



Technological Perceptions and the Role of AI in Reducing Mortgage Fraud in the Accounting Department of the Savings and Credit Cooperatives of the Bolívar Province – Ecuador

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The analysis of mortgage fraud and its incidence in the accounting department of the Savings and Credit Cooperatives of the Bolívar province, aimed to determine that the majority of mortgage frauds occur by obtaining credits with false documents, this occurs when there is no good control when making the mortgage loan. To carry out this study, field research and a quantitative and qualitative approach were addressed, the quantitative was applied to obtain percentage data of how much they knew about this mortgage fraud and the qualitative by using the descriptive and hermeneutic methods in the data collected and investigated. in the different primary sources of information through the survey of clients and members of the Savings and Credit cooperatives of the province, the secondary sources through the bibliographical survey. Subsequently, the data collected was tabulated, analyzed and interpreted; where it is noted that to make a mortgage loan they must always be real papers so that fraud does not occur.

Keywords: Mortgage fraud, credits, accounting department, cooperative.

INTRODUCTION

This document is focused on the presentation of the theories based on the referential framework of the research topic, to know the main guidelines to be developed to obtain results that allow establishing strategies that help in the prevention of mortgage fraud in the Savings and Credit Cooperatives of the province of Bolívar.

(Mortgage Bankers Association, 2021) mentions that Mortgage fraud is a deliberate deception, carried out for illegal or unfair purposes. It may include intentional misrepresentation or allegation or omission of information by an individual or interested party for the purpose of obtaining financing approval or securing the purchase of a property through a mortgage loan. There are two types of Mortgage Fraud. One is housing fraud, where crime is committed to obtain property, and profit fraud, where the motivation is money.

It occurs in entities in which internal control is weakened, which causes the same people in the entity to commit the crime through the illegal appropriation of property, which has penalties for committing such crime and in other cases for obtaining inappropriate money.

Frauds are perpetrated by individuals or organizations for the purpose of obtaining a monetary, service or goods benefit; or to generate benefits in their organizations that provide them with advantages over others; They can be committed by internal or external personnel to organizations, in order to generate personal, organizational or third-party benefits.(Ortiz, Joya, Luis, & Tarango, 2018)

Nowadays, frauds are common, since many people use shell companies, and false documentation, which if they are not well reviewed the fraud would occur, which would affect the entity economically and financially.

The mortgagor, as its name suggests, is a natural or legal person who is present in a transaction for the purchase and sale of a property. A property that, since it is not paid in cash, requires the contracting of a mortgage, to meet the payment. This mortgage, as we know, will usually be requested from a bank or what we commonly call a "bank". If it grants it, we contract the debt with the entity, becoming, in our case, debtors, while the bank, faced with the right to collect the debt, becomes a creditor (Coll, 2021).

As it is well known, a person who takes out a mortgage loan, gives his properties as a means of payment in case it cannot be covered with the payment, this is done legally. He mentions that this type of fraud is carried out when someone applies for a loan or mortgage using someone else's information, or directly false information that does not correspond to them. It also encompasses cases where lenders make loans with incorrect information, without clear terms and in a misleading manner (Castellnou, 2021).

Mortgage loan fraud is defined as any misstatement, misrepresentation, or omission made by a person attempting to obtain a loan to increase the trust upon which a lender is based and trusted. Lying on your mortgage loan application is mortgage fraud. Even if you just exaggerate a little, mortgage fraud has been committed. Committing mortgage loan fraud, even accidentally, can have serious consequences. If your lender discovers that any part of your loan application was altered, they may demand an immediate full repayment of your loan. Equally, since mortgage loan fraud is a crime, you risk criminal investigation, potential

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fines, and even jail detention. (Guia Legal, 2020)

In many cases, mortgage fraud is committed through the falsification of documentation, false documents in which lenders generate documents of properties that do not exist which issue a purchase that does not exist and in which the entity will have no way to charge you.

It mentions that the accounting department is in charge of collecting, analyzing, recording and documenting all the transactions carried out by the organization, and will also be able to describe the transactions in sufficient detail to be able to classify them and include them in the financial statements that must comply with the Generally Accepted Accounting Principles. Another of the activities carried out by this department is to determine the period in which the transactions occurred to be recorded in the corresponding accounting period.(Arellano, 2016)

The accounting department is essential since it helps the company or institution to compile and analyze the financial information it has, and through this accounting department, we can know on what date or period certain transactions took place.

In the 2014 publication on the topic: analysis of the accounting procedures applied in the association "Movimiento Comunal Comunal Nicaragüense de Matagalpa (MCN)", the author mentions that the accounting department is the area of the company where all financial information is classified, recorded and interpreted for decision-making. Currently, accounting is the tool that best shows the economic reality of companies; That is why its correct implementation within organizations is of vital importance for decision-making in everything related to their productive activity.(Rodríguez, 2015)

Accounting shows us economically how much it has, how much it earns, the way it earns and how it spends what the institution earns and not only allows us to know the past of the institution but the present what is coming in the future, in such a way that with this we can have absolute knowledge and control of the company, keeping in mind the knowledge of what can happen in the institution.

In the publication, he mentions the functions of the accounting area, which are:(Rodríguez, 2015)

- To report on the situation of the company, both in its economic and quantitative aspects and in its economic-financial aspect. Inventories and balance sheets will primarily be the instruments through which this information will be presented.
- Report the results obtained in each financial year, i.e. how much has been gained or lost at a given time.
- Report the causes of these results. It's not enough to know how much you gain or lose; Much more important is to know the reason for these losses and gains, in order to try to correct expenses and increase income in the future.

The accounting system must be transformed into an orderly and coherent structure through which all the necessary information of an entity as a result of its operational activities is collected, using all the resources that the accounting activity provides. A good accounting system should also make it possible to present the company's managers and shareholders with economic information for operational and financial decision-making that contributes to the successful management of the business.

The accounting department is responsible for implementing and operating the policies, standards, systems and procedures necessary to guarantee accuracy and security in the capture and recording of the company's financial, budgetary and goal-achieving operations. This department is responsible for the control of expenses and income and the financial situation of the company, as well as knowing the collections and pending payments.(Sisternas, 2018)

Having knowledge of the institution and how it works economically, helps to make better decisions, it also helps to anticipate difficult situations, or to be able to prevent great opportunities and be able to take advantage of them. This accounting department helps you properly manage your cash, your inventories, your accounts receivable and payable, your liabilities, your costs and expenses, including your income.

In the publication, he mentions that the administrative-financial or accounting departments of companies are one of the main areas for any business. It is essential to know the economic situation of the business, and analyze the financial markets to be able to draw conclusions and make decisions that favor the economic activity of the organization. It is important for a finance department to regularly update the accounting books. Companies must make decisions taking into account their financial status and the market situation affecting the organization, in order to minimize risks in strategic decision-making. The world of accounting operates with financial instruments that need to be known and mastered. Only from the analysis and interpretation of financial information will it be possible to plan long-, medium- and short-term objectives. It also helps to understand how to plan, analyze and control budgets, as well as see how sales, administrative, financial and production costs can be defined.(Euncet, 2017)

With the accounting department, a set of programmed actions can be achieved to achieve an increase in the quality and performance of an organization's results, so accounting information helps investors to evaluate the risk and profit they could expect for their investment, it also helps to know if managers are fulfilling their obligations correctly.

According to the author, it mentions that: Internal control within organizations encompasses a significant level of importance by contributing to accounting and financial security through the evaluation of administrative, financial and accounting procedures; helping to detect errors and irregularities; It proposes feasible solutions that improve the efficiency and effectiveness of the processes to achieve the proposed institutional goals. The importance of the controls depends on the manager of each entity, who are responsible for the reliability of the information provided to carry out the respective evaluations and generate the various alternatives for efficient decision-making.(Cobos, 2019)

Therefore, internal control is essential in organizations through which it allows to have an adequate control and security of the accounting accounts to avoid system errors and improve the efficiency of the same, in such a way that it provides a better professionalism of the personnel in charge. In the publication of their work entitled: "Influence of Accounting Management for Organizational Decision-Making in the ASIMVES Association of the V.E.S. Industrial Park", they proposed as a general objective "To determine if accounting management influences organizational decision-making in the ASIMVES Association of the VES Industrial Park", reaching the conclusion that as a result of the research it was

demonstrated that the effectiveness of management evaluates the capacity of the of accounting management, prioritizing the optimal objectives for their work environment.(Annabelle & Elizabeth, 2018)

In the accounting department, all the accounts registered in the entity can be identified by presenting a report of the expenses and income made in a given period, through which it allows the appropriate decision-making to be made based on the profit of the same, which will verify the systems that are used by the cooperative.

The accounting treatment that the Baños Interprovincial Transport Cooperative gives to the property, plant and equipment in order to know the reasonableness of the balances. Likewise, the lack of control of property, plant and equipment, implies that the decision-making is not real, harming the transport cooperative; the policies and procedures are not adequate, which generally means that the accounting treatment is not adequate, affecting the balances, the account are not reasonable or real; Failure to carry out an evaluation of this item results in the waste of those expenses that are not deductible and affects the company in not declaring its real values, thus affecting the information presented in its unreasonable financial statements, harming its partners, due to not knowing the economic and financial reality; as well as that their managers do not make the right decisions.(Silva, 2019)

The accounting treatment in the cooperative will know the movements of the accounts that enter and leave it in order to know the balances that it produces for the given period, in such a way that there may be failures in the accounting systems causing an incorrect report of the accounting accounts which will affect the entity by not presenting all the real values of the statements.

In the publication, it mentions: Administrative and accounting performance with a model of accounting policies and procedures in order to fulfill information and control functions, under the legal conditions of the Superintendence of Popular and Solidarity Economy. By ensuring that each of the processes, policies and procedures are complied with as established, achieving the best performance, this will constitute a valuable tool for the decision-making of the cooperative's managers. (Reinoso, 2016)

The entity is governed by a political model, where it must comply with its regulations and with each of the processes for the best performance of the same, generating good results with the appropriate tools of the entity.

The Accounting Department of the Virgen de Nieves Savings and Credit Cooperative Ltda. Because the alternatives presented will improve the accounting processes for the achievement of updated and detailed accounting information, the results will be to provide updated and timely information to internal and/or external users, which will allow economic and functional stability for the cooperative. It will be possible to know the real situation of the same at the required time, to make the best decisions (Isasi, 2018).

The accounting department, by carrying out internal control, will improve the performance of the entity, with the updating of the systems, real information about the accounts will be presented and also know the current situation in which it is through the presentation of detailed and complete information on the economic situation.

MATERIALS AND METHODS

The type of research that aims to describe some fundamental characteristics of homogeneous sets of phenomena uses systematic criteria that allow the structure or behavior of the phenomena under study to be established, providing systematic and comparable information with that of other sources.

The methodology that was used in the field study analysis regarding the problem is descriptive since through this method the surveys were carried out to collect first-hand information and thus be able to organize, summarize, present, analyze, and generalize, the results of the observation within the financial institution in the company. Therefore, this method involves the systematic collection and presentation of data to generate clear ideas of the certain situation in which the organization finds itself.

The sample according to (Blalock, 2013) "This can be defined as a part of the population that theoretically contains the same characteristics that you want to study in the respective population."

To this end, the researchers took into account the sample of two positions, the credit advisor and the general manager of the financial institutions, using a non-probabilistic sampling, as an object to be recorded with first-hand information.

To obtain the results, Microsoft Excel was used, since the tabulation and graphic visualization were carried out, Microsoft Word for the analysis and interpretation of the information, since the research was carried out by the descriptive method.

RESULTS

Through the application of investigative techniques and instruments, information was obtained for the investigation in order to identify the degree of mortgage fraud that exists in the company.

Through the information obtained through the application of the survey, it was found that 28% of the total respondents have a fairly high level of knowledge regarding mortgage loans, 61% say that their level of knowledge is very low and 11% know nothing. It was evident that 75% of respondents say that the risk of fraud is due to deficiencies in internal control, 14% say that maybe, and 11% answered that it is not.

Based on the data obtained, it can be seen that 60% say that forensic auditing is more applicable to prevent mortgage fraud in the cooperative, 28% mention that management auditing is feasible, and with a low percentage of 12% consider tax auditing. In addition, 39% say that fraud occurs by obtaining credit with false documents, while 32% of the customers surveyed have responded that it is due to obtaining credit with existing documents and with a low percentage of 29% have answered that it is given by obtaining credit through a written contract in the cooperative.

Respondents responded that mortgage fraud is at a high level, corresponding to 36%, 34% responded that fraud is at a medium level, and 30% responded that it is at a low level. It was evidenced that 49% mentioned that the cooperative's profitability would be affected by the

existence of the fraud.

The company maintains a low level in the presence of mortgage fraud within the entity, which corresponds to 49% of respondents, 33% have noticed its presence often and a small percentage have constantly noticed the existence of mortgage fraud, to detect fraud the respondents responded that the best method for fraud detection is through the analysis of suspicious transactions. Many of those surveyed say that the factor that generates fraud is because they provide their name to make an investment, and 23% say that it is because they provide accurate information in their loan application and with a low percentage of 13% respond that the factor is due to identity theft and false information.

When obtaining the corresponding data from the survey, it can be observed that there is a high percentage of 64% that respondents do consider it necessary to renew staff when it comes to detecting mortgage fraud and with a low percentage of 36% say that it is not necessary. It was evidenced that the mortgage fraude is due to unprofessional personnel within the entity with an average grade of 23%, others believe that it is due to poor administration within the entity with a high degree of 64% and the rest of those surveyed say that it is due to a lack of advice within the entity to a low degree with 13%.

The majority of respondents always ask for advice on mortgage fraud before foreclosing a mortgage loan in order to ensure that their loan is safe and can be carried out without any inconvenience, which corresponds to 54% of respondents.

DISCUSSION

The information obtained was fundamental for the development of the research, in this section, the interpretation of the data obtained is executed. The survey found that the level of knowledge about mortgage fraud among the people surveyed is very low, as it represents 61% of the results obtained, for which it is necessary to reinforce this knowledge.

Based on the answers obtained from the survey carried out, it is evident that deficiencies in internal control are the main causes of the risk of fraud since it represents 75%, for which it is important that companies strengthen internal control to avoid this type of fraud. The approach for carrying out this investigation can be framed according to the clients, most of whom do know which is the audit that is responsible for detecting or preventing fraud, which is important and thus clients will not be scammed since they know about the research topic.

The approach for carrying out this investigation can be framed according to the clients that most mortgage frauds occur by obtaining credits with false documents, this occurs when there is not good control at the time of making the mortgage loan, which, on the other hand, it is noted that to make a mortgage loan they must always be real papers so that frauds do not occur.

This means that the existence of mortgage fraud in cooperatives would significantly affect profitability, which is why controls should be implemented, training should be provided to the entity's bodies to prevent these problems from occurring and profitability should be improved. Cooperatives can be considered as one of the entities in which mortgage fraud is not common as evidenced in the responses obtained from the survey, resulting in 49% but a considerable percentage of people believe that this type of fraud does occur, so controls should be carried out respectively.

Through the survey carried out, it was noted that, if feasible, the method being used allows the detection of fraud by which many users have been affected. It is considered that the main factor of fraud is the provision of the name in the cooperatives as evidenced in the responses obtained from the survey, so it is necessary to give more information to customers so that they do not fall into fraud and are not harmed.

When detecting mortgage fraud in cooperatives, it is considered that the staff should be renewed in its entirety so that it does not occur and in this way, the popular and solidarity economy companies maintain good profitability. The main cause of mortgage fraud is mismanagement, for which it is recommended that cooperatives carry out better control in the administrative area to improve and avoid this type of fraud. Clients consider that when going to the cooperative it is vitally important to ask for advice on mortgage fraud for greater knowledge and the risks that this type of crime represents, as well as to improve efficiency.

CONCLUSIONS

Through the surveys carried out on mortgage fraud, it was possible to detect that the level of knowledge is very low since many people do not have the knowledge and therefore it is not applied in all entities, and worse in public or private companies, and that is why there are often fraud scams ranging from silent second mortgages and foreclosures to scams involving inflated valuations and loans fictitious or due to lack of knowledge or profit of the professional staff of the financial institution that carries out the procedure or due to the lack of knowledge of the clients and is present in all entities, either to a greater or lesser extent, in turn, gives incomplete information about real estate that an institution has, Also one of the things that help in the commission of fraud is that they provide their data to anyone.

When analyzing the surveys, it can be evidenced that the cause of mortgage fraud is poor management, for which it is feasible for cooperatives to carry out better control in the administrative area to improve and avoid these types of fraud, so that customers consider that when going to the Institution it is of vital importance to ask for advice on fraud to have greater knowledge and the risks it represents this type of crime; as well as improving efficiency, which allows us to deduce that internal control is efficient in the entity, which allows some credit institutions to get along well with savings and credit cooperatives or financial institutions.

Internal control is a tool mechanism that entities or bodies must recognize or have as a basis for effective management. A company can usually have adequate planning, and an appropriate organizational structure in the short and long term, but by not having internal control they come to make defective, and deficient, the management could not efficiently evaluate the financial systems, so much so that such companies could not grow, giving us to understand that internal control is of utmost importance in companies since on the other hand internal controls easily allow The advantages and disadvantages of each change, due to the above, the importance of internal control in the organization is highlighted.

The profitability of the institution is largely affected by the existence of fraud since the survey carried out by a large percentage affirms that in the entities if such fraud exists, which is harmful, this is also because the internal control is deficient, which would be feasible for

controls to be constantly executed for their respective prevention. In addition, it is necessary to have ethical professionals who in turn verify the documents presented by those people who are going to make a mortgage loan since in many cases these documents are false and non-existent, which will cause economic losses to the company and its credibility will be affected and the trust on the part of customers will decrease because in the entity this type of inconvenience occurs at a certain level. With this, we can also mention that the entity maintains methods that help in its prevention.

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