

UNIVERSITI TEKNOLOGI MARA

**ASSESSING FRAUD RISK FACTORS
OF ASSET MISAPPROPRIATION IN
IRANIAN BANKS: FRAUD
DIAMOND THEORY**

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ABSTRACT

The case of asset misappropriation (AM) in the Iranian Banking Industry has been at alarming rate since the last decade. It has caused many banks to collapse, and many investors and depositors funds were trapped. In fact, it has prevented many banks from achieving their goals and many businesses went into liquidation. Since the last few decades, asset misappropriation is prevalent especially in financial service industry. In addition, employee fraud is the most prevalent type of fraud experienced by organizations. Therefore, the main purpose of this study is to provide a more in depth view on the reasons of assets perpetrations conducted by bank employees in Iran. The exploratory study adopts quantitative methods to reach a better grasp of the reasons of why bank staffs commit fraud at work. The sample size of the current research is comprised of 200 bank managers and employees from top three banks in the banking industry of Iran, namely Bank Melli Iran, Bank Saderat Iran and Bank Tejarat Iran. All the respondents were chosen based on the stratified selection method among those who have two in common characteristics, firstly, being informed about details of fraud in the banking industry of Iran, and secondly being decision maker. The result of the paper enhanced the existing literature further in understanding the concept of fraud and assets misappropriation in Iran. Findings are useful for policy makers, managers at banking system and practitioners to improve safety of banking mechanisms in Iran. Managerial implication and suggestions for future research are also included.

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