

Center for Audit Quality Research Findings

Institutional Investor Survey

July 2025

CAQ |  **KRC** RESEARCH



About KRC Research

KRC Research is a global opinion research and insights consultancy that specializes in designing research to support effective public affairs, advocacy, engagement and communications initiatives. For over 30 years, we have helped nonprofits, governments, and corporations execute on their strategic imperatives and meet their organizational goals.

Our team draws from the worlds of global health, consumer and social marketing, journalism and academia, and public policy arenas. Not only are we passionate about the work we do for clients, but we also pride ourselves on being flexible, practical, creative, and knowledgeable, combining sophisticated research tools with real-world intelligence and communications experience.

We understand the needs and challenges of diverse target audiences and complex objectives. This breadth of experience and depth of knowledge positions KRC to deliver the highest quality insights needed to inform your organization's most pressing strategic decisions.

About the Center for Audit Quality

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of U.S. public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by U.S. public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, U.S. public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of U.S. public company auditors and audits to dynamic market conditions.

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Objectives & Methodology

Objectives

As part of the CAQ's efforts to engage a broader array of stakeholders of company prepared information and serve as a prominent voice for the audit profession, KRC Research conducted a survey among institutional investors in the U.S.

Specifically, this research focused on topics related to the frequency and nature of fraud occurring at publicly traded companies.

Methodology

This survey was conducted online from April 1-17 among 100 Investors.

Qualified respondents were screened to ensure they are:

- Currently employed as a professional investor in the U.S.
- Serve in roles as Director+
- At companies managing at least +500M in assets, and where U.S. is primary market of focus
- Have at least 6 years of professional investment experience

Related Resources

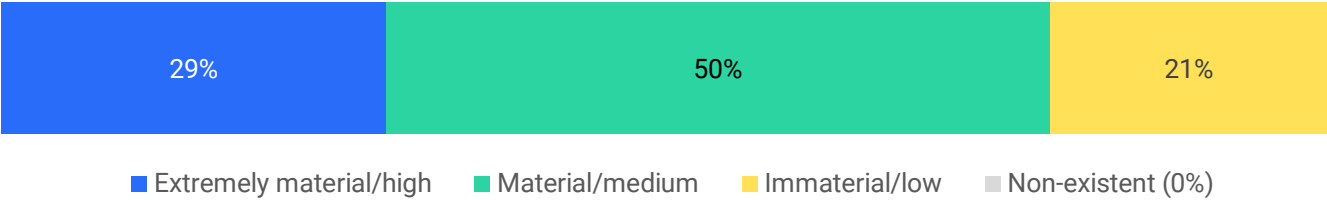
- [Institutional Investor Survey | Research Findings, Q4 Survey](#), CAQ (May 2025)
- [The Center for Audit Quality Critical Audit Matters Survey, Research Findings | Q3 Survey](#), CAQ (July 2024)
- [The Center for Audit Quality Institutional Investor Survey](#), CAQ (April 2024)
- [Research Findings | Q1 Survey](#), CAQ (February 2024)

Email hello@thecaq.org for questions about this publication and its findings.

Detailed Findings

Eight in ten investors believe fraud at U.S. public companies is medium-to-high, translating to an average of 3% of annual revenues based on investor estimates.

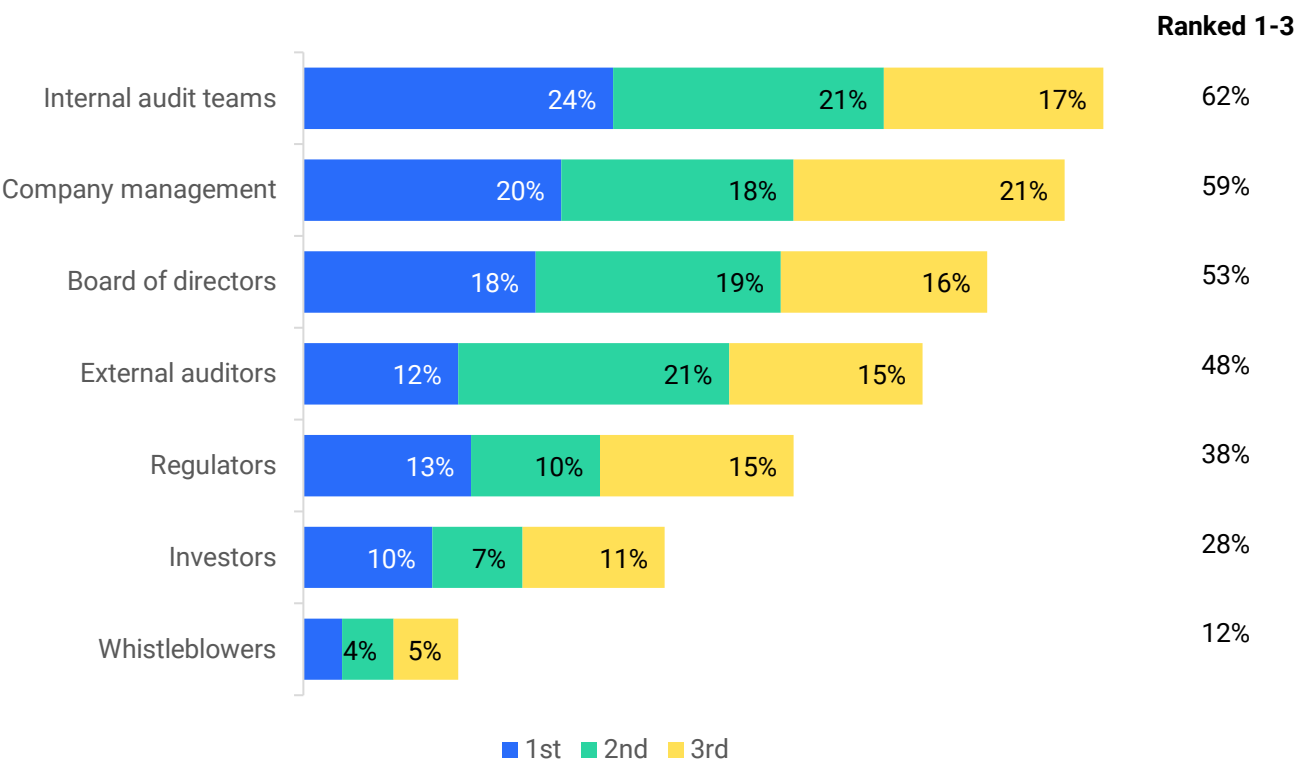
Perceived Level of Fraud at U.S. Public Companies



Q1. Based on your experience, what percentage of annual revenues do you estimate the typical U.S. publicly traded company loses each year as a result of all forms of fraud? (Base: All respondents, n=100) / Q5. Based on your experience, what is the overall level of fraud occurring [or level of losses resulting from fraud] at U.S. publicly traded companies? (Base: All respondents, n=100)

Investors believe that internal audit teams hold the primary responsibility for preventing and detecting fraud, followed closely by company management and boards of directors.

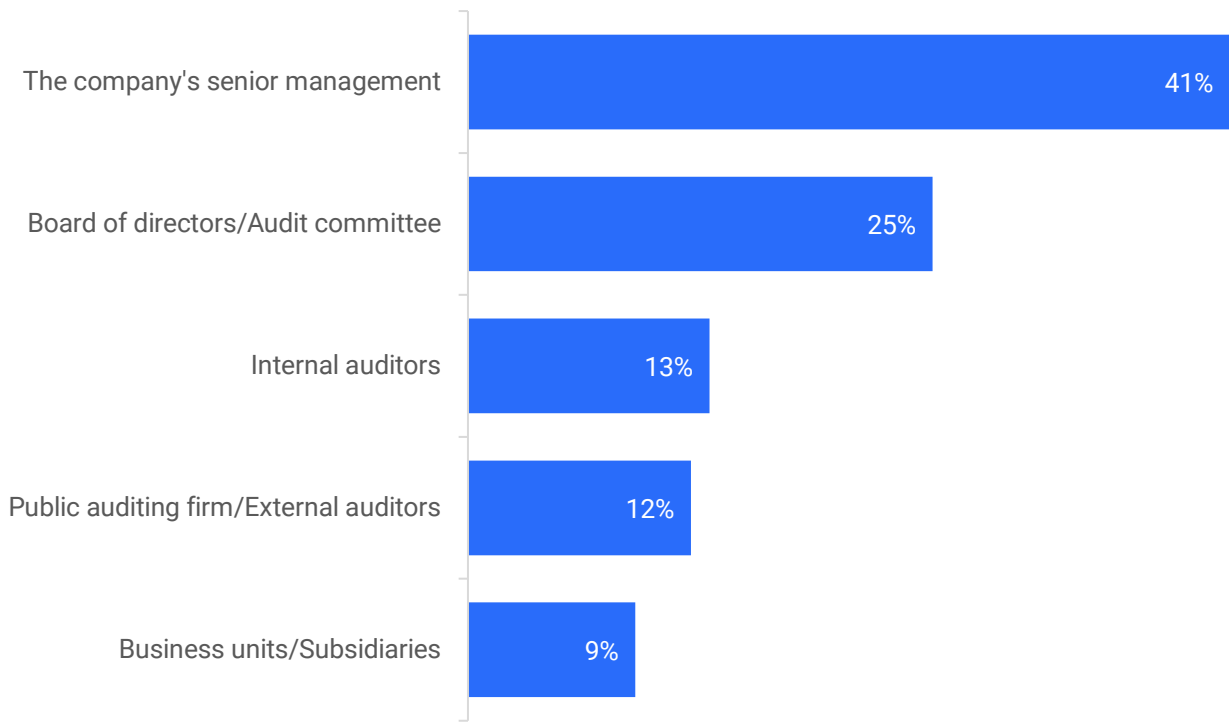
Responsibility in Preventing and Detecting Fraud



Q2. Who do you believe holds the primary responsibility for preventing and detecting fraud in companies?
(Base: All respondents, n=100)

When financial fraud does occur, the plurality of investors view a company's senior management as most responsible for the incident.

Most Responsible for Fraud at a Publicly Traded Company



Q3. When financial reporting fraud occurs at a publicly traded company, who do you view as MOST responsible? (Base: All respondents, n=100)

Most investors believe that fraud prevention and detection can be more successful by placing a greater focus on monitoring transactions, especially with AI, and via employee training & culture.

What do you believe could have been done differently to better deter fraud and/or to detect fraud sooner?

	%
Monitoring	41
AI to monitor transactions / Machine learning algorithms to detect fraud	14
Continuous auditing / More frequent checks / Regular audits	10
Third party auditors / External fraud consultants	9
Real time transaction monitoring / Verification of transactions	7
Employee Training & Culture	35
Promote ethical leadership and culture	14
Training / Fraud awareness programs	12
Employee check / Monitoring employees	10
Whistleblower & Reporting Protections	12
Whistleblower protection / Stronger protection for reporters / Anonymous reporting	7
Consequences & Enforcement	11
Sever penalties for unethical behavior / Harsher penalties for executives involved	11

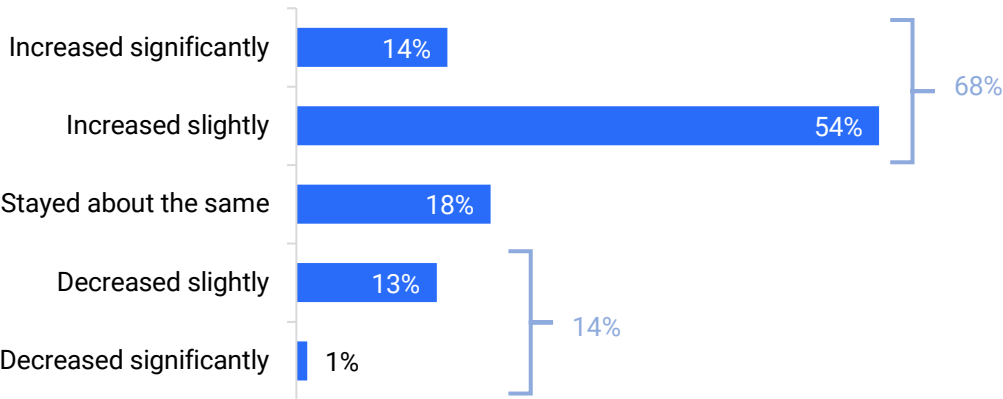
**Only showing responses with at least 7% response rate*

Q4. Based on your knowledge of frauds that have occurred at companies you have invested in or that you are aware of, what do you believe could have been done differently to better deter fraud and/or to detect fraud sooner? (Base: All respondents, n=100)

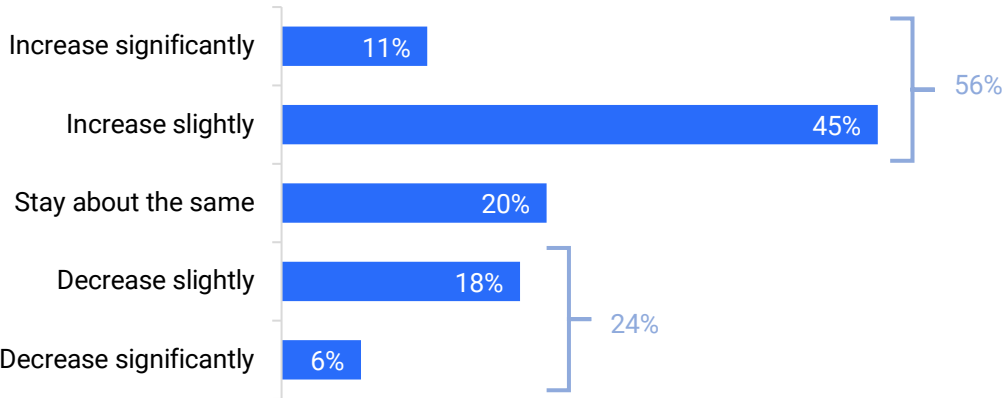
Over half of investors believe fraud has increased slightly in the last two years, with an additional 14% saying it increased significantly. In the next two years, 45% of investors believe fraud will increase slightly, and an additional 11% believe it will increase significantly.

Perceived Change in Fraud...

Over the Past 2 Years



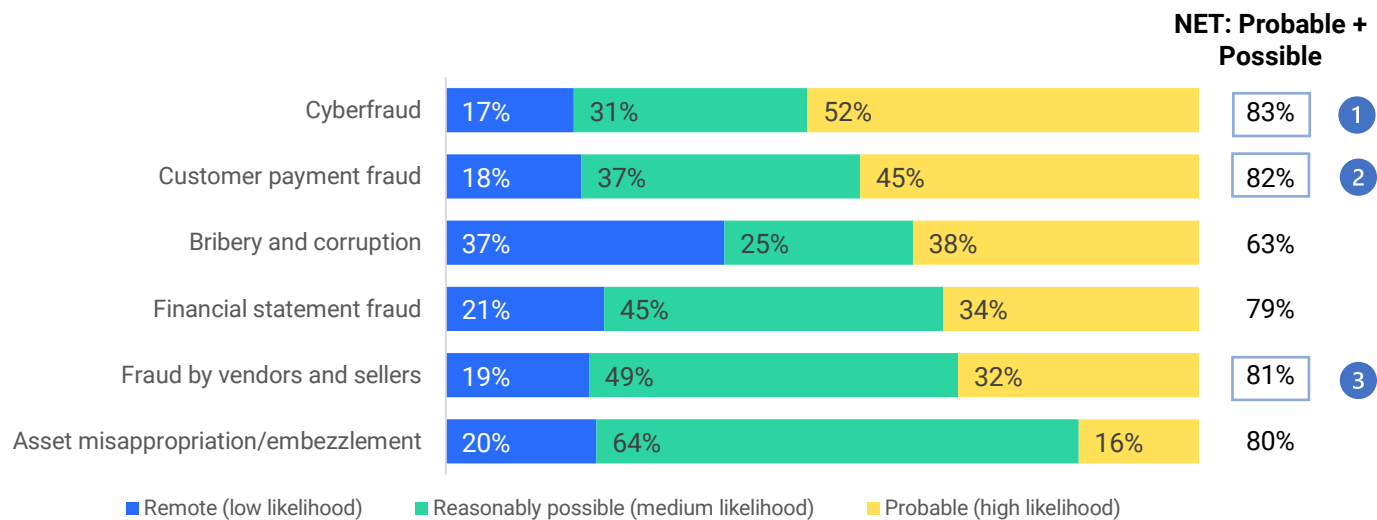
In the Next 2 Years



Q6. Compared to the past 2 years, how do you think the overall level of fraud occurring at U.S. publicly traded companies has changed? (Base: All respondents, n=100) / Q7. Over the next 2 years, how do you think the overall level of fraud occurring at U.S. publicly traded companies will change? (Base: All respondents, n=100)

Investors believe the types of fraud most likely to occur are external, including cyberfraud, customer payment fraud, or fraud by vendors and sellers.

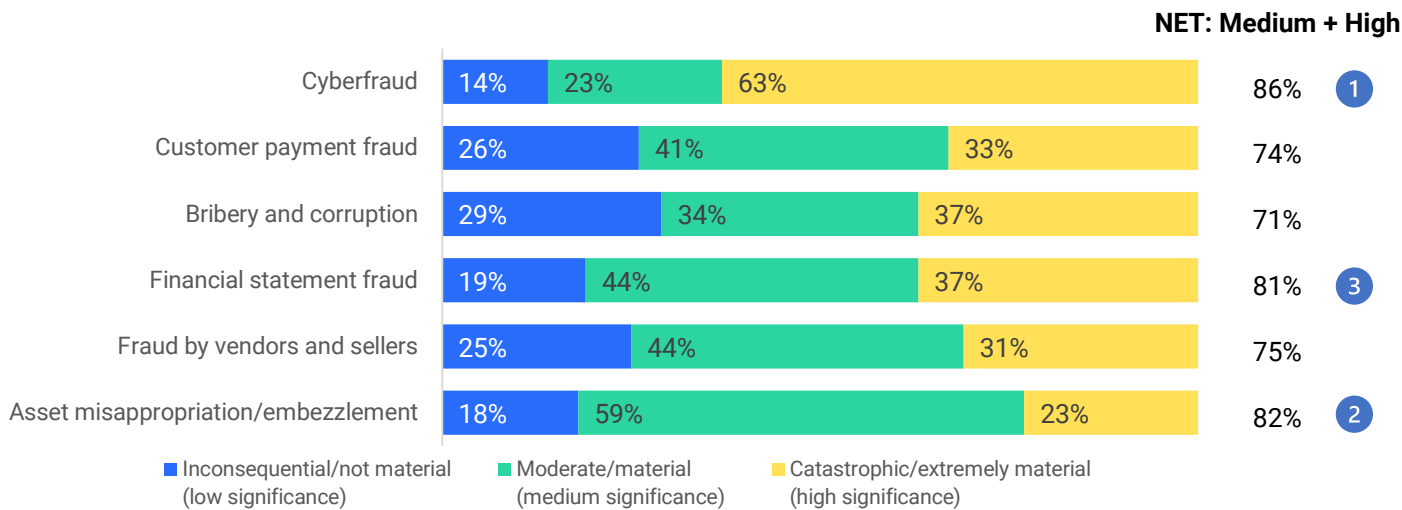
Likelihood of Occurrence of Fraud Risks



**Not showing limited number of respondents selecting “other” (n=1)*
Q9. How would you assess the LIKELIHOOD OF OCCURRENCE of the following fraud risks at a typical U.S. publicly traded company? (For purposes of this question, likelihood refers to the probability that a company is experiencing or will experience this type of scheme, regardless of the size of the fraud or the damage it causes.) (Base: All respondents, n=100)

Investors believe that the type of fraud that has the potential to be the most catastrophic is cyberfraud.

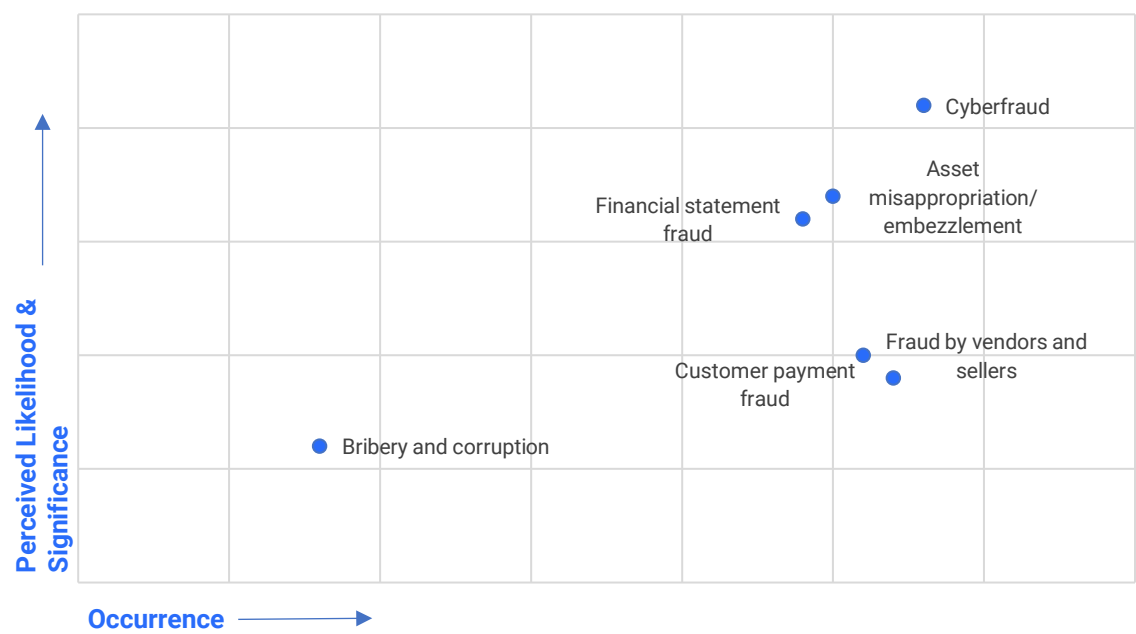
Significance/Magnitude of Fraud Risks



**Not showing limited number of respondents selecting "other" (n=1)*
Q9. How would you assess the LIKELIHOOD OF OCCURRENCE of the following fraud risks at a typical U.S. publicly traded company? (For purposes of this question, likelihood refers to the probability that a company is experiencing or will experience this type of scheme, regardless of the size of the fraud or the damage it causes.)
(Base: All respondents, n=100)

When taking into consideration both the perceived likelihood and significance of fraud risks, investors are most focused on cyberfraud.

Perceived Likelihood & Significance of Fraud Risks



Q9. How would you assess the LIKELIHOOD OF OCCURRENCE of the following fraud risks at a typical U.S. publicly traded company? (Base: All respondents, n=100) / Q10. How would you assess the SIGNIFICANCE/MAGNITUDE of the following fraud risks at a typical U.S. publicly traded company? (Base: All respondents, n=100)

Appendix

Survey Respondent Profile

Organization/Company	
Investment bank	17%
Commercial bank	17%
Retirement or pension fund	17%
Insurance company	12%
Mutual funds	11%
Hedge fund	7%
Real estate investment trusts	5%
Credit union	4%
Venture capital funds	3%
Foundation or endowment	3%
Multiemployer/Taft Hartley fund	1%
Family office	1%
Other investment mgmt. firm	2%

Title (Investment banker)	
Credit or risk analyst	41%
Chief risk officer	29%
Senior banker	24%
ECM	6%

Title (Commercial bank/credit union)	
Asset management	33%
Investment banking	24%
Risk management	19%
Commercial lending	14%
Compliance	5%
Data science	5%

Title (Insurance company)	
Asset management	33%
Risk management	33%
Compliance	8%
Product development	8%
Market data	8%
Data science	8%

Title (All other)	
Risk management	26%
Portfolio manager	24%
Credit analyst	14%
Investment analyst	14%
Equity analyst	12%
Head of fixed income	4%
Compliance	2%
Data science	2%
Head of credit research	2%

What type of organization/company do you work for? / Which of the following comes closest to your job title or description?

Survey Respondent Profile

Job Level	
C-Suite/President/Partner	21%
SVP	21%
VP	22%
Sr. Director/Director	36%

Assets under management	
\$500M - \$1B	29%
\$1B - \$5B	33%
\$5B - \$10B	29%
\$10B - \$50B	9%

Portfolio focus	
Large Accelerated Filers	23%
Accelerated Filers	21%
Both LAF and AF	56%

Experience	
6-10 years	27%
11-15 years	45%
16-20 years	24%
More than 20 years	4%

Gender	
Male	60%
Female	40%

Age	
30 to 39	19%
40 to 49	44%
50 to 59	30%
60 or over	7%

Which of the following comes closest to your level in your company? / Which of the following represents the total assets your company has under management? / Which of the following does your investment portfolio focus on? / How many years of investment experience do you have? / Gender / Age



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