

Fraud Prevention Measures for Investors in Romania

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Romania attracts foreign companies with expansion and investment opportunities in a dynamic market. The continued development of the business environment drives investment, increases efficiency, and enables long-term partnerships.

However, alongside economic advantages, risks such as financial fraud, corruption, and operational vulnerabilities also exist. In Romania, cultural differences and a lack of transparency in certain sectors may create exploitable gaps. Foreign corporate groups in particular require preventive measures to protect both their investments and their reputation.

What do these measures look like?

1. Implementing Strict Due Diligence Procedures

The first step in fraud prevention is the thorough verification of business partners, suppliers, and subcontractors. Companies should:

- review the legal and financial background of their partners;
- analyze shareholder structures and other possible connections;
- use specialized databases to identify risks.

Due diligence should not be treated as a mere formality; rather, it should be a continuous process that is regularly updated.

2. Strengthening Internal Controls and Audit Functions

A well-functioning internal control system is essential for preventing both internal and external fraud. Companies should implement:

- a clear segregation of responsibilities within financial processes;
- regular internal audits carried out by independent teams;
- monitoring of sensitive transactions as well as public and private procurement processes.

In Romania, where procedures are often influenced by less stringent local practices than in other jurisdictions, compliance standards provide important protection against risks.

3. Digitalizing Processes: Technology for Effective Fraud Prevention

Modern data analytics, AI, and automation solutions can detect anomalies in real time. Effective tools include:

- fraud prevention modules integrated into ERP systems;
- automated monitoring of invoices and contracts;
- cybersecurity solutions for protecting sensitive data.

Investments in digital security are indispensable, not least because of the increasing number of cyberattacks.

4. Employee Training: Building an Ethical and Anti-Fraud Culture

Fraud frequently occurs in companies where employees are insufficiently informed about fraudulent practices and their legal consequences. Risk reduction measures include:

- regular ethics and compliance training;
- training to identify fraud attempts;
- fostering a culture of transparency and accountability.

5. Cooperation with Local Authorities and Advisors

The Romanian legal framework is often difficult for foreign companies to navigate. Cooperation with local experts — lawyers, tax advisors, and compliance specialists — is therefore essential. This ensures:

- the correct interpretation of constantly changing legislation;
- support in preventing and resolving issues;
- early identification of industry-specific risks.

In addition, memberships in chambers of commerce and bilateral business associations facilitate access to information and best practices.

6. Clear Policies: Financial Reporting and Reporting of Irregularities

An efficient internal reporting system helps detect irregularities quickly. Companies therefore require clear investigation procedures and protection for reporting employees (whistleblowers).

These mechanisms not only reduce risks but also strengthen internal trust.

7. Throughout the Process: Taking Cultural Differences into Account

Although strict standards from other countries may be well known, their implementation in Romania requires flexibility and local expertise. Cultural and administrative differences, as well as market-specific characteristics, influence fraud prevention efforts.

The key for foreign companies is to combine discipline with Romanian realities. Internal messages and policies should be adapted locally so that employees understand both the rules and the reasons behind them.

Conclusion

Companies can achieve strong growth potential in Romania, but a solid anti-fraud strategy is necessary to protect investments. Foreign corporate groups in particular should focus on due diligence, internal controls, digitalization, training, and cooperation with local experts for effective intercultural implementation. This minimizes risks and creates sustainable business operations.

Romania offers genuine potential — and those who invest in prevention benefit the most in the long term.

Finally, one particularly important aspect should be emphasized: rules and policies create awareness, but they must also be implemented in practice. Only where corporate culture is truly lived can it fully flourish.

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