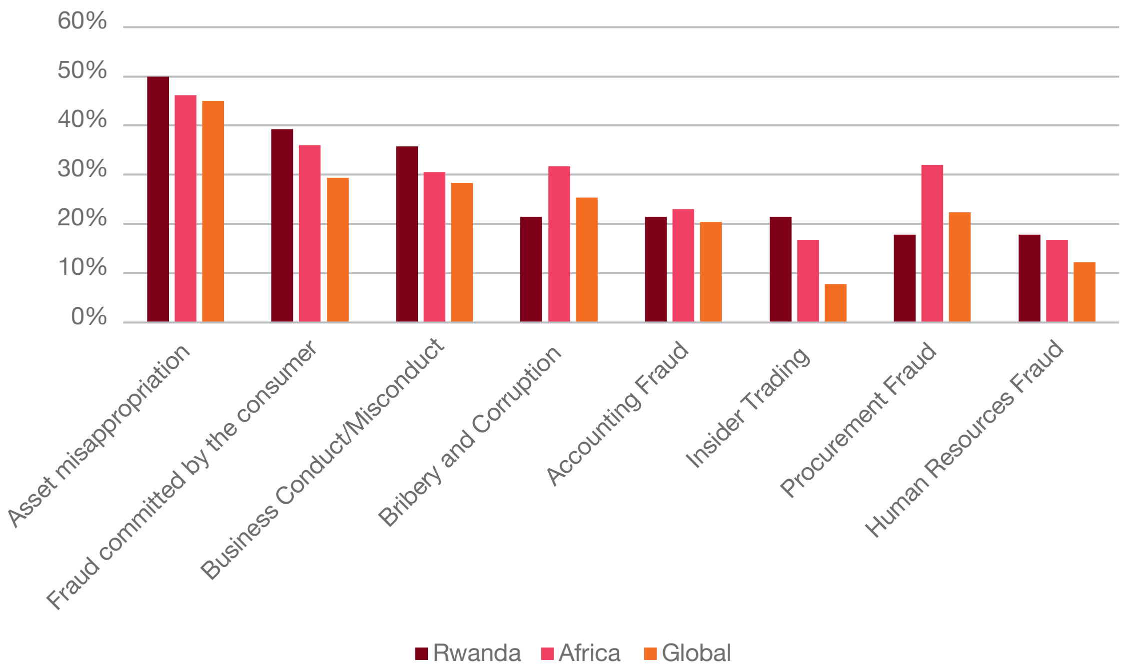


The prevalence of economic crime is the highest ever globally since the inception of GECS

Types of economic crimes in Rwanda

As already noted, Asset Misappropriation continues to be the highest form of fraud experienced by survey respondents.

Figure 3: Incidences of Economic crime



Asset misappropriation was the most prevalent form of economic crime, followed by Fraud Committed by the Consumer, a trend replicated at East Africa, Africa and Global levels

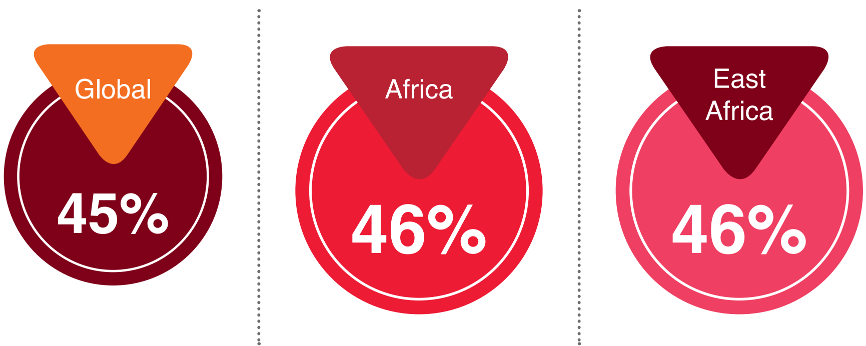
We discuss the 'new kid on the block', Fraud Committed by Consumers, in more detail later. In this section, we briefly discuss some of the other forms of economic crime that we found to be widely experienced in Rwanda.

Asset Misappropriation – the foremost concern

The feature that distinguishes Asset Misappropriation from other forms of theft is that Asset Misappropriation does not involve the use of force. Rather, the perpetrator of the fraud relies on trickery and deceit to exploit the organisation's weak controls and transfer the organisation's assets to themselves or to the ownership of a third party without that organisation's knowledge or consent. This crime covers a wide range of nefarious acts, from embezzlement of physical assets such as cash to embezzlement of non-cash proprietary assets such as data and intellectual property such as patents and copyrights.

As indicated in the foreword section to this report, we have included in this year's survey Fraud Committed by the Consumer as a new classification. We believe the inclusion of this category is likely to be at least partially responsible for the decrease in the prevalence of Asset Misappropriation globally from 64% in 2016 to 45% in 2018 as it is possible that some of the forms of crimes previously reported under Asset Misappropriation were also crimes committed by the consumer.

Figure 4: Asset Misappropriation in 2018



The prevalence rate of Asset Misappropriation has been declining in East Africa, Africa and globally

Asset Misappropriation is still widely considered to be a traditional "brick and mortar" form of crime and is therefore often overshadowed by other forms of economic crime that involve highly sophisticated technological tools.

This lapse insofar as recognising the continuing threat of Asset Misappropriation is concerned may have contributed to the incorrect perception that Asset Misappropriation is not as big a threat going forward as other non-traditional forms of economic crimes for example Cybercrime.

Indeed, in stark contrast to the 25% of Rwanda respondents that indicated that Asset Misappropriation was the most disruptive form of economic crime suffered by their organisations in the 24 months covered by the survey, only 7% of the respondents indicated that they perceived Asset Misappropriation to the be form of crime likely to be most disruptive to their organisations in the next 24 months.

This possible mis-perception is also held globally, where only 11% thought that Asset Misappropriation is going to be the most disruptive form of economic crime in the next 24 months trailing behind Cybercrime at 26% and Bribery and Corruption at 12%.

Viewing Asset Misappropriation exclusively through the lens of theft of physical assets overlooks an important correlation between Asset Misappropriation and acts of Cybercrime. This is a costly oversight in an age where information is increasingly becoming many organisations' most valuable asset. Indeed, our survey reveals that 24% of our global respondents and 20% of our Rwanda respondents reported that they suffered Asset Misappropriation resulting from acts of Cybercrime.

25%

indicated that Asset Misappropriation was the most disruptive form of economic crime suffered in the last 24 months

Many seem to think that Asset Misappropriation will not be a problem going forward. This is a possible mis-perception

Given that a majority of our respondents also view Cybercrime as the form of economic crime likely to be most disruptive in the next 24 months, it is also likely that incidents of Asset Misappropriation through Cybercrime and theft of information and data are likely to increase in both prevalence and cost.

Against an average incident rate of 52% for all forms of economic crimes, 75% of the global respondents who cited Asset Misappropriation as the most disruptive form of economic crime to their organisations in the 24 months covered by the survey also cited an internal actor as the perpetrator of the fraud.

Only 14% of global respondents who identified Asset Misappropriation as the most disruptive form of economic crime to their organisations cited an external actor as having perpetrated the fraud. It therefore appears that Asset Misappropriation amongst our respondents was committed disproportionately by internal actors. To curb Asset Misappropriation therefore, it is imperative to invest resources into hiring people with a high level of integrity and accountability.

Organisations seeking to recruit the right people should conduct rigorous background checks into the prospective employees' professional background as well as confirm their general conduct with credible references.

Business Misconduct was the third-most prevalent form of economic crime in Rwanda. Is there a case for tighter controls on setting up businesses?

Business Misconduct – A paradigm shift?

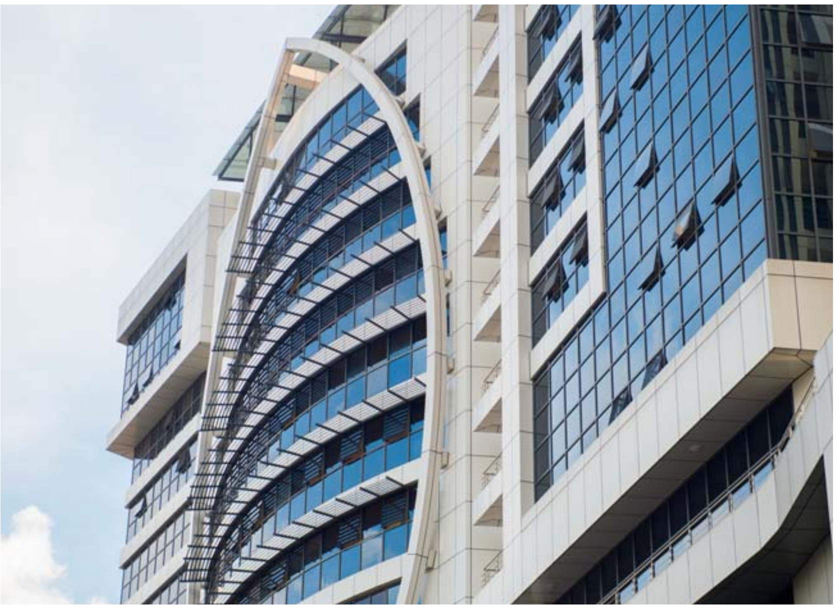
Business Misconduct is fraud or deception of the market or general public by companies. 2018 is the first year in which Business Misconduct was measured as a distinct form of economic crime in the survey.

The high incidence rate both in Rwanda and globally suggests that this problem is widespread. In Rwanda, respondents indicated that they suffered a 36% incidence rate in Business Misconduct fraud, making it the third-most prevalent form of economic crime according to the results of the survey. This incidence rate is 7% higher than the average reported by the East Africa region (29%) and globally (28%).

Starting a business in Rwanda is much easier than starting one in the rest of East Africa. It takes an average of 6 hours to get a business registered, which includes obtaining a certificate of incorporation, a tax identification number, and social security registration. With increased efficiencies and businesses preferring to start operations in Rwanda, there exists the possibility that the ease of doing business in Rwanda is also an enabler for individuals who may wish to set up companies for the purpose of defrauding an unsuspecting public.

The Bribery and Corruption incidence rate in Rwanda is significantly lower than that of East Africa

The relatively high incidence rate of Business Misconduct may be an indicator that regulatory bodies need to strengthen their detection and deterrence policies to help curb against this vice. Public companies should be required to disclose the way they conduct business. On the other hand, employees of an organisation should take the step of 'doing the right thing'.



Punishment and legal recourse for the perpetration of Business Misconduct are under the prerogative of the Board and senior management. It is therefore incumbent upon the leadership of the organisations to ensure that the policies and frameworks in place are stringent and that acts of Business Misconduct attract heavy consequences. The tone, as well as the action, at the top also needs to leave no doubt that Business Misconduct will not be entertained.

Employers should deploy strict policies and procedures and ensure that each employee follows them. Non-compliance to the policies should lead to warnings, disciplinary action and, potentially, termination of employment. Employees, on the other hand, should abide by the regulations set by their employer, the professional body/bodies that govern their profession, and local and international laws.

Bribery and Corruption – a pleasant surprise

At 21% incidence rate, Bribery and Corruption alongside Accounting Fraud (21%) is the fourth-most prevalent form of economic crime as indicated in the survey results. This is against a 30% incident rate in East Africa, 32% in all of Africa and 25% globally.

The proportion of respondents that experienced incidents of Bribery and Corruption is observed to be consistently larger in African countries than in the rest of the world, which puts into the spotlight the vigilance and enforcement of regulations in place to curb the vice. Rwanda however seems to be the exception.

The office of the Ombudsman, an independent public institution which was operationalised in 2004, is in charge of preventing and fighting corruption, among other related offences. Further, the Anti-Corruption Policy was approved by the Rwandan government in 2012.

The fact thatRwanda has the lowest incidence rate of Bribery and Corruption in East Africa may be due to the stringent enforcement of the national anti-corruption policy and the implementation of the zero tolerance overall policy framework. The national anti-corruption policy's focus is on combining people, systems and organisations to build a culture where integrity is valued and corruption is rejected.

The Rwandan anti-corruption policy is governed by local laws such as the constitution of the Republic of Rwanda and international treaties such as United Nations Convention against Corruption (UNCAC), African Union Convention against Corruption

(AUCAC) and East African Community Treaty. The policy therefore envisions an era where all economic stakeholders play a proactive and preventative role in the reduction and elimination of Bribery and Corruption.

While the incidence rate for this form of economic crime in Rwanda is relatively low, it is incumbent upon the agencies charged with the investigation and prosecution of acts of corruption to continue to be more engaged and vigilant in their enforcement of the law to ensure that Bribery and Corruption decreases even further. Leaders, and especially religious leaders, teachers and parents also have a role to play in bringing up a generation that perceives Bribery and Corruption as the evil that it is.

Cybercrime

Cybercrime, as indicated by Rwandan respondents, was only the ninth most common form of economic crime in Rwanda, with an incidence rate of 11%. However, it is perceived to be one of the biggest potential threat to Rwandan organisations in the future; at 15%, Cybercrime scored the highest among Rwanda's respondents as the form of economic crime likely to be most disruptive to their organisations in the next 24 months, both monetarily and otherwise.

This was followed by both Procurement fraud at 14% and Bribery and Corruption and Business Misconduct, both at 12%. The perception that Cybercrime is going to be the most disruptive economic crime to organisations in the next two years is also reflected globally (26%).

The rapid global advancement of technology tools and solutions brings with it additional opportunities for cyber criminals to perpetrate crime. The digitisation of all aspects of system processes and transactions also means that these fraud opportunities are increasing exponentially making Cybercrime a growing threat to businesses and organisations globally.

Additionally, the high demand for digital solutions and alternatives e.g. digital currencies, coupled with the relatively low understanding of these new technologies by organisational leadership, is leading to new markets and added incentives for hackers and fraudsters. In fact, cyber-attacks have become so pervasive that measuring occurrences and their impact is becoming less strategically useful than focusing on the mechanism that the fraudster used.

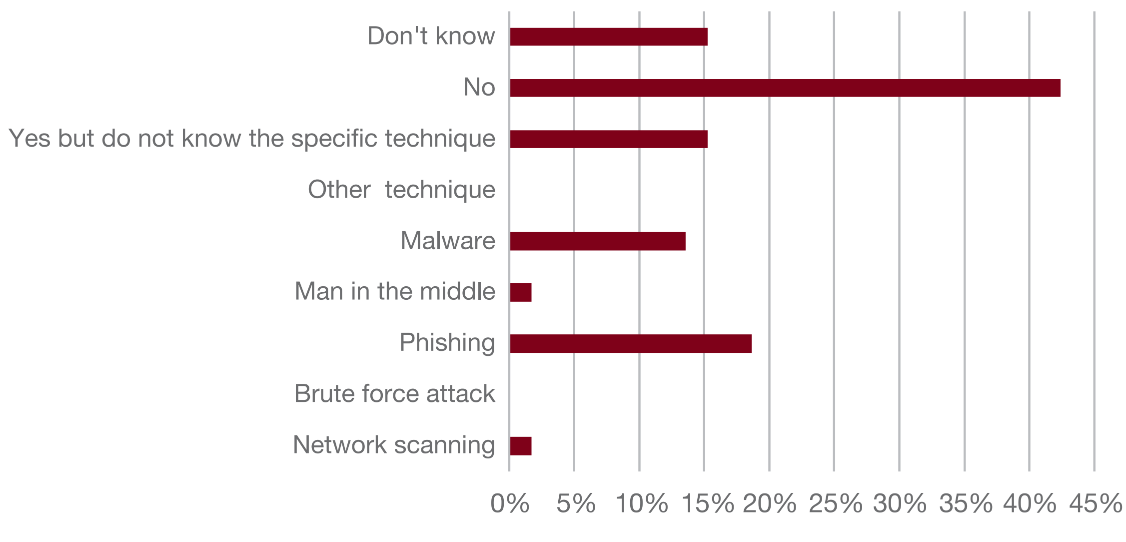
Of the respondents in Rwanda who cited having suffered Cybercrime in the 24 months covered by the survey, Phishing and Malware were the most common tools through which Cybercrime was perpetrated in their organisations (at 19% and 14% incidence rates respectively).

15% of Rwandan respondents (compared to 13% of East African respondents and 12% of global respondents) also did not know whether or not their organisations had been targeted by cyberattacks, indicating that organisations may be unaware that they are under attack from cybercriminals. Efforts to raise awareness as to the existence, prevalence, and cost of Cybercrime should be undertaken by public interest bodies such as associations of accounting professionals.

In addition, Rwandan organisations should consider taking pre-emptive preventive and detective measures, especially since Cybercrime is perceived to be the most disruptive form of economic crime in future.

Cybercrime is considered to be the form of economic crime likely to be most disruptive in the next 24 months

Figure 5: In the last 24 months, has your organization been targeted by cyber-attacks using any of the following techniques?



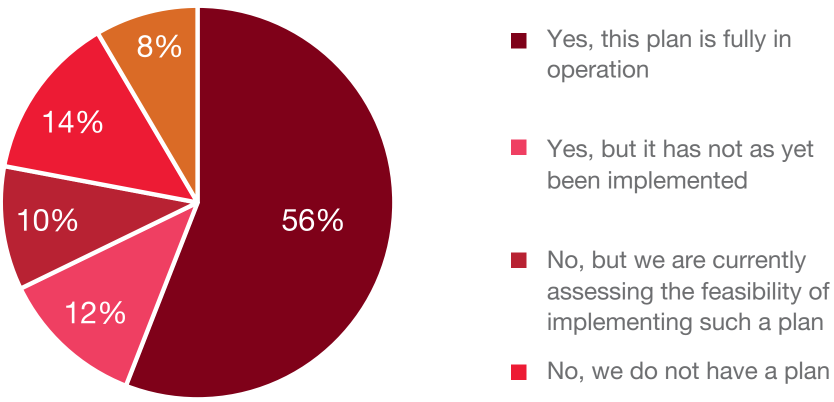
Malware and Phishing are the most visible forms of Cybercrime in Rwanda

We note that 56% of Rwandan respondents reported having a cyber-security programme that is fully operational and that covers both the detection and the prevention of Cybercrime. A further 12% reported having a cyber-security programme that is not yet operational, while 10% reported not having a plan but at the same time reported currently being in the process of assessing the viability of different options.

14% reported not having any cybersecurity program or any plan to implement one. It may be important for Rwandan organisations to engage consultants with government/law enforcement agencies about suspicion of or subjection to cyberattacks whereas 3% said they are either unlikely or very unlikely to share the same information. Of the respondents that said they are unlikely to report suspicion of Cybercrime, the top two reasons given are risk of uncontrolled public disclosure as well as a legal privilege not to share Cybercrime incidents.

The Government of Rwanda therefore may want to consider enhancing public trust in the expertise and confidentiality of law enforcement agencies but also provide a platform for disclosures of such

Figure 6: Does your organisation have a Cyber Security Program (preventative/detective) to deal with cyber-attacks?



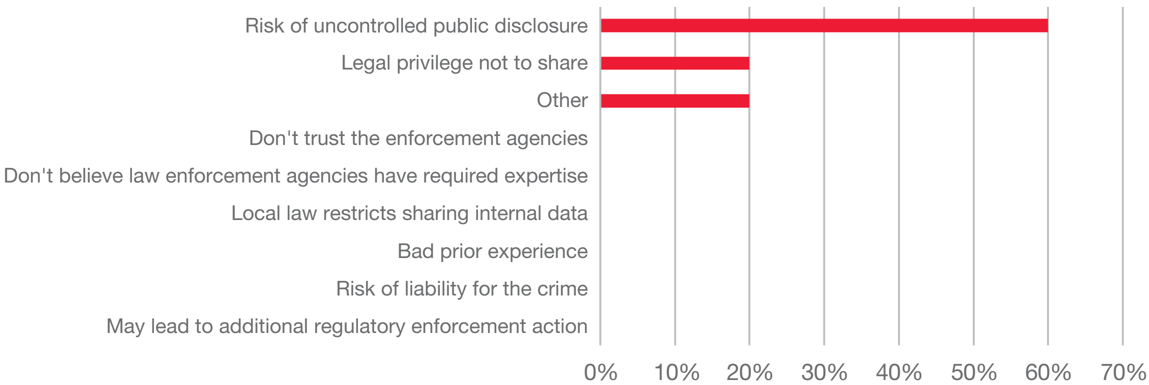
2 out of 5 Rwandan respondents do not have an operational cyber security program

to help review their cyber-security programs to help make them more effective and to ensure that cyber-attacks are prevented or detected earlier to curb the financial or non-financial damage.

85% of respondents in Rwanda said they are either likely or very likely to share information incidences. This can be done through rigorous training exercises with the participation of both public and private entities. Additionally, if organisations carry out risk assessments and data encryption techniques on a regular basis it may help to bolster the organisations security against cyber-attacks.

The majority of Rwandan businesses consider reputational risk to be main barrier to informing law enforcement agencies about suspicion of or subjection to cyber-attacks

Figure 7: You stated that your organisation would be unlikely to share information with government / law enforcement agencies about suspicion of or subjection to cyber-attacks. What are the reasons that would make this unlikely?



Cost of economic crime – and its aftermath

64% of the survey respondents indicated that they had lost at least USD 25,000 (c. RWF 21M) to the most disruptive crime they experienced in the 24 months covered by the survey compared to 61% of respondents who indicated they lost the same amount globally.

In fact, against a global average of 19%, 25% of Rwanda's respondents indicated that they suffered a direct loss of between USD 100K (c. RWF 85M) and USD 1M (c. RWF 850M) to the most disruptive crime they experienced in the 24 months covered by the survey. Instructively, 7% of the respondents in Rwanda indicated they lost more than USD 1M (RWF 850M) to the most disruptive crime showing just how costly economic crime can be.

organisations do not want to tarnish their reputation in the event that news of the fraud becomes public knowledge.

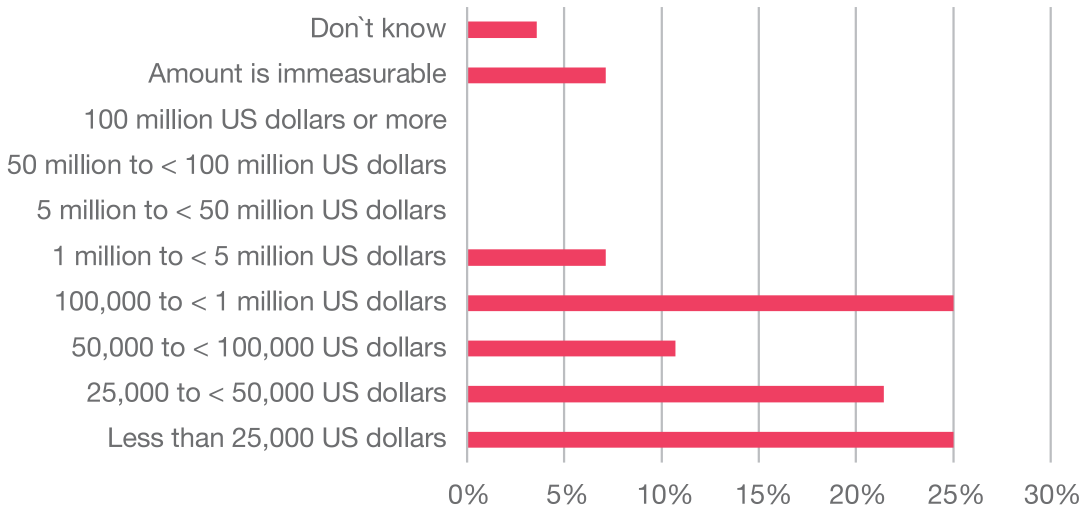
In addition to these monetary costs, other costs cited as having resulted from the occurrence of the economic crimes include the severing of business relations, brand and reputational damage, reduced employee morale, and strained relations with regulators.

21% of our Rwandan respondents indicated that business relations were the most impacted after experiencing the most disruptive economic crime in the 24 months covered by the survey. This indicates that if the general public become aware of fraudulent activities in an organisation it hampers business relations.

7%

of respondents that suffered economic crime lost RWF 850M or more

Figure 8: In financial terms, approximately, how much do you think your organisation may have directly lost through the most disruptive crime over the last 24 months?



In addition to monetary loses, organisations also suffered severed business relations, brand and reputational damage, reduced employee morale and strained relations with regulators

In addition to the direct loss incurred as a result of an economic crime, 46% of our global respondents indicated that they incurred an equivalent or higher cost to undertake investigations and other intervention measures against the recurrence of the crime. In Rwanda, only 30% indicated having spent as much or more to undertake intervention measures.

This may mean that Rwandan organisations do not see the need to spend resources investigating fraud. In addition, the Rwandan justice system may be efficient, and cost effective, meaning firms spend less. Furthermore, there exists the possibility that

Who is committing the fraud?

Globally, in 2018 as in previous years, most economic crimes continue to be committed by internal actors. We, however, observed an increase in the proportion of respondents citing internal actors as the main perpetrators of fraud and a decrease in those citing external actors. Compared to 41% in 2016, the incident rate for perpetration of fraud by an external perpetrator amongst respondents globally reduced by an insignificant 1% whereas that of the internal actors increased from 46% to 52%. Rwandans indicate that 64% of the main perpetrators of economic crimes were insiders.

Internal, external, or 'in between'? Know your 'frenemies'

Customer is king

According to the survey respondents in Rwanda, the top two perpetrators of external fraud were customers and agents/intermediaries. The prominence of customers as external fraudsters is in tandem with Fraud Committed by the Consumer being the second most prevalent form of economic crime in Rwanda.

From our Rwanda respondents and those who stated that the main perpetrator was an external party, 29% stated that it was an agent/intermediary who committed the crime. This could be linked to the high incidence of Business Misconduct, as the agents may be businesses. In addition, where conflicts of interest exist in an agent-principal relationship, the agent may act in a manner that contravenes the goals and objectives of the principal as a result of the conflict of interest. As such, the agent may not be performing in the best interests of the principal and may practise fraudulent activities leading to an increase in cases of business misconduct.

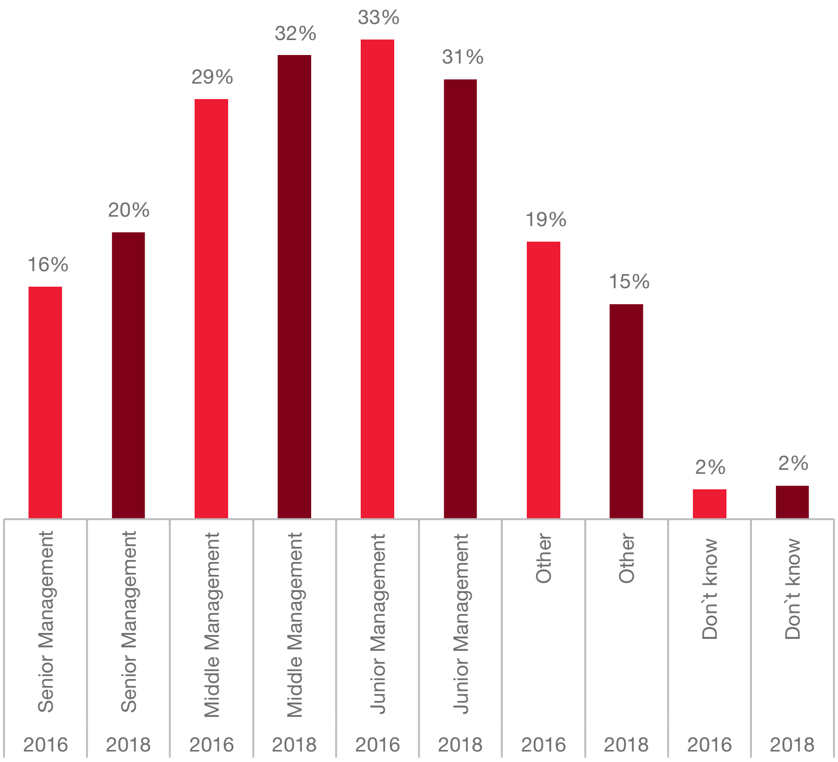
Shift of the internal fraudster from a junior to middle manager

As noted from the graph on the right, in 2018, from an African perspective, whereas the economic crimes committed by senior management have increased to 20% from 16% and those committed by junior management reduced from 33% in 2016 to 31% in 2018 respectively, economic crimes committed by middle level managers have increased from 29% in 2016 to 32% in 2018. This suggests that perpetration of an economic crime by an internal actor is most likely to be committed by a middle level manager, followed by a junior manager, and is least likely to be committed by a senior manager.

In Rwanda, although we do not have prior period statistics, middle level management was also indicated as the highest internal perpetrator at 38% in 2018. Junior and senior management followed at 31% and 19% respectively. The results appear to be in line with the Africa wide results.

The above results could be due to junior and middle managers executing majority of the operational and management tasks and by virtue of them having a deeper insight into the weaknesses of the organisation's systems. It therefore behooves the senior management to continuously monitor the actions of their junior teams and employ sufficient supervisory structures and operational controls to curb fraudulent activities by the lower management team. This does not however mean that senior management can always be trusted. Results from our Rwanda survey also suggested that 19% of the respondents indicate that the principle function under which the main internal perpetrator resided was in the Procurement function. The Customer service (13%), Executive management (13%), Finance (13%), Human Resource (13%), Marketing and Sales (13%) and Operations and Productions (13%) functions were the other six functions within which the internal perpetrator was most likely to reside.

Figure 9: At what level was the main perpetrator of that internal fraud within your organisation? *An African perspective*

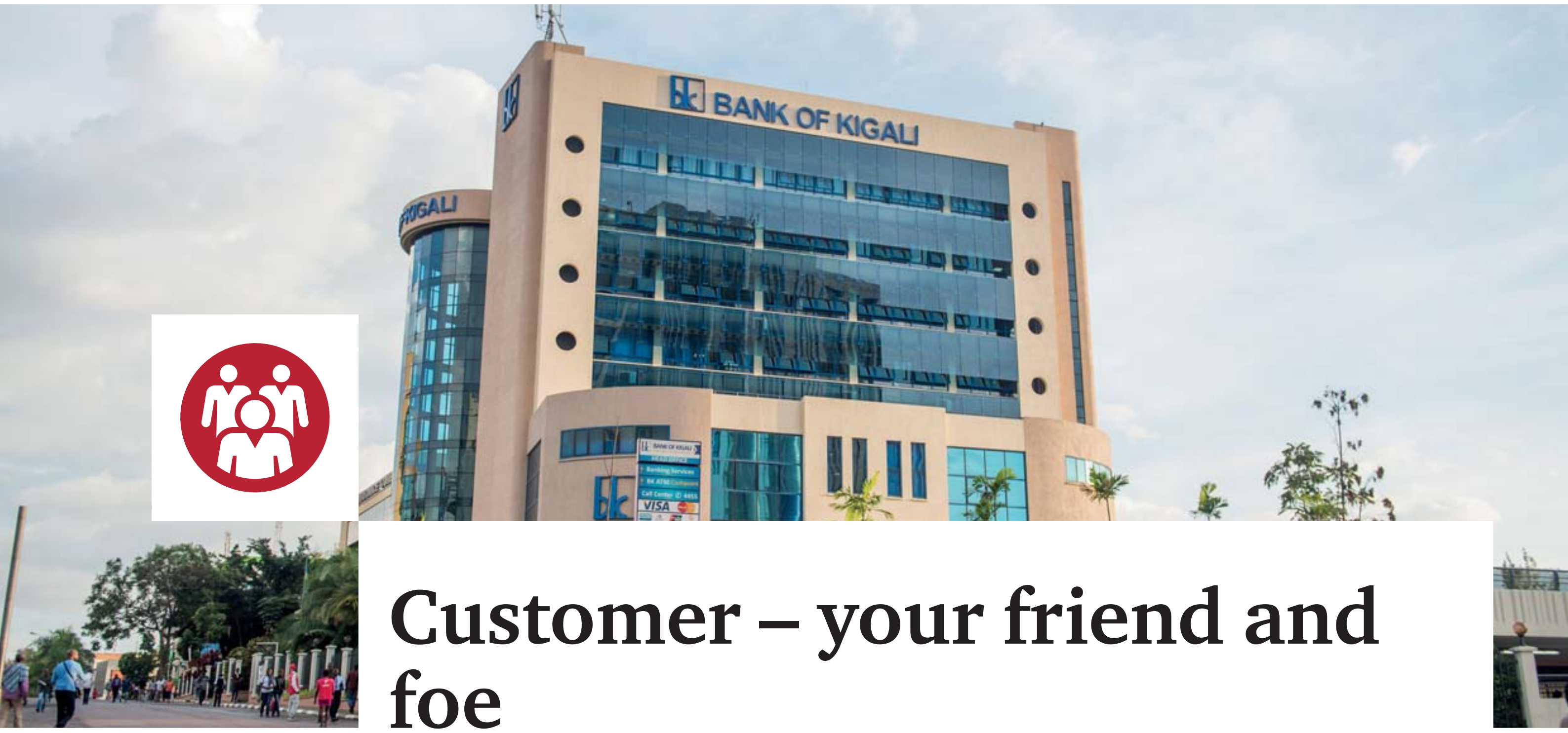


The internal functions of organisations work closely with one another and to a certain extent, the controls in place may overlay various functions. For example, controls in the Procurement department such as review and authorisation for procurement may also require the Finance department, for instance, to provide additional oversight.

Due to the various inter-linked functions, controls may be 'functional stand-alone' or 'organisation-wide' and thus staff could collude with one another to conceal fraudulent scheme or engage in fraudulent scheme in individual departments. It is very important that organisations tighten controls around the major functions outlined above to prevent and combat fraud perpetrated by insiders.

64%

of the main perpetrators of economic crime were insiders. Are you screening your new hires?



Customer – your friend and foe

Customers aren't just one consideration of your business – they are your business

Customers are the lifeblood of any business. As businesses continue to navigate their way through globalisation and the digital revolution, they are being forced to innovate, enter new markets and adopt new technologies in order to survive or grow. However these initiatives also expose businesses to additional threats, often posed both to and by the customer.

This also rings true for governments and non-profit organisations. Organisations are therefore faced with the dilemma of either closing themselves in and being seen as non-responsive or opening up their operations and exposing themselves to financial, reputational and regulatory risks.

At an incident rate of 39%, our survey found that Fraud Committed by the Consumer is the second-most prevalent type of economic crime experienced by Rwandan organisations. It is also the second-most prevalent economic crime in East Africa (37%), Africa (36%) and globally (29%). We therefore in this section discuss consumers and fraud risks associated with them.

Why is the threat from the customer on the increase?

There are a number of circumstances that work in concert to result in an increased threat from the consumer. We explore only four here.

The first factor is the changing demands of the consumer. With the ubiquity of technology today, the 21st-century consumer has become used to convenience and on-demand service. This consumer wants to spend the least amount of time and effort possible while being served. Organisations from banks to governments have thus been forced to adopt new technologies that make them more accessible and efficient.

39%

Fraud Committed by the Consumer was the second-most prevalent form of economic crime in Rwanda

Technological advances have given customers more access to organisation's systems, availing more opportunities for fraud

In the process, tellers have given way to mobile banking and parking attendants to parking applications. These technological advances, however, come with a number of threats arising both from the organisation's unfamiliarity with the technology and the added access that the consumer gets to the organization through the technological channel linking the two.

Another consequence of the enhanced technological uptake is the reduction of permanent staff and their replacement either by the technology itself or by outsourced third parties. Organisations have taken advantage of the technological advances to downsize or to introduce agents who are cheaper to maintain and increase organisations' reach at minimal cost.

Consequently, the trusted employee that is well versed in an organisation's culture and values is increasingly not the main point of contact between the consumer and the organization.

The rapid change in trends and entry of market disruptors have also seen organisations that have traditionally offered a singular service explore new offerings. These organisations find themselves in environments where they often have limited experience and limited understanding of the associated fraud risks and regulatory frameworks. As banks offer insurance products, manufacturers get into real estate and seen some governments begins to sell bonds through mobile apps, they all find themselves in unfamiliar territory that is fraught with danger.

Finally, in societies where the cost of living is increasing, lifestyle trends promote more consumerism and traditional values are discarded, the consumer just as the employee is under more pressure to commit fraud. Consumers also find it easier to rationalize fraud whether the fraud is a failure to pay a public utility or is a case of shoplifting.

Industry and Regional analyses

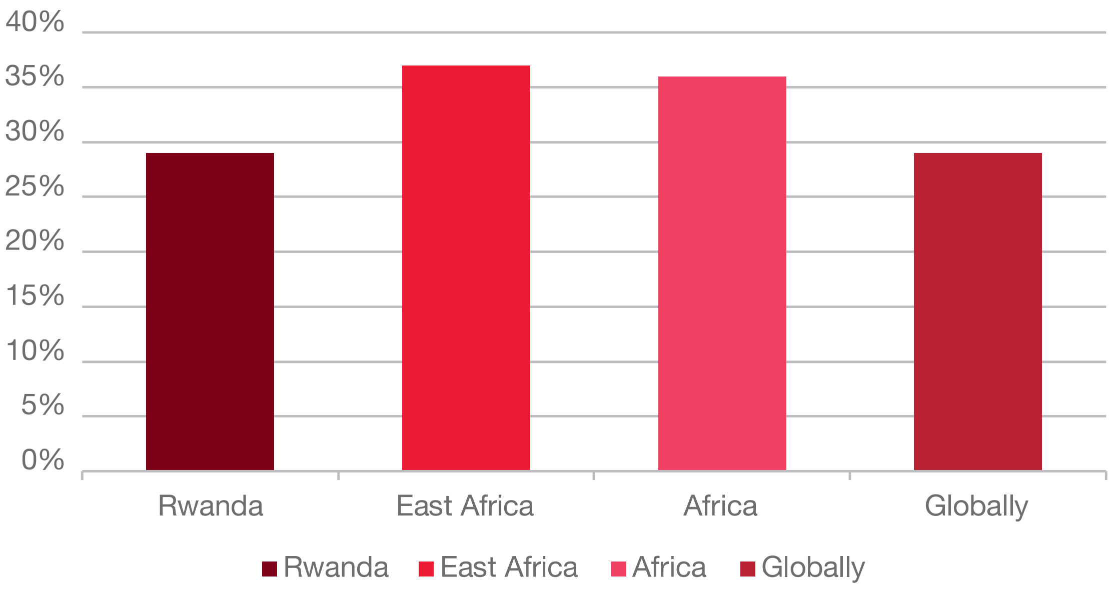
As stated earlier, at an incident rate of 39%, Fraud Committed by the Consumer is the second most prevalent type of economic crime experienced by Rwandan organisations after Asset Misappropriation. The average incidence rate in East Africa is 37% which is 8% more than that experienced globally.

25% of our Rwanda respondents further indicated Fraud Committed by the Consumer as the most disruptive economic crime in their organisations over the 24 months covered by the survey, alongside Asset Misappropriation at 25%. The prevalence of Fraud Committed by the Consumer is also reflected in the East Africa region where it is the second-most prevalent form of economic crime at 37%, only behind Asset Misappropriation at 46%.

Fraud by the Consumer is especially prevalent in the Financial Services sector where it had the highest incidence rate of 64%, higher than Asset Misappropriation at 45% and Business Misconduct at 36%.

The survey indicates that financial institutions such as banks are a major target of fraud by consumers, in that consumers exploit loopholes in the design of financial products or instruments to perpetrate fraud. In East Africa, Fraud Committed by the Consumer has an incidence rate of 62% followed by Cybercrime and Asset Misappropriation at 44% and 35% respectively.

Figure 10: Fraud Committed by the Consumer



1 in 3 organisations in East Africa and Africa that suffered economic crime experienced Fraud Committed by the Consumer

Each of the respondents who experienced fraud in the insurance industry confirmed having experienced Fraud Committed by the Consumer. In our experience, consumers in the insurance industry typically defraud insurance companies by lodging illegitimate or inflated claims designed to appear legitimate.

Insurance fraud may be particularly high in Rwanda because of a lack of knowledge on the purpose of an insurance policy. At times consumers purchase an insurance policy to benefit from fake claims rather than to provide protection for when actual damage may occur. Insurance companies may consider reviewing the documents supporting the claims with a fine-toothed comb to reduce the chance of false payments.

The Financial Services sector remains an attractive industry for cybercriminals. With the development of new financial products to increase Rwanda's financial inclusivity, Rwandan business need to keep up with their own investment by making further investment to prevent and detect cyber-attacks since our survey's results show that on average Fraud Committed by the Consumer is less prevalent in other sectors other than in Financial and Insurance Services sectors.

64%

Fraud Committed by the Consumer is the most prevalent form of economic crime in the financial services sector

Detection and prevention of Fraud Committed by the Consumer

Know your customer/consumer protocols

Know Your Consumer ("KYC") protocols are mechanisms employed by organisations to identify and verify the identity of a prospective customer prior to engaging with them as well as to ensure the organisation becomes aware of any changes to the consumer's identity subsequent to the first engagement.

To successfully avert and detect fraud, the customer acceptance and on-boarding procedures of the organisation must be rigorous enough to ensure that the organisation only engages organisations and persons that are who they say they are. Organisations must seek to examine the full profile of the prospective customer including any criminal history, the type(s) of activities undertaken by the consumer, any history of ethical or legal non-compliance, and their general brand profile.

Customer Acceptance Procedures must also encompass the verification and validation of documents presented by the prospective client including identification documents, documents evidencing ownership of assets, registration documents etc. Whereas Customer Acceptance Policies are not an end in themselves and are unlikely to curb fraud perpetrated by legitimate customers who subsequently identify loopholes for fraud, they can go a long way towards helping to single out suspicious persons, imposters or abnormal transactions.

KYC

Are your customers who they say they are?

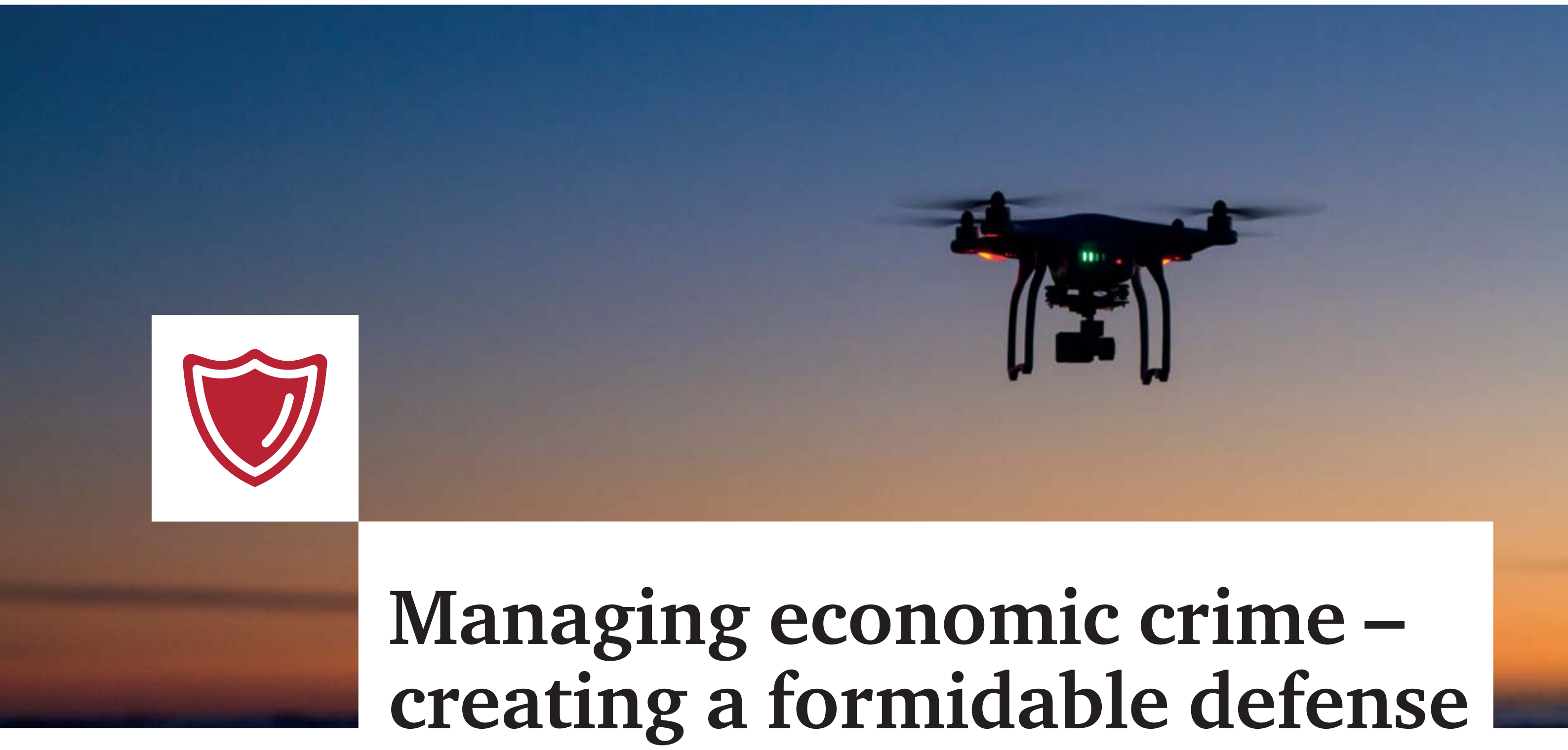
In undertaking these KYC procedures, however, a fine balance must be struck between remaining vigilant and pervading the perception of suspicion towards potential consumers.

Risk Management Procedures

Depending on the scale and volume of an organisation's transactions with consumers, risk management encompasses many activities. One of the main ways organisations can monitor and manage fraudulent activities initiated by their consumers is by creating risk profiles for each existing consumer. Based on purchasing and payment patterns, an organisation can create a risk profile for individual consumers that will provide guidance on the level of vigilance that is to be employed while dealing with the consumer.

For instance, consumers with a propensity to lodge special requests that involve a bypass of an organisation's protocols may be considered to be of a higher risk than those who comply with organisation's policies. Other factors to consider are methods of payment, credit period, use of proxies etc. The identity of the consumer is also key to the creation of a risk profile.

By their very identity, politically exposed persons (PEPs) warrant keener monitoring. Due to their high level of visibility and influence in the society, PEPs are widely considered to be more susceptible to being victims, conduits or perpetrators of economic crimes especially in areas of Bribery and Corruption, Procurement Fraud and Anti-Money Laundering activities.



Managing economic crime – creating a formidable defense

As organisations use technology to improve efficiencies, they should also think about how it may be employed to prevent/detect fraud

Prevention of economic crimes

The sweet spot - finding the right technology to fight fraud

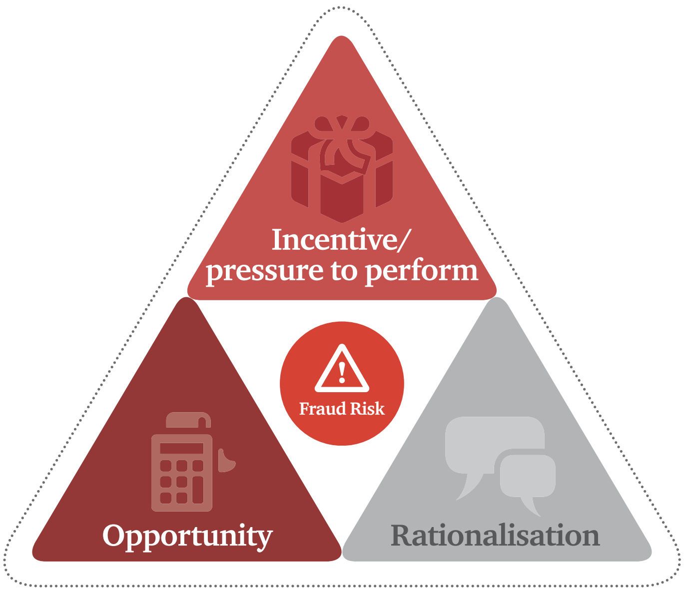
With new, emerging technologies, most of which can be exploited to perpetrate crime, organisations need to be vigilant and conduct an in-depth assessment of the right technology to serve the requirements of the organisation, taking into account factors such as the size of the organisation, and the type and volume of transactions undertaken by the organisation.

Continuous, proactive monitoring and analysis of organisation's systems including transactions and communications such as emails for patterns and anomalies will continue to be useful for the prevention and curbing of many emerging fraud activities.

The use of artificial intelligence tools such as speech recognition and machine learning software will also help to arrest economic crimes. Machine learning to curb fraud relies on system interactions with its users to discern user behavior and the types of transactions that fall within the realm of normal. That way, machines are able to flag behaviour that is indicative of an anomaly and forward the flagged transactions to the relevant department tasked with preventing and combating fraud for further checking and validation.

Controls and culture – the fraud triangle

The Fraud Triangle is a powerful method of understanding and measuring the drivers of internal fraud. According to the Theory of the Fraud Triangle, the birth of a fraudulent act usually takes the following trajectory: it starts with pressure which is generally related to an internal issue in the organisation or a personal matter that the individual is grappling with. Then, an opportunity presents itself. The last piece of the puzzle which enables them to move from thought to action is rationalization: the person will usually wrestle psychologically with whether to commit the fraud or not. Since all three drivers must be present for an act of fraud to occur, all three must be addressed individually, in ways that are both appropriate and effective.



The antidote to pressure – openness

Corporate-sized frauds are often connected to corporate pressures including operational obstacles, a difficult internal operative environment, unreasonable targets and job insecurity which can arise at any level of the organisation. Besides corporate pressures, employees may also face personal and social pressures including maintaining or improving their financial standing amongst peers, family financial difficulties, addictions and/or lack of personal financial discipline.

To address these pressures, organisations need to create an environment where employees' financial and psychological welfare is and is perceived to be a priority. Organisations need to go beyond the financial incentives and address the fears and motivations creating these pressures.

Short-term bespoke controls can serve as check on whether aggressive performance expectations are leading to fraudulent or illegal behavior. A well-publicized open door or hotline policy can also help not only as a requisite pressure-release valve, but also as an early warning system for potential problems.

The antidote to opportunity – controls

Opportunity is the second facet of the fraud triangle and often occurs when an employee identifies a control or enforcement gap in the organisation in which gap they perceive that a fraudulent activity is not likely to be detected or connected to them.

Some of the weaknesses in the organisation that could lead to an opportunity for fraud include a lack of segregation of duties (especially in middle management), lack of policies guiding key processes and lax enforcement on existing policies.

Rwanda respondents perceive opportunity as the greatest contributor to the execution of a fraudulent activity with 50% indicating that it is the highest-

ranking among the drivers of fraud. This suggests that organisations need to strengthen their internal controls.

The antidote to rationalization – culture

While pressure and opportunity can be influenced and controlled by the organisation to some extent, the element of rationalization is only in the control of the perpetrator. Rationalisation involves the perpetrator of the fraud reconciling the fraudulent act against their own personal code of ethics and their feelings about the act they intend to commit.

The first step to providing an antithesis to rationalization is to focus on the environment that governs employee behavior. Consistent training is key for employees and other parties to understand what constitutes acceptable behavior and the consequence of such actions.

Using surveys, focus groups and in-depth interviews to assess the organisation's culture's strengths and weaknesses, and focus on the areas that are lax or problematic is also important.

Compliance and business ethics programmes

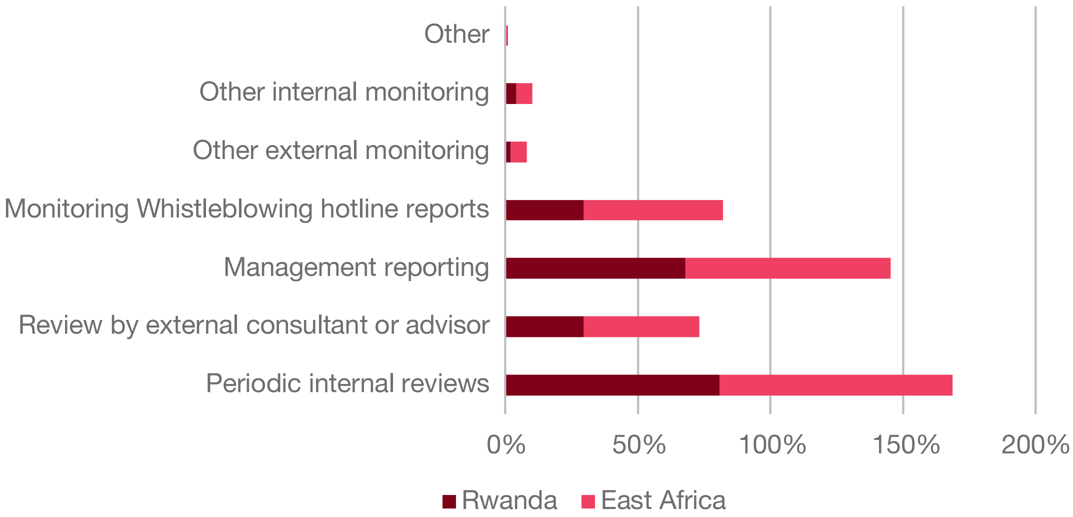
According to the results of the survey, 81% of Rwandans (88% of East African respondents) indicated that their organisations undertook periodic internal reviews to ensure that compliance and business ethics programs are effective in curbing fraud. Other key mechanisms reported as being employed to assess effectiveness of compliance and business ethics programmes include management reporting, monitoring of whistleblowing reports, and review by external consultants.

Only 30% of Rwanda respondents and 44% of East Africa respondents indicated that they used an external consultant or advisor in the monitoring of compliance issues. This is of concern. An independent review of an organisation's compliance and ethics programs' effectiveness is necessary to provide an external perspective to areas that may not be familiar to management.

Further, since external consultants often report directly to the Board or the senior management team, they are able to break the bureaucratic barriers in the implementation of new ideas.

An independent review of an organisation's controls provides a fresh perspective on areas that may not be familiar to management

Figure 11: How does your organisation ensure that your compliance and business ethics program is effective?



Periodic internal reviews and management reporting are the most common methods organisations use to ensure that their compliance and business ethics programs are effective

76%

of respondents detected their most disruptive economic crimes through corporate controls

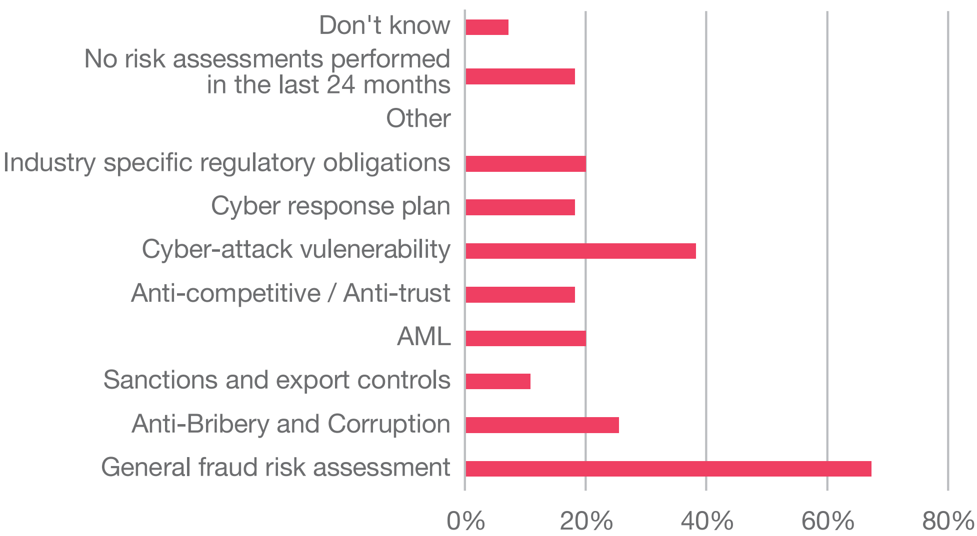
Detection of economic crimes – your arsenal

The survey reveals that in order to detect and manage fraud dynamically, all the facets of fraud detection must be carefully examined. Not only is it necessary to have the right technology and internal controls in place, organisations must also invest in people and in creating an organisation culture where integrity, transparency, vigilance and accountability is encouraged and upheld by all stakeholders.

Against a global average of 51%, 76% of our Rwanda respondents indicated corporate controls as the means by which their most disruptive economic crimes were detected. Routine Internal Audits, Fraud Risk Management exercises and Suspicious Activity Monitoring were cited as the top three corporate control tools employed by the respondents that were able to detect the perpetration of economic crimes. Other corporate controls indicated by the respondents as the means through which economic crimes at their organisations were detected included data analytics.

It is encouraging to note that organisations reported having carried out fraud risk assessments with the focus being on general fraud risk assessments, cybersecurity and anti – Bribery and Corruption reviews. Moving forward, organisations will need to leverage data generated in the course of normal business operations to detect and fight fraud. By employing data analytics tools and models to make sense of large and unstructured transaction data sets, an organisation can gather useful insights on transaction anomalies, patterns and relationships that may be indicative of irregular or fraudulent activities.

Figure 12: In the last 24 months, has your organization performed a risk assessment on any of the following areas?



Don't get blindsided by your blind spots

In this survey, 82% of Rwandan respondents (84% globally) reported having insight into fraud and/ or economic crime incidence in their organisation. Given that success in the prevention, detection and management of economic crime in an entity primarily depends on the ability of key parties in that organisation to recognize the nature and type of economic crime the organisation frequently faces or is likely to face, these results are encouraging.

However, 19% of the respondents (16% globally) reported having either limited or no insight at all into the prevalence of economic crimes in their organisation. This suggests that these organisations are not in a position to institute controls or regulations that may prevent future economic crimes and/or that the occurrence of a fraudulent activity may go undetected. Boards and senior management of organisations must stay accountable and informed about what is going on in their organisations.

Invest in people, not just machines

Compared to a global average of 27%, and an East African average of 29%, 26% of Rwandan respondents suggested an open corporate culture as a key means through which their most disruptive fraud activities were initially detected. Respondents indicated that having internal/ external tip-offs helped in the initial detection of suspicious activities.

This goes to show that cultivating a corporate culture where internal parties are well trained to identify fraud and feel safe to report fraudulent activities is important in the fight against economic crime. However, from the Rwanda survey, it appears as though Rwandan organisations do not have whistleblower policies in place. A well-implemented whistleblower policy not only encourages the reporting of suspicious activities but also protects the identities and welfare of the whistleblowers, which helps to earn the confidence of potential whistleblowers.

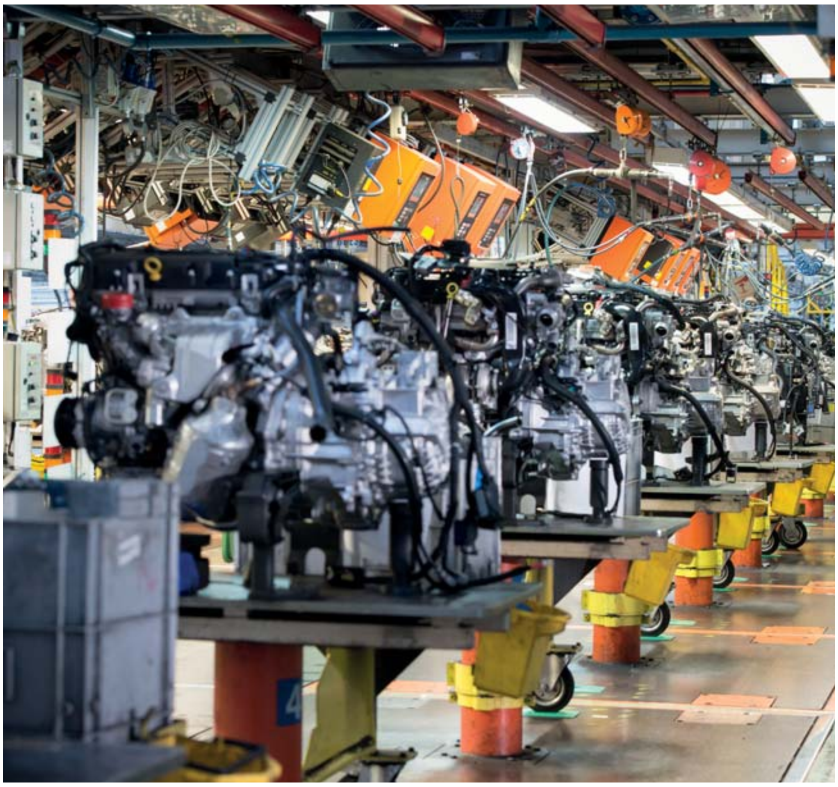
Beyond the influences of management

None of our Rwandan respondents indicated that their most disruptive economic crimes were detected beyond the influences of management, either by accident, by law enforcement or as part of investigative media journalism.

Fraud detection that is not under the grasp of the organisation's management runs the risk of damaging the reputation and brand of the organisation. The stream of information being released to the public with respect to the fraud is likely to be uncontrolled, misleading or distorted which provides an opportunity for competitors and other ill-intentioned adversaries to take advantage of the fraud to cause further disrepute to the organisation.

As such, the organisation's management should endeavor to ensure that systems in place are sufficient to detect any fraudulent activity before it is in the public domain.

An open corporate culture is a key means through which fraud can be detected



An East African view of Economic Crime

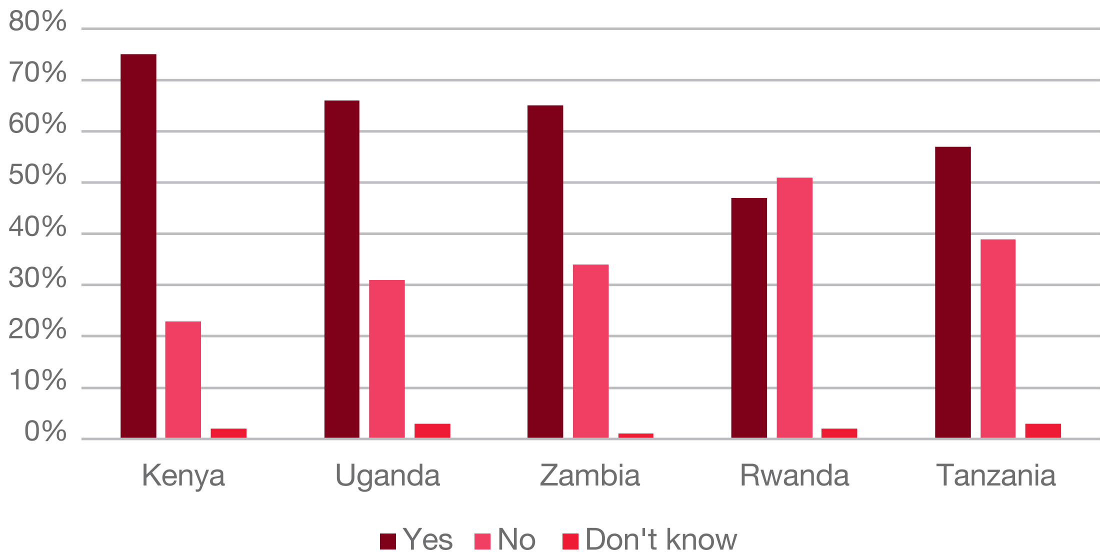
Prevalence of economic crimes

In this section, we compare the Rwanda results against those of other East African countries, i.e. those of Tanzania, Uganda, Kenya and Zambia.

Against the global rate of 49%, the East African region reported an average of 64% prevalence of economic crimes in the 24 months covered by the survey, with Kenya having the highest prevalence rate at 75% and Rwanda the lowest at 47%.

In both Kenya and Zambia, the prevalence of economic crimes is higher in 2018 compared to the years 2014 and 2016. As evidenced by this survey, the increase in incidence of economic crimes is a regional and global problem and while each country must put measures to curb the vices at home, there exists the need for cross-border cooperation in formulating and implementing policies that help prevent, detect and mitigate against various forms of economic crimes.

Figure 13: Has your organisation experienced any fraud and/or economic crime in your country in the preceding 24 months?

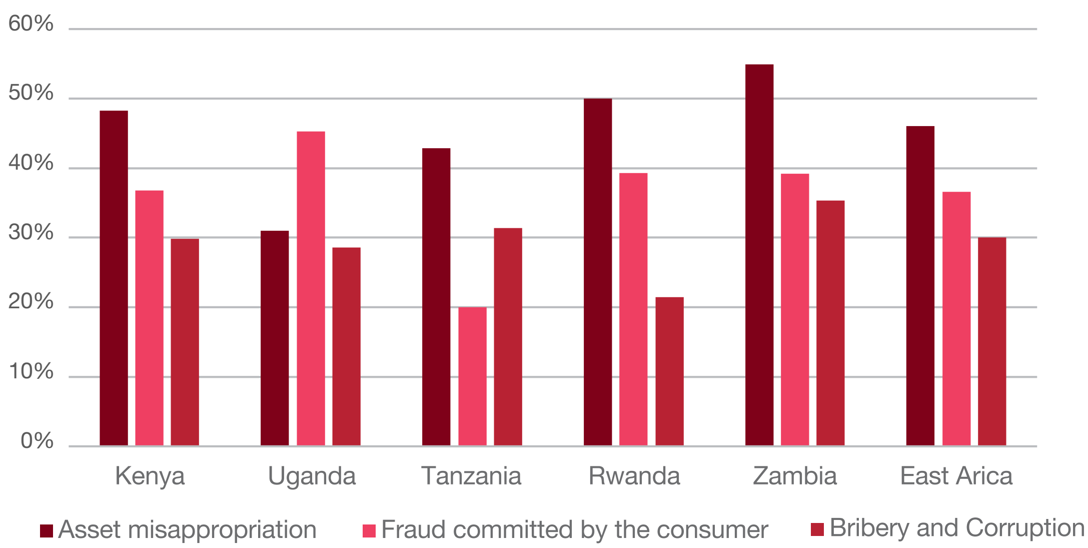


The overall prevalence rate of economic crime in Rwanda is significantly lower than in the rest of the East African region

Types of economic crimes experienced in East Africa

On average, the top three forms of economic crimes most experienced in East Africa were Asset Misappropriation (46%), Fraud Committed by the Consumer (36%) and Bribery and Corruption (29%).

Figure 14: What types of fraud and/ or economic crime has your organization experienced within the previous 24 months?



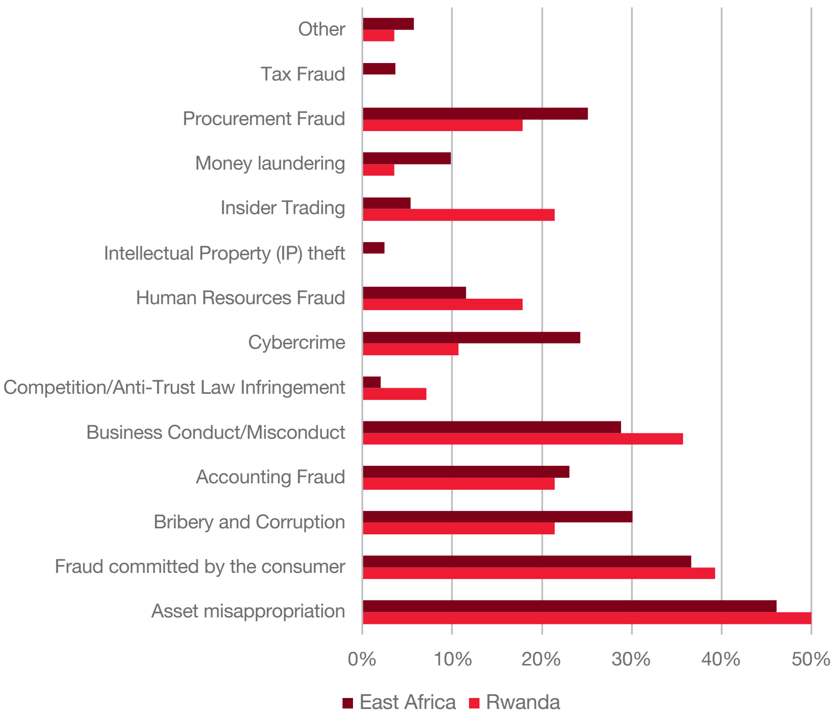
64%

the reported prevalence rate of economic crime in East Africa

36%

Rwanda had the joint-highest prevalence rate of Business Misconduct in the region

Figure 14: What types of fraud and/ or economic crime has your organization experienced in the preceeding 24 months?



As shown in the chart above, different forms of economic crimes are experienced differently in the East African region. Despite the low fraud prevalence rate in Rwanda, it has the second highest rate of Asset Misappropriation in the region. Also noteworthy is that the incident rate of Bribery and Corruption in Rwanda is 21%.

It is the lowest in the East Africa region and is ranked 33 out of 54 globally, according to the survey respondents.

In addition, in 2018, the World Bank Group also cited Rwanda as having a low Bribery and Corruption rate, ranking her at position 41 globally. From the graph above, we note that even though Uganda has experienced the highest incidence of Fraud Committed by the Consumer, Rwanda follows in second place with Zambia, with both at 39% against an average of 37% in East Africa.

As shown in the chart above, the prevalence of various forms of economic crimes differ in Rwanda compared with the East African region.

A few forms of economic crime such as Asset Misappropriation, Fraud Committed by the Consumer and Business Misconduct appear to have affected both Rwanda and the region to a similar extent. However, some forms of economic crime such as Cybercrime and Human Resource fraud tend to differ when Rwanda is compared with the East African region.

Human Resource frauds (18%) have a higher incidence rate in Rwanda than in East Africa (12% respectively), while Cybercrime (11%) has a lower incidence rate in Rwanda than in the rest of East Africa (24%).

The financial losses resulting from economic crimes in the East African region also closely resemble those of Rwanda. In Rwanda, 25% of the respondents reported to have lost between USD 100K and USD 1M to the most disruptive forms of economic crime that they experienced in the 24 months covered by the survey. This compares with the 24% of East Africa respondents that reported to have lost the same amount.

Figure 15: Business Misconduct experienced in the last 24 months

Other than Bribery and Corruption and Procurement fraud, the prevalence of the various forms of economic crime in Rwanda compares with the rest of the East African region

Rwanda had the highest Business Misconduct incidence rate in East Africa (36%). As noted later in this report, Business Misconduct may have been comparatively high in Rwanda due to fraudsters taking advantage of the speed at which companies can be started with a view to defraud consumers.

On the other hand, Cybercrime has the lowest incidence rate in Rwanda (11%) as compared to the East African average of 24%. Although of those who experienced fraud over the 24 months covered by the survey, only 11% said they had experienced Cybercrime, when all respondents were asked if their organisations have been targeted by cyber-attacks, 52% cited that they were a victim of various cyber-attacks.

This is an indicator that cybercriminals have been targeting Rwandan organisations, but have perhaps enjoyed limited success as at the time of the survey. It however could also mean that whereas the attacks may have been successful, the respondents are not aware of losses suffered or the effects of the attacks are yet to manifest themselves.

In the wake of two recent cyber-attacks on banks in Rwanda, the National Bank of Rwanda has asked banks to include comprehensive updates on their cybersecurity preparedness in Management Letters for the year ending 31 December 2017. The regulator has also indicated that it will issue a Regulation on cybersecurity soon. Our Rwandan respondents indicated that 66% carried out a general fraud risk assessment in the 24 months covered by the survey, against a higher East African average of 72%. 24% of Rwandans believe that it is not necessary to carry out an Anti-Money Laundering (AML)/Combating Financing of Terrorism (CFT) risk assessment, weighed against 8% of the East African respondents who don't believe it is necessary to carry out a risk assessment.

The Rwandan results may speak to the level of confidence organisations have in their government and/or in their citizens as far as ethics are concerned. It may also mean that many Rwandan organisations are unaware of the benefits of carrying out a risk assessment.

Risk assessments are used to ascertain whether an organisation has undertaken an exercise to specifically consider:

i. The risks to which operations are exposed;
ii. An assessment of the most threatening risks (i.e., evaluate risks for significance and likelihood of occurrence);
iii. Identification and evaluation of the controls (if any) that are in place to mitigate the key risks;
iv. Assessment of the general compliance related programs and controls in an organisation; and
v. Actions to remedy any gaps in the controls.

Risk assessments, usually conducted by external consultants, may help to significantly reduce the risk exposures of a company and strengthen the control environment.

24%

of Rwandan respondents do not believe it is necessary to conduct AML/CFT risk assessments

Conclusion

Our survey shows that many organisations are still under-prepared to face fraud, whether that fraud is perpetrated by internal or external actors. One of the reasons for this could be because many organisations still approach risk management, fraud investigations and reporting as distinctly different functions of the organisation.

Adopting an integrated fraud management framework that is all-encompassing can go a long way towards ensuring that fraud prevention is robust and detection and investigations are undertaken quickly and effectively.

Centralising these functions not only enhances the efficacy with which information between separate incidents is pieced together and relevant patterns drawn, but it also controls for bias that may arise from self-investigation. Further, a holistic approach to fraud management also enables lessons drawn from one function to be applied to other functions within the risk management chain.

While the technological and global revolution of the 21st century demand investment in machines and modern technology, cultural and human elements of the organisation continue to be a key factor in the detection and management of fraud as demonstrated by the results of this survey. Organisations must ensure that they have the right people with the right level of integrity and transparency needed to combat and manage fraud. Additionally, a culture of transparency and fraud reporting must be cultivated including implementation of sound policies governing the treatment of tip offs and whistleblower activities within the organisation.

Advances in technology are essential to the success and sustainability of any modern-day organisation, but it is the people that operate the machines that will keep the interests of the organisation protected and ensure that incidents of fraud are investigated and prosecuted.

Our survey also reinforces the importance of all stakeholders converging in the fight against fraud. While the government must for instance ensure that there is a comprehensive and all-inclusive legal and enforcement framework in place, the private sector, civil society, religious leadership and indeed the entire citizenry must converge around the goal of eradication of economic crimes.

Finally, whereas fraud was seen as a costly nuisance, fighting fraud has progressed from an operational or legal matter to a central business issue. Fraud today is an enterprise that is tech-enabled, innovative, opportunistic and pervasive. It is indeed the formidable competitor you didn't know you had, and it should be dealt with in a comprehensive manner.

Our comprehensive Forensic Solutions

PwC offers end-to-end active anti-corruption, fraud prevention and investigation solutions to help clients assess fraud; design, implement and maintain a fraud prevention strategy; and to develop incident response mechanisms.

Our forensics and dispute analysis professionals can robustly assist your organisation by providing a wide variety of advisory services and investigations including:

Fraud prevention and anti corruption services

- Fraud risk assessments
- Fraud detection reviews
- Fraud and corruption risk management strategies
- Whistleblowing
- Capacity building in fraud prevention

Regulatory compliance reviews

- Compliance with the Kenya Bribery Act
- Compliance with the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act
- Compliance with Anti-Money Laundering regulations
- Compliance with other regulations

Corporate Intelligence

- Provision of objective, clear and targeted investigative research and analysis
- Better understanding of acquisition targets or business partners e.g. customers, suppliers, agents, licensees
- Intelligence to inform strategic decisions

Investigations

- Fraud investigations
- Bribery and corruption
- Asset tracing and recovery
- Litigation support services
- Expert witness services

Forensic technology solutions

- Imaging of electronic media
- Data recovery
- Acquiring and analysing computer files
- Cyber crime prevention and response
- Data analytics

Dispute support services

- General commercial disputes
- Transaction related disputes
- Intellectual property disputes
- Competition/anti trust disputes
- Capital projects and infrastructure disputes
- Government contract disputes

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Want to know more about what you can do in the fight against fraud? Contact one of our forensics specialists

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About the survey

PwC's 2018 Global Economic Crime and Fraud Survey was completed by 7,228 respondents from 123 territories. Of the total number of respondents, 52% were senior executives of their respective organisations, 42% represented publicly-listed companies and 55% represented organisations with more than 1,000 employees.

In Rwanda the Survey was completed by 59 respondents making Rwanda one of the 54 countries that achieved the threshold for a country-specific report. Of the total number of respondents, 22% represented listed companies, 51% private organisations and 27% public or non-governmental institutions.