Abstract

Financial statement fraud has reached the epidemic proportion globally. Recently, financial statement fraud has dominated the corporate news causing debacle at number of companies worldwide. In the wake of failure of many organisations, there is a dire need of prevention and detection of financial statement fraud. Prevention of financial statement fraud is a measure to stop its occurrence initially whereas detection means the identification of such fraud as soon as possible. Fraud detection is required only if prevention has failed. Therefore, a continuous fraud detection mechanism should be in place because management may be unaware about the failure of prevention mechanism. In this paper we propose a data mining framework for prevention and detection of financial statement fraud.

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Index Terms

Computer Science

Information Sciences

Keywords

Data mining  predictive data mining  descriptive data mining  fraud risk reduction