



We apply algorithms to people's benefit

Without adequate effectiveness control of their CMS regarding the human factor the industry invests year after year in cost-intensive e-learning and face-to-face programs that, according to around half of the CCOs, are doubtful or poor in results. This assumption is underlined by the fact that white-collar crime has not changed significantly since 2014.

The time is ready for compliance next level ...

Why do I need compliance next level?

More enforcement but fraud and corruption is not going away

We continue to see more governments introducing and enforcing anti-corruption laws, imposing higher penalties (Germany). Nevertheless, global results show that occurrences of fraud and corruption have not reduced since 2014.

Source: EY 15th Global Fraud survey 2018. PWC White-collar crime 2018

Pressure from millennials

By 2025, 75% of the global workforce will be comprised of millennials. As this tech-savvy generation take leadership roles, they will influence the behaviors and values of generations to come. The responses of our interviewees indicate that younger generations are more likely to justify corruption.

Source: EY 2018

Offenders come from own ranks

Around half of the economic crimes committed against companies are committed by people from their own company. In every fourth case (25%), this was a person from the top management level. From an empirical view special caution and care is required when selecting and monitoring persons in management and trust positions.

Source: PWC 2018

Mismatch between compliance awareness and employee behavior

The Department of Justice (USA) recognized that firms might be spending a lot and creating all the components of compliance programs but actually producing hollow facades.

Source: March 2018 Harvard Business School Professor Eugene Soltes, former DoJ compliance counsel.

The qualitative enterprise surveys show that the implementation still has significant weaknesses. You can see that the pure training and its repetition is not really effective.

Source: PWC 2018

When asked specific questions on the implementation and effectiveness of the compliance programs, our survey highlighted a number of differences between management statements and conduct by their organizations. **This suggests that high level policies may be in place, but there are key employees within organizations that are still not sufficiently aware of them.**

Source: EY 2018

Our empiric results show that typical industry specific rule-based content learning and awareness trainings are not highly applied in real life situations. Since rules knowledge does not necessarily result in application, these learning methods are not sufficient.

Source: Ludaciti 2019

No reliable effectiveness control

The industry currently doesn't use adequate risk management regarding the human factor. These companies know almost nothing about the individual decision-making behavior of their top and middle management. Calculation of probabilities in their context of a risk assessment would inevitably be almost the same for all employees and therefore pointless.

Internal surveys and audits are good but they are no adequate proof of CMS effectiveness. The voluntary certification of standard norms (e.g. IDW PS 980) does not measure the readiness for rules application of human work force and is therefore pointless.

Source: Ludaciti 2020

Use advanced technology

Only advanced analytics enable you to act proactively and not when it is too late. Such data analyzes not only try to understand why something happened (diagnosis), but also use investigation to make predictions about future events and give recommendations for action (predictive analytics). The crucial point here is, that companies and employees are placed in a position in which preventive action can be taken.

Source: Ludaciti 2019

How can you protect yourself against white-collar crime? (...) The compliance measures must be effective. **There is still room for improvement because you put a lot of emphasis on mass and not necessarily on modern technology. That would be in the interests of all companies so as not to let the costs escalate.**

Source PWC next, interview with Lars-Heiko Kruse PWC 2018

Invest in prevention where it makes sense

Instead of investing more and more into extensive e-Learnings for all management levels without quality control it would make sense to invest in an adequate risk assessment and subsequently risk mitigation program for top and middle management because the risk of huge economic damage is the highest.

Source: Ludaciti 2020

We focus on human capital & the change of human decision-making.

Just finding the „bad apples“ after crime is detected and closing process risk gaps is no rewarding strategy. Experience has shown it.

Empiricism shows, shows