PERSPECTIVES

FRAUD PREVENTION IN SOUTH ASIA:
EFFECTIVE ANTI-FRAUD CONTROLS

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EXPERT VOICE

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In this article, Akshay draws on his expertise in forensic accounting, fraud investigations, and data analytics to examine how organizations can reduce fraud risk through stronger controls, proactive monitoring, and effective reporting mechanisms. He connects global research on occupational fraud with the distinct corruption and governance challenges facing South Asian organizations and outlines practical strategies to protect enterprise value.

General Counsel for finance and insurance companies with South Asian operations should read this article to:

- Understand the financial impact of occupational fraud and why prevention delivers a measurable return on investment.
- Identify the three highest-impact anti-fraud controls: active management review, proactive data monitoring, and surprise audits.
- Recognize the unique fraud and corruption risks facing South Asian organizations and the implications for governance.
- Learn how fraud awareness training and modern whistleblower reporting channels improve fraud detection outcomes.
- Apply benchmarking and fraud risk assessment strategies to strengthen organizational resilience and reduce losses.

Chief Compliance Officers, corporate executives, board members, and audit committee members with South Asian operations should read this article to:

- Fraud prevention should be treated as a strategic investment, not a compliance expense. Prevention is more cost-effective than remediation.
- Understand the profile of who commits fraud in the region, and that monitoring and controls cannot focus solely on junior employees.
- South Asian operations require heightened attention to corruption risk due to the high percentage of fraud cases in the region.
- Codes of conduct and external audits are only part of the story in preventing fraud within an organization. Other measures are needed as well.
- Learn where the gaps are in their compliance and fraud prevention programs.

Introduction: The Impact of Occupational Fraud

Imagine losing one out of every twenty dollars your organization earns, not to market downturns or operational inefficiencies, but to fraud committed by people on your own payroll. That is precisely what global research suggests is happening. Year after year, occupational fraud quietly drains an estimated 5% of organizational revenue worldwide. When applied to the 2024 gross world product, the figure crosses USD5.5 trillion.[1]

For business leaders and compliance professionals, particularly those operating in high-risk regions like South Asia, this is not an abstract number. It is a direct threat to profitability, reputation, and stakeholder trust. Yet the same body of research that quantifies the problem also reveals a compelling truth. The right anti-fraud controls, properly implemented, deliver a measurable and often substantial return on investment.

[1] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 9

This article explores what the data tells us about which controls work best, why South Asia faces distinct challenges, and what organizations in the region can do right now to strengthen their defenses.

Why Prevention Pays More Than You Think

There is a persistent belief that anti-fraud programs are a cost center. The evidence disagrees. A recent global study covering more than 2,400 investigated fraud cases across 143 countries examined 18 distinct anti-fraud controls.[2] It compared fraud losses across organizations with and without each control in place. The finding was consistent across all eighteen. Every single control was linked to lower losses and faster detection.

Three controls delivered especially strong results.

Active management review, where leaders regularly scrutinize transactions, processes, and accounts, was associated with a 55% reduction in median fraud losses and 44% faster detection.[3]

Proactive data monitoring and analysis, which involves using analytics to flag anomalies before they escalate, correlated with a 53% drop in losses and similarly faster detection.[4]

Surprise audits, conducted outside regular audit schedules to increase the perception of detection, showed a 50% reduction in both losses and the time it took for fraud to go undetected.[5]

Here is the paradox. These three controls are among the least commonly implemented. Only about half of the victim organizations in the study had proactive data monitoring in place, and fewer than half conducted surprise audits. The controls that deliver the highest return are the ones most organizations have yet to adopt.

Fraud awareness training reinforces this picture further. Organizations that trained both employees and managers experienced median losses of USD 84,000, compared to USD 150,000 at organizations that trained neither. That is a 44% reduction for a relatively modest investment.[6] Trained employees were also twice as likely to submit the tips that ultimately uncovered the fraud. And tips remain the single most common way fraud is detected, accounting for 43% of all cases globally.[7]

South Asia: High Risk, Significant Opportunity

The global study included 145 cases from South Asia, with a median loss of USD 100,000 per case.[8] While this sits slightly below the global median of USD 104,000, several features of fraud in the region stand apart.

Corruption was present in 67% of South Asian cases.[9] That is the highest rate of any region in the world, roughly double the rate observed in North America. Corruption schemes do not just cause large one-time losses. They compound over time, inflicting an estimated USD 12,500 in additional damage for every month they remain undetected.[10]

[2] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 9
[3] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 39
[4] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 39
[5] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 30
[6] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 42
[7] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 42 and https://www.acfe.com/-/media/files/acfe/pdfs/acfe_fraud_awareness_training_benchmarking_report.pdf
[8] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, pp. 8, p. 92
[9] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 16
[10] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 19

The profile of who commits fraud in the region also tells an important story. Most cases involved manager-level employees, who accounted for 55% of perpetrators.[11] However, owner and executive level perpetrators, though far less common at 14% of cases, caused median losses of USD 285,000.[12] This gap underscores a critical point. Controls cannot focus solely on junior staff. Governance mechanisms must extend to the top of the organization, especially where senior leaders have the authority to override existing safeguards.

On a positive note, South Asian organizations showed relatively strong adoption of foundational controls; 95% had an internal audit department, 93% maintained a code of conduct, and 80% operated a hotline. However, the adoption of the high-impact controls discussed earlier, such as proactive data monitoring at 52% and surprise audits at 60%, still leaves room for meaningful improvement.[13] Given the region's elevated risk of corruption, closing these gaps should be a priority.

Key Takeaways for Occupational Fraud Prevention

For organizations looking to move beyond awareness and toward measurable improvement, the research points to four practical priorities.

First, invest in what works, not just what is expected. Codes of conduct and external audits are foundational, but they are not enough on their own. The controls with the strongest demonstrated impact, namely management review, proactive analytics, and surprise audits, deserve a larger share of compliance budgets.

Second, make training count. Effective fraud awareness training should reach every level of the organization, including the board. Research shows that 14% of organizations provide no fraud training to their directors at all.[14] Training programs should be updated regularly and should include practical guidance on recognizing behavioral warning signs, which were observed in 84% of fraud cases globally.[15]

Third, modernize how people report concerns. Web-based and email channels have overtaken traditional telephone hotlines as the preferred method for whistleblowers. Organizations should ensure their reporting infrastructure reflects how employees, vendors, and customers actually prefer to raise concerns today.[16]

Fourth, benchmark and then act. Global and regional data now make it possible to compare your organization's control environment against peers across eighteen categories. Pairing this benchmarking exercise with a formal fraud risk assessment can reveal exactly where incremental investment will yield the greatest return.

Conclusion: Anti-Fraud Controls as a Strategic Investment

Thirty years of global research covering more than 24,000 fraud cases leads to a clear conclusion. Anti-fraud controls work, and they pay for themselves. The challenge is not a shortage of effective tools. It is the gap between knowing what works and consistently putting it into practice.

For South Asian organizations, the stakes are particularly high. Elevated corruption risk,

[11] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 93
[12] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 93
[13] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 93
[14] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 42
[15] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 68 and https://www.acfe.com/-/media/files/acfe/pdfs/acfe_fraud_awareness_training_benchmarking_report.pdf
[16] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, pp. 104, 105

combined with underutilization of the most impactful controls, creates a vulnerability that is both measurable and addressable.

The main advantages to implementing anti-fraud controls are straightforward.

- Prevention costs less than remediation. Some 80% of victim organizations changed their controls only after fraud had already occurred.[17]
- The three highest-impact controls, management review, proactive data monitoring, and surprise audits, remain underutilized and represent a clear opportunity.
- South Asia's corruption risk demands a control environment that goes beyond foundational measures and embraces proactive, data-driven detection.
- Training, modern reporting channels, and behavioral red flag awareness multiply the effectiveness of every other control in the program.

Organizations that treat fraud risk management as a strategic investment rather than a regulatory obligation are better positioned to protect their revenue, reputation, and the trust of the people who depend on them.

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[17] https://www.acfe.com/-/media/files/acfe/pdfs/rttn/2026/2026-report-to-the-nations.pdf, p. 5 and https://www.acfe.com/-/media/files/acfe/pdfs/acfe_fraud_awareness_training_benchmarking_report.pdf