



Why People Commit Financial Crime

Introduction

Financial crime is an important challenge in South Africa, affecting the public, government institutions, and business owners. It is a growing and increasingly complex problem that we continue to face which carries serious social and economic consequences.

These consequences are often linked to broad criminal activities such as fraud, human trafficking, terrorism financing, and money laundering. As a result, financial institutions have a responsibility to play a critical role in combating financial crime and mitigating its impact.

Understanding criminal behaviour is essential in identifying and assessing financial crime risks within any organisation. The rapid advancement of technology has further enabled criminals to commit financial crimes remotely, across borders, and at a much faster scale.

1. Opportunity

There is no single cause or universal reason for why people commit financial crime. Different types of crimes are driven by different factors that also relate to individual motivations.

In many cases, as individuals we do weigh the decision between right and wrong. However, when an opportunity to commit financial crime presents itself, the decision often shifts towards a calculating a life where one experiences the potential benefits versus perceived risks of the crime.

For example, if an individual recognises that the opportunity to commit the crime appears low-risk and high-reward, he may rationalise his actions, believing he is unlikely to be detected or held accountable.

2. Greed

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3. Personal Revenge or Grudges

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4. Financial Pressure

White-collar crime is often associated with individuals who are educated and appear to live the stable, middle-class lifestyles. It is true that individuals involved in financial crime experience significant personal and financial pressure that is not visible to employers or colleagues.

Financial stressors such as excessive credit card debt, overdraft dependency, a possible job termination due to poor performance, or high medical expenses for themselves or family members can create a sense of urgency and desperation. In such situations, an individual may rationalise financial crime as a temporary solution to the immediate financial obligations they have. Such obligations include bond repayments, car payments or daily living expenses.

In certain cases, an individual may believe they have identified a loophole within a system and convince themselves that exploiting it for personal financial gain is justified or unlikely to be detected. This perceived opportunity, combined with intense financial pressure, increases the chances of criminal behaviour.

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