

# Unraveling the complexities of modern fraud

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In the bad old days of fraud—corruption, non-disclosure of information, self-dealing, cover-ups, lying, insider trading, and embezzlement were rife. They still are, but they have been given a digital edge by modern technology. This has made crime easier for many more people, but conversely, technology has also provided new tools for detection and

prevention.

Research published in the *International Journal of Accounting, Auditing and Performance Evaluation* looks at the world of [fraud](#) in the online realm and shows that it remains a multidimensional and complex world of crime driven, commonly, by greed, sometimes by necessity, but also by a failure of morality that exploits its victims heartlessly. The study author Parvati T. Soneji of the Department of Commerce at Banasthali Vidyapeeth in Jaipur, Rajasthan, India, hopes to unravel some of the complexities of modern fraud.

In the world of business, says Soneji, "The desire for achievements, fear of losing one's job, challenges meeting [financial targets](#) for bonuses, unhealthy competition, and criminal collaborations" might all lead a person into instigating or participating in [financial fraud](#). There are many factors that might lead someone in management to take this route, [personality traits](#), beliefs and attitudes, social customs, institutional rules and regulations, ethical values, and even the organizational culture within which they work.

Soneji addresses fraud theory through the simple triangle of opportunity, pressure, and rationalization. In this theory, a putative white-collar fraudster spots a loophole or opening that gives them the opportunity, the factors that influence them in deciding whether or not to exploit the opportunity apply the pressure, and post-fact they might then explain away their decision and actions to alleviate their guilt.

This simplistic triangle is expanded to a four-cornered diamond that adds capability, whether or not the would-be fraudster has the knowledge and skills to carry out the fraud. Finally, a fraud pentagon adds the very personal notion of the potential criminal's character in terms of their level of arrogance. With all five factors in place in the fraud pentagon, the committing of the crime is almost inevitable.

Such theories of fraud can give context to the after-effects of the fraud and the evidence left behind. This might allow investigators to trace back the end result to its beginnings in order to identify the perpetrator. It might also give those who would endeavor to prevent fraud an insight into the psychological and other factors that might be exposed and addressed before a crime is committed.

**More information:** Parvati T. Soneji, The Fraud theories: Triangle, Diamond, Pentagon, *International Journal of Accounting, Auditing and Performance Evaluation* (2022). [DOI: 10.1504/IJAPE.2022.123301](https://doi.org/10.1504/IJAPE.2022.123301)

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