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Enterprise Fraud Risk Management (EFRM)

Designing for Trust, Operating for Doubt

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As fraud evolves, is your enterprise anticipating it or merely reacting?

In a digital first, interconnected world, fraud risk moves silently across fragmented processes, partner ecosystems, and insider vulnerabilities. It is no longer visible, it is evasive.

Modern enterprises must shift from static controls to adaptive, behavior-informed systems that evolve with emerging threats

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The New Fraud Reality

Traditional fraud risk models are reactive, static, and forensic.
But today’s threats demand:

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Why Traditional Programs Fail

Existing

Many existing fraud programs:

- Hardwired for **post-incident** analysis.
- Focus on **what failed** and how much was lost.
- Function as **compliance add-ons,** not core to strategy.

Time for shift

Fraud risk should be a core strategic function:

- **Senses early signals.**
- Orchestrates **dynamic controls.**
- Embeds **deterrence** into everyday operations

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Rethinking EFRM

From framework to enterprise nervous system.

A forward-looking Enterprise Fraud Risk Management (EFRM) model needs five key capabilities:

01 Behavior-Based Risk Mapping

- Move beyond static rules.
- Build behavioral profiles for vendors, employees, transactions.
- Detect early shifts before breaches occur.

02 Cross-Domain Signal Fusion

- No one function sees it all.
- Combine data across Finance, HR, IT, and Operations.
- Create early warning fraud indicators.

03 Embedded Decision Points

Insert dynamic micro-checks into workflows:

- Vendor onboarding ➤ Approvals ➤ Access changes

04 Decaying Trust Architecture

- Trust should degrade over time.
- Systems should prompt revalidation based on behaviour and risk exposure.

05 Ethical Culture as a Control Layer

- Healthy ethics environment is not soft but is a hard defence.
- Foster psychological safety for employees to raise red flags.

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AI Strategic Enabler and Emerging Threat

AI empowers EFRM teams to:

Model "what-if" fraud scenarios across systems.

Analyze communication patterns ethically to detect collusion, pressure, or manipulation.

Stress-test systems with synthetic fraud behaviors.

AI also arms fraudsters:

- Deepfakes.
- Synthetic identities.
- Automated phishing.

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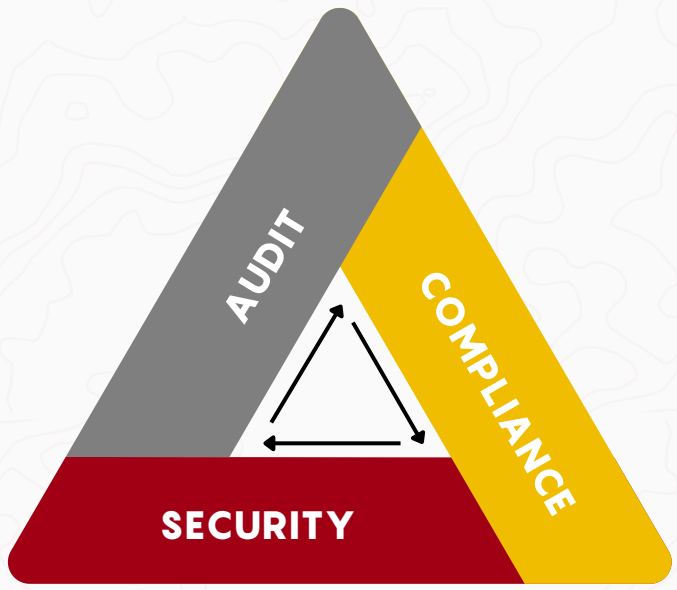
Governance Shift : Enter the Chief Fraud Strategist

Fraud responsibilities are often scattered:



Too often, fraud risk is scattered across Audit, Compliance, and Security with no single point of accountability. Progressive organisations are appointing a Head of Enterprise Fraud Intelligence, a role that bridges operations, data, risk, and legal, reporting directly to the Board's Risk Committee. Their mission is to build fraud resistance as an enterprise capability, not just a control checklist.

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EFRM Then vs. Now : Strategic Shift Summary

OLD PARADIGM	FOCUS AREA	NEW PARADIGM
Compliance obligation	**Role of EFRM**	Strategic intelligence function
Rule-based, after-the-fact	**Detection Model**	Behavior-informed, predictive
Scheduled/manual triggers	**Control Activation**	Embedded, event-driven
Static, access-based	**Trust Architecture**	Contextual, decaying
Fragmented (Audit/Compliance)	**Organizational Ownership**	Centralized Fraud Strategist/EFO
Reactive ethics training	**Culture**	Embedded ethical resilience

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Final Word

As trust degrades and fraud adapts, the future belongs to controls that are intelligent, dynamic, and designed to anticipate and pre-empt

Future-ready enterprises will:

- Operate on data-informed doubt, not blind trust.
- Treat fraud as a fluid, evolving system.
- Blend real-time intelligence with ethical culture and cross-domain action.

Fraud cannot be eliminated as human behaviour is inherently unpredictable. But with:

Intelligent systems	Adaptive controls	Culture of trust-with-verification

FRAUD CAN BE **CONTAINED, CURTAILED, AND KEPT AT BAY.**

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GRC EXPERTS

We go beyond every day to deliver excellence to our Clients.
Please feel free to connect with us

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