



Money, morals and motives

An exploratory study into why bank managers and employees commit fraud at work

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Abstract

Purpose – The purpose of this paper is to look in more depth at what motivates bank managers and bank employees to commit fraudulent offences at work.

Design/methodology/approach – This exploratory study adopts both quantitative and qualitative methods to better comprehend what motivates bank managers and employees to commit fraud at work. Evidence is taken from a sample of 64 cases of fraud from the UK financial sector. The sample cases were then subdivided in relation to the occupational status of the offender and classified based on the motives of the offender.

Findings – The research findings from this study indicate that, as with other sorts of white-collar crimes, financial pressures play a hugely significant role in motivating bank employees and managers to commit fraudulent offences at work. However, the nature of these financial pressures appears to differ significantly depending on what role the offender occupies within the bank. Thus, for cashiers and those in lower positions, personal pressures generally act as the motive, whereas for more senior management offenders, personal financial considerations tend to come second to those of the organisation as a whole.

Research limitations/implications – The preliminary findings from this paper emphasises that there is a need for more research to be conducted on occupational fraud in the financial sector as to better understand what motivates insiders in the banking profession to commit financial fraud and other criminal offences.

Practical implications – This paper will help accountants and financial regulators to better understand what motivates those in the financial sector to commit fraudulent offences at work. This, in turn, will enable them to better assess fraud risks and establish improved preventive and detective measures.

Originality/value – The paper fills a gap in the fraud literature by providing an in-depth study that focuses exclusively on what motivates those inside the financial sector to commit fraudulent offences at work.

Keywords Finance, UK, Banking, Fraud, White-collar crime

Paper type Research paper

1. Introduction

Given the fact that so much money passes daily through their accounts, it is imperative that banks do all that they can to protect against the risk of internal financial fraud. In addition, because they essentially act as guardians for other people's money, it is also

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hugely important that they remain vigilant against internal corruption so as to maintain a public appearance of integrity and trustworthiness. Traditionally, the most common tactic that has been used to protect against the threat of management and employee fraud in the financial sector has been to focus on improving internal controls and checks so as to reduce the opportunities for fraudulent behaviour at work. Typical measures in this respect have included: task rotation, improved internal communication, independent checks, segregation of duties and enhanced systems of authorisations (Beasley *et al.*, 2000; Wells, 2004). Yet, as recent scandals such as those involving the rigging of the London Interbank Offered Rate (Libor) have so clearly highlighted, many bank managers and employees have proved to be very adept at finding ways to bypass these sorts of internal checks. As a result, renewed calls have been made – not just in the financial sector but also across a range of professions – for greater efforts to be made to combat fraudulent behaviour in the workplace (Levi *et al.*, 2007; Murphy and Dacin, 2011).

Amongst the many suggestions that have been forwarded to tackle occupational fraud has been the need for more detailed research to be conducted into understanding the factors that motivate workers and other insiders to commit such crimes (Albrecht, 2012; Pan *et al.*, 2011; Wells, 2001). Surprisingly, this is an area that has received almost no attention from those who have written about occupational fraud in the financial sector. Indeed, what little that has been written on the subject of fraud motivation in the workplace has tended to treat the figure of the worker as a unitary one, with little attempt made to distinguish between different professions (Kapardis and Krambia-Kapardis, 2004). This paper seeks to go some way towards redressing this analytical imbalance by providing an in-depth, exploratory look at the factors that have motivated managers and employees in the British financial sector to commit fraudulent offences at work. Amongst the key questions that it will endeavour to answer is the issue of whether or not the factors that motivate bank managers and employees to commit fraudulent offences at work are the same as those that motivate workers in other sectors. In addition, this paper will also consider whether or not the motivating factors differ according to occupational status and whether there is a need for auditors and regulators to distinguish between senior-level bank employees and lower-level ones when it comes to assessing fraud risks in the financial sector.

2. Motives, incentives and perceived pressures

Before looking at what motivates bank managers and employees to commit fraudulent offences in the workplace, it is first necessary to appreciate that, regardless of their occupational status, it is extremely unlikely that any manager or employee will risk committing a fraudulent offence unless they perceive that there is actually an opportunity to do so (Albrecht, 2012). More often than not, such opportunities take the form of situations in which the individual believes, rightly or wrongly, that they will be able to conceal their misdemeanours and, thus, avoid being punished (Murphy and Dacin, 2011). In addition, it is also highly unlikely that a bank manager or employee will commit a fraudulent offence unless they have found some way to justify or rationalise such behaviour either to themselves or to those around them (Ashforth and Anand, 2003; Murphy, 2012). In other words, therefore, it is not enough just for a bank manager or employee to have an incentive or motive to commit a fraudulent act, they also have to

perceive that an opportunity for fraud exists and they must be able to rationalise such actions to themselves and to others (Dellaportas, 2013; Ilter, 2009).

From a theoretical perspective, these three factors – opportunities, motives/incentives and rationalisations – form what is commonly referred to as the “fraud triangle” (Figure 1).

This conceptual tool, first outlined by Cressey (1952) in his research on occupational crime, has gained in popularity in recent years and is now widely used by auditors and regulators to assess fraud risks in institutional settings (Gottschalk, 2010; Kassem and Higson, 2012). Yet, despite the fact that the three elements in the triangle are widely recognised as being interdependent of one another, most of the research that has been conducted on fraud prevention using this framework has tended to be heavily focused on just one aspect of the triangle: opportunity. From a practical perspective, this is perhaps understandable, as it is invariably easier for companies to make amendments to organisational structures and internal procedures than it is to deal with the complex and potentially uncomfortable personal and ideological factors associated with both fraud motivation and fraud rationalisation (Albrecht, 2012). Nevertheless, negating motivations and rationalisations in assessment of fraud risks is problematical for two key reasons. First, it places the entire burden for fraud detection and prevention on the various internal control systems and other regulatory checks that have been put in place by banks and regulators in recent years. This is, of course, not an issue so long as these internal checks are functioning effectively, but, as recent large-scale examples of occupational fraud have clearly demonstrated, it does become an issue if or when insiders find ways to bypass such checks. Second, focusing only on opportunities for fraudulent behaviour overlooks the fact that, even in the most seemingly inviting situations, some workers will opt to commit a fraudulent act whilst others will not (Kapardis and Krambia-Kapardis, 2004). Clearly, without proper knowledge or understanding of the factors that motivate people to commit occupational fraud, it becomes much more difficult to accurately predict how different people will respond to different perceived fraud opportunities in the workplace, which, in turn, makes it much harder to carry out effective fraud risk assessments.

For the purposes of this paper, a fraud motive is understood as an incentive or (perceived) pressure that provides a reason for an individual to commit fraud (Murphy and Dacin, 2011, p. 604). Although, in theory, the range of factors that could potentially fulfil this criterion is vast, the limited research that has been done in this area indicates that, in practice, the sorts of things that provide the pressures or incentives for individuals to commit fraudulent offences actually tend to fall into a fairly limited number of categories. As Table I outlines, these commonly identified pressures can be

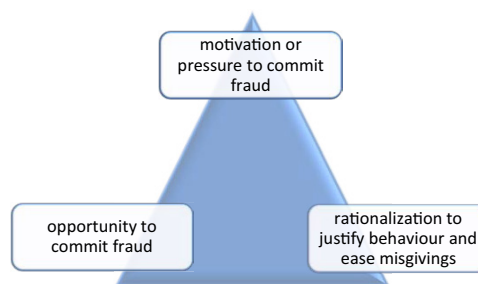


Figure 1.
The fraud triangle

appropriately classified as being either financial or non-financial in origin (Albrecht *et al.*, 2008; Kassem and Higson, 2012).

Without doubt, the most commonly reported of these incentives/pressures are the ones that fall under the financial label (Coleman, 1992; Jones, 2011). For instance, according to a detailed study by KPMG of fraud in Australia and New Zealand (2008), the main motivating factors for those involved in fraud were gambling, lifestyle and personal debt. Similar findings were recorded by Albrecht (2012), who noted that the six most common perceived pressures associated with fraud were: greed, living beyond one's means, high bills or personal debt, poor credit, personal financial loss and unexpected financial needs. In addition, it has also been noted that in cases of occupational fraud (as opposed to cases of fraud more generally), there may be additional financial incentives to commit fraud, such as the chance to achieve an increased salary or the opportunity of earning bonus-related pay (Jones, 2011). Finally, it has also been pointed out that directors and senior management with large share holdings in their firms have a financial incentive to commit fraudulent acts that artificially inflate the value of their company on the stock market (Brennan and McGrath, 2007).

As the last two examples highlight, however, one of the main issues with much of the current literature on fraud motivation is that, often, little attempt is made to distinguish between those in low-level occupational positions and those in more senior management roles. Likewise, cases in which individuals' commit fraud against their own employees and those in which the fraud is committed against an external firm are also often lumped together. This, naturally, makes it very difficult to identify differences in motivations between different groups of offenders (Kapardis and Krambia-Kapardis, 2004; Wheeler *et al.*, 1988). In addition, most studies of fraud motivation also fail to distinguish between workers in different professions (Dellaportas, 2013). Again, this makes it extremely difficult to ascertain whether or not there are differences in motivations between different occupational groups. This paper seeks to redress some of these issues by providing an in-depth look at the different factors that have motivated managers and employees in the British financial sector to commit fraudulent offences at work and then assessing how these compare to the factors that have motivated workers in other professions.

Pressures	Financial	Non-financial
Personal	Personal debt or poor credit Gambling addiction Unexpected financial loss/need Alcohol/drugs	Greed or egotism Lack of personal discipline Boredom/need for a challenge
Work-related	Low salary Shareholding interest Company losses Performance-related incentives	Fear of losing job Feeling undervalued Job dissatisfaction
External	Threat/competition to business Market expectations Family/friend needs	Desire to maintain power and control Need to create an illusion of success Social and political pressures

Table I.
Commonly identified
perceived pressures in
fraud cases

3. Methodology and approach

The case material used in this study was collected over a number of months as part of an ongoing research project into the evolution of corporate crime in the UK financial sector between 1900 and 2000. The criteria used for selecting a case for inclusion in this particular paper were as follows:

- the offender had been officially charged and convicted of committing a fraudulent offence in an English criminal court[1];
- the offender was a salaried employee or officer of a UK bank or equivalent financial institution[2];
- the fraudulent offence under investigation had been committed in the course of the offender’s line of work within their bank[3];
- sufficient information was available to be able to accurately establish how the offence was committed;
- sufficient information was available with regards to the individual’s role and status within the organisation;
- sufficient information was available to be able to ascertain why the offence was committed; and
- during the case, reference was made, either by the defence or the prosecution, to the offender’s personal circumstances outside the bank.

In total, these selection criteria produced a sample containing 64 separate cases. As Table II shows, a large proportion of the cases included in this sample took place either at the start of the twentieth century or towards the end. This skewed distribution can most likely be explained by the fact that, between 1920 and 1970, the UK financial sector enjoyed a period of unparalleled financial stability, free from the sorts of panics and market downturns that characterised the earlier and latter years of the century (Mollan and Michie, 2011). In addition, it should also be borne in mind that during this period, the number of firms in the UK financial sector also declined dramatically as the so-called “big five” banks consolidated their position at the top of the market (Matthews *et al.*, 2007).

In terms of the occupational status of the offenders included in this sample, the distribution was fairly even (Table III).

Table II.
Distribution of cases

Period	Number of cases	Percentage
1900-1924	32	50
1925-1949	7	10.9
1950-1974	7	10.9
1975-2000	18	28.1

Table III.
Distribution of offenders
by occupational status

Occupational status	Frequency	Percentage
Low-level or junior	21	32.8
Technical or mid-management	19	29.7
Senior management or executive	24	37.5

For the purposes of this study, and in line with the methods used in other comparable studies (Jones and McMillan, 2001), a low-level or junior position was defined as one in which the employee fulfilled a basic administrative task and/or one in which they had no supervisory duties over other workers. The most common roles in this category were those of cashier and clerk. By contrast, a technical or mid-management position was taken to be one in which the employee had responsibility for the carrying out and overseeing of some technical duty and/or in which they were responsible for supervising other employees. The most common roles in this category were those of the branch manager, secretary and accountant. Finally, a senior management or executive position was considered to be one in which the individual had, in theory at least, a considerable degree of control over the overall business strategy and management of the bank. This category included both general managers and bank directors.

In accordance with the methodological approach suggested by Sekaran and Bougie (2009), a simple categorisation system was adopted so as to assist in the analysis of what motivated the various offenders to commit fraudulent offences. From an analytical perspective, and given the fact that that it had been adopted by almost every other study in this area (Jones, 2011), the basic categorisation framework outlined in Table I was deemed to be the most appropriate for subdividing the cases in this sample. Thus, the six categories chosen were:

- (1) personal financial pressures;
- (2) work-related financial pressures;
- (3) external financial pressures;
- (4) personal non-financial pressures;
- (5) work-related non-financial pressures; and
- (6) external non-financial pressures.

So as to militate against researcher subjectivity, and given that this research is focused on *perceived* pressures and incentives, each of the cases was categorised according to which of the abovementioned pressures or incentives, the chief offender (and to a lesser extent the representatives and judiciary in the respective trials) identified as being the main motivating factor in the respective offence. In the few cases where more than one of the motivating factors listed in Table I were mentioned, judgement was again made in relation to the statements made by the main offender, with the categorisation decision being based on the pressure or incentive that they perceived to be the most important motivating factor in the respective case[4].

Owing to the fact that there was no single codified offence of fraud in the UK prior to the passing of the 2006 Fraud Act (Smith *et al.*, 2011), it was decided to adhere to the definition of fraud outlined in Stephen's (1973) *History of the Criminal Law of England* (1973, p. 121).

"Whenever the words 'fraud' and 'intent to defraud', or 'fraudulently' occur in the definition of a crime two elements at least are essential to the commission of the crime: first, deceit or an intention to deceive or, in some cases, mere secrecy; and second either actual injury or an intent to expose some person either to actual injury or to risk of possible injury by means of that deceit or secrecy."

In practical terms, the finance-related offences that were most commonly considered by the courts to fall within the remit of this definition during the twentieth century were embezzlement, false accounting, printing and distributing false or misleading prospectuses, misappropriation of funds, insider trading and forgery of documents or bills of exchange (Robb, 2002). Indeed, in all the cases featured in this study, at least one of the abovementioned offences had been committed by the offender.

Lastly, given the complex nature of occupational fraud, as well as the problems involved in assessing what motivates insiders to commit fraudulent offences, it was decided to supplement these findings with relevant qualitative insights and examples from the cases in the sample. Such an approach was deemed to be especially suitable for an exploratory study such as this, where the overriding aim is to advance knowledge in this field and, ultimately, allow for a deeper understanding of the various factors that motivate bank managers and employees to commit fraudulent offences at work (Sekaran and Bougie, 2009). The range of sources from which this supplementary evidence was obtained from included newspaper reports, contemporary articles, personal archives and government reports – all of which are available to view through publicly accessible archives and data sources.

4. Analysis of results

Table IV provides a frequency table outlining the distribution of the results collected from this exploratory investigation. As can be seen, the most common motivating factors across the whole sample were those associated with non-financial personal pressures and incentives (28.13 per cent), closely followed by financial personal pressures (21.88 per cent), work-related financial pressures (20.31 per cent) and external financial pressures (20.31 per cent). The least common of the motivating factors were those associated with non-financial work-related pressures (1.56 per cent).

As Figure 2 illustrates, the majority of the offences in this sample were motivated by financial factors. This was the case across all three of the occupational subgroups, with financial pressures or incentives acting as the main motive in 57 per cent of the cases involving lower-level staff, 63 per cent of the cases involving mid-management and 67 per cent of the cases involving senior management. Whilst these proportions may not be as high as those recorded in other comparable studies (Albrecht, 2012), they are consistent with the general observation that the main motives for committing fraud at work tend to be financial in origin (Jones, 2011).

In terms of the origins of the different motives in this sample, the most common sort of perceived pressures were those that were related to the personal circumstances of the offender (50 per cent). By contrast, work-related pressures accounted for only 22 per cent

Table IV.
Overview of the different
motivations of employees
in the financial sector

	Senior management	Mid-management	Lower-level staff
<i>Financially motivated</i>			
Personal	1	4	9
Work	9	3	1
External	6	5	2
<i>Non-financially motivated</i>			
Personal	3	7	8
Work	0	0	1
External	5	0	0

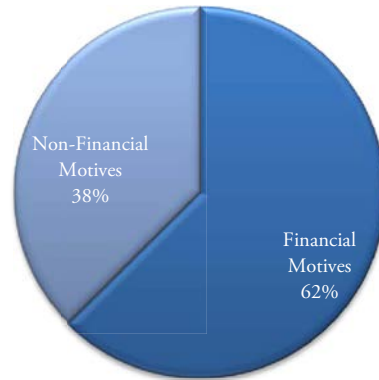


Figure 2.
Financial vs non-financial
motives

of the sample, whilst external pressures made up the remaining 28 per cent. However, as [Figure 3](#) illustrates, these results were not evenly distributed across the three occupational subgroups. For instance, of the cases that were motivated by personal pressures, over half (53.13 per cent) involved workers from lower-level or junior positions, with just 12.5 per cent of the sample featuring individuals in senior management roles. By contrast, 61.11 per cent of the cases that were motivated by external pressures involved senior management figures, with those in lower-level or junior roles comprising just 11.11 per cent of the total.

To make better sense of these trends, it was deemed helpful to divide the analysis into three separate sections, each focusing in more detail on the different sorts of motivating factors that influenced the individuals in each of the occupational groupings.

4.1 Low-level and junior employees' fraud

As [Figure 4](#) clearly illustrates, personal pressures and incentives were by far and away the most prevalent motivating factors in fraud cases involving workers in junior and

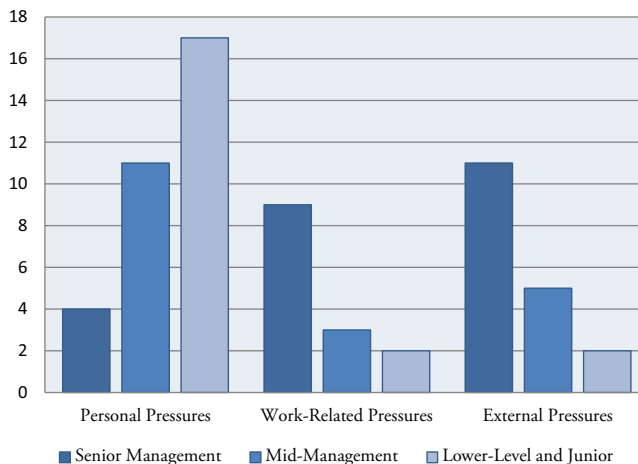


Figure 3.
Distribution of pressures
by occupational subgroup

Figure 4.
Pressures affecting
lower-level and junior
workers



low-paid jobs in the UK financial sector. In many cases, the motive to commit fraud was based on some sort of personal financial pressure; indeed, in 9 of the 21 cases in the subcategory, pressure to pay off debts and/or the need to find more money to support a gambling habit acted as the main motivating factor. A typical example in this respect is that of the Liverpool Bank clerk, Thomas Peterson Goudie, who embezzled approximately £170,000 during the 1900s by writing out false cheques using forged customers' signatures so as to pay off debts he had accrued with bookmakers at the local racecourse. From a conceptual perspective, financial pressures such as this very much fall into the category of what [Cressey \(1953\)](#) first labelled as "non-shareable problems", in the sense that the individuals involved either feel unable or unwilling to divulge their personal problems with friends or colleagues. This desire to avoid shame often creates an incentive to commit fraud in that it encourages these individuals to look for alternate and secretive solutions to their financial difficulties ([Dellaportas, 2013](#)).

Nevertheless, not all of the lower-level employees in this subgroup who committed fraud at work were motivated by personal financial pressures; some, such as the Abbey National cashier who embezzled £23,000 from customers' accounts to pay for her "dream wedding", were clearly motivated by greed and/or a lack of personal discipline. Alternatively, in two of the cases in this subgroup, the offenders were motivated by a desire to provide poorer friends and family with extra money. In a more general sense, examples such as this serve to confirm that, even for those on comparatively low wages, occupational fraud can still be motivated by external factors as well as personal considerations ([Lister, 2007](#)).

4.2 Mid-management fraud

Generally, the sums of money involved in this occupational subgroup were far larger than those in the cases involving lower-level staff and junior employees, with losses regularly registering in thousands of pounds. Again, though, a desire to gain some form of financial gain proved to be a major motivating factor for most of the offenders in this occupational subgroup. One key difference with the cases in this group, however, was that, by comparison with the cases in the junior and low-level staff category, the perceived financial pressures tended to be much more external in the sense that they were far less directly linked to the personal finances of the offender ([Lister, 2007](#)). Indeed, in 5 of the 19 cases in this occupation subgroup, the offenders' motivation for achieving

immediate financial gain was to provide assistance to a friend, relative or business associate in financial difficulty. This is no doubt at least partly reflective of the greater financial security that employees in this subgroup would have enjoyed as a result of their higher wages. In addition, it is also evident that the sorts of occupational roles held by the offenders in this subcategory opened up a range of opportunities to commit fraud that were simply not available to those in lower-level positions (Dellaportas, 2013). Most notable, in this respect were the increased opportunities that were available for branch managers to obtain substantial financial “kickbacks” in return for providing customers and clients with generous or unsecured loans (Figure 5).

Nevertheless, as Figure 3 indicates, a significant proportion of the offenders in this subgroup were motivated by non-financial factors. Perhaps the most titillating example in this respect was the case of the 61-year-old manager of the West Hove branch of the Midland Bank who provided a series of unauthorised loans to customers in return for various sexual favours. Whilst examples such as this may be relatively unusual, they do still serve as a reminder of the fact that, even in situations where individuals have no immediate or pressing financial needs, there are still a large number of potential non-financial incentives that might provide a motive for fraud to occur in the workplace (Albrecht *et al.*, 2008).

4.3 Senior management fraud

By comparison with the other two occupational subgroups, personal pressures and incentives were far less important for those in senior management and executive roles. Nevertheless, this did not mean that the sorts of personal financial pressures and vices commonly associated with fraudulent and white-collar crimes were completely absent from the list of cases in this group. To take one example, in 1977, it was discovered that the Chairman of the Gray’s Building Society had been embezzling approximately £1,250 per-week through a “special share” account so that he could support his extravagant gambling habits (Figure 6).

However, as Figure 4 illustrates, such personally orientated offences were generally far less common amongst the senior managers and directors featured in this sample. Instead, the individuals in this subgroup tended to be much more motivated by a variety of different external and work-related pressures, such as threats to the stability of their company or market expectations. In fact, more often than not, rather than being



Figure 5.
Pressures affecting
mid-management

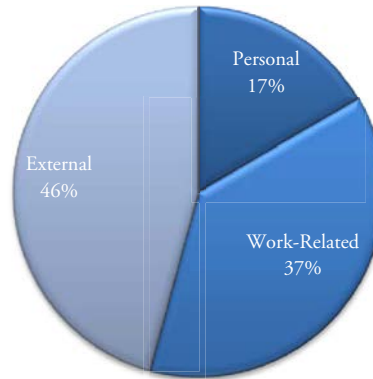


Figure 6.
Pressures affecting senior
management

extracted from the accounts of their organisations, the proceeds of their fraudulent offences were actually directed back towards bolstering the finances of the companies that they both worked for and represented (even in cases where the individual had little of their personal wealth tied up with the organisation). Such overt concern with the financial health of the organisations suggests a certain level of work-related emotional attachment and loyalty to the firm, which was seemingly lacking amongst the lower-level employees and junior workers (Gottschalk, 2010). In addition, it is also evident that the so-called “political” or “social” pressures (Kassem and Higson, 2012), particularly the fear of appearing to fail, also played a far more important role in the fraud cases within this occupational subgroup. Indeed, in two of the cases in this subgroup, the offenders actually invested and lost substantial sums of their own money in the course of their efforts to fraudulently conceal losses made on bad loans. From a regulatory point of view, cases such as these are important because they serve as a warning of the fact that, in a select few instances, individual offenders can and do value success not only over honesty and integrity but also over and above personal financial considerations (Albrecht, 2012).

5. Discussion

Before considering the wider implications of the findings obtained from this exploratory research, it is first necessary to re-emphasise that the sample used in this study was in no way meant to be a comprehensive survey of every case of occupational fraud in the British financial sector during the twentieth century. Clearly, there are a large number of cases that have not been included in this study, either because the necessary information about the motives and methods of the offender was not available or because such information has not yet been uncovered by the author. In addition, it should also be borne in mind that conducting any sort of research on occupational fraud is invariably going to be challenging, given that it is impossible to know for sure how many acts of fraud in the workplace go undetected (Dellaportas, 2013) and owing to the fact that many companies prefer to deal with fraudulent offences in-house for fear of the damage that public trials might do to their professional reputation (Brennan and McGrath, 2007).

In addition, certain caveats must be made with regards to the research methodology used in this paper. First, as this exploratory study was primarily concerned with looking at what motivates individual employees and insiders to commit fraud, the sort of factors

and pressures that give rise to organisation-wide corruption were not considered at length in this study. Evidently, though, some companies have far less “ethical work climates” (Victor and Cullen, 1988) than others, and this can, in turn, create potential social and collective incentives for the carrying out of fraudulent crimes (Den Nieuwenboer and Kaptein, 2008). Second, it must be borne in mind that, given the nature of the financial industry, the range of opportunities available for the carrying-out of fraudulent crimes is evidently not the same across the three occupational subgroups[5]. For instance, it is invariably far easier for a bank manager or director to fraudulently alter a bank’s prospectus than it is for a cashier or clerk in that company to carry out the same offence. Alternatively, it is far easier for a cashier to steal money directly out of the till than it is for a director on the board to commit the same offence. Clearly, differences in opportunities such as these have the potential to significantly affect the amount of money that an individual worker is able to embezzle or misappropriate. As such, it is vital that regulators and authorities keep such differences in mind whenever general fraud risk levels are assessed within an organisational setting (Lister, 2007; Vona, 2008).

For the purposes of this study, however, the overriding aim was not to compare and contrast the different types of opportunities for fraudulent misconduct that individual employees and insiders within the UK financial sector perceived to be open to them, but, rather, to look at the sorts of personal, external and work-related factors that provided them with the motivation to seek out such (perceived) opportunities in the first place. In this sense, a number of potentially significant differences were observable between the three different occupational subgroups identified in this study. First, it was apparent that, for those working at the lower levels of the financial sector hierarchy, personal pressures and incentives tended to provide the chief motivating factors for committing fraud at work. Common pressures in this sense were large personal debts and destructive gambling habits. By contrast, offenders employed in mid-management or senior positions were, generally, far less likely to be motivated by personal pressures. Instead, external and work-related incentives (such as a desire to help out family/friends in financial distress or the need to satisfy shareholders’ expectations) proved to be far more important for individual offenders at this level of the employment hierarchy. Indeed, in a significant portion of the cases involving individuals from senior and executive positions, personal financial considerations actually appeared to come second to those of the organisation as a whole. Lastly, it is also perhaps worth noting that, despite the media’s fondness for sensational stories about fraudsters living “lavish lifestyles” (Levi, 2001), relatively few of the offenders in this sample actually used the profits obtained from their crimes for the purchasing of expensive luxuries. Instead, most of the money obtained from the fraudulent offences in this sample was redirected towards paying off debts, providing assistance to friends or family in need or supporting struggling business enterprises.

From both a practical and conceptual bases, there are a number of potential explanations for these findings. On the one hand, it is possible to apply a rational choice perspective (Clarke and Felson, 2004; Lyman and Potter, 2007) to the crimes in this study and suggest that the reason why the lower-level offenders in this sample tended to be motivated more by personal pressures was simply down to the fact that they invariably earned far less than those higher up the employment hierarchy. From a cost-benefit

point of view, this would thus have provided them with a far greater incentive to seek additional income sources. In addition, employees at this level would likely also have far smaller personal capital reserves and would thus be far more vulnerable to the threat of a sudden financial loss or need.

At the same time, one could also argue that from a rational choice perspective, senior management figures – owing to the fact that their wages and professional reputations tend to be more directly linked to organisational performance – also have more incentives to commit fraud on behalf of their firm than those further down the employment hierarchy (Brennan and McGrath, 2007). Similarly, research into organisational commitment has shown that the length of tenure with an organisation is positively correlated with affective commitment (Dixit and Bhati, 2012; Meyer *et al.*, 2002). Thus, it is to be expected that long-serving mid-management and senior management figures would be more likely to commit fraud on behalf of the organisations they work for. Finally, it is also possible to adopt a more psychological perspective to the findings in this study and interpret the greater concern shown by the more senior management figures in this sample towards external and work-related factors as an indication of their greater propensity to seek ego-gratification and exert control over others (Duffield and Grabosky, 2001; Hollow, 2014; Wheeler *et al.*, 1988). Such a reading would be consistent with the theoretical positions adopted by Hiller and Hambrick (2005), Owen (2008) and Petit and Bollaert (2012), who have all suggested that those at the top levels of organisational hierarchies are far more susceptible to narcissistic or hubristic tendencies than those in lower-level positions.

Finally, from a broader regulatory perspective, the findings from this study also seem to indicate that the sorts of factors that act as motives for the carrying out of fraud in the financial sector are, in most cases, not that dissimilar to the factors that act as motives in other industries and employment sectors. Most noteworthy in this sense was the extent to which financial pressures – be it personal, external or work-related – acted as the main motivating factor for the fraudulent offences featured in this sample. Such findings chime closely with those observed in other comparable studies, suggesting that, regardless of the employment sector, the incentive of obtaining a financial gain generally acts as the main motivating factor in cases of occupational fraud (Albrecht, 2012; Brennan and McGrath, 2007; Coleman, 1992; Wells, 2001). In addition, it was also notable how prominently lifestyle vices such as gambling featured in the cases in this sample, particularly amongst those involving lower-level and junior employees. Again, findings such as this accord closely with those obtained from other comparable studies (Albrecht *et al.*, 2008; KPMG, 2008). From a regulatory perspective, these apparent similarities across the professions can also be seen to lend support to the idea of increasing and improving cross-agency collaboration in the monitoring of fraud risks in the workplace (Cole, 2009). Indeed, as the differences observed in this study between those in low-level positions and those in senior-level positions indicate, it would likely be of more benefit if future research in this area was focused instead on looking at whether or not motivations for committing fraudulent offences in the workplace differ according to occupational status more generally.

6. Conclusion

As outlined at the start of this paper, the findings outlined in this study should be seen as preliminary rather than definitive. In addition, it is important to note, that given the

limited amount of research that has been done on occupational fraud in the financial sector, there remains a great deal of scope for further research in this area. Bearing such caveats in mind, however, there are a number of useful points that can be taken from this exploratory study. Most obviously, it appears that the sorts of pressures and incentives that motivate insiders and employees in the financial sector to commit fraudulent crimes actually differ little from those observed amongst other groups of workers. Nevertheless, there was a strong evidence to suggest that, within the financial sector itself, the sort of factors that act as motives for the carrying out of fraudulent offences in the workplace did differ significantly between those in lower-level roles and those in more senior positions. In general terms, the main difference in this respect was that although those lower down the employment hierarchy tended to be motivated by personal pressures, those higher up the hierarchy tended to be much more motivated by external or work-related pressures. In addition, whilst the profits obtained from the fraudulent offences committed by lower-level bank employees tended to extract money away from the organisation, the fraudulent offences committed by those in more senior figures tended to inflate (either directly or via deceptive means) the profits of their respective banks.

From a regulatory perspective, findings such as these can be seen to lend support to the notion that to effectively detect and prevent occupational fraud in the financial sector, it is necessary to understand not only the processes and methods through which fraudulent behaviour occurs but also what the underlying motives are for such misdemeanours and what can be done to militate against these (Tunley, 2011). In particular, it would be advantageous if, aside from their conventional accounting checks, auditors and regulators were also encouraged to pay attention to what goes on *outside* the account books, especially with regards to the wider organisational cultures within which employees worked (Wells, 2001). Likewise, it would also be beneficial if more holistic systems were in place that those allowed for the earlier identification of employees with potentially damaging gambling habits or high levels of personal debt (Jones, 2011). Whilst such measures may not be as cost-effective or as easy to implement as those that focus on reducing opportunities for committing occupational fraud (Dellaportas, 2013), they nonetheless could help to significantly reduce the risk of occupational fraud within the financial sector.

Notes

1. Owing to the differences in English and Scottish law (Smith *et al.*, 2011), it was decided not to include cases dealt within the Scottish legal system in this study.
2. Given the heterogeneous nature of the British financial sector, it was decided to include building societies, insurance brokers and savings banks within the sample, as for almost all of the twentieth century, they competed alongside and fulfilled many of the same sorts of deposit-taking functions as banks (Mollan and Michie, 2011).
3. Owing to the fact that there was no single codified offence of fraud in the UK prior to the passing of the 2006 Fraud Act (Smith *et al.*, 2011), all of the offenders featured in this study had to be technically charged under one of, or a combination of, the following offences: deception, conspiracy to defraud or fraudulent trading.
4. As stated previously, only those cases in which sufficient evidence was available as to why the offence was committed were included in this study, which naturally produced a sample in which those cases where the motives of the offender were murky or unclear were not included.

5. Despite these differences, however, it is clear that the financial sector, thanks largely to the fact that so much of its business revolves around the constant transferring of money from one account to another, does still present a far wider range of opportunities for individual workers of all levels to commit fraudulent offences than in many other industries (Coleman, 1992).

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