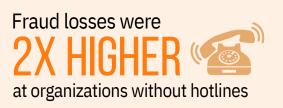# HOTLINE AND REPORTING MECHANISM EFFECTIVENESS

Maintaining a hotline or reporting mechanism increases the chances of earlier fraud detection and reduces losses. Fraud awareness training encourages tips through reporting mechanisms.

70% of VICTIM ORGANIZATIONS had hotlines

Fraud losses were 2X HIGHER at organizations without hotlines

| With hotlines | $100,000 |
| Without hotlines | $200,000 |

EFFECT OF EMPLOYEE AND MANAGER FRAUD AWARENESS TRAINING ON HOTLINES AND REPORTING
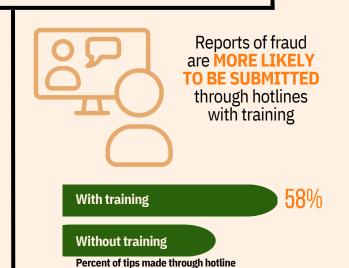
TRAINING INCREASES the likelihood of detection by tip

45% of cases detected by tip with training

37% of cases detected by tip without training

Reports of fraud are MORE LIKELY TO BE SUBMITTED through hotlines with training

| With training | 58% |
| Without training | |

Percent of tips made through hotline

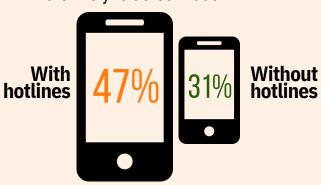### Organizations with hotlines detect frauds MORE QUICKLY

| With training | 12 MONTHS |
| Without training | 18 MONTHS |

Organizations with hotlines are more likely to detect fraud BY TIP

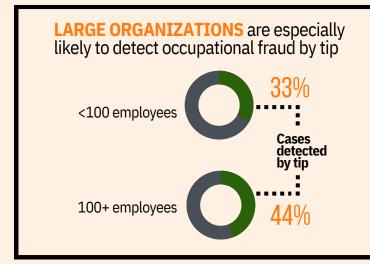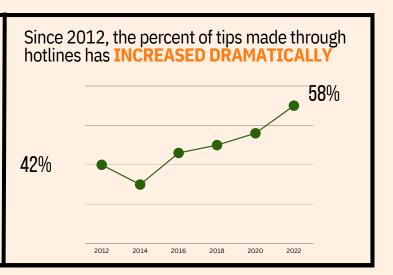**With hotlines** 47% 31% **Without hotlines**

Percent of cases detected by tip

ORGANIZATIONS WITHOUT HOTLINES ARE 3.5X MORE LIKELY
to discover fraud through an external audit and nearly 2X more likely by accident

External Audit

With hotline 2%

Without hotline 7%

By Acccident

With hotline 4%

Without hotline 7%

LARGE ORGANIZATIONS are especially likely to detect occupational fraud by tip

<100 employees — 33%

Cases detected by tip

100+ employees — 44%

Since 2012, the percent of tips made through hotlines has **INCREASED DRAMATICALLY**

42% ... 58%

2012 2014 2016 2018 2020 2022

HOTLINE IMPLEMENTATION AND TIP DETECTION RATES BY REGION

United States and Canada — 63% / 32%

Western Europe — 68% / 41%

Eastern Europe and Western/Central Asia — 75% / 36%

Latin America and the Caribbean — 67% / 41%

Sub-Saharan Africa — 76% / 48%

Middle East and North Africa — 68% / 41%

Southern Asia — 72% / 51%

Asia-Pacific — 80% / 58%

● Hotline implementation rate
● Percent of cases detected by tip