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1. My manager at Deloitte (Ilyas Abeldinov) 2021-05-16
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**AI powered fraud detecting application: An Analysis Under Emotion Content Theory**

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**INTRODUCTION:** This paper proposes a solution in detecting suspicious transactions in large databases. Auditor’s day to day job includes in analysing journal entries of selected entity also called General Ledger and looking for anomalies, and sometimes becomes to tedious and monotonous routine. AI powered tool would serve as an automated assistant in flagging activities which serve interest for auditors. Possible weakness of this solution is if criminals use it to understand which variables play a crucial role in flagging entries.

**Modern Challenges that Audit teams face**

Due to rapid evolution of technology in our society has led to explosion of transactions around the world, that audit teams have to evaluate at the end of every fiscal year. For example average person executes daily huge amount of transactions, and when scaled to a corporation or financial institution sheer amount of financial data becomes unimaginable. Which in return created multiple ways for criminals to hide their malicious activities, also with the help of modern technology they are hiding their traces effectively. When also time constraint and stress in evaluating large sums of data for audit engagement teams and finishing the project on time, gives more opportunities for fraud to go undetected.

**Modern problems require modern solutions**

AI trained algorithm designed to look for a fraudulent activity in a journal containing sometimes over a 100 million entries, trained on a historical data set with predetermined general ledger accounts flagged as suspicious. Combined with psychological knowledge of human behavior when they commit criminal actions in financial world. Enables auditors to look for them easier and frees up precious time to allocate for more detailed investigation.

**Challenges for this solution to overcome**

In case this program gets in hands of criminals and after thorough reverse engineering they get to know how it flags certain entries as suspicious, will create a guideline for them how to avoid scrutiny from regulators and auditors. And another but also important problem might come from auditors themselves, if they conspiracy with the entity they are reviewing, and feed the algorithm with manipulated datasets. The most famous Enron scandal that stun auditing world and led to the dissolution of biggest auditing company Arthur Anderson LLP. Due to the negligence or alleged conspiracy with Enron executives and auditors destroyed the trust in existence of AA.

**Conclusion**

Auditing world is a constant battle with the enemy which continuously evolves and adapts to new ways in hiding their traces in financial crime. So it is natural to improve the techniques in catching bad guys that harm and steal up to trillions of dollars from world economy.

**Summary**

This paper has introduced problems auditors have to deal when evaluating client with enormous amounts of data nowadays. How criminals use human negligence and error to benefit their own pockets. And how AI could benefit society from getting robbed and prevent from future malicious actions in finance, with possible weaknesses which might arise when this technology widely implements in fraud detecting cases.

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