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The Fraud Triangle Reimagined: Why People Cross Ethical Lines

The Fraud Triangle comprising *pressure*, *opportunity*, and *rationalization* has influenced our understanding of workplace fraud. In the contemporary digital and mixed work contexts, each facet of the triangle is undergoing a transformation. This article reconceptualizes the framework from a behavioural perspective. The accounting scams in public domains exemplify how Chartered Accountants and forensic experts may identify early indicators of fraud and develop more robust preventative techniques based on human insights.

Introduction

Why do people indulge in unethical practices? The Fraud Triangle comprising of pressure, opportunity, and rationalization has helped us answer that. It remains one of the most useful tools for understanding why people commit fraud at work.

This article revisits the Fraud Triangle through a behavioural lens, exploring new pressures like the Fear of Missing Out (FOMO) and burnout, modern opportunities, and shift in moral lines. Using the scam of a banking institution as a case study and supported by legal and professional standards, it provides actionable insights for Chartered Accountants and fraud examiners to strengthen fraud prevention in a digital world.

The Fraud Triangle

"Thus, conscience does make cowards of us all."

- Hamlet, Act 3, Scene 1

When Shakespeare wrote those words, he captured something timeless - the quiet, invisible battle between what we feel and what we know is right. That same battle plays out today in offices and boardrooms, not on a stage, but in the quiet moments when someone decides to cross a line.

White-collar crime is not just about numbers; it's about people under

pressure who convince themselves that no one will notice and still think of themselves as "good people."

First developed by criminologist Donald Cressey, the triangle says that three things must be present for fraud to happen: *pressure*, *opportunity*, and *rationalization*. For decades, the Fraud Triangle has helped us understand why people commit fraud. But in today's world, the shape of each corner has shifted.



Pressure doesn't just come from unpaid bills; it comes from toxic performance culture, social comparison, and silent mental health struggles.

Opportunities have multiplied with remote work, digital systems, and weakened oversight.

And rationalization? It's easier than ever. *"Everyone's doing it."* *"It's just a shortcut."* *"I'll fix it later."*

If we want to catch fraud earlier — or better yet, prevent it — we need to

look at the human side of fraud with fresh eyes.

Pillar I: Modern Pressures Beyond Financial Stress

When we think about why people commit fraud, it's easy to picture someone desperate, drowning in debt, trying to pay off medical bills, or dealing with addiction. And sometimes, that's true. But more often today, the pressure that drives unethical decisions looks very different and far more subtle.

The Fear of Missing Out (FOMO): A New Kind of Pressure

Scroll through social media platforms for five minutes, and you'll see it: former classmates posting about their promotions, friends celebrating luxury holidays, influencers showing off designer purchases. In a world saturated with curated images of success, even high-performing professionals can start to feel left behind.

For some, that voice becomes hard to ignore, and when the opportunity arises to fudge an expense report, inflate a sales figure, or divert funds, it's rationalized as a way to "catch up" or "level the playing field."

The Digital Economy: Rewriting Expectations and Pressures

The rise of the digital economy has transformed how we work, spend, and

measure success. It has also quietly reshaped what many employees believe they “should” achieve, and how fast.

In today’s world, we see stories of instant success everywhere:

- The crypto-currency investor who retires at 35.
- The influencer who earns more in a month than many do in a year.

Even traditional professionals such as CAs, lawyers, bankers are exposed to this narrative daily.

This flood of hyper-success stories creates a subtle but powerful pressure:

“If everyone else is moving fast and winning big, why am I still grinding away slowly?”

In such an environment, some begin to cut corners. They might inflate numbers, misrepresent business growth, or dip into funds. Not because they are inherently dishonest but because the digital economy has subtly shifted the goalposts for what “normal” success looks like, and the gap between expectation and reality becomes intolerable.

But external comparisons are only part of the story. Sometimes, the pressure comes from within i.e., from exhaustion and disillusionment built up over time.

Burnout: When Exhaustion Clouds Judgment

Post-pandemic, burnout is a silent epidemic. Remote work blurred the line between office and home. Many employees and even senior leaders now operate in a state of constant fatigue and emotional exhaustion. An employee might think: *“I’ve given this company everything. A little extra for myself won’t hurt.”* In that moment of weakness, an ethical boundary can quietly dissolve.

Job Insecurity and the Precarious Workforce

Today’s workforce is far less stable than in decades past. Many professionals now work

on contracts or in gig roles. Even permanent employees face constant restructuring and waves of layoffs.

This chronic insecurity breeds fear and with fear comes a survival mindset.

“If I don’t take this chance now, I may not have another.” That thought can push someone to exploit a loophole or engage in misconduct they’d otherwise reject.

In some environments, the organization itself becomes the source of pressure, driving employees toward choices they would otherwise resist.

Toxic Corporate Cultures: Pressure Cookers for Fraud

In some companies, the pressure to perform is relentless. Sales targets are unattainable. Underperformance is punished publicly. Bonuses depend entirely on short-term results. In such environments, fraud becomes almost a coping mechanism. Employees justify cutting corners to meet impossible expectations.

“If I don’t hit this target, I’m out. Everyone fudges the numbers -it’s just how things work here.”

Why It Matters:

If we only watch for obvious financial stress, we’ll miss many of the most powerful fraud drivers today. FOMO, burnout, job insecurity, and toxic culture are shaping modern fraud risk in ways that traditional controls can’t easily detect.

As CAs, we need to develop a sharper lens for these pressures, because behind every fraud case is a human story. And often, that story begins with someone who felt trapped, exhausted, or left behind.

Pillar II: Opportunities in a Digital, Hybrid World

If today’s workplace is filled with new pressures, it is equally full of new opportunities — subtle, everyday chances to take what isn’t rightfully ours. The opportunities don’t look

like locked safes or unguarded tills. They are passwords, expense apps, cloud folders, and remote logins which appear in the quiet moments when no one is watching, and the temptation whispers, *“You could. No one would know.”*

The Remote Work Effect: Out of Sight, Out of Mind

When employees worked in bustling offices, small ethical nudges, such as a glance from a colleague, or a manager dropping by, helped keep misconduct in check. Now, millions work from home, alone, often for months on end. In this solitude, it becomes easier to think of the company as a distant, faceless entity and not a team of people you could hurt.

Day-to-day supervision is weaker; performance is measured on outcomes, not behaviour.

The voice that once said, *“Someone will notice,”* starts to fade. In this environment, some employees begin to take small liberties — an inflated expense, a misreported hour, a fabricated approval. And small liberties can quickly snowball.

Digital systems make work faster, smarter and sometimes more vulnerable. The very tools we now rely on i.e., our digital systems, can offer new ways to exploit the flow of information and money.

Digital Systems: New Tools, New Temptations

Digital systems make work faster, smarter and sometimes more vulnerable.

A procurement officer realizes they can slip a fake vendor into an overloaded approval queue. These aren’t hardened criminals; they are ordinary people tempted by complexity and the illusion of invisibility that digital processes can create.

The Shadow World of Digital Payments

India’s UPI system and mobile wallets have transformed commerce. But speed and convenience come at a cost.

A finance manager sends money through multiple wallets to obscure its origin.

A fraudster sets up dummy UPI IDs to siphon small amounts from dozens of accounts.

An employee rationalizes a quick unauthorized transfer with the thought: “I’ll return it before anyone notices.”

In a world where money moves instantly, so does temptation. In a world where home and work increasingly overlap, the lines between personal and professional ethics often blur as well.

Blurred Boundaries, Blurred Ethics

In hybrid work life, professional and personal boundaries often dissolve. An employee downloads client data to a personal cloud folder “just to work faster”. Another uses a corporate card for a personal expense, planning to fix it later. Someone else shares logins out of convenience, eroding critical security controls.

None of these acts may start with criminal intent, but each chips away at ethical clarity. The line between right and wrong becomes blurred, just like the line between home and office.

Such evolving risks make it imperative for organizations to revisit their internal controls and ethical frameworks as reinforced by Section 177(9) of the Companies Act, 2013, which mandates the establishment of an effective vigil mechanism, and the ICAI Code of Ethics, which emphasizes professional integrity and responsibility in a changing business environment.

Why It Matters:

Opportunities for fraud today no longer look like unlocked safes or missing signatures. Today’s fraud live in small gaps such as digital apps, cloud systems and rationalizations that feel safe in the “moment”.

As CAs, we must learn to see these gaps, not just in systems, but in the human moments where fraud begins.

“White-collar crime is not just about numbers; it’s about people under pressure who convince themselves that no one will notice and still think of themselves as “good people.””

Pillar III: Rationalization in the Age of Moral Flexibility

No one wakes up one morning and decides to become a fraudster. What happens is quieter, and more human. It happens in small, private moments when someone looks at a choice and begins to tell themselves a story about why it’s okay to make the wrong one.

This is rationalization — the third side of the Fraud Triangle. In today’s fast-moving world, with shifting values and blurred boundaries, rationalization is often the most dangerous force of all, and the stories we tell ourselves are surprisingly consistent across industries, hierarchies, and even cultures.

“Everyone’s Doing It” — The Power of Groupthink

In many workplaces, people learn and absorb what is tolerated. When employees see peers cutting corners, inflating expenses, or manipulating numbers and no one calls it out, they start to believe this is “how things work.”

“If no one else seems to care, why should I be the only one following the rules?”

Rationalization spreads quickly in cultures where success seems to reward unethical behaviour.

“I’m Not Paid What I’m Worth” — Balancing the Scales

One of the most common justifications is a feeling of being wronged. An employee who feels underpaid or overlooked begins to think of fraud as a form of compensation:

“They don’t value my work — so why not take what I deserve?”

“I work nights and weekends, and they don’t pay me fairly — this is just evening things out.”

This is not about greed. It’s about resentment — and when resentment meets opportunity, the risk of fraud spikes.

“Why Should I Be Loyal When They Aren’t?”

Loyalty is a fragile thing. When employees see their organization acting unethically by breaking promises, dodging taxes, mistreating staff, their own moral compass can start to shift: *“If they cheat, why should I stay honest? This company would throw me under the bus, so I’ll look out for myself.”* When trust is broken, loyalty dissolves and self-interest takes over.

“Just This Once” — The Most Dangerous Story

The most seductive rationalization of all is the one-time exception:

“I’ll pay it back next month.”

“It’s only a small amount.”

“I’ll only do this once — just to get through a rough patch.”

But of course, “just this once” often turns into twice, then a pattern. Most white-collar criminals don’t start with big crimes; they start with small acts they believe they can control. The danger is that once a person crosses the ethical line, crossing it again becomes easier each time.

Why It Matters:

Fraud is not born out of opportunity alone. It grows in the stories people tell themselves; stories that justify, excuse, and slowly erode the boundaries of right and wrong.

In today’s world, those stories are everywhere: in social media comparisons, in corporate cultures that reward results at any cost, and in the quiet frustrations of everyday work. If we want to fight fraud, we must pay attention to those stories. Our role is to support cultures where this is wrong is louder than “no one will notice.”



The Role of Chartered Accountants

Fraud doesn't announce itself with alarms and sirens. It arrives quietly, through everyday decisions made under pressure, in systems that no longer fit the way we work, and in cultures where speaking up feels harder than staying silent. As CAs, our job is not just to react to fraud once it happens but to help create organizations where it struggles to take root.

Fraud risk is not just a checklist. It is a behavioural challenge requiring human insight beyond the numbers.

It means understanding the human stories behind the numbers and building systems and cultures that protect both the organization and the people within it.

Table 1 shows where we can begin.

Conclusion

Fraud is evolving, so must we. If we want to stay ahead of modern white-collar crime, we must reimagine our tools, not just our technology, but our understanding of people.

Fraud risk isn't just a check list. It is a living, human system, shaped by pressure, opportunity, and the stories we tell ourselves to justify crossing the line. In the end, the strongest controls are human, built on values, not just rules.

"The fault, dear Brutus, is not in our stars, but in ourselves."

- William Shakespeare, Julius Caesar (Act 1, Scene 2)

References

- <https://www.acfe.com/fraud-resources/fraud-101-what-is-fraud>
- Companies Act, 2013 — Sections 177(9), 134(S), 143(12)
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- ICAI Code of Ethics, 2020
- SA 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
- ICAI Guidance Note on Reporting under Section 143(12) of the Companies Act, 2013
- COSO Internal Control - Integrated Framework
- ISO 37001 Anti-bribery Management Systems

Table 1.

	Focus Area	Practical Actions	Relevant Standards and Laws
1	Expanding the definition of Red Flags	Not every fraud risk shows up in a balance sheet. Often, the first signs appear in human behaviour. • Pay attention to behavioural changes like sudden withdrawal or defensiveness from previously open employees. • Observe shifts in tone during meetings. • Incorporate non-financial indicators into internal audit checklists.	SA 240 (Revised) - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.
2	Adapting Fraud Risk Assessments for Hybrid Work	• Continuously monitor access rights and digital controls. • Enforce segregation of duties across remote teams. • Adjust transaction monitoring system to real time digital flows (eg. UPI, mobile payments etc.).	COSO Framework ICAI Code of Ethics (2020)
3	Addressing Rationalisation through Culture	• Promote leaders who model ethical choices. • Facilitate open dialogue regarding burnout and ethical dilemmas.	Section 177 (9) of the Companies Act, 2013, SEBI (LODR)
4	Reconnecting Ethics with Everyday Decisions	Recommend: • The management and HR to foster psychological safety while maintain accountability for employees. • The organisations integrate simple ethical checkpoints into everyday processes, thereby making ethical decisions easier and automatic.	ISO 37001 ICAI Guidance Note on Reporting under Section 143(12) of the Companies Act.

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