

Fraud Triangle

Understanding why people commit fraud helps in designing a good fraud prevention strategy.

Three elements are typically present when fraud is committed:

Pressure

The motivation for people to commit fraud. These pressures might be personal or work-related.

Examples include:

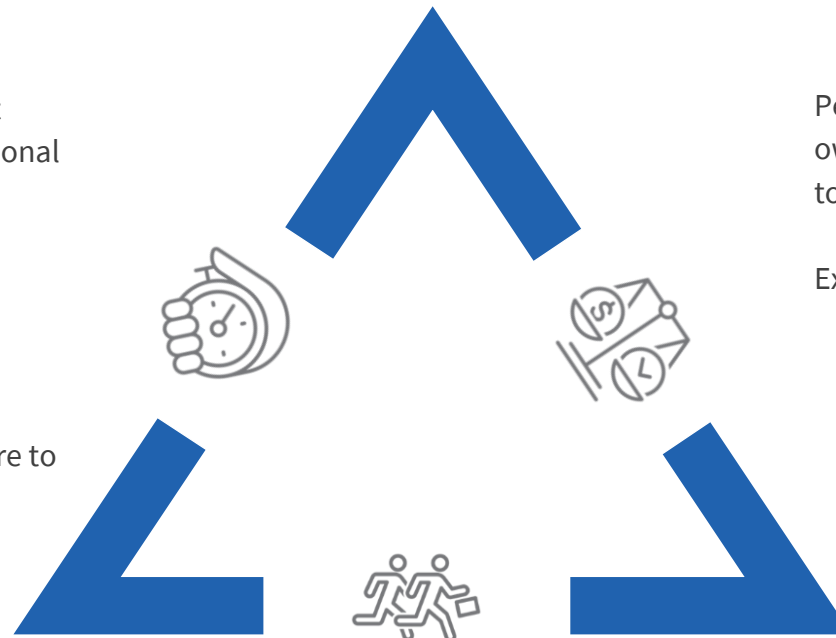
- ▶ Addiction problems
- ▶ Living beyond ones means/expensive tastes
- ▶ Personal/professional pressure to succeed

Rationalisation

People rationalise the act of fraud in their own mind. They find a way of making it okay to perform the fraudulent act.

Examples include:

- ▶ “I deserve it, I’ve worked hard for it”
- ▶ “I’ll pay it back later”
- ▶ “I pay enough tax”



Opportunity

A gap or weakness in a system that is available to be exploited.

Examples include:

- ▶ Ability to override system/physical controls
- ▶ Lack of oversight, management, and enforcement
- ▶ Applicants take advantage of a high trust model to apply for government relief funding they are not eligible for.