An Overview of Corporate Fraud and its Prevention Approach

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Abstract

Purpose –The purpose of this paper is to provide a review of the literature on corporate fraud as well as financial crime and the prevention approaches used in different contexts. It also aims to find suitable approaches that have effectively been applied to prevent fraud. In addition, this paper attempts to identify the causes and effects of those frauds on the stakeholders of the business.
Design/methodology/approach- Based on the review of the literature concerning corporate fraud as well as financial crime from 2003 to 2018.
Findings-Focusing on peer-reviewed articles from 2003 to 2018, the study reveals that the internal control system is the most effective approach to prevent and detect corporate fraud which is the component of good governance.
Research limitations/implications- Information originates from the selected sources published between 2003 and 2018 in the English language. Hence, a larger sample may yield different results in different countries at a different time.
Practical implications- Internal auditors, external auditors, regulatory bodies, the board of directors, and other professionals should recognize these types of frauds and emphasize the importance of these fraud prevention approaches to reduce the likelihood of committing corporate fraud.
Originality/value– Provides the comprehensive review and summary of corporate fraud and/or financial crime committed across multiple jurisdictions around the world.

Keywords: Corporate fraud, Financial Crime, Internal Control System, Prevention, Detection, Review, Auditors

JEL Classification: M40, K22

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Introduction

Fraud is an act that is committed by a party or an individual to get benefits, avoid obligation, or causing financial or non-financial loss to another party (Ruin, 2009). Fraud is the act of gaining an undue advantage in an organization by individuals or a group of people. The internal or external individuals in the organization can commit fraud by usually preparing a fake financial statement to make individuals invest in the entity (Xu, Zhang, & Chen, 2018). The Statement on Auditing Standards 99, Consideration of Fraud in a Financial Statement Audit (Auditing and Assurance Standards Board, 2002; Ruin, 2009) explicated fraud as an intentional act to cause a material misstatement in the financial reports, either by falsification of accounting records, misappropriation of company assets such as theft or fraudulent expenditure amongst others. Corporate environment can pressure honest individuals and their conduct in typically committing financial statement misstatements. Theft, corruption, bribery, embezzlement, money laundering, and others are included in fraudulent activities which cause financial losses to a corporation (Chartered Institute of Management Accountants (CIMA), 2009). The profitability, reputability, and legitimacy of organizations are ruined by fraud worldwide whenever it occurs (Rossouw, Mulder, & Barkhuysen, 2000). Fraud brings adverse consequence to the performance of different organizations committed by stakeholders like audit committee and board members, top managers, employees, auditors, creditors, shareholders, and pensioners (Dyck, Morse, & Zingales, 2010; Kaplan, Pope, & Samuels, 2010).

Holtfreter (2004) explained fraud varies in the different organizational context and little is known about fraud and financial crime. As part of the objective of the paper, firstly we have reviewed different literature. The literature has been selected from peer-reviewed journals published after the passage of the Sarbanes-Oxley Act (2002) that is from 2003 to 2018. This specified time period is considered as the year of committing major financial fraud especially from 2008 to 2009 where Lehman Brothers and Bernie Madoff scandals were the noteworthy examples of corporate fraud**.**

The second objective of the paper is to find suitable approaches that have effectively been applied to prevent fraud. We endeavor to present the consequences of fraud in different levels of the organization or society. The identification and prevention of corporate fraud is one of the biggest priorities for the organizations. The reviewed literature lacks the up-to-date, comprehensive, and in-depth knowledge of detecting as well as preventing fraud which encourages us to think that there is a need for further studies to understand the forms, causes and consequences of fraud. Much research has been carried out individually on fraud detection as well as prevention, however, yet there is a dearth of research in combination with various types of fraud and its detection and prevention approaches (Albashrawi & Lowell, 2016; Maragno & Borba, 2017). This information motivated us to extend our knowledge and understand corporate fraud. The third is to provide the avenues for further research by identifying the causes and effects of those frauds.

The economic and financial crimes encompass a wide range of illegal activities that includes fraud, tax evasion, and money-laundering (Devakula, 2005). Most fraudulent activities have occurred in the form of internal fraud within financial institutions. This is the act of both higher and lower-ranked officers. The economic theory of crime framework, established by the seminal work of Becker (1968), viewed that fraud is committed by the organizational executives if there are substantial financial incentives. Reporting favorable financial results to improve organization's market position or the desire to attract low cost financing, creates motive for executive to commit financial statement fraud (Dechow, Sloan, & Sweeney, 1996; Rezaee, 2005). White-collar crime is committed by higher-ranking members of an organization to benefit themselves. Occupational or employee crime is committed by members of an organization who are the officers of lower-ranking to benefit the perpetrators to the detriment of the organization (Fleet & Fleet, 2006). Occupational crime is committed by individuals or groups for their enrichment rather than the enrichment of the organization as a whole despite having supposed corporate loyalty (Hansen, 2009).

Corporate governance system's deficiencies can create opportunity and incentive for financial statement fraud, which mainly occurs with the knowledge or participation of top management. The weaknesses in the system relate to the composition of board of directors, audit committee, external auditors, and executive's incentive-based compensations for instance (D'Onza & Lamboglia, 2012). Board of directors are delegated by stakeholders with the duty of establishing a sound system and overseeing the compliance of top management by the system (Beasley, 1996; Dechow, et al., 1996). Through this responsibility, their role is to reduce the likelihood of fraud and limit the management decision making discretion if it is against the governance rules. Top management can as well dominate board of director's decision, by serving as the chairman of the board and it can be minimized by having external members (Dechow, et al., 1996). So, the firms that have fewer independent members in the board of directors; audit committee and a high turnover rate of auditors are more engaged in committing financial statement fraud (Fama & Jensen, 1983; Smaili & Labelle, 2009).

Financial system abuse brings negative consequences on the macroeconomic performance of a country, imposing welfare losses, and may also have negative cross border negative externalities (International monetary fund (IMF), 2001). It can directly or indirectly, affect and alter the way resources are allocated and wealth is distributed in a country. Due to globalization, diversification of financial markets and advance in technology, opportunities for these crimes have increased (Australian Criminal Intelligence Commission, 2019). Money laundering as an instance of financial system abuse, by the movement of currency across boarders and financial institutions can adversely affect interest and currency rates, as well as viability of these institutions which ultimately undermines nation's economic policy (McDowell & Novis, 2001). Individual citizens are the ones who would suffer from the effects of these financial crimes and its economic damage. Some market fraudulent activities are taken place where many people lose their savings, security, emotional well-being, physical health, and relationships affected (Australian Crime Commission (ACC), 2011).

Several studies have shown and analyzed the different approaches to prevent and detect corporate fraud. Though it is difficult to detect fraud because of a lack of a commonly accepted definition of reasonable assurance, limitations of audit methods, and cost constraints (Spathis, 2002). Fraud prevention and detection is the responsibility of every employee (Bishop, 2004). The separation of control and ownership enhances the effectual monitoring and control over management to protect the interests of investors and stakeholders (Fama & Jensen, 1983).

Some commonly used methods of fraud prevention are as follows: surprise audits, job rotation/mandatory vacation, hotlines, employee support program, fraud training for employees and managers, internal audits, anti-fraud policy, external audit, code of conduct, management review, independent audit committee, management certification, and rewards to whistleblowers (Association of Certified Fraud Examiners (ACFE), 2012).

As explained, this study intends to contribute to fraud detection and prevention research by understanding types, causes, and consequences of committing criminal acts or misconduct. The following sections are structured as follows we present the types of financial fraud. Then, we summarize and discuss the different literature by identifying different corporate fraud as well as financial crime. Finally, this review presents avenues for further research and conclusion.

Types of financial fraud

Based on the fraud tree provided below, common occupational fraud can be classified into three categories. Fraudulent financial reporting (management fraud) is concerned with inflating reported profits or other assets by overstating assets and revenues or understating expenses and liabilities to exaggerate the financial statements by the management intentionally. It can happen in any entity that is under pressure to achieve performance targets that could be unattainable and the management behavior towards target achievements. Misappropriation of assets (employee fraud) is concerned with stealing money or other property by the employees from their employers (Hemraj, 2004). It is relatively in small or immaterial amounts, perpetuated by employees or even management that have the ability to conceal it in a way that is difficult to be detected (Auditing and Assurance Standards Board, 2006). Chartered Institute of Management Accountants (CIMA) (2009, p.8) emphasized and mentioned the similar types of frauds.

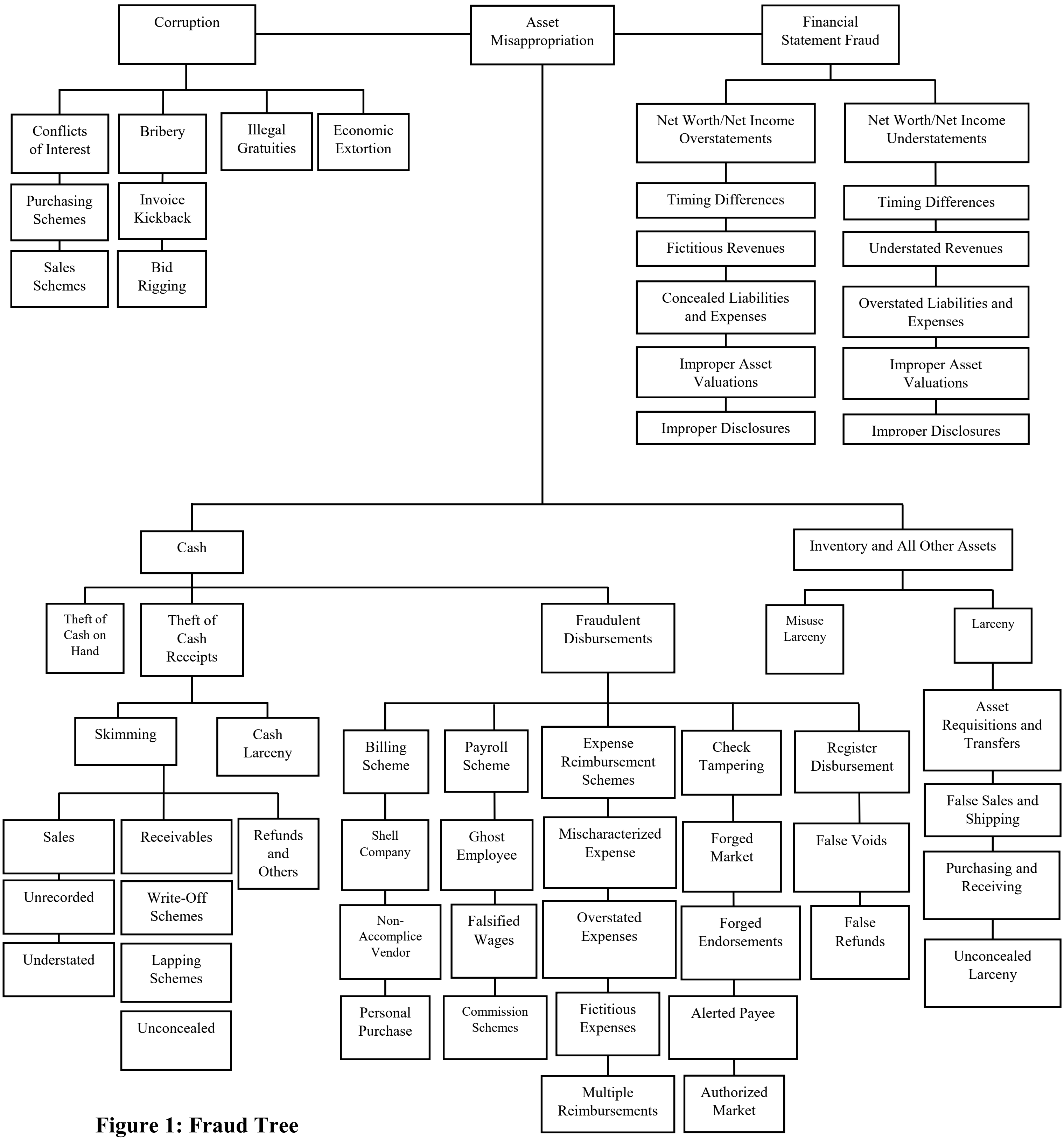

Figure 1: Fraud Tree
Source: ACFE (Association of Certified Fraud Examiners)

Scope of the review

This article attempts to review relevant literature based on content analysis. Our search yielded a sample of 35 articles (29 peer-reviewed journal articles and 6 conference papers) published between 2003 to 2018 that focused on different types of financial fraud, prevention methods, and the role of different bodies to detect and prevent the fraud in different contexts. The sample of articles is selected on a random basis in the category of employee fraud, managerial or supervisory fraud, financial fraud, auditor's fraud, technological fraud, white-collar crime, money laundering, and other fraud. The articles were selected by searching from the google scholar using keywords such as employee fraud, financial fraud, white-collar crime, money laundering. The quality of the journal was also considered for selecting the articles (i.e. Q1, Q2and Q3). Another method was used by using the search box of a fraud-related journal's website to select the articles in this paper**.** This paper aimed at finding the best methods in order to reduce the likelihood of committing corporate fraud by summarizing those articles. In the review process, each article was carefully examined to ensure that it met the research objective.

Table 1: List of Journals Included in the Review

Journal Name	IF	Empirical	Theoretical	Total
Journal of Contemporary Criminal Justice	1.857		1	1
Buffalo Criminal Law Review	0.40		3	3
Journal of Money Laundering Control	0.37		4	4
British Journal of Criminology	1.818	1	1	2
International Conference on Security and Privacy in Communication Networks: 10th International ICST Conference	-		1	1
Journal of Corporate Finance	2.215		1	1
European Journal of Business and Social Sciences	6.67	1		1
Journal of Accounting and Finance	1.541	1		1
International Conference on E-business, Management and Economics	-		1	1
17th Annual Conference of the European Society of Criminology	-		1	1
Research Journal of Finance and Accounting	6.26	1		1
Open Journal of Accounting	0.33		1	1
Conference of Clemson University	-		1	1
Managerial Auditing Journal	0.693	1		1
Conference on Business Ethics in Greater China: Past, Present and Future	-		1	1
Journal of Accounting and Finance	1.541	1		1
7th Pacific Asia Conference on Information Systems	-		1	1
The Journal of Finance	5.290		1	1
Accounting Forum	1.417		2	2
Journal of International Accounting, Auditing and Taxation	1.281	1		1
Journal of International Studies	1.418	1		1
Journal of Data Science	0.79		1	1
Journal of Accounting Literature	2.185		1	1
Decision Support Systems	3.847		1	1
International Journal of Information Management	5.063		1	1
Accounting and Finance	1.537	1		1
Journal of Financial Crime	0.50		1	1
Journal of Education and Research in Accounting	0.15		1	1
Total		**9(26%)**	**26(74%)**	**35**

Discussion and results

The following tables present the different forms and prevention approaches of corporate fraud focusing on the reviewed articles.

Table 2: Employee fraud

Forms of fraud	Prevention approaches	Sources
Private employees those are less aware of whistleblower laws	Higher awareness of whistleblower laws among the employees	Cordis and Lambert, 2017
Financial loss, fraud and theft, and personal behavior, receiving money or other property from an unknown or unverified source	Enforcement of regulations by regulators, the moral values of trustees	McDonnella and Rutherford, 2018
Employee fraud	Strong internal control and enhancing the code of ethics	Said *et al.,* 2017
A self-reported measure of misappropriation of assets	Internal audit	Coram *et al.,* 2008
General fraud	Improving corporate governance and incentives of auditors, analysts, and employees	Dyck, *et al.,* 2010
Accounting fraud	Whistleblowing	Gao and Brink, 2017

Employee fraud, as demonstrated in table 2, is an instance in which an employee of the organization or its affiliate commits fraud. It is “Tarsalewska” (Buckhoff, 2001, p. 72). The increasing amount of employee fraud is a big issue that negatively affects the balance sheets, client confidence, and staff morale (Ramazani & Rafiei Atani, 2010; Skousen & Wright, 2006). Fraud can be committed by employees that are less aware of whistleblower laws. Creating higher awareness of related whistleblower laws amongst the organization’s employees can increase the profitability in detecting the fraud (Cordis & Lambert, 2017). Enforcement of regulations by regulators, the moral values of trustees can be the preventive measures of the frauds (McDonnell & Rutherford, 2018). Opportunity, rationalization, and ethical value extensively contribute to committing fraud among employees which emphasize strong internal control and standard code of ethics to minimize employee fraud (Said, Alam, Ramli, & Rafidi, 2017). Self-reported fraud can be detected by the internal audit through improving internal control (Coram, Ferguson, & Moroney, 2008). Improved corporate governance practices and incentives of auditors, analysts, and employees can help to blow the whistle against fraud (Dyck, et al., 2010). Fraud can be detected by the determinants of whistleblowing (Gao & Brink, 2017). 6% of US companies’ revenue was lost by the fraud of employees in 2002 (Holtfreter, 2004).

Table 3: Managerial or supervisory fraud

Forms of fraud	Prevention approaches	Sources
Tenure and duality of chairman and CEO positions, outside directors	By increasing proportion of outsiders, reducing the duality of the Chairman and CEO position	Chen *et al.,* 2006
Equity incentives of management and supervisor	Higher fixed salary of managers and supervisors	Helge Ha *et al.,* 2016
Weaker corporate governance	Three component of corporate governance (internal audit, external audit and internal control)	In'airat, 2015
Fake bank account, fake invoices, high earning per share, raised executive’s compensation	Tightening the corporate governance norms and applying the securities laws	Bhasin, 2013

In our review (see Table 3) we find managerial or supervisory fraud, where it is committed by the upper executives of the organization. Ownership structure, board characteristics, and the duality of chairman and CEO positions influence the likelihood of committing fraud as this dual practice in top management reduces the checks and balances system in fraud prevention (Chen, Firth, Gao, & Rui, 2006). For instance, fraud is committed by the chairman of the organization (Mr. Ramalinga Raju, Chairman, and Founder of Satyam Computer Services Limited) to inflate the balance sheet and income statement in the form of fake bank account, fake invoices and high earnings per share which are identified as white-collar crime (Bhasin, 2013). Thus, fraud can be reduced by introducing more proportion of outside directors in the ownership structure of the organization. Helge Ha, Tarsalewska, and Zhan (2016) test the effect of equity incentives on corporate fraud by controlling the ownership characteristic, corporate governance, and firm characteristics where the higher fixed salary of managers and supervisors can reduce the fraud. Fraud is committed due to weaker corporate governance and among the three components of corporate governance, internal audit is treated as the most perceived significant tool to reduce fraud (In'airat, 2015). Tightening of the corporate governance as well as internal control and applying securities laws would increase the likelihood of preventing fraud.

Table 4: Financial fraud

Forms of fraud	Prevention approaches	Sources
Credit card fraud, mortgage fraud, money laundering Financial statement fraud, securities and commodities fraud	Data mining methods based on computational intelligence-based techniques	West *et al.,* 2014
Bank fraud, insurance fraud, securities and commodities fraud, and other related financial fraud	Six classes of data mining techniques	Ngai, *et al.,* 2010
Financial statement fraud, bank fraud, insurance fraud, and other related financial fraud	Data mining techniques: logistic regression model	Mousa and Albashraw, 2016
Bribery, inflated asset, financial reporting	Initial public offering (IPO) and benchmarking	Boone *et al.,* 2018
Fraudulent financial reporting and asset misappropriation	Internal control review, firewalls, virus and password protection	Bierstaker *et al.,* 2006
Criminal businessmen and criminal organizations	Improvement in the expertise and degree of refinement employed by businessmen	Michel (2008)

From our review (see Table 4) we find financial fraud is "a deliberate act that is contrary to law, rule, or policy with the intent to obtain an unauthorized financial benefit." (Wang, Liao, Tsai, & Hung, 2006, p. 1120). Financial market-related crimes occurred by criminal businessmen and criminal organizations. Financial fraud is detected by using data mining methods focusing on computational intelligence-based techniques where neural networks and support vectors machine are the most effective approaches to detect fraud (West, Bhattacharya, & Islam, 2014). In another review, financial fraud is detected and prevented by data mining techniques like classification, clustering, prediction, outlier detection, visualization, and logistic regression model (Albashrawi & Lowell, 2016; Ngai, Hu, Wong, Chen, & Sun, 2011). Firm with less product market differentiation has lower rates of fraudulent activity where initial public offering (IPO) and benchmarking treated as fraud detection techniques (Boone, Grieser, Li, & Venkat, 2018). Internal control review, firewalls, viruses, and password protection, reviews are considered as commonly used methods to detect fraud (Bierstaker, Brody, & Pacini, 2006). Improvement in the expertise and degree of refinement has appeared as the fraud prevention solution (Michel, 2008).

Table 5: Auditor's fraud

Forms of fraud	Prevention approaches	Sources
The less experience level of auditors	Auditors need many years of auditor's experience in audit and the changes in regulations	Kuria and Muturi, 2015
Auditor's investigation	Training of auditors in behavioral finance and criminal profiling	Simha and Satyanarayan, 2016
Reasonableness gap, a deficient performance gap and a deficient standards gap of auditors	Extra auditor training, clear instructions on the financial statements gap, reporting to the supervisory board and expanding auditing standards	Hassink *et al.,* 2010
The incapability of small and medium-sized organizations to hire auditors	Fraud Risk Assessment & Management for internal controls	Rubasundram, 2014

The auditor's experience and fraud detection (see table 5) are closely related. The auditor needs many years of experience to identify the fraud and to perform audits effectively by knowing the changes in regulations and audit procedures (Kuria & Muturi, 2015). Auditors that have successful fraud detection experiences, are better equipped in identifying signs of fraud or red flags (Law, 2011). The issue can be that "most auditors have insufficient opportunity to build" the required expertise in detecting fraud (Hassink, Bollen, Meuwissen, & de Vries, 2009, p.874). This could partly be due to the auditor or the auditing team having a lack of specific knowledge, training, or expertise relating to the industry or related standard. The role of auditors is also challenged due to the expectation gap created in relation to auditor's duty in detecting fraud (Norman, Rose, & Rose, 2010). The gap could be created as a result of a deficiency or lack of knowledge about auditing standards or lack of performance by the auditors in following up on the detection of fraud or the existence of the conflict of interest (Hassink, et al., 2009).
Concerning small and medium-sized organizations, the main concern is their incapability to hire auditors and management is required to implement effective internal control systems and risk assessment procedures to identify and prevent the risk of fraud (Rubasundram, 2014). Internal auditors, as a component of an internal control system, can assist external auditors in detecting fraud by setting procedures for self-reporting fraud (Nicolăescu, 2013). The training of auditors in behavioral finance, criminal profiling can help to combat fraud (Simha & Satyanarayan, 2016).

Table 6: Technological fraud

Forms of fraud	Prevention approaches	Sources
Technology	Latest software	Simha and Satyanarayan , 2016
Technology and fraud detection	Self-learning system	Saeed and Hagras, 2018
Computer and information system fraud	Risk management and knowledge of information systems.	Vasiu *et al.,* 2003

Table 6 presents the technology or computer and information system based fraud (Simha & Satyanarayan, 2016; Vaisu, Warren, & Mackay, 2003). Simha and Satyanarayan (2016, p.30) argue that technology has made it easier for committing fraud as "information systems tend to depersonalize the situation" and distance the perpetrator from the act. Technology has made it possible for changing the patter and style of fraud, making it harder to be distinguished from legitimate transactions (Saeed & Hagras, 2018). Fraud or crime can be committed by using technology, it also can be used to detect or prevent fraud (Flegel, Vayssiere, & Bitz, 2010; Kakis, 1992; Pathria, 1999; Weatherford, 2002). For instance, more than 52,000 cases of credit/debit card and net banking fraud were found in India from March to December in 2009 where people lost over 228 crore Indian Rupees. The loss of money was 60% compared to the previous 12 months (Chandrashekhar, 2020). In China, online fraud victims were each cheated of over 9,400 yuan (HK$10,500) on average in 2016 (Ye, 2017). Internet Crime Report of The Federal Bureau of Investigation (FBI) (2020) presented the losses over $3.5 billion of internet crime in the US in 2019 from 467,361 complaints. While perpetrators use technology in committing fraud and concealing it, the latest developments in software and introduction of risk management have helped in minimizing and detecting fraud. It has also improved external auditors' ability to combating fraud (Simha & Satyanarayan, 2016). However, not every organization would have the capability to utilize the latest technology or software for improving the detection and prevention of fraud, partly due to the cost encompassed (Flegel, et al., 2010; Johnson & Rudesill, 2001).

Table 7: White- Collar crime

Forms of fraud	Preventive approaches	Sources
White-collar crime	Knowledge management systems	Gottschalka *et al.,* 2011
White-collar crime, crime in general	Understanding the reasons of committing criminal acts or misconducts	Maragno and Borba, 2017
White-collar crime	Understanding the white-collar crime patterns over the life course	Piquero and Benson, 2004
White-collar crime	Methodology for developing the definition of white-collar crime	Green, 2005.
White-collar crime	Business criminal law	Hefendehl, 2004
White-collar crime	Sarbanes-Oxley Act	Moohr, 2004
White-collar crime	Creative compliance	McBarnet, 2006

Table 7 presents the white-collar crime, which is internal to an organization. Sutherland (1945, p. 9) defined it as "a crime committed by a respectable person of high social status in the course of his occupation". This crime mainly relates to "deliberate misuse or misapplication of the business resources and assets" (Johnson and Rudesill, 2001, p.57). Bernard L. Madoff Investment Securities LLC was charged for the biggest frauds ever committed in the US that accounted for a total of $65 billion through the Ponzi scheme where investors lost money and suffered massively (Achieng, 2017). Different criticism and the terminological alternatives of white-collar crime are inquired in the context of legal theory where the author finds a wide range of proposed definitions of it (Green, 2005). Knowledge management systems, understanding the reasons for committing criminal acts or misconducts gets the focus as prevention measures for white-collar crime (Gottschalk, Filstad, Glomseth, & Solli-Sæther, 2011; Maragno & Borba, 2017). The new perspective is needed to understand the white-collar crime from the perspective of life course approach where the differences are found between the careers of white-collar offenders and the careers of street offenders (Piquero & Benson, 2004). The business criminal law is criticized in Germany and the USA to combat white-collar crime after the collapse of Enron and irregularities of WorldCom (Hefendehl, 2004). Again the prosecutorial power presents more accurately the authority of the federal prosecutor in white-collar cases without adversarial process triggered by the Sarbanes-Oxley Act (Moohr, 2004). The impact of the state's enforcement strategy of the Enron case has challenged creative compliance (McBarnet, 2006).

Table 8: Money Laundering

Forms of fraud	Preventive approaches	Sources
Money Laundering	Understanding of political and economic factors	Gotz and Jonsson, 2009
Money Laundering	Patriot Act	Johnston and Carrington, 2006
Money Laundering	Serious Crimes Ordinance	Kwok, 2008
Money Laundering	Communication and information sharing	Ross and Hannan, 2007

Table 8 represents research in money laundering. Money laundering is a process of changing the proceeds of crime and the true ownership of those proceeds by which the proceeds appear to come from a legitimate source (Rhodes QC & Palastrand, 2004; Sarigul, 2013). In this process, the businesses and financial institutions could be involved without their knowledge or consent. Money laundering is a critical component of "every form of transnational and organized crime" that takes place through "series of multiple transactions" (McDowell & Novis, 2001, p.6). It can facilitate for future criminal activities while avoiding prosecutions. Due to its nature, it encompasses and affect various financial institutions and systems across the world. This makes it "a complex economic crime" which requires international cooperation in the area of policy making and enforcement (Sarigul, 2013, p. 298).

Changing environment and related challenges have created pressure on financial institutions to improve their compliance with Anti-Money Laundering (AML), as they play a key role in transferring funds that could be used for or as a result of illicit activities. The September 11 attacks dramatically increased the international fight against money laundering and new laws were established in various countries accordingly (Götz & Jonsson, 2009). For the laws to be effective in the prevention and detection of money laundering, Ross and Hannan (2007, p.107) propose a risk-based regulation, that would eliminate inherent problems "in prescriptive regulatory approaches" and "provides greater flexibility and sensitivity in responding to complex problems". Communication and information sharing between regulators and the regulated organization is the key for effective risk-based anti-money laundering systems, as the responsibility of self-regulation is with financial institutions (Ross & Hannan, 2007).

In fighting money laundering, like any other corrupt act, just amending or adding new legislation would not be sufficient. The fight needs to include the transformation of "the AML culture in both private and public sectors" (Götz & Jonsson, 2009, p.70). In Australia, the second-biggest bank Westpac was accused of breaching anti-money-laundering and counter-terrorism finance laws 23 times. Westpac allowed customers to transfer money to the Philippines involving $11billion in transactions in 2019 inquired by Australia's financial intelligence agency (Davies, 2019). Commonwealth Bank is another example of paying $700m fine as a result of failures to manage properly of its ATMs in breach of money-laundering controls (Davies, 2019).

Table 9: Other fraud

Forms of fraud	Preventive approaches	Sources
Corruption, tax evasion, smuggling, bank fraud, Insurance fraud organized crime, pyramid schemes, financial statement fraud, money laundering	Enforcement of legislation by accountants and auditors.	Aslani *et al.,* 2011
Market manipulation and money laundering.	Enforcement of legislation	Ryder, 2017
White-collar and other financial crimes	Mass media	Levi, 2006

Table 9 presents other types of fraud. Fraud can be detected by the application of legislative actions and the intervention of accountants and auditors (Aslani, Lotfaliyan, Shafieipour, & Ghasemi, 2011; Ryder, 2018). White-collar and other financial crimes of deception are created by the mass media as a part of 'infotainment' that plays the role of victims and defendants facing trial before ordinary jurors (Levi, 2006).

Concluding remarks

After reviewing the different related literature on corporate fraud or financial crime it is found that the internal control system, as a component of good governance, is the best approach to prevent and detect fraud. As it is about being proactive and setting a culture that relies on accountability and transparency. Corporate governance policies minimize the concentration of power within management and creates a system that would share and balance responsibility amongst various committees, top management and auditors. Said, Alam, Ramli, and Rfadi (2017) found that the internal control system and the code of ethics as the most preferred and effective approaches to prevent and detect fraud. Developing and enforcing a corporate culture by management that is based on ethical policies, minimizes opportunity for fraud and enhances its detection (Law, 2011). Rezaee and Kedia (2012)in their study unraveled the effectiveness of corporate governance in prevention and detection of financial statement fraud. Their results demonstrated an increase in creation of "a corporate culture of honesty, integrity and competency" (Rezaee & Kedia, 2012, p.191). Cadbury Committee (1992) recognized the importance of an effective internal control system to shape corporate governance where the Committee on the Financial Aspects of Corporate Governance (CFACG) states that an effective internal control system is an essential part of the efficient management of a company. Hence, an effective and responsible corporate governance, along with "antifraud policies and programs" that relies on internal audit functions, could reduce the trend of committing fraud to a great extent (Nicolăescu, 2013; Rezaee & Kedia, 2012, p.191).

Dechow and Dichev (2002) asserted that corporate governance characteristics like board characteristics and ownership concentration are an effective way to reduce the likelihood of committing accounting fraud and to ensure the effectiveness and relevance of financial information of the companies. Board characteristics relates to being vigilant, their monitoring ability of the management and setting an effective corporate environment that tones the top and managerial attitudes. Also, it may be said that the role of experience and education of external audit and internal audit also bears the significance to reduce the likelihood of committing fraud. Audit committee, while argued by Beasley (1996) to have no significant affect, can also enhance internal and external audit role, by enhancing their oversight function and their operation with the organization (Law, 2011; Rezaee, 2005; Vinten, Alleyne, & Howard, 2005). Josiah, Adediran, and Akpeti (2012) exemplified that there is a noteworthy relationship between fraud detection and audit of financial statements. Thus, the scope of duties of auditors should be expanded and enriched as they are concerned with the audit standard and law, while considering that they are able to obtain reasonable but not absolute assurance in relation to material misstatements. Understanding the white-collar crime patterns and definitions, knowledge management systems, improvement of audit standards and different acts can prevent white-collar crime. Furthermore, communication and information sharing between regulators and the regulated organization and different new acts can play a key role in preventing money laundering.

Direction for future research

The review has its inherent limitations, firstly, few more articles may be included in the sample for more prevailing presentation and analysis. Secondly, this paper may not be sufficient to address all subcategories of corporate fraud. Hence, an opportunity for future review may be helpful to expand the scope of research. In case of employee and managerial or supervisory fraud, we recommend future research in introducing the ethical culture or ethical socialization in the entire organization from top to lower-level employees focusing on the corporate governance structure to prevent fraud. In the context of financial fraud, there is a need to conduct future research on the measurement of the accuracy of different financial fraud reduction techniques as well as the calculation of errors and biases of used methods in terms of application to detect and prevent fraud. For the auditor's fraud, we propose future research on the job specification and job rotation for an auditor to perform effectively. For technological fraud, research work should be on the necessity of having technological training, cybersecurity education of the employees for fraud prevention, and the limitations of organizational capacity, structure, legal constraints, and technical support in this concern. For white-collar crime, we suggest further work should focus on contemporary multi-level audit programs and realistic accounts measurement standards to reduce top-level fraud, defining the white-collar crime by measuring the degree and types of crime, organizations, fraud context and other factors of crime. Furthermore, measuring the inevitability of contemporary business criminal law and other financial crime act with its drawbacks should be taken into consideration in order to combat white-collar crime. In case of money laundering, we propose further research on the significance of employing the ethically sound people for ensuring the transparency in financial transitions, imposing restrictions on the export and import quota, establishing flat communication between the regulators and ultimate beneficiaries by identifying the forthcoming threats of money laundering. For the other fraud, we recommend the research on the efficacy of judicial approaches for fraud protection, how the determinants of whistleblowing intension work on the perception of employees in different financial crime and the rationality and the precision of the news presented by media about financial crime. Finally, we think that further research should focus on the motivating factors of fraud in different countries.

This study proposes accounting researchers, academicians, and other scholars who need to research fraud to identify the nature and the influence of it on the organizational setting. Thus, all researchers, internal and external auditors, regulatory bodies, the board of directors, and other professionals should identify these types of frauds or crimes and emphasize the importance of fraud prevention approaches to reduce the likelihood of committing corporate fraud.

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