



# Chamber of Commerce Economic Crime Survey 2011



In association with



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# Contents

Section	Page
1. Introduction	3
2. Background and Methodology	4
3. Executive Summary	5
4. General Findings	6
5. Impacts and Trends of Economic Crime	7
6. Methods Used To Detect and Prevent Economic Crime	8
7. The Retail Sector	9
8. Anti-Money Laundering Activities	10
9. Education and Training	12
10. Communications and Reporting	13
11. Overall Findings	15
12. Appendix A	16
13. About the Chamber and KRyS Global	33

## **Cayman Islands Chamber of Commerce**

### **Combating Economic Crime**

A report on the issues of financial fraud in Cayman resident businesses 2011

Statistics compiled by KRyS Global

## 1. Introduction

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### Message from the Cayman Islands Chamber of Commerce



**Chamber President, David Kirkaldy**

The Cayman Islands Chamber of Commerce, in partnership with KRYs Global, is pleased to present the findings of the 2011 survey on economic crime and financial fraud experienced by Cayman resident businesses.

The detailed survey, covering 50 different aspects of economic crime, was sent to Cayman Islands' businesses through the Chamber of Commerce and the results were processed by KRYs Global into the following report.

KRYs Global uses the term 'economic crime' to include asset misappropriation, bribery, cheque and credit card fraud, debit card fraud, corruption, cyber crime, identity theft (individual and corporate), insurance fraud, insolvency fraud money laundering and theft.

Economic crime is a serious and growing threat to all businesses, and one which larger businesses are particularly vulnerable. Its impact can be far reaching, tarnishing reputations and diminishing hard-earned profits. Based on the responses received respondents indicate that there has only been a slight increase in the percentage of businesses experiencing economic crime since the last survey in 2006, however, just under half of the businesses anticipate an increase in economic crime over the next three

years with physical property crime being of significant concern.

Our survey indicates that only 70.6% of businesses agree that their current crime prevention systems and strategies are sufficient. Many respondents think that much more can also be done by government, law enforcement, and industry associations to combat crime of this sort.

The Chamber has developed this survey to better understand the prevalence of economic crime within the Cayman Islands. With over one third of surveyed businesses indicating that they had been the victim of at least one instance of this sort of crime in the past year the Chamber is certain that the information garnered from this survey will prove an important benchmark for future public sector legislation. This is not an issue to be taken lightly. Neither will it go away.

We hope that the publication of this report will raise awareness of the impact of economic crime and that our findings will help businesses to introduce systems, policies and procedures to prevent and detect economic crime in the future. We would like to take this opportunity to thank all businesses that participated in the survey and the excellent work carried out by KRYs Global in this important project.

## 2. Background and Methodology

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### Background

This is the second Economic Crime Survey conducted by the Chamber of Commerce in partnership with KRyS Global. The first was released in 2006. The aim of this report is to provide a comprehensive assessment of the current nature and the impact of economic crime on businesses in the Cayman Islands whilst reviewing the trends and developments since the previous report in 2006.

Of the 205 companies sent the web-based survey, 179 companies completed it. All of these businesses are located in the Cayman Islands. 39% of these respondents were from the financial, legal and insurance sectors with a further 20% from wholesale and retail trade.

### Research Objectives

The objective of our research was to understand and explore the progression of economic crime and property crime in the Cayman Islands since the last survey performed in 2006. We sought to determine:

- Levels of economic crime;
- The types of economic crime and property crime having the greatest impact;
- Main concerns, including money laundering aspects;
- Average financial loss per business;
- The extent of detection and prevention methods; and
- Trends in economic crime.

### Collaboration

We are very pleased to partner with KRyS Global on this important survey. Their professionalism and attention to detail is second to none. The Chamber is grateful for their assistance in preparing the enclosed report statistics and findings at no cost to the Chamber. We must also thank the people who have taken the time to complete the survey and offer valuable insight into this particular type of crime.

### Methodology

Of the 205 companies sent the web-based survey 179 companies completed it. All of these businesses are located in the Cayman Islands. Of the total that responded to the 2011 survey, 39% of respondents were from the financial, legal and insurance sectors with a further 20% from wholesale and retail trade.

The survey results are presented in US dollars unless otherwise stated.

### 3. Executive Summary

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There was only a slight increase in the percentage of businesses experiencing economic crime between 2006 and 2011. 32% of respondents in 2011 stated that economic crime had a greater impact on them than in the previous year compared to 27% in 2006, with 46% (2006: 50%) of respondents expecting the threat to increase over the next three years. The results of the 2011 survey show that money laundering and embezzlement (asset misappropriation) continue to be pervasive risks. There is an increase in impact of insolvency and insurance fraud that has overtaken cheque and credit card fraud. Of the respondents, 76% believe that a networking system with the police and other prosecution agencies is a fundamental necessity for the prevention and detection of economic crime yet only 31% of businesses share information relating to fraudulent activity with neighboring / competing businesses.

In 2011, businesses were asked to respond to questions relating to property crime due to a perceived increase in recent years. It showed that 29.3% of respondents thought that physical property crime has had a greater impact on business in the current year when compared to last year. There was an increase in the use of loss-prevention measures such as human security, CCTV and alarms. The top concerns for property crime was theft and break and enter. Responses indicate they would like to see tougher penalties for offenders and have additional money spent on crime prevention and law development and social development.

The purpose of this survey is to establish both the prevalence of economic crime today and its impact on Cayman businesses, thereby raising awareness of the issue.

The key highlights from the 2011 survey are listed below:

- The main threats to Cayman businesses come from money laundering, embezzlement (asset misappropriation) and insolvency / insurance fraud.
- Identity theft, bribery and corruption are also major concerns.
- Over one third of Cayman businesses indicated they were involved in at least one instance of economic crime in the past year.
- Many businesses are still unaware of the extent of economic crime.
- Only 42.1% of boards had formal risk management training and 66.1% of Cayman businesses fully train their staff in the same.
- Only 70.6% of Cayman businesses admit their current crime prevention systems are sufficient.
- 27.1% are concerned about the potential damage to their business' reputation; and 68.8% are concerned with impact on shareholder equity.
- Just under half expect the threat of economic crime to increase over the next three years.
- Many businesses believe that the government, law enforcement and industry associations can do more to combat economic crime.
- Few businesses are prepared to share information relating to economic crime incidents.

## 4. General Findings

### Awareness and Board Responsibilities

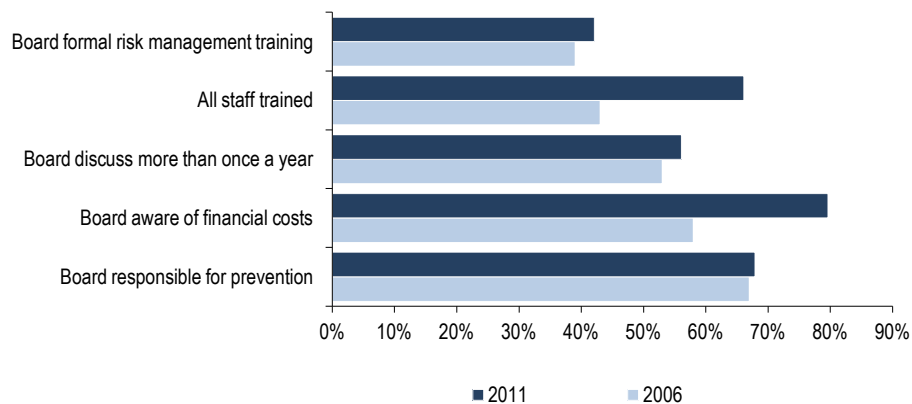
The majority of respondents, 68% (2006:68%), agreed that the Board of Directors has ultimate responsibility for managing the risks associated with economic crime, with 67% (2006:53%) indicating that economic crime was discussed at board level within the last 12 months. This increase in board discussions is a positive indicator that Cayman businesses are more aware of the impacts of economic crime.

Only 42% (2006:39%) of businesses surveyed indicated that the board had formal risk management training and 66% (2006:43%) reported having fully trained staff. The recent survey indicates that businesses have responded to the lack of formal risk management training for staff.

It would appear that formal risk management training might have been delegated below board level. Given that risk management is at the centre of combating economic crime, boards should be giving more attention to this matter.

Overall, 80% (2006:59%) of respondents admitted to having a good understanding of the financial cost of economic crime on their businesses. This data is represented in Chart 1.

CHART 1



This is a significant increase on the 2006 survey results and indicates businesses are keen to ensure everyone in a business is fully aware of legislation, likely incidents, detection and prevention measures and how to identify and deal with suspicious transactions or activity.

## 5. Impacts and Trends

### Impact of Economic Crime

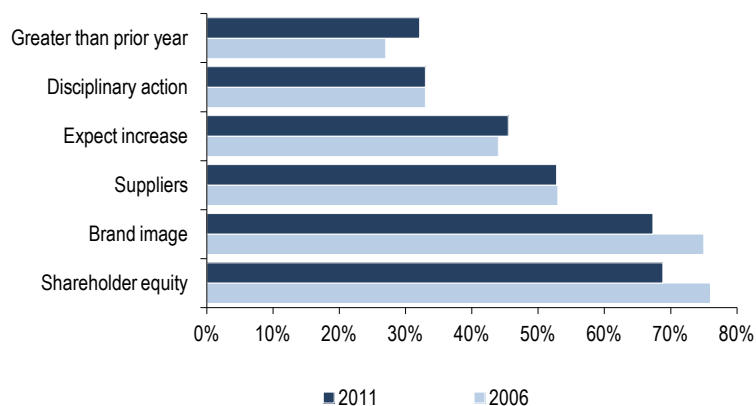
Respondents were asked to state which types of economic crime had the most impact on their business. The three most common impacts were money laundering, embezzlement (asset misappropriation) and insolvency fraud. Insurance fraud was only slightly behind.

### Trends in Economic Crime

Approximately 32% (2006:27%) of respondents stated that economic crime had a greater impact on them than in the previous year, with 46% (2006:50%) of respondents expecting the threat to increase over the next three years. One third of respondents reported taking disciplinary action against perpetrators in the past year.

Reputational aspects were questioned specifically. Overall, 53% (2006:53%) of respondents were concerned about the effect of a disclosed fraud on supplier relationships, shareholder equity 69% (2006:76%) and on brand image 67% (2006:75%) as can be seen in Chart 2.

CHART 2

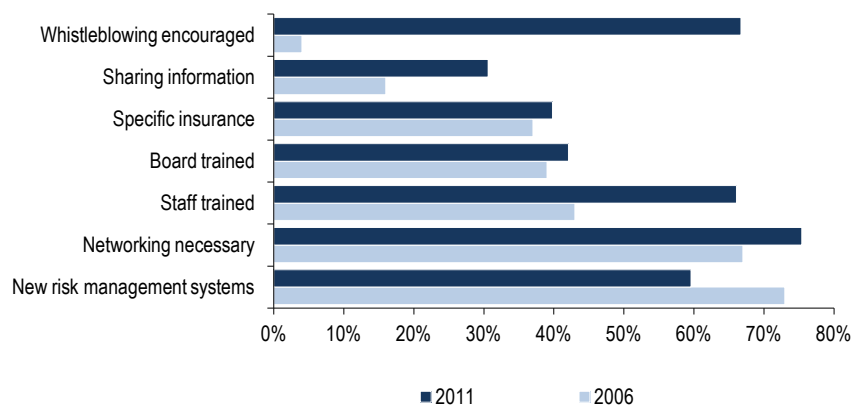




## 6. Methods Used to Detect and Prevent Economic Crime

Chart 3 shows the type of investment in anti-fraud measures by respondents in 2011, which include staff training, additional systems established in the past two years and whether businesses have taken out specific insurance against fraud loss.

**CHART 3**



### Sharing of Information

Of particular significance, and a factor that was discovered in the 2006 survey, is the reluctance on the part of the businesses to share information with or provide details of economic crime to others operating in the same industry, with only 31% of respondents indicating they would take this action.

The introduction of community policing in areas affected by crime has shown that the more information that is shared between potential victims, the less likely that the perpetrator(s) will actually carry out their crime in that area or location. This is supported by 76% of respondents having the view that a firm networking system with police and other prosecution agencies is a fundamental necessity for the prevention and detection of crime.

Industry associations exist in many areas and directors and senior executives should ensure that some form of reasonable debate on economic crime takes place on a regular basis.

### Whistle-blowing

We indicated in 2006 that staff should be encouraged to disclose information on any person(s) suspected of an economic crime against the business or its members. Simply put, the person carrying out such an act through the business impacts on the business, the Board and management, and the other members of staff. It would appear from the above responses that there has been a significant increase in businesses policy on whistle-blowing at 67% (2006:4%). This is a positive increase.

## 7. The Retail Sector

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### Issues Facing the Retail Sector

The retail sector has particular issues with cheque fraud and internal employee fraud, and is implementing a number of measures to combat the growth of these economic crimes.

There was a reduction in the number of occurrences of cheque fraud with one quarter of respondents, compared to one third in 2006 in the retail business indicating they had been a victim within the past year. 28 % (2006:38%) of respondents indicated they had been a victim of internal employee fraud. This is a significant decrease in the reduction of internal employee fraud. This could in part be linked to the increase in the encouragement of whistle-blowing

Twenty four respondents reported experiencing no losses from employee fraud in the past year, with six respondents reporting employee fraud losses ranging from \$500 to \$30,000.

Despite the percentage of businesses that were victims to this fraud, only 21% (2006:38%) are implementing or considering a system to detect cheque fraud, while three quarters are putting security systems or implementing other policies to detect employee fraud.

In comparing the quantity of losses from employee fraud and in-store fraud, approximately 15% (2006:30%) of respondents thought that employee fraud losses were greater than in-store fraud losses. Only four respondents indicated in-store fraud losses. These ranged greatly between \$85 to \$100,000.

## 8. Anti-Money Laundering Activities

### Money Laundering Issues

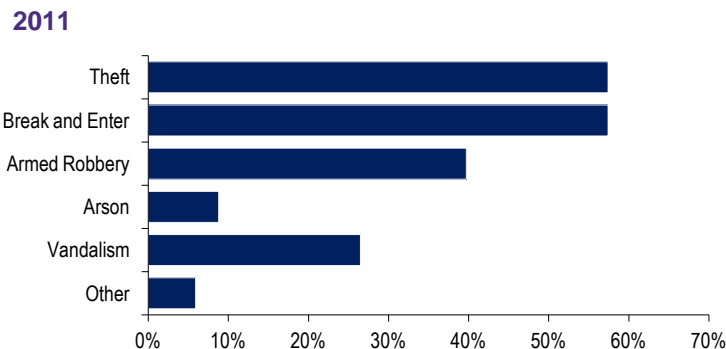
Money laundering continues to receive significant exposure in Cayman.

74.2% of businesses responding identified the risk of economic crime from money laundering as the greatest concern. 5% of businesses were impacted in some way by the effects of money laundering in the past year, compared to 10% in 2006. This reduction is a positive step for Cayman as is most likely attributable to increased compliance of businesses. The Cayman Islands Monetary Authority (CIMA) has played a key role in developing guidance notes on the prevention and detection of money laundering since 2007.

### Physical Property Crime

Additional questions were posed in the current year to address the recent increase in physical crime. 48% of respondents indicated that violent crime within their area had increased on prior year whilst 48% suggested it had stayed the same. The majority of respondents (57%) identified theft and break and enter as their key concerns. This was closely followed by armed robbery with 40%. This is shown below in Chart 4.

CHART 4



29% of respondents agreed that physical crime has had a great impact on the business in the last year. 55% of respondents took additional crime loss prevention methods during the previous two years. Respondents indicate that they have used a combination of CCTV, human security and other electronic security systems.

39% of respondents indicated that they have had one or more instances of property crime. The other impacts that property crime has had for businesses, aside from additional security measures, include

lost business (30%), increased insurance cost (26%) and damage to image / reputation (21%). Respondents indicated that government and/or law enforcement could help crime by increasing police presence. 41% indicate they would like to see investment in crime prevention and law enforcement. 40% of respondents indicated that investment should be made in social development. 68% of respondents would like to see tougher penalties for offenders with 41% of respondents wanting to see specialist units to conduct investigations and prosecutions. Of concern, when questioned what type of crime occurs most in your business area, of 53 responses, 38 responded with breaking and entering, theft and armed robbery. 37% indicated that they have never seen a police officer on duty in their business area. 52% of respondents indicated that they would be interested in joining a commercial neighborhood watch program, however only 10% of people indicated they would be willing to organise this.

## 9. Education and Training

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Education in identifying and preventing fraud should be encouraged and be continuous; its scope and content should be regularly reviewed so that all employees are fully up to date and know what action to take if suspicion is aroused.

Training employees in awareness of legislation is insufficient to prepare businesses for identification and prevention of fraud. In our experience, the key to identifying suspicious transactions is employment of staff who understand the transactions and who have sufficient support to be able to investigate and allay their concerns when their suspicions are aroused. The UK Economic Crime Study for 2009 indicated that 51% of UK organizations increased the level of oversight provided by internal audit in a direct response to the threat of fraud.

Training should also incorporate case studies to demonstrate how unusual transactions or circumstances can lead to disasters. Hundreds of directors and managers attend fraud prevention conferences or training events every year, but many do not fully brief their staff upon their return. Only 66% (2006: 43%) of respondents indicated they trained all their staff in awareness of economic crime.

## 10. Communications and Reporting

### Seeking Advice

With economic crime growing, it is expected that businesses would be more robust in seeking advice on crime prevention and subsequently reporting criminal activity. But our survey found this not to be the case.

27% (2006:43%) of respondents stated they needed advice and training on economic crime and how it affects their business. This is a positive sign that businesses have invested more in training however this figure should be reduced in the future.

31% (2006:43%) of respondents indicated that advice on crime prevention was not being sought. Of those that did seek such advice, the majority sought advice from business advisors, the police or security businesses.

### Reporting Criminal Behaviour

43% (2006:29%) of respondents indicated they would prefer to deal with economic crime in-house without police involvement. This increase is concerning as the majority of businesses have indicated that they do not share information with other businesses. There could be other factors affecting the reporting of these instances, such as fear of reputation. For those respondents who were victims to economic crime, only 25% reported all instances to the police. Reasons for not reporting included the instance occurring outside the jurisdiction, the difficulty in proving a crime had occurred, and the value of the crime was thought to be too small.

Interestingly, 76% (2006:67%) of respondents indicated that a firm networking system with the police and other prosecutorial agencies is a fundamental necessity for the prevention and detection of crime.

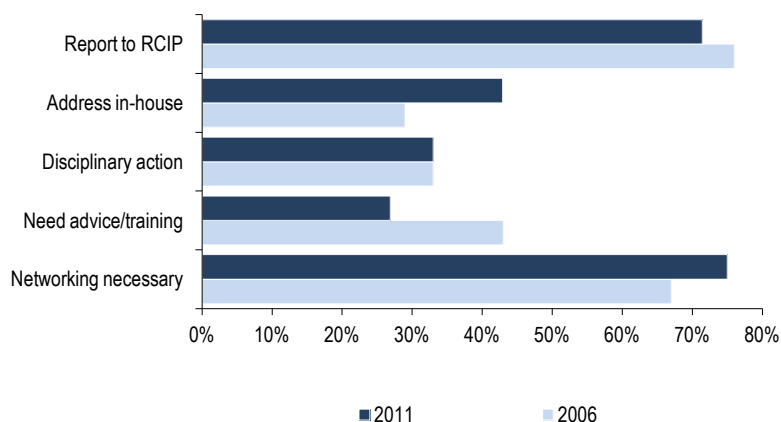


CHART 5

When asked what government or law enforcement are currently doing that is particularly helpful in fighting economic crime, some of the comments received were as follows:

- Anti-money laundering training and seminars;
- Active advisory approach and alerts about scams;

However when asked what measures should government or law enforcement take to fight economic crime, 50% of respondents indicated they would like to see tougher penalties for offenders and 34% indicated they would like to see a greater level of industry associations.

## 11. Overall Findings

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Economic crime continues to be of great concern to the world and is ever present in Cayman with 46% of the businesses surveyed expecting an increase during the next three years. The forms of economic crime continue to be fluid in search of discovering new ways to exploit businesses.

All businesses need to ensure that training and development of staff, from board level down, is a priority. By having a team of staff that is aware of legislation, common incidents and methods of detection and prevention, businesses can make it a tougher environment for perpetrators to commit crime. Interestingly, the survey still showed that businesses were unwilling to share information with others and competitors. Businesses in Cayman need to consider the strength that the community will gain from sharing information.

Since 2006, Cayman businesses have drastically addressed internal company policies to support “whistle blowing”. This is a positive step as this can significantly reduce the risk of internal fraud however there are still one third of businesses not effectively utilising this tool.

Businesses would like to see new measures being taken to fight economic crime, indicating that tougher penalties were needed for offenders and more crime prevention advice should be provided. 37% indicated that more involvement should occur between government, law enforcement and industry associations.

The 2011 survey has indicated that physical property crime is a significant concern of local businesses. Businesses would like to see further investment in policing and social work that will tackle the issues straight on. The idea of sharing knowledge and information on this between businesses again would greatly assist in tackling physical crime.

Based on the research for this report, it is clear that many businesses have taken action on some aspects of combating economic crime, but a high proportion are not adequately prepared for the potential threat of economic crime. Almost half indicate they need advice and training on economic crime and how it affects their business. The research demonstrates that more work needs to be done. Professional advisors like KRYs Global are able to provide guidance and direction on the deterrence, prevention and detection of economic crime, and assist in compiling policies and procedures or training.



## 12. Appendix A

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Chamber of Commerce

Economic Crime Survey

General Results

### Economic Crime Survey Results

1. The most recent discussion at board level, or equivalent, on economic crime has occurred during the past.
  - 3 Months 42.4%
  - 6 Months 12.1%
  - 12 Months 13.6%
  - N/A 31.8%
2. This year, economic crime has had greater impact on our business versus last year.
  - Agree 32.1%
  - Disagree 45%
  - Don't know 6.4%
  - N/A 16.5%
3. Our board (or equivalent) has ultimate responsibility for preventing economic crime.
  - Agree 67.9%
  - Disagree 16.5%
  - Don't know 2.8%
  - N/A 12.8%
4. Our board (or equivalent) has had formal risk management training that included economic crime.
  - Agree 42.1%
  - Disagree 33.6%
  - Don't know 7.5%
  - N/A 16.8%

5. Our business has invested more in anti-fraud measures in the past year than previously.

- Agree 38.5%
- Disagree 41.3%
- Don't know 2.8%
- N/A 17.4%

6. We have trained all of our staff in awareness of economic crime.

- Agree 66.1%
- Disagree 15.6%
- Don't know 2.8%
- N/A 15.6%

7. Economic crime could have serious impact on our brand image.

- Agree 67.3%
- Disagree 14.5%
- Don't know 5.5%
- N/A 12.7%

8. We always consult the police for advice upon discovery of any criminal wrong doing in our business.

- Agree 55%
- Disagree 20.2%
- Don't know 1.8%
- N/A 22.9%

9. Economic crime could have an impact on the value of the shareholder equity.

- Agree 68.8%
- Disagree 10.1%
- Don't know 2.8%
- N/A 18.3%

10. Economic crime could have an impact on supplier relationships.

- Agree 52.8%
- Disagree 21.3%
- Don't know 7.4%
- N/A 18.5%

11. We have established additional risk management systems during the past two years.

- Agree 59.6%
- Disagree 17.4%
- Don't know 5.5%
- N/A 17.4%

12. We have a policy to encourage "whistle blowing" if an employee suspects internal malpractice.

- Agree 66.7%
- Disagree 15.7%
- Don't know 3.7%
- N/A 13.9%

13. We have taken disciplinary action on economic crime issues during the past year.

- Agree 33%
- Disagree 37.76%
- Don't know 2.8%
- N/A 20.6%

14. We consider our current economic crime prevention systems to be adequate.

- Agree 70.6%
- Disagree 15.6%
- Don't know 3.7%
- N/A 10.1%

15. We need advice and training on economic crime and how it affects our business.

- Agree 26.9%
- Disagree 53.7%
- Don't know 5.6%
- N/A 13.9%

16. All detected economic crime activity affecting our business should be reported to our (circle all that apply) :

- Board (or equivalent) 90.3%
- Audit Committee 9.7%
- Internal auditors 30.6%
- External auditors 19.4%
- Internal legal advisors 13.9%
- External legal advisors 16.7%
- Regulators 27.8%

17. We have sought crime prevention advice from the following organisations (circle all that apply):

- Not sought 30.6%
- Police 36.1%
- Security company 30.6%
- Insurance company 4.2%
- Chamber of Commerce 6.9%
- Government/Regulators 15.3%
- Business advisors 15.3%
- Other:
  - i. Attorneys 29.2%
  - ii. Bank advice 9.7%
  - iii. Head office 18.1%

18. We have taken out specific insurance to recover losses from fraud.

- Agree 39.8%
- Disagree 38.8%
- Don't know 7.1%
- N/A 14.3%

19. Where there is no legal requirement to report the matter, we prefer to deal with economic crime in-house without police involvement.

- Agree 42.9%
- Disagree 46.9%
- Don't know 2.0%
- N/A 8.2%

20. We know whom to contact in our local police force to discuss economic crime.

- Agree 63.3%
- Disagree 25.5%
- Don't know 7.1%
- N/A 4.1%

21. We expect economic crime to increase during the next three years.

- Agree 45.5%
- Disagree 18.2%
- Don't know 31.3%
- N/A 5.1%

22. A firm networking system with the police and other prosecution agencies is a fundamental necessity for the prevention and detection of economic crime.

- Agree 75.5%
- Disagree 6.1%
- Don't know 8.2%
- N/A 10.2%

23. Organised crime enterprises (two or more people working together) are responsible for most of the economic crime impacting on our business.

- Agree 20.4%
- Disagree 23.5%
- Don't know 26.5%
- N/A 29.6%

24. Our board (or equivalent) has a good understanding of the financial cost of economic crime to our business.

- Agree 79.6%
- Disagree 8.2%
- Don't know 4.1%
- N/A 8.2%

25. My business will report to the police all employees engaged in fraud or internal malpractice.

- Agree 71.4%
- Disagree 15.3%
- Don't know 6.1%
- N/A 7.1%

26. My business shares information on the fraudulent activity of staff with neighbouring and/or competing businesses.

- Agree 30.6%
- Disagree 8.8%
- Don't know 9.2%
- N/A 21.4%

27. How would you assess your business' losses to economic crime in comparison with the rest of your sector?

- Higher 21%
- Similar 15.8%
- Lower 22.1%
- Unable to judge 60%

28. I estimate in the past year, our business had this number of instance of economic crime.

- One 11.6%
- Two 5.3%
- Three 5.3%
- Five 6.3%
- Ten 2.1%
- 15 0.0%
- 25 or more 2.1%
- Nil 50.5%
- Don't know 16.8%

29. My business reported this percentage of instances of economic crime to the police.

- 100% 25%
- 67% 4.3%
- 60% 0.0%
- 50% 1.1%

- 33% 2.2%
- 0% 67.4%

30. The reason my business did not report the instances to the police is:

Sample Answers:

- Difficulty in proving a criminal case.
- Lack of confidence/waste of time and effort.
- To avoid bad publicity.

31. Other impacts on our business as a result of economic crime are:

- Disrupts training 4.4%
- Lowered staff morale 22.2%
- Increased insurance cost/more difficult to obtain 17.8%
- Change in building layout 4.4%
- Damage to image/reputation 27.8%
- Lost business 21.1%
- Additional security measures required 56.7%
- None 28.9%

32. I estimate that in the past year our business spent this amount (US\$) in measures to combat, prevent and insure against economic crime: answers given in range from \$500 - \$100,000

33. I estimate that in the past year, in addition to the costs in the above question, economic crime cost our business US\$: answers given in the range of \$500 - \$120,000

34. What forms of economic crime would you identify as being of most concern to your business? (Top 5 responses)

- Money laundering 4.19%
- Asset misappropriation 3.8%
- Cheque Fraud 3.59%
- Credit card fraud 3.48%
- Cyber fraud 3.29%
- Debit card fraud 2.86%
- Bribery/corruption 2.36%
- Identity theft 2.47%
- Insurance fraud 3.67%
- Insolvency fraud 3.75%
- Online fraud 2.53%

- Procurement fraud 3.07%
- Counterfeiting 2.79%
- Accounts 2.71%
- Data Theft 2.45%

35. Is there anything which government or law enforcement is currently doing which you think is particularly helpful in fighting economic crime?

Sample Answers:

- Yes, the necessary AML laws and training and seminars
- Posting information regarding various scams
- Financial crime unit hiring and training more cops

36. What new measures would you like government or law enforcement to take in fighting economic crime?

- Tougher penalties for offenders 50.0%
- Provide more economic crime prevention advice 26.3%
- Greater involvement with industry associations 33.8%
- Specialist units to conduct investigations and prosecutions 27.5%
- Changes to legislation 12.5%
- Changes in police procedures, such as independence policies 22.5%
- No changes needed 12.5%

37. What more could your sector do in the fight against economic crime:

Sample Answers:

- The secondary and higher education institutions should do more to teach young people what types of economic crimes exist and the sanctions that could be brought to bear on perpetrators. Most economic crimes I have encountered were committed by individuals that failed to understand the gravity of the crime and the extent of the consequences.
- Develop forums where the business owners of same sector industries can meet to discuss and share best practices and what are the best indicators to look for to identify economic crimes.
- Insurance industry could provide more incentives e.g. discounts to customers to put in place equipment to prevent crime, e.g. security cameras, alarms.



**Survey Questions - Retail (if applies to your business)**

38. We have been the victim of cheque fraud within the past year.

- Agree 28.6%
- Disagree 44.4%
- Don't know 4.8%
- N/A 22.2%

39. We are considering, or have implemented, a system to detect cheque fraud.

- Agree 21.3%
- Disagree 41.0%
- Don't know 3.3%
- N/A 34.4%

40. We are planning, or currently offer, customers the ability to transact online.

- Agree 49.2%
- Disagree 27.0%
- Don't know 0.0%
- N/A 23.8%

41. We have implemented fraud detection software to validate online customers and minimize online fraud.

- Agree 22.6%
- Disagree 35.5%
- Don't know 3.2%
- N/A 38.7%

42. We estimate that in the past year online fraud losses cost our business.

- Agree 8.1%
- Disagree 38.7%
- Don't know 4.8%
- N/A 48.4%

43. We have been a victim of internal employee fraud (e.g. inventory fraud, cash register losses) within the past year.

- Agree 28.1%
- Disagree 46.9%
- Don't know 0.0%
- N/A 25.0%

44. We have implemented security systems to detect and prevent internal employee losses.

- Agree 68.3%
- Disagree 4.8%
- Don't know 0.0%
- N/A 27.0%

45. We estimate that in the past year internal employee fraud losses cost our business: Answers given in the range of \$500 - \$30,000.

46. We have implemented other policies and procedures to detect and prevent internal employee losses (e.g. inventory checks, surprise cash checks).

- Agree 59.5%
- Disagree 6.8%
- Don't know 1.4%
- N/A 32.4%

47. Internal employee losses are greater than in-store fraud losses (e.g. shoplifting).

- Agree 15.1%
- Disagree 27.4%
- Don't know 4.1%
- N/A 53.4%

48. We have implemented security systems to detect and prevent in-store fraud losses.

- Agree 34.7%
- Disagree 8.3%
- Don't know 0.0%
- N/A 56.9%

49. We estimate that in the past year in-store fraud losses cost our business: Answers range from \$85 - \$100,000

50. Money laundering has impacted our business during the past 12 months.

- Agree 5.3%
- Disagree 55.3%
- Don't know 6.6%
- N/A 32.9%

51. What are the main money laundering risks that your business faces?

Sample Answers:

- Receipt of funds which are the proceeds of crime.
- Prosecution, loss of reputation and business.
- The risk of ML and the necessity to adhere to AML requirements for legal/regulatory reasons places an economic cost on our business, i.e. the cost of compliance. It is more the cost of compliance that is our direct 'loss' rather than ML itself since our business is low risk to ML.

### Survey Questions – Physical Property Crime

52. This year, physical property crime has had greater direct impact on our business versus last year.

- a. Agree 29.3%
- b. Disagree 37.3%
- c. Don't know 5.3%
- d. N/A 28.0%

53. We always consult the police for advice upon discovery of any case of property crime at our business.

- Agree 54.7%
- Disagree 9.3%
- Don't know 2.7%
- N/A 33.3%

54. We have established additional crime loss prevention measures during the past two years.

- Agree 54.8%
- Disagree 15.1%
- Don't know 2.7%
- N/A 27.4%

55. Loss-prevention measures we have implemented in the past two years include: (examples – human security guard service, CCTV, bars or similar physical barriers, electronic security systems, guard dog, etc.)

Answer Samples:

- Human Security, CCTV, electronic security systems.
- We have increased our security guards, have more CCTV cameras, and installed lights to brighten the areas at night.
- Reporting and asset control procedures, segregation of duty procedures

56. We consider our current property loss prevention systems to be adequate.

- Agree 86.3%
- Disagree 2.7%
- Don't know 5.5%
- N/A 5.5%

57. We expect property losses due to crime to increase during the next three years.

- Agree 34.7%
- Disagree 25.0%
- Don't know 30.6%
- N/A 9.7%

58. How would you assess your business' losses to physical property crime in comparison with the rest of your sector?

- Higher 4.1%
- Similar 24.7%
- Lower 15.1%
- Unable to judge 56.2%

59. I estimate in the past year, our business had this number of instances of property crime.

- One 15.3%
- Two 6.9%
- Three 8.3%
- Five 5.6%
- Ten 2.8%
- 15 0.0%
- 25 or more 0.0%
- Nil 55.6%
- Don't know 5.6%

60. My business reported this percentage of instances of property crime to the police.

- 100% 38.4%
- 67% 1.4%
- 60% 0.0%
- 50% 0.0%
- 33% 1.4%
- 0% 58.9%

61. The reason my business did not report the instances in property crime to the police is:

Sample Answers:

- Sometimes missing items are not discovered immediately.
- We are an offshore bank with no client counters
- None to report

62. Other impacts on our business as a result of economic crime are:

- Disrupts training 3.5%
- Lowered staff morale 19.3%
- Increased insurance cost/more difficult to obtain 26.3%
- Change in building layout 14.0%
- Damage to image/reputation 21.1%
- Lost business 29.8%
- Additional security measures required 42.1%
- None 40.4%

63. I estimate that in the past year our business spent this amount (US\$) in measures to combat, prevent and insure against property crime: Answers range between \$500 - \$100,000.

64. I estimate that in the past year, in addition to the costs in the above question, property crime cost our business US\$: Answers range between \$500 - \$20,000.

65. What forms of property crime would you identify as being of most concern to your business? (Top 5 responses)

- Theft 57.4%
- Break and Enter 57.4%
- Armed Robbery 39.7%
- Arson 8.8%
- Vandalism 26.5%
- Other 5.9%

66. Is there anything which government or law enforcement are currently doing which you think is particularly helpful in fighting property crime?

Sample Answers:

- No, as there is far too many instances of armed robbery in the past five years. Police are not doing enough to deter this.
- The plan to install CCTV in central George Town is a great move.
- More police on the road.

67. What new measures would like government or law enforcement to take in fighting property crime?

- Tougher penalties for offenders 68.3%
- Provide more crime prevention advice 23.8%
- Greater involvement with industry associations 36.5%
- Specialist units to conduct investigations and prosecutions 41.3%
- Changes to legislation 15.9%
- No changes needed 6.3%

68. What more could your sector do in the fight against property crime:

Sample Answers:

- Train the staff on what to do during a hold-up. Have secure systems in place to safeguard cash.
- Insurance industry could provide more incentives (e.g. discounts) to customers who put in place anti theft equipment, e.g. alarms etc.
- More patrols. 'Pop-Up' mobile police sub stations in high crime areas.

### Survey Questions – Violent Crime

69. What one type of crime occurs most in your business area? (one mile radius)

Sample Answers:

- Theft
- Armed Robbery
- Property Crime

70. How often do you see a police officer in uniform/on duty in your business area?

- At least once a day 21.9%
- At least once a week 19.2%
- At least once a month 6.8%
- Less than once a month 15.1%
- Never 37.0%

71. Have you witnessed violent crime(s) in your business area over the last year? (e.g. robbery, rape, assault, murder.)

- Yes 13.9%
- No 86.1%

72. If yes, specify the type of incident(s) and if arrests were made:

Sample Answers:

- Armed robbery, no arrests.
- Did not witness them, but there are always incidents at the night clubs in the area, even neighbouring restaurants got robbed.
- Robbery and Burglary.

73. If yes, how do you think the level of violent crime in your area has changed in the last year?

- Increased 47.8%
- Decreased 4.3%
- Stayed the same 47.8%

74. If yes, how has this/these incidents effected your business?

Sample Answers:

- Customers and staff are afraid of violent robbery offences.
- Made management edgy. Staff feel more secure due to increased security guard presence and 911 on speed dial whenever a fight or altercation breaks out.
- Loss of income, increased insurance premiums.

75. How safe do you feel walking alone in your business area after dark?

- Very safe 14.9%
- Fairly safe 54.1%
- A bit safe 17.6%
- Very unsafe 13.5%

76. If you could tell the government what to spend money on which ONE of the following would you select in order to make your area safer in terms of violent crime?

- Crime prevention and law enforcement (more police, etc.) 41.1%
- The judiciary/courts (punishment, harsher penalties for offenders, etc) 19.2%
- Social development (create employment, etc) 39.7%

77. Have you invested in extra protection for your business or staff in order to feel safer against the possible threat of a violent crime over the last year?

- Yes 46.1%
- No 53.4%



78. If yes, please specify items you have invested in:

Sample Answers:

- Upgrading of security cameras and increased lighting in parking lot.
- Cameras, lighting, guards, implemented drawer skims to mediate losses.
- Staff do not make bank deposits - we use a third party courier to do so. We have increased security equipment, e.g. alarms, panic buttons, electronic access tags for staff.

79. If yes, do you feel safer for doing so?

- Yes 78.4%
- No 21.6%

80. Do you have any other suggestions or ideas on how to minimize violent crimes in your area?

Sample Answers:

- Long term provide good education, improve prison system to avoid repeat offending, police to target drug and gang crime.
- Better Intelligence, More Uniformed police officers on patrol, Co-operation with authorities.
- Safe practices and more visible signs of vigilance.

81. Would you be interested in joining a commercial neighborhood watch program in your immediate area?

- Yes 52.1%
- No 47.9%

82. If yes, would you commit to being the organizer for your area?

- Yes 9.8%
- No 90.2%

END

## 13. About the Chamber and KRyS Global

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### **Cayman Islands Chamber of Commerce**

The Chamber of Commerce was established in 1965 and is a non-profit organisation that exists to Support, Promote and Protect Cayman Business and the wider community. Our work is current, vital and substantial as we continue to represent over 700 businesses and associations from every major industry sector. We unite private business with one voice and pride ourselves on an open door policy for our members as we continue to advocate for an excellent business environment geared towards sustainability and growth. Visit us at our new office location in Governors Square and find out more about what the Chamber can do for you.

### **KRyS Global**

KRyS Global is a professional services firm committed to resolving complex cross-border issues in the areas of Corporate Recovery, Insolvency, Forensic Accounting and Business Advisory Services. KRyS Global has over 40 professionals across its four offices in the Cayman Islands, British Virgin Islands, Bahamas and Bermuda. Each office has a team of independent, dedicated and experienced professionals with practical expertise, global experience and the ability to provide objective, sound advice. Clients benefit from close-knit teams of Professional Accountants, Certified Fraud Examiners, Insolvency Professionals and Certified Anti-Money Laundering Specialists.