

UNIVERSITI TEKNOLOGI MARA

**ILLUSTRATIVE CASES OF FRAUD IN A BANK:
TYPES, CAUSES, DISTRESSES AND
MITIGATORS**

SURIDA BINTI MAT PIAH

This applied research is submitted in partial fulfilment of the requirement
for the degree of

Master in Forensic Accounting and Financial Criminology

Faculty of Accountancy

December 2013

CANDIDATE'S DECLARATION

I hereby declare that this paper is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged.

In the event that my applied research is found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree to be subjected to the disciplinary rules and regulations of the Universiti Teknologi MARA.

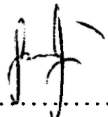
Name of Candidate: **SURIDA BINTI MAT PIAH**

Candidate ID No: **2011382213**

Programme: **AC773- Master in Forensic Accounting And
Financial Criminology**

Faculty: **Accountancy**

Applied Research Title: **A CASE STUDY OF FRAUD IN A BANK
TYPES, CAUSES, DISTRESSES
AND MITIGATORS**

Signature of Candidate: 

Date: **31 December 2013**

ABSTRACT

The purpose of this study is to examine the types, causes, distresses and mitigations of bank fraud. From the findings of this study, it can be concluded that the purpose of the study are met. The summary of the findings are as follows:

1. Types of fraud in the bank are categorised into external and internal fraud.
2. The causes of the occurrence of frauds in the bank that were found in this study are mainly due to violation of standard operating procedures, breach of dual control, lack of monitoring and supervision from the superior, negligence act and dishonesty of the employees.
3. Due to the fraud, the distresses that were found in this study and suffered by the bank are not only in terms of financial loss and non-financial loss.
4. The internal control systems of the bank are found to be able to detect fraud and can be considered as effective but there is still a loophole in the system that the bank needs to address.

From the above findings, the recommendations for this study are as below:

1. Provides training to employees to instil fraud awareness culture.
2. Conducting fraud awareness campaign and fraud alert.
3. Provide training on good ethics.
4. Perform anti-fraud control gap analysis.
5. Improve the internal control systems of the bank.
6. Revisit the bank fraud risk management framework.
7. Screening on the background of future or potential staff.
8. Tone at the top, management by example.
9. Provide financial assistance or solution to employees' financial problems
10. Imposed strict disciplinary action against offenders.
11. Provide hotlines and encourage whistleblowing.

ACKNOWLEDGEMENTS

Alhamdulillah, all praises to Allah (S.W.T) for His blessing in completing this applied research paper. I am heartily thankful and gratefully acknowledge to my lecturer, Dr. Anuar Nawawi, for his guidance, support and encouragement in writing of this report.

Last but not least, my deepest thanks to my parents and family for their prayers and support. Finally, I would also like to extend my gratitude to all of those who assisted and supported me in any respect during the completion of this paper. Your endless contribution and encouragement are greatly appreciated.

Thanks and wassalam

TABLE OF CONTENTS

<u>CHAPTER</u>	<u>CONTENTS</u>	<u>PAGE</u>
	CANDIDATE’S DECLARATION	i
	ABSTRACT	ii
	ACKNOWLEDGEMENTS	iii
	TABLE OF CONTENTS	iv
	LIST OF TABLES	viii
	LIST OF ABBREVIATIONS	ix
1	INTRODUCTION	1
	1.1 Preamble	1
	1.2 Problem statement	1
	1.3 Objectives of the study	2
	1.4 Research questions	3
	1.5 Scope of the study	3
	1.6 Significance of the study	4
	1.7 Organisation of the chapters	4
2	BACKGROUND OF THE STUDY	5
	2.1 Introduction	5
	2.2 Literature Review on Fraud	5
	2.3 Literature Review on Internal Control and Fraud Risk Assessment	8