Finance Leader's Fraud Report 2024

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INSTITUTE OF FINANCIAL
OPERATIONS & LEADERSHIP

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Routable

A message from **our sponsor**

At Routable, we're revolutionizing accounts payable by combining the power of automation with cutting-edge artificial intelligence. Sponsoring IFOL's report on Fraud in Finance is an opportunity for us to address a critical challenge facing finance teams today.

The landscape of financial fraud is evolving rapidly, with fraudsters becoming increasingly sophisticated in their approaches. A simple invoice anomaly can quickly escalate into significant financial losses and damaged reputations. As a platform that processes millions of business payments every year, we understand the critical nature of catching these threats before they impact your business.

That's why we're excited to embed AI directly into our AP automation platform. Our AI-powered system detects anomalies, stopping invoice fraud before it impacts your business. Think of it as having an exceptionally intelligent Forensic Accountant watching over every transaction 24/7, providing superhuman visibility into what's happening – and the ability to act before it's too late.

If you're interested in discovering how we're integrating AI into Routable's AP automation platform—and want early access to this technology—learn more and join our waitlist for updates.

Embedding AI into our platform enhances Routable's existing foundation for risk mitigation: from automated vendor risk checks against 6,000+ global watchlists to integrated procurement controls and detailed audit trails, we've created a multi-layered approach to fraud prevention.

This report comes at a crucial time when finance teams need both speed and security. We hope these insights will strengthen your defense against corporate financial fraud.

Here's to making finance operations smarter and more secure.

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Executive Summary

This report presents the findings of our independent global research study conducted with finance and accounts payable (AP) professionals, aimed at understanding the current landscape of AP fraud. The study examines how prevalent fraud is within accounts payable processes, the perceptions of AP teams regarding their safety and protection from fraud, and the extent to which companies are adopting modern technologies to mitigate these risks. The results reveal several alarming trends, emphasizing the need for more robust fraud prevention measures and greater technological integration to safeguard organizations.

Key Findings

1. Fraud is Widespread in Accounts Payable Processes

Accounts payable fraud remains a significant issue globally, with a staggering 65% of respondents reporting that they know of a company or individual who has fallen victim to AP fraud in the last five years. Fraud has evolved in sophistication, targeting vulnerabilities within payment systems, with some AP departments experiencing frequent fraud attempts. 17% of respondents noted that their organizations frequently encounter fraud or attempted fraud within their AP processes, underscoring how widespread the problem is.

The top three types of fraud reported include shell companies submitting false invoices, ACH fraud (cyberattacks on payment systems), and duplicate invoices for goods and services that were either never delivered or invoiced twice. These methods indicate a clear trend: fraudsters are exploiting process loopholes, often relying on weak verification procedures or outdated systems to bypass controls. Without a strategic response, organizations remain at significant risk of financial loss and reputational damage.

2. AP Teams Feel Insufficiently Protected

Despite the prevalence of fraud, many AP professionals do not feel adequately protected. 40% of respondents rated their current fraud prevention measures and controls as only somewhat effective, suggesting that current efforts to combat fraud may not be meeting the challenge. An alarming 51% said they believe their manager could "maybe" do more to protect the team from fraud, and 27% were more definitive, stating that their manager definitely could improve efforts to mitigate fraud risks.

Training on fraud risk is another critical area where AP teams fall short. Only 31% of respondents regularly receive training on fraud risk awareness, while 24% said they never receive training. The lack of consistent and structured fraud awareness programs leaves many teams unprepared to identify and respond to the evolving threats that target AP processes. Organizations need to prioritize regular training to ensure that staff can recognize warning signs and take preventative action swiftly.

3. The Technology Gap in Fraud Prevention

A major factor contributing to the vulnerability of AP teams is the lack of adoption of advanced fraud-prevention technologies. Despite the increasing sophistication of fraud schemes, 35% of respondents stated that their companies do not use any technologies or tools to detect and prevent finance fraud. This technology gap presents a significant blind spot for many organizations.

Although 22% of respondents are using fraud detection software, only 13% reported using AI or machine learning tools—both of which have the potential to greatly enhance the detection of unusual patterns and anomalies in payment processes. Another concerning statistic is that 20% of respondents did not know whether their team uses any fraud detection technology at all, suggesting a lack of awareness and communication about critical tools designed to safeguard the business. This highlights a clear opportunity for organizations to improve fraud detection through greater investment in and implementation of modern, sophisticated technologies.

Conclusion

The findings from our Finance Leader's Fraud Report 2024 demonstrate that AP fraud continues to be a pervasive and growing threat. Many AP teams feel inadequately protected, with weak training programs and ineffective fraud prevention measures in place. Compounding this is a significant gap in the use of modern technologies, leaving companies exposed to potential financial loss. To combat AP fraud effectively, organizations need to invest in stronger fraud-prevention technologies, prioritize team training, and implement comprehensive, proactive fraud strategies to safeguard their accounts payable functions.
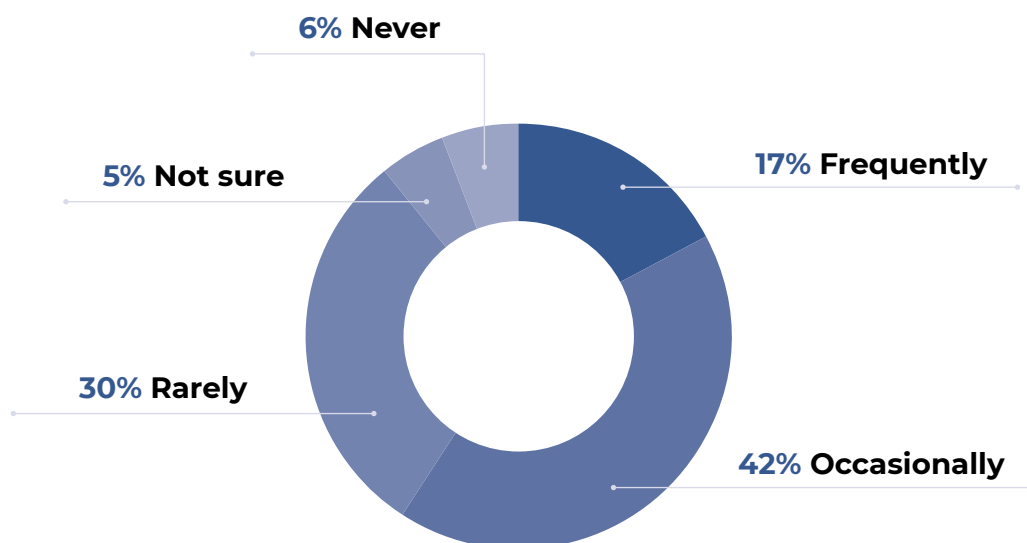
Research **Insights**

Do you know of anyone - in any company - who has been a victim of accounts payable fraud in the last five years?

65% YES

35% NO

How frequently does your business experience instances of fraud or attempted fraud within your accounts payable processes?

6% Never

5% Not sure

17% Frequently

30% Rarely

42% Occasionally

Which internal fraud activities has your company been a victim of?
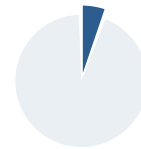
18%
Expense reports
fraud

16%
Employees and suppliers
working together on
kickback schemes

9%
Employees creating
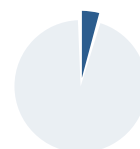false companies and
sending false invoices
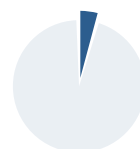
5%
Payroll
fraud

5%
Employees forging or
stealing checks

4%
Employees creating
invoices from inactive
vendors on the vendor
masterfile

4%
Embezzlement

1%
Employees purchasing
items for personal use

Which external fraud activities has your company been a victim of?

38%
Shell companies (false companies
sending false invoices)

34%
Duplicate / false invoices for
goods and services

26%
ACH fraud (cyberattack to access
your payments system)

8%
Business email compromise

7%
Check fraud

3%
Impersonation

The findings indicate that false invoices and deception are the most common external fraud methods.

PRO TIP
Ensure your AP department's process and controls for validating the
authenticity of invoices is critical for reducing this fraud risk.

To what extent has your business experienced financial losses due to fraud in the past three years?

31%
No losses

57%
Minimal

12%
Moderate

How well protected do you feel your AP team is from fraud?

22%
Adequate

32%
Very well protected

7%
Not that well protected

39%
Quite protected

In your current process, how quickly could you/your team recognize AP fraud?

47%
Immediately

35%
Within a few days
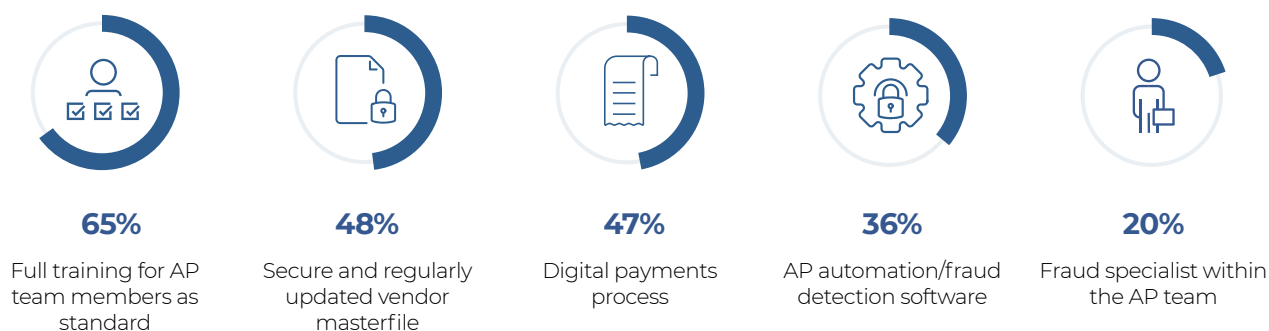
13%
Within a few weeks

5%
Within a few months

How effective are your current preventive measures and controls in place to mitigate the risk of finance fraud in accounts payable?

4%
Ineffective

40%
Somewhat effective

56%
Very effective
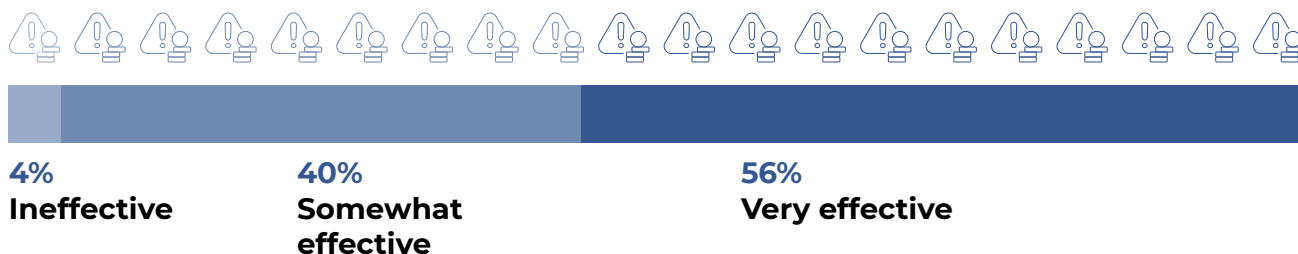
What measures do you have in place to detect and prevent AP fraud?

65%

Full training for AP team members as standard

48%

Secure and regularly updated vendor masterfile

47%

Digital payments process

36%

AP automation/fraud detection software

20%

Fraud specialist within the AP team

Our research shows there is a potential blindspot for companies identifying fraud because of the lack of fraud prevention technology.
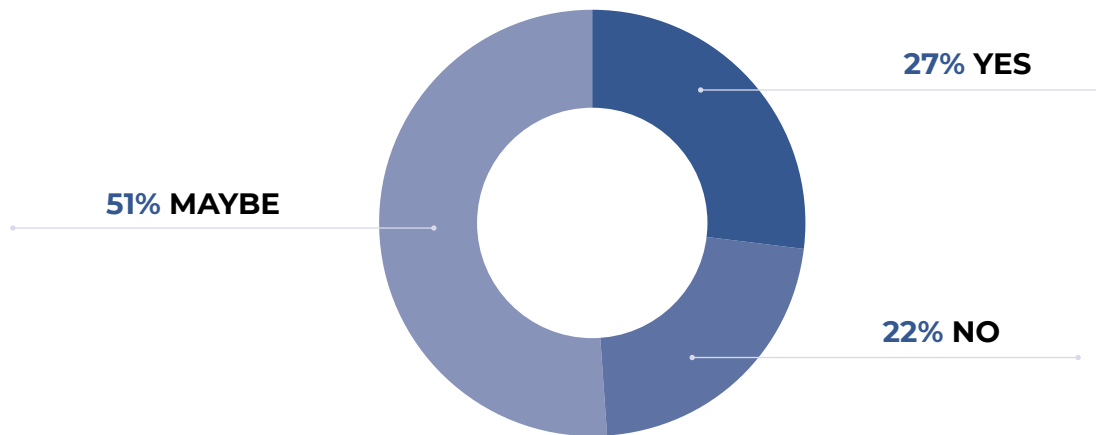
PRO TIP
Task someone within your team to research fraud prevention technology to boost your internal controls.

Do you think your manager could do more to protect the team from AP fraud?

27% **YES**

51% **MAYBE**

22% **NO**

How often are you investing in employee training and awareness programs to educate staff on potential finance fraud risks within accounts payable?

23%
Not at all

31%
Regularly

8%
Not sure

38%
Occasionally

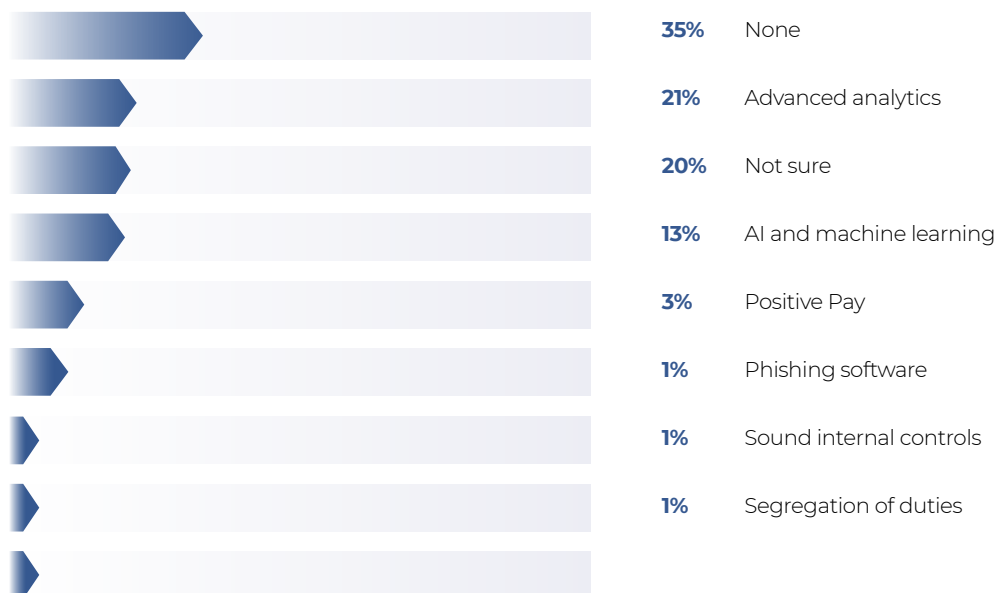**Our findings show that many teams could do more with fraud awareness training.**
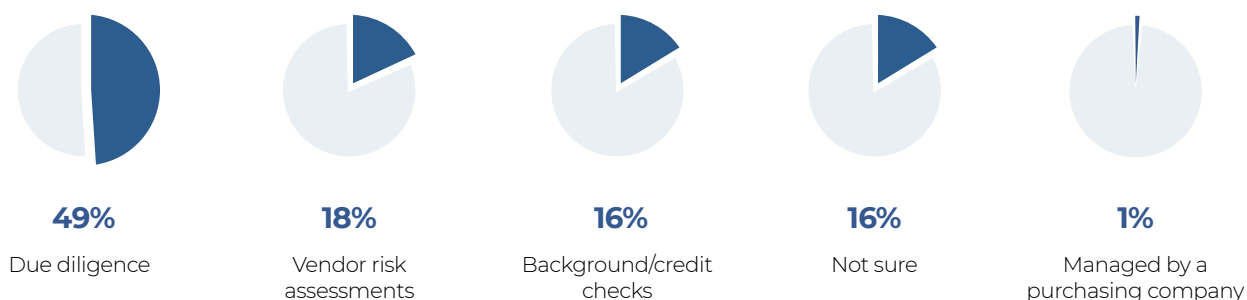
PRO TIP
Invest in your team and offer training and certification in fraud prevention.

Which technologies or tools are you currently using to detect and prevent finance fraud?
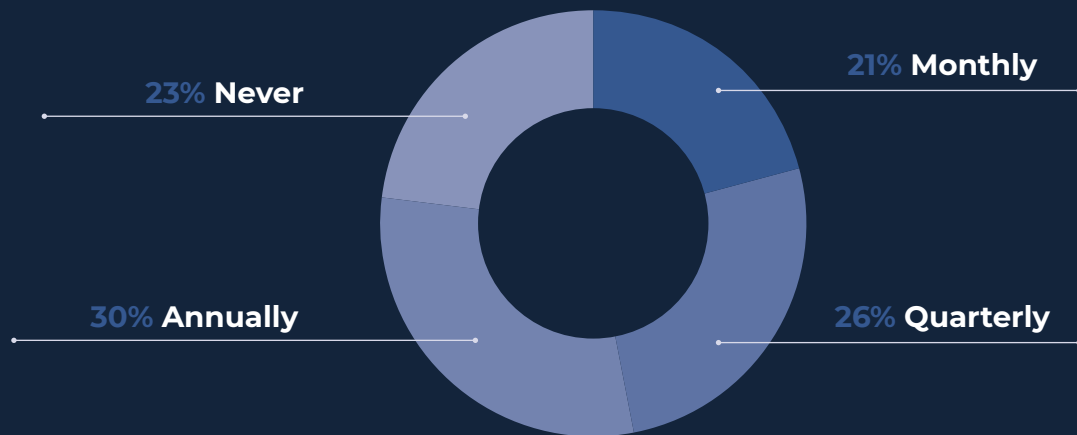
35%	None
21%	Advanced analytics
20%	Not sure
13%	AI and machine learning
3%	Positive Pay
1%	Phishing software
1%	Sound internal controls
1%	Segregation of duties

How do you evaluate and select third-party vendors and partners to ensure they do not pose a finance fraud risk?

49%
Due diligence
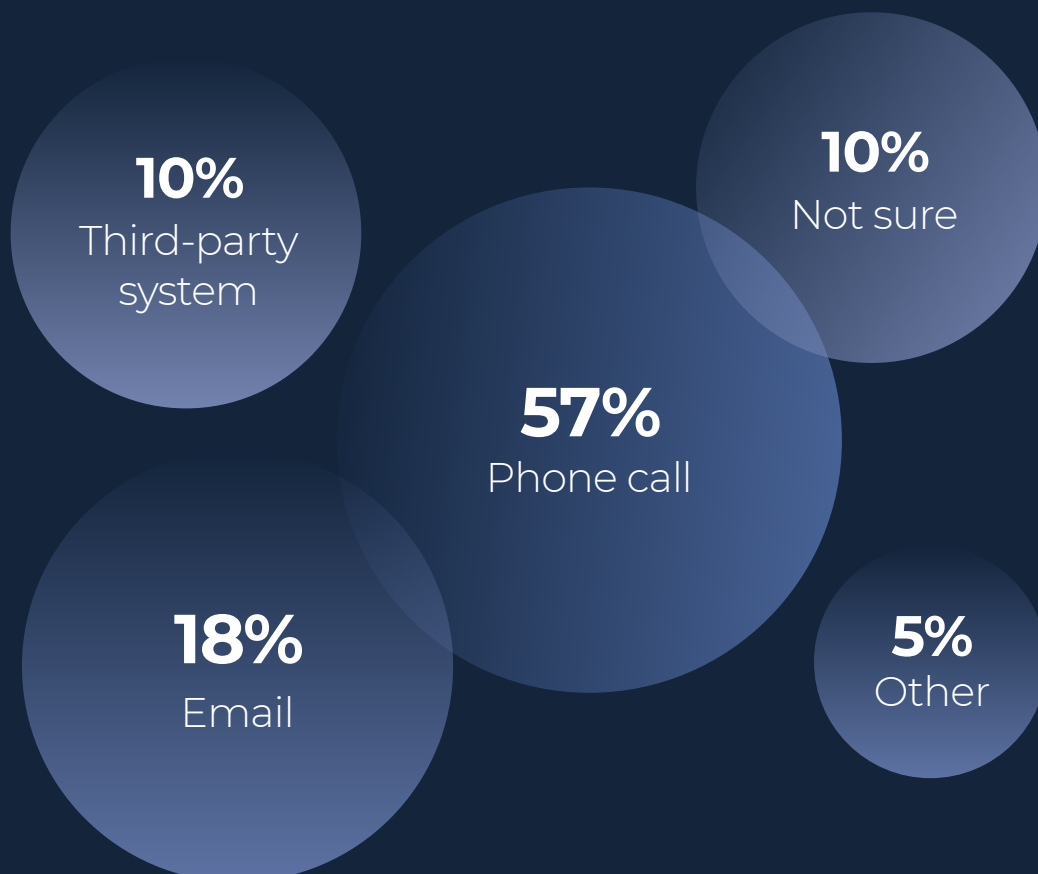
18%
Vendor risk assessments

16%
Background/credit checks

16%
Not sure

1%
Managed by a purchasing company

How often do you review the vendor/supplier masterfile data?

23% **Never**

21% **Monthly**

30% **Annually**

26% **Quarterly**

How do you validate new supplier/vendor banking details?

10%
Third-party system

10%
Not sure

57%
Phone call

18%
Email

5%
Other

How do you handle supplier/vendor banking details change requests?

%	Method
57%	Phone call
18%	Email
11%	In writing to vendor
5%	Not sure
3%	We don't
3%	Third party vendor portal / vendor management system
1%	Video call
1%	Bank
1%	DocuSign
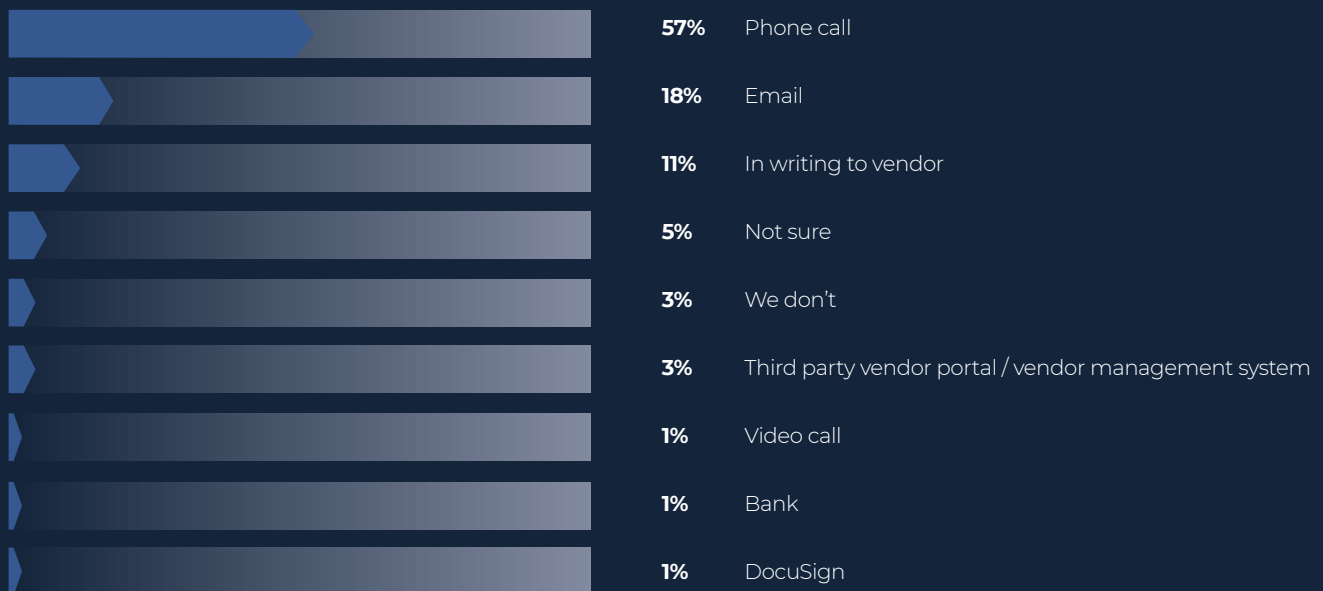
Does your company use Purchase Orders?

65% YES

35% NO
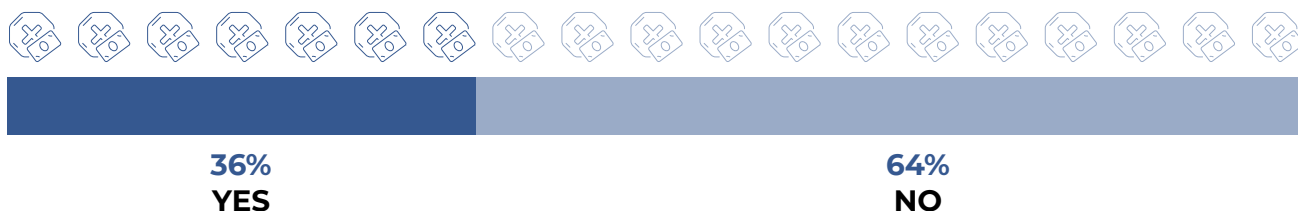
Over one-third of AP teams do not use purchase orders.

PRO TIP
By requiring POs, you adopt a structured approval process that makes it significantly more challenging for fraudulent invoices to be submitted and paid.

Does your company operate a 'No PO No Pay' policy?

36%
YES

64%
NO

How has the shift to remote work impacted the vulnerability of accounts payable processes to finance fraud?

55%
No impact

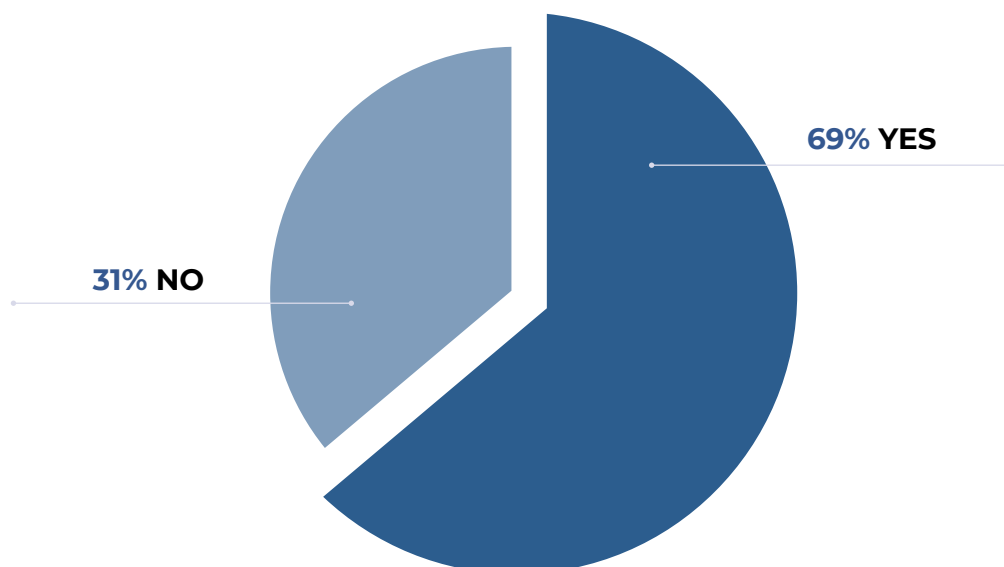**27%**
Increased vulnerability

14%
Not sure

4%
Decreased vulnerability

Do you need further training on finance fraud?

69% YES

31% NO

Routable

AP Automation that does more, *for less*

Streamline your AP process from start to finish,
all while saving 30% on transaction fees.

[Learn more]

↓ **80%**
manual payment tasks

↓ **30%**
international fees

↓ **25%**
payment reconciliation

↑ **$100K**
saved per year

Invoice #506578 1 of 3 ⌄   ■ NetSuite connected   [Delete bill] [Cancel] [Create a bill for approval]

Acme Innovation Inc

Bill to:
Genesis Electronix
4140 Parker Rd.
Allentown, New Mexico
31134

Invoice details:
PO number   #PUR00123
Date   May 10
Due date   June10
Net terms   Net 30

Item	Qty	Rate	Amount
Services April – May	25	$22.50	$562.50
Services May – June	42	$35.75	$1,501.50
Services June – July	18	$18.25	$328.75

Subtotal: $2,392.75
Tax(7.25%): $172.44
Total: $2,565.19

Notes:
Please remit funds to:
East Credit Bank
ABA:48890076
Account:0097651

Vendor
Acme Innovation Inc
W-9 on file

● Bill details ⚡ Scanned   ⌄
● PO matched   ⌄
● Payment details   ⌄
● Payable approvals   ⌄
● Schedule payment   ⌄

○ Creating a bill

Payment totals   Fees
$2,565.19 USD $3 USD   Approvers

⚡ Expenses (3)   Items (0)   Subtotal: **$2,392.75** USD   Tax: **$172.44** USD   Total: **$2,565.19** USD

Effortless invoice capture
and AI-powered bill coding

Fast & accurate mass
payments (by CSV or API)

True two-way sync with
your accounting software

routable.com

THE INSTITUTE OF FINANCIAL OPERATIONS AND LEADERSHIP

ABOUT US

Who we are
The Institute of Financial Operations and Leadership (IFOL) is an award-winning provider of education, support, and research to a global audience of Accounts Payable, Procure to Pay, Accounts Receivable, Order to Cash, and Payroll.

What we do
We provide training, certification and skills development to individuals and teams so they can grow as professionals, improve their performance and advance their careers in finance operations.

Our members
With over 30,000 active members and 7,000 students from over 14 countries who study with us each and every year, we offer over 15 courses and qualifications and help our students achieve a 99.8% first time pass rate.

Our community
Our growing online community of finance professionals are connected by mindset, not job title. Our global community is free and open to anyone. It offers resources, white papers and webinars for CPD, and the chance to network with like minded professionals.

Our events
We run a global conference programme for our community and beyond, with annual events in the UK, US and Canada, designed for Finance Change Makers.

Our promise
"In an ever-changing environment, IFOL helps driven and dynamic finance operations professionals be more effective through industry-leading education, research, and training and development.

THANKS TO OUR SPONSOR

Routable

Routable automates Accounts Payable with invoice capture and processing, flexible payment options, and seamless vendor management - reducing manual payment tasks by 80%. The platform eliminates compliance headaches through detailed audit trails, role-based access, and vendor risk checks. All with an average savings of 30%. AP Automation, solved.

Contact Us

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