

Data on financial crime is not credible

December 13 2012

The Government and police efforts to tackle financial crime – from business fraud to tax evasion – are hampered by a lack of accurate data about the nature and extent of offending, according to new research.

Most of the data available on financial crime is produced without a credible methodology, says Michael Levi, Professor of [Criminology](#) at Cardiff University, whose research was funded by the Economic and Social Research Council (ESRC).

"Typically, the information available on offending or threat is just a marketing hype," says Professor Levi. "It comes from business consultants who want to scare companies and government into buying services aimed at dealing with problems that may be a lot smaller than claimed."

"Even when public agencies do make a serious effort to produce data that they believe is carefully researched, it often lacks professional or public credibility," says Professor Levi. "In an age of cynicism, their efforts can be interpreted as an attempt to increase their budgets and powers. This is a crisis of authority and [legitimacy](#)."

Professor Levi has spent years researching the organisation and extent of financial crime and the ways in which police, regulators and [private companies](#) understand and respond to the various forms of threat.

A lack of clear thinking about how offenders and victims can and should be dealt with also makes it more difficult to tackle financial crimes in a

coherent way, he believes. "We need a better informed, evidence-based debate about what kind of policing we want and should expect for [financial crimes](#)," he says.

"For example, large tax frauds are nearly always dealt with via a settlement payment. Yet social security fraudsters get a [criminal record](#) for crimes involving much smaller amounts of money. How do we justify treating offenders so differently?"

The research into tax fraud suggests there is a set of persistent offenders who are unlikely to be discouraged if their only punishment when caught is to pay a financial settlement anonymously. "They need to be prosecuted so they are taken out of circulation and to show others that this kind of behaviour will be dealt with seriously," he says.

Professor Levi has been sharing his research findings with UK and global organisations with a crime-fighting remit. They include the Financial Services Authority, the National Fraud Authority, the Association of Chief Police Officers and the European Commission.

"It is impossible to quantify the problem precisely, but the damage done by financial crime is real and the public are rightly worried about the risk of falling victim." he says. "Financial crime is one of the biggest business and social issues of our time. If we are to make a better job of dealing with the problem we need to move beyond oversimplified forms like 'organised crime' to work out how online and offline fraud and laundering are enabled and what it takes to change these opportunities and motivations."

Provided by Economic & Social Research Council

Citation: Data on financial crime is not credible (2012, December 13) retrieved 18 June 2024

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