



Australian Government
Australian Institute of Criminology

Cambridge Symposium on Economic Crime

*Does economic crime really matter in the world of today?
Public and business perceptions in Australia*

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Outline

The argument

- Members of the public and business community often have conflicting and incorrect perceptions concerning the importance and level of risk of economic crime
- Correcting perceptions would assist in enhancing confidence in the economy and in designing crime control measures more appropriately

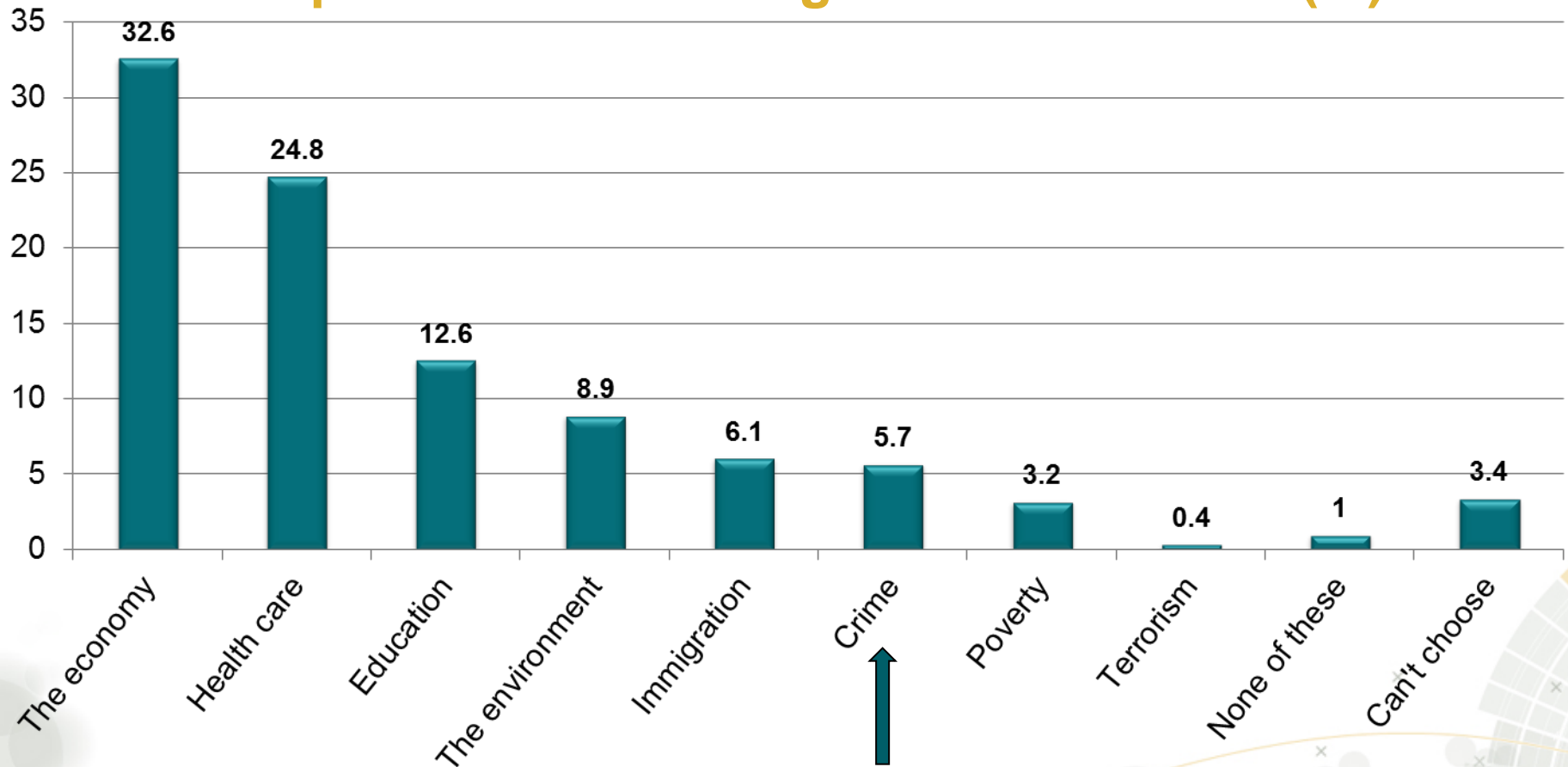
The evidence

- Australian survey research concerning perceptions of economic crime:
 - public perceptions about the level of crime and concern about fraud
 - business perceptions about fraud affecting Australia, fraud in their own industry group, and in their own organisation
 - business perceptions about the incidence of money laundering
- The actual incidence and cost of crime
- The actual cost of responding to crime by government and business



Public perceptions – *Aust survey of social attitudes*

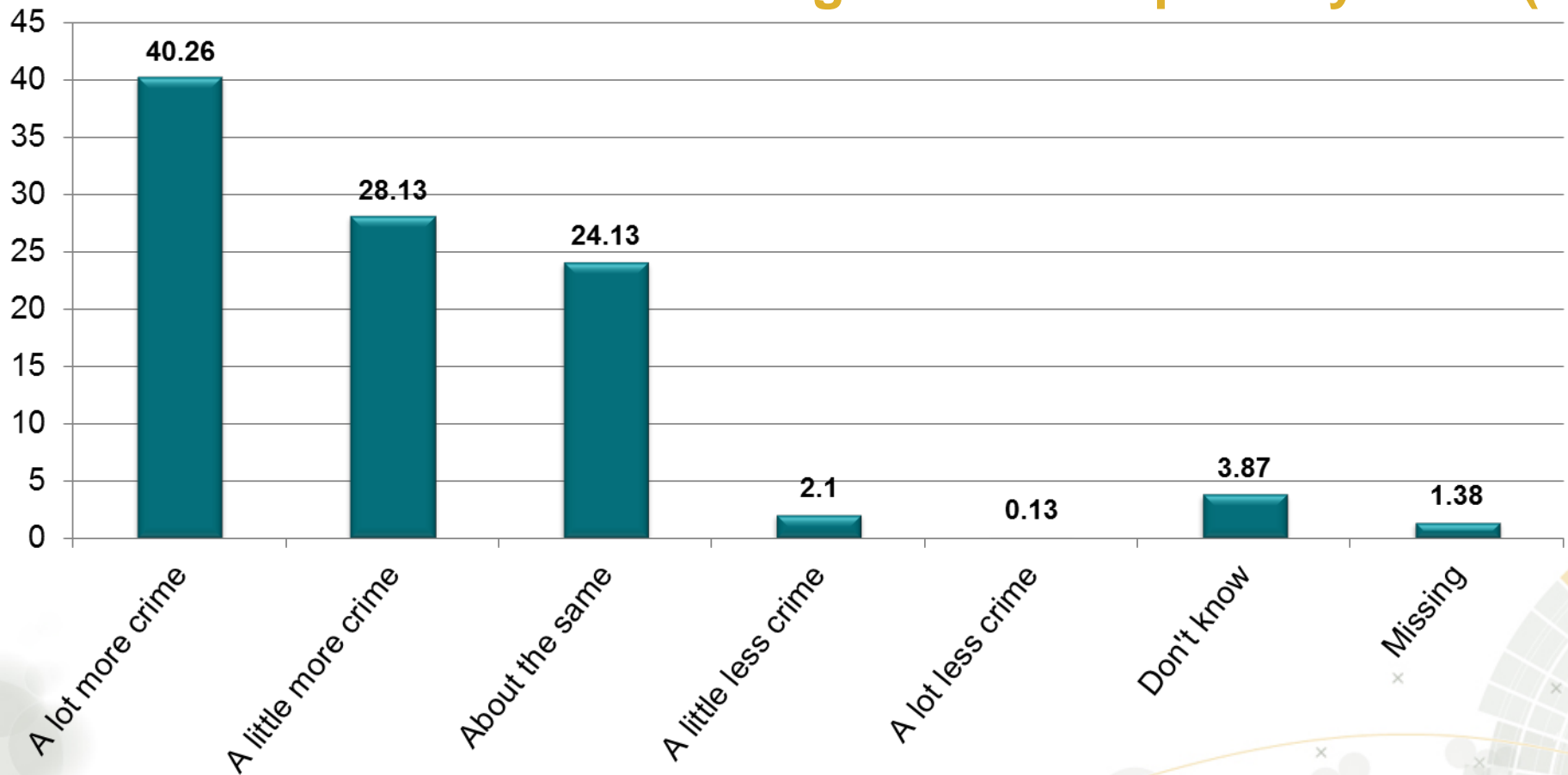
Most important issue facing Australia in 2011 (%)





Public perceptions – *Aust survey of social attitudes*

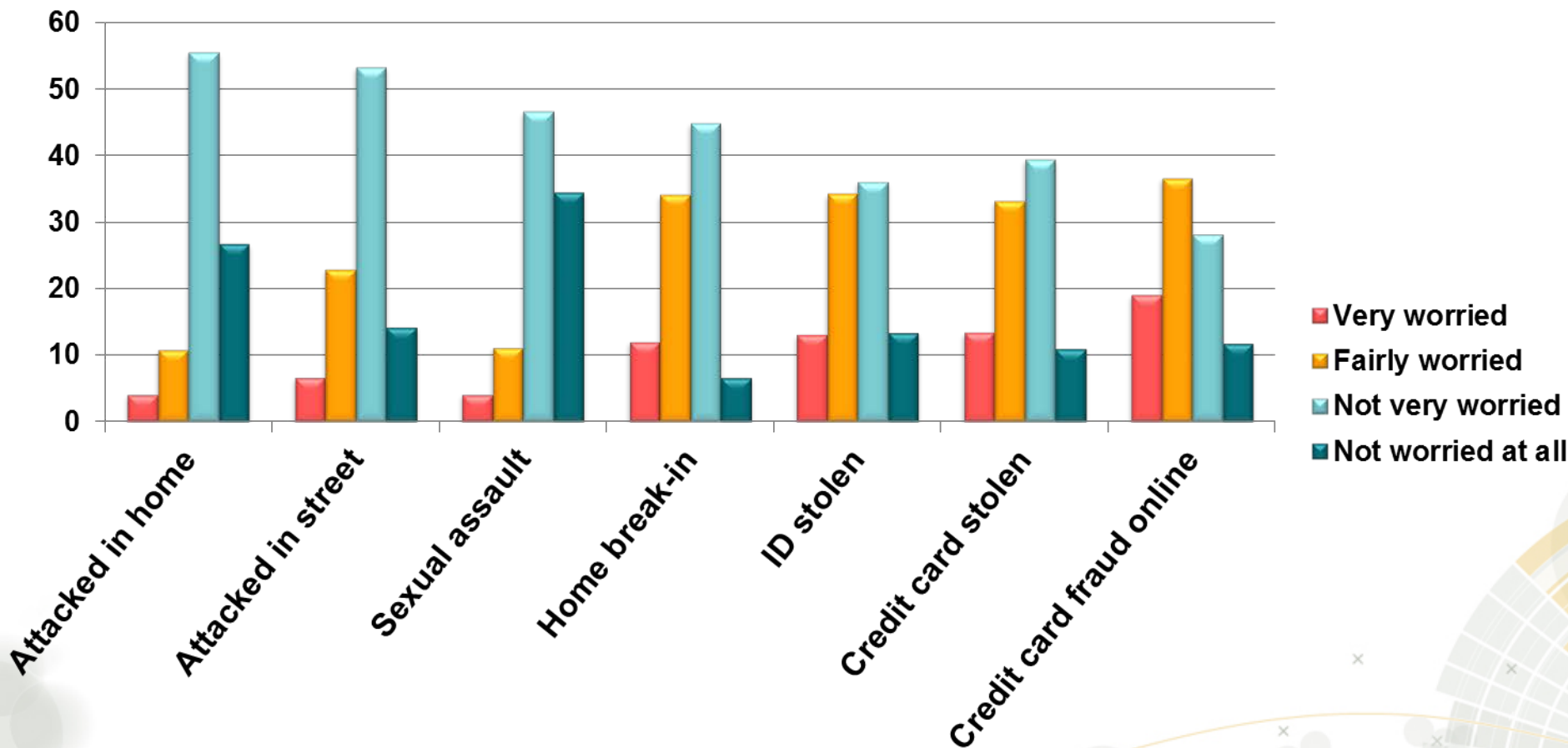
Has the level of crime changed over the past 2 years? (%)





Public perceptions – *Aust survey of social attitudes*

Level of concern of victimisation of selected crime types (%)



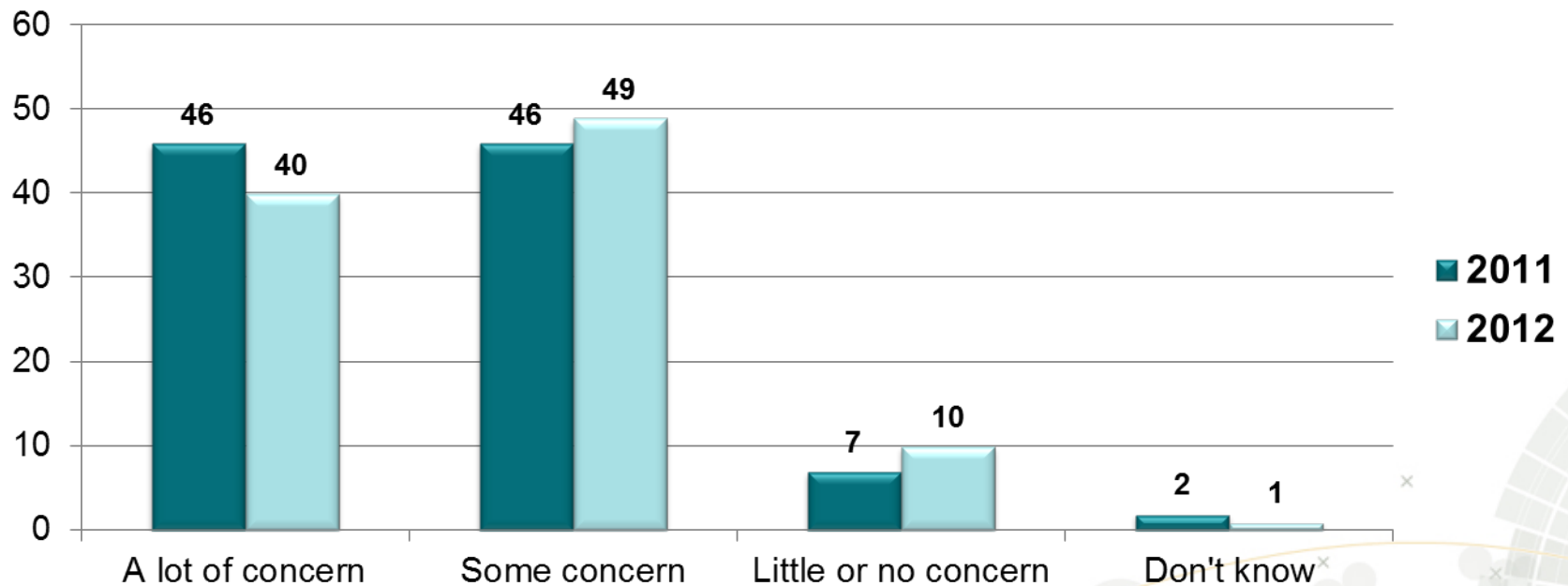


Public perceptions – Identity theft & misuse survey

Identity theft concerns in Australia

- Survey of 1,200 Australian adults who use the Internet
- 7% of respondents experienced identity theft themselves in 2012
- 17% knew someone else who had experienced identity theft in 2012

Does the issue of identity theft and misuse cause you:



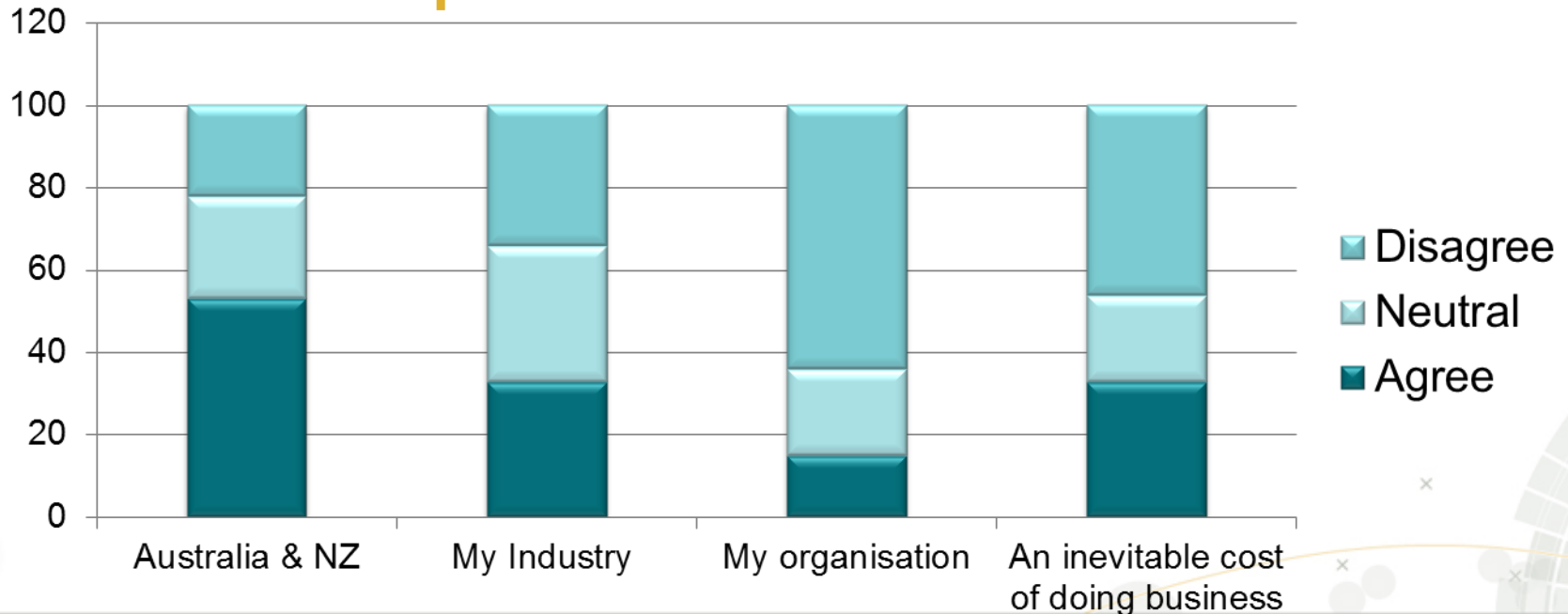


Business perceptions of economic crime

KPMG fraud and corruption survey 2012 (Aust & NZ)

- Survey of 281 organisations in Australia & New Zealand
- 43% of respondent firms experienced fraud worth A\$373m (86% of fraud occurred in financial services) over the last 2 years

In 2012 is fraud a problem for:





Business perceptions of money laundering risk

AIC survey of AML regulated sectors (2009-11)

- Survey of 4,000 businesses regulated for AML in Australia
- At 30 June 2011, 33% perceived no risk; 19% low or decreasing risk

Changing perceptions of money laundering risk:

Risks to 30 June 2009			Risks 1 July 2009 to 30 June 2011		
Current risk	n	%	Change in risk	n	%
Low	3,785	97.8	Increase	128	4.0
Medium	76	2.0	Remain the same	2,991	93.6
High	9	0.2	Decrease	78	2.4



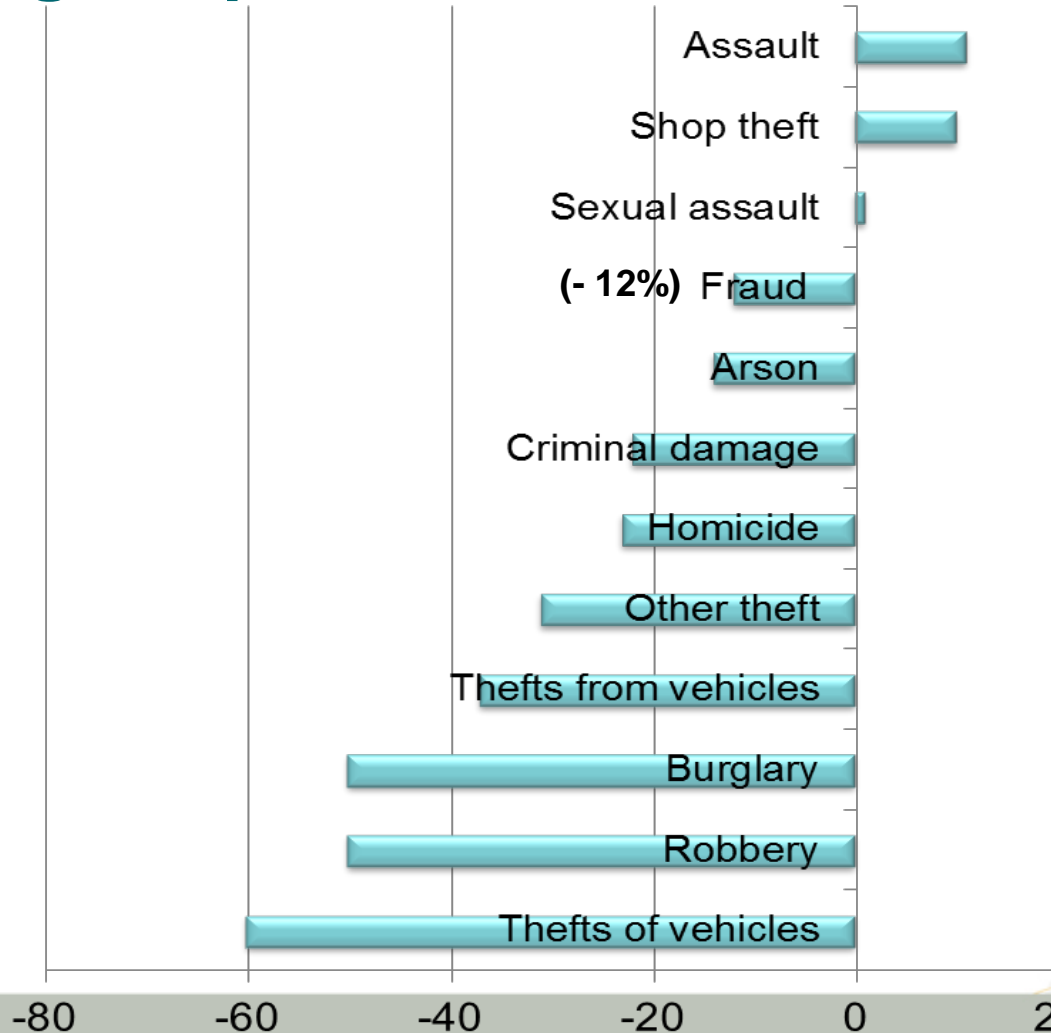
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The reality of the incidence and cost of economic crime





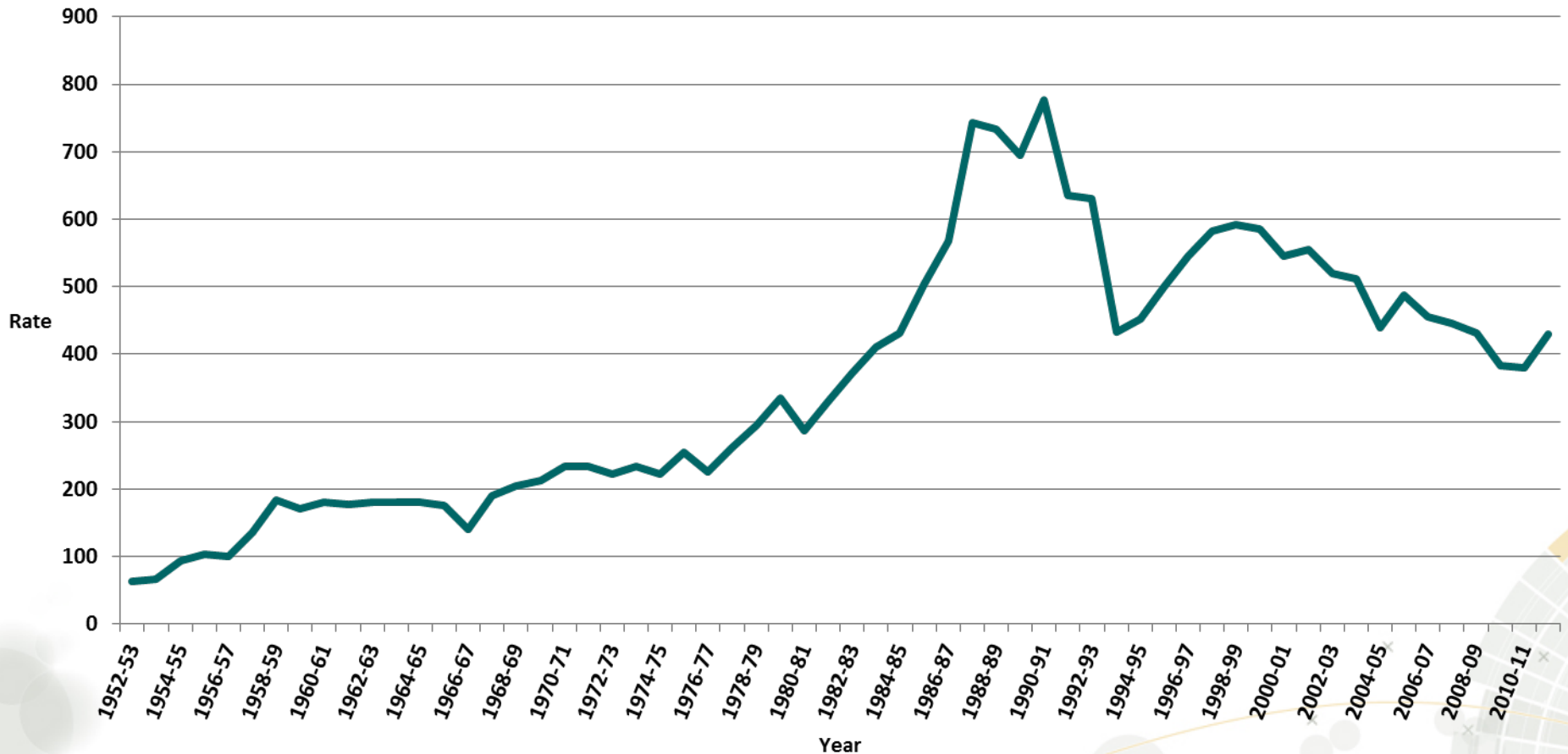
% change in police recorded crime offences 2001-11





Trend in officially recorded fraud in Australia

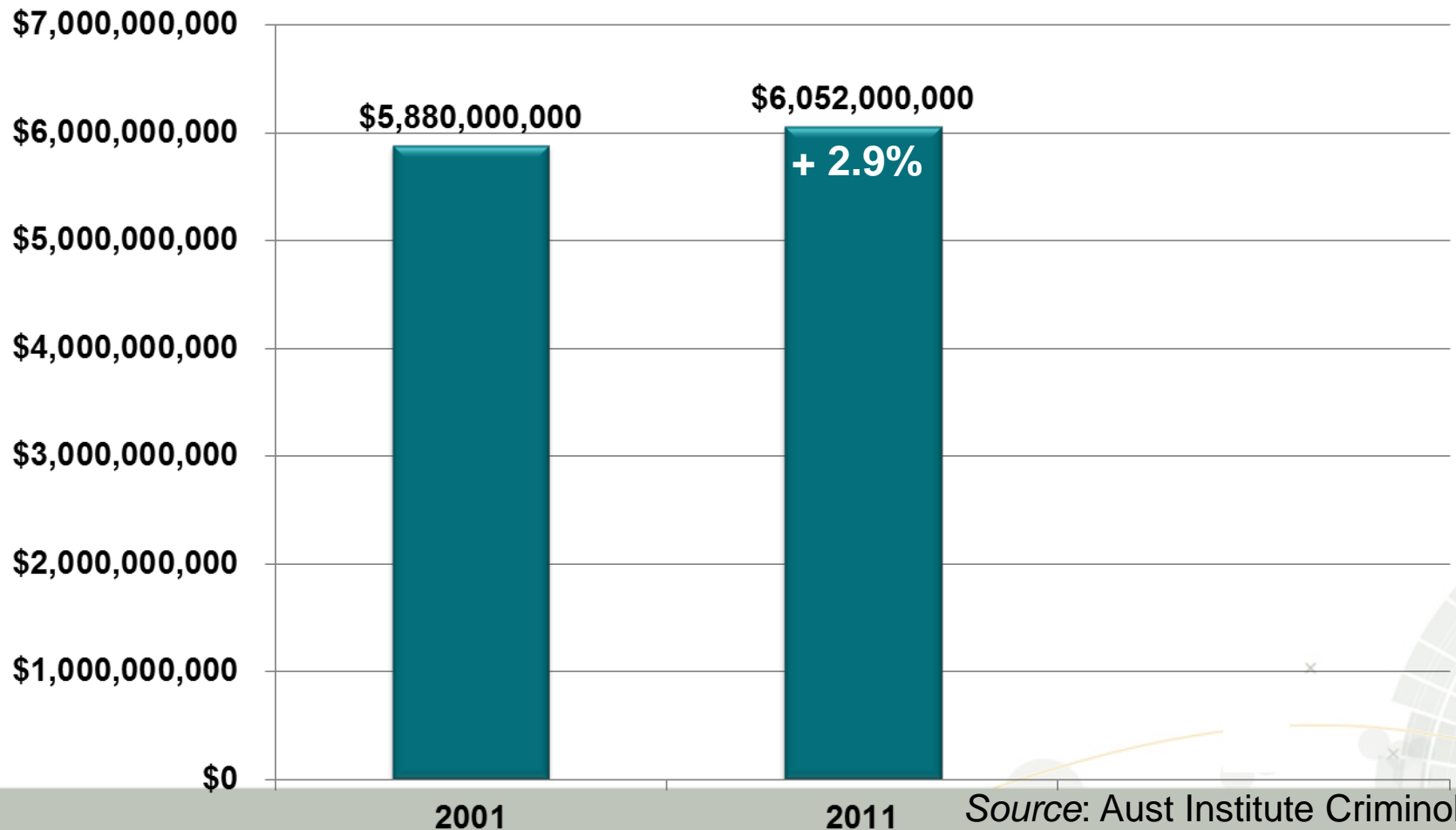
Rate per 100,000 popn, recorded by Australian police (1953/54 – 2011/12)





Cost of fraud in Australia, 2001 and 2011

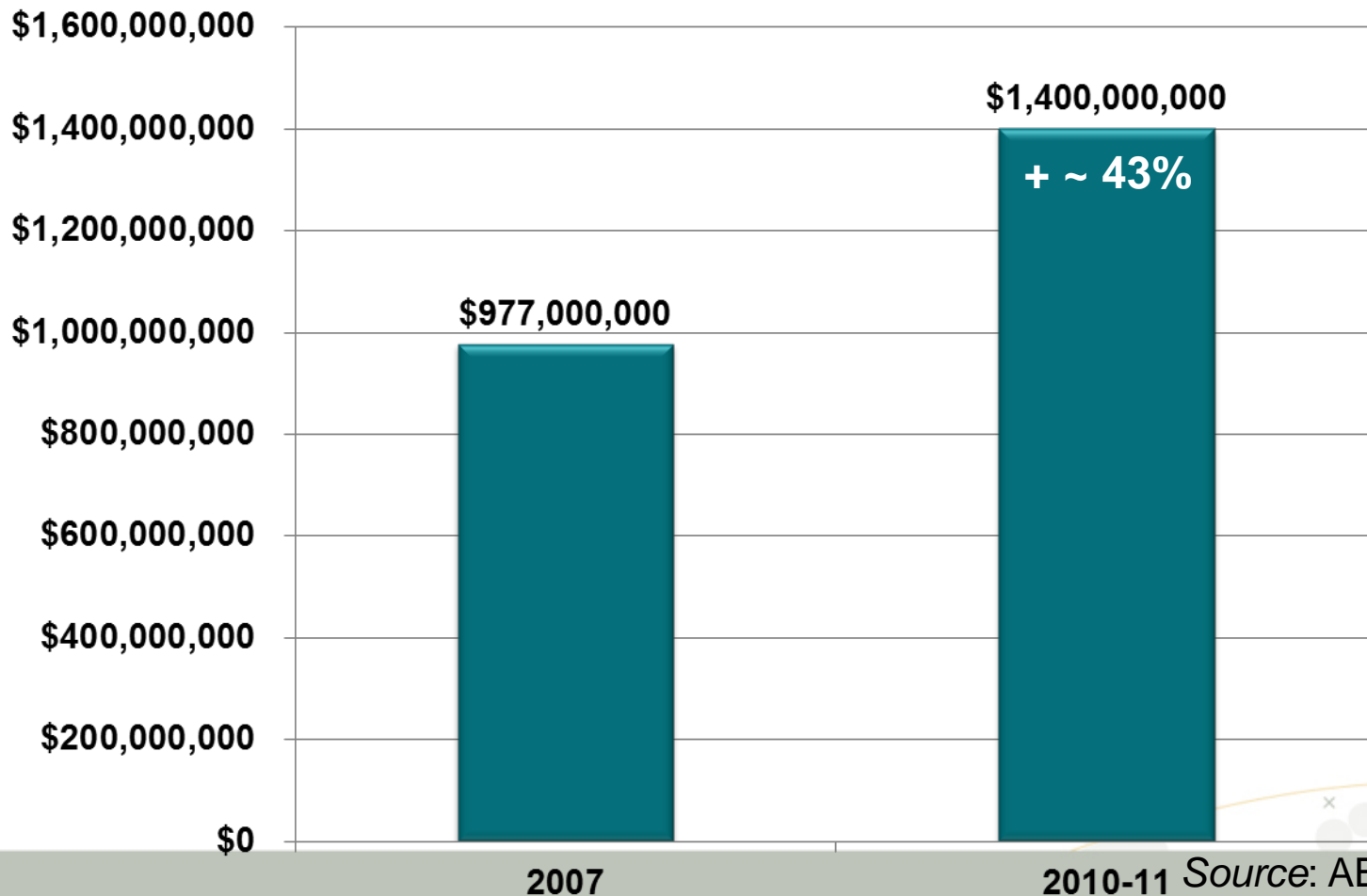
Estimated total fraud losses – AIC (A\$)





Consumer scam losses in Australia, 2007 / 2010-11

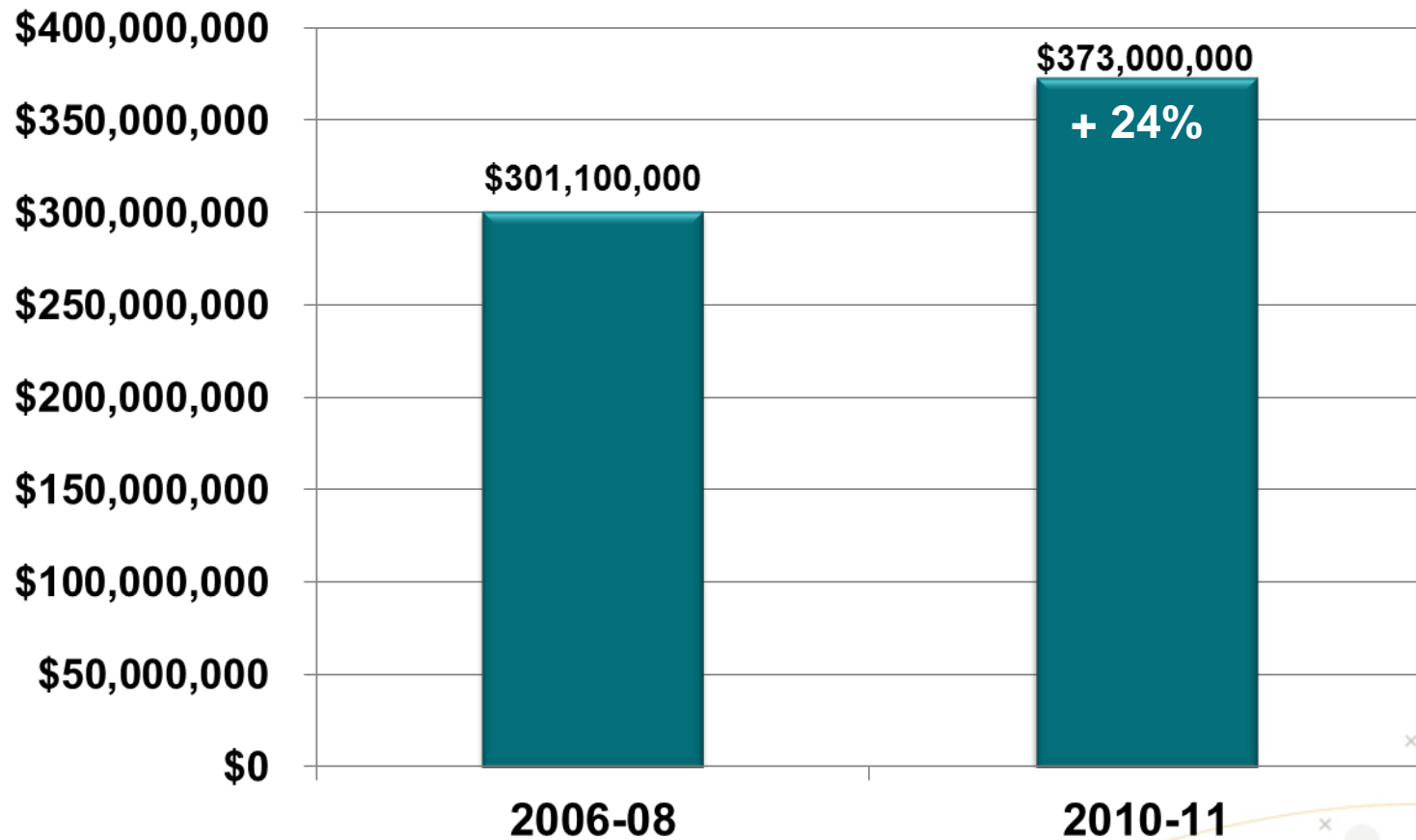
Personal fraud – Australian Bureau of Statistics (A\$)





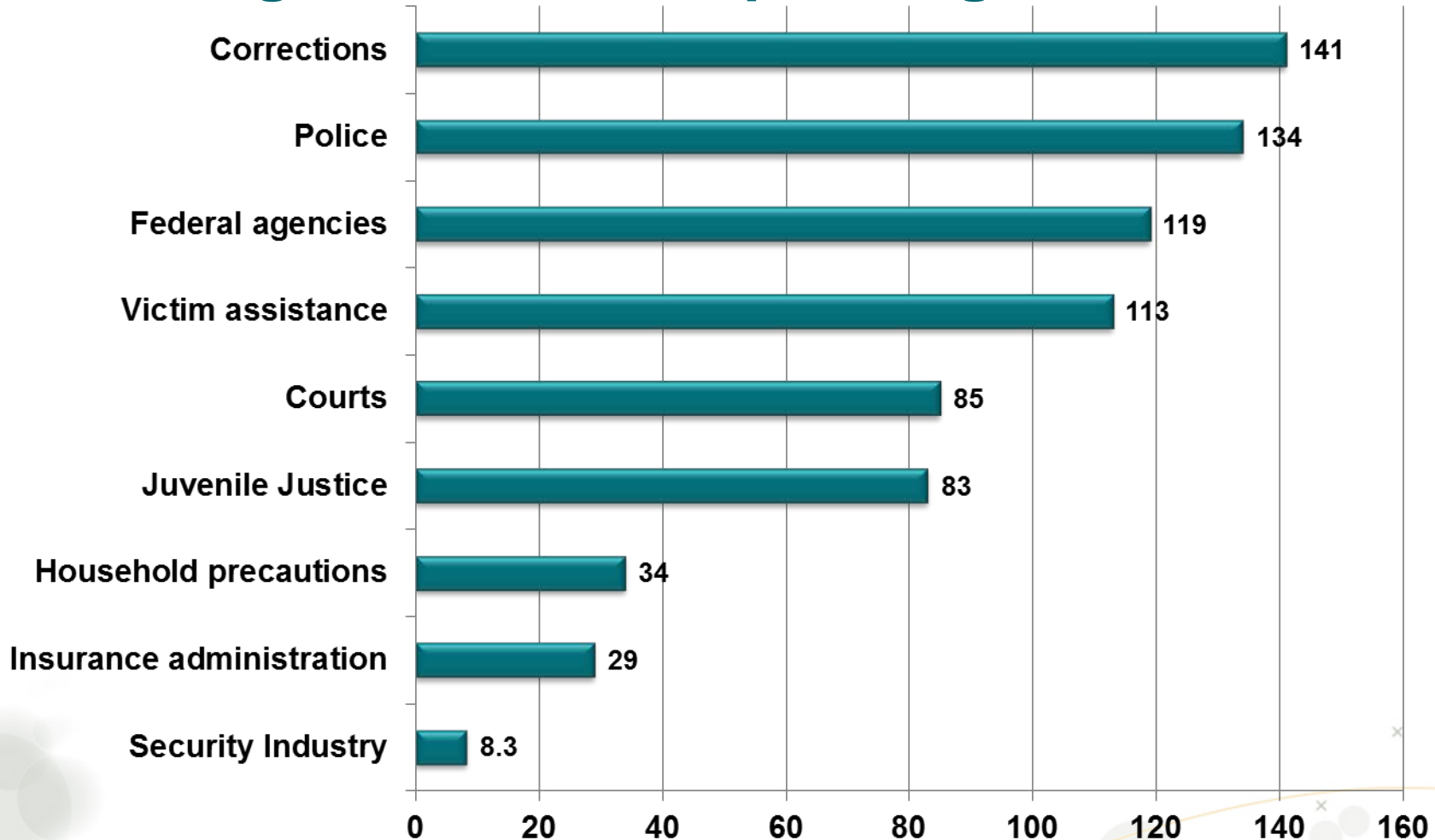
Fraud against organisations, 2006-08 / 2010-11

Fraud losses in Australian & NZ organisations (A\$)





% change in cost of responding to crime 2001-11





Conclusions

Perceptions

- Public believe that crime is increasing and have high levels of concern about personal fraud
- Business concern over fraud medium; low concern over laundering

Reality

- 12% decrease in police recorded fraud (111,320 to 97,611 offences)
- 2.9% increase in cost of fraud (A\$5.9b to A\$6.1b), but a 0.5% decrease in cost of fraud as a percentage of GDP (0.9% to 0.4%)
- 93% increase in criminal justice response expenditure (- 0.1% / GDP)

Explanations

- Data collection on economic crime and cost is limited, but improving
- Public generally unaware of the true incidence and cost of crime
- Businesses often unclear about their exposure to economic crime risk
- Crime risks and costs often overstated for political expediency
- Police and regulators can overstate risks to enhance their appropriation
- Media often unwilling to report improvements in crime problems



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