



## **Evaluation of Fraud and Control Measures in the Nigerian Banking Sector**

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### **ABSTRACT**

The purpose of this paper evaluation of fraud and control measures in Nigerian Banking Sector (a case study of three selected banks) is to aim at finding practical means of eliminating, reducing the incidence of fraud in our banking industries and researcher used both primary and secondary source. Questionnaire and interview were administered on a population sample of 75 person made up of both staff and management of First Bank Nigerian Plc, Union Bank of Nigerian Plc and United Bank for African all in Gusau, Zamfara state. The findings derives from respondents indicates that poor internet system not greed is the main course of fraud in the Nigerian Banking and recommendation, and solution of fraud is a means of segregation of duties, were officer that past entry should not be responsible for checking with compulsory annual holiday for all member of the staffs and organization procedure, development of a good organization structure and career opportunity for staff so as to have dedicated loyal staff and contented with force and good training programme is important for staff at all levels.

**Keywords:** Fraud, Control, Nigerian Banks

**JEL Classifications:** M4, M421

### **1. INTRODUCTION**

The level of fraud in the present day Nigeria has assumed an epidemic dimension. It has eaten deep into every aspect of our life to the extent that 3-years-old child talks about yahoo mail or 419, newly discovered sobriquet for advanced free fraud that is hunting our banking industry. Nigerian with all of its natural and human resources together on the brink of destruction because of fraud. Much of what we do is “cutting leaves” instead of dealing with the root problem (David, 1994).

Generally, fraud takes its roots from the human heart. It is an axiom that the heart is deceitful above all things and is desperately wicked. Fraud is the number one enemy of the business world, no company is immune to it and it is in all works of life, (Adeyemo, 2012). The fear now is rife that the increasing wave fraud in the financial institutions in recent years, if not arrested might pose certain threats to stability and survival of individual financial

institution and the performance of the industry as a whole and no area of the economy is immured from fraudsters and even the banking system (Abubakar, 2004).

The existence of financial intermediaries automatically takes care of the sizes of fund existing in the economy. Banking sectors are financial institutions that intermediate between the surplus units of the economy (household) an the deficit unit which companies, government, business enterprises by mobilizing the surplus unit of the economy to save part of the income that are not consumed and repackage it for lending to the deficit unit at a considerable interest rate. Examples of financial institutions we have in Nigeria are banks, insurance companies, savings and loans (Mahinda, 2012).

The major problems confronting the financial institution today is “fraud,” which has sent many of them out of business and is making the industry customers to lose confidence in then since, since they have not been able to curb the ugly event called “fraud” (Femi, 2007).

The Nigeria Deposit Insurance Corporation warns the nation year after year about damages posed to the banking sectors by fraud and also explained to the players in the industry that the sad and unfortunate incidence of increasing frauds and forgeries in the industry will not only deplete the bank's capital but will contribute to the loss of confidence in the system, before 1986, banks reporting cases on fraud were of no consequence. Returns were very low or just moderate, the numbers of banks were few and salary levels were low compared to other sectors of the economy (Akindele, 2010).

Fraud as defined by Onibudo (2007) as "deceit or trickery deliberately practiced in order to gain some advantage dishonestly." Fraud is a phenomenon that displays its presence in different forms. Such various forms include; money transfer fraud, letter of credit fraud, borrowing from the till, anti-money laundering, credit and debit card fraud, first party fraud, internet fraud, internet fraud, and so on and so forth (Femi, 2007).

Fraud does not just happen, but is perpetrated by human beings with reasons or motivations. The two main causes of fraud are robberies are manifestations of deviant social behavior (Tunji, 2013). Today, the rising trend in bank fraud and robbery can be taken to certain antecedents of the contemporary society. In Nigeria of recent years and today, there is prevalent moral decadence reflecting fast weakening and debased value system. For example wealth, irrespective of its sources now commands a high premium in Nigeria society (Femi, 2007).

The internal causes of fraud today in the banking industry can be traced to the following internal environmental factor: Corrupt or weak management, ineffective control system, poor personnel practices, and shortage of experience and expertise staff. Because the installation and day-to-day implementation of a bank are the responsibilities of the top management of the bank. In fact, as affirmed by Comer (2015), "the scale of fraud in an organization is a reflection of the ability of its managers to manage." i.e., in a bank where the top management is known to engage in corrupt banking practices, fraud will be common among the junior staff.

To minimize or control the alarming rate of fraud in the banking sector, there ought to be need for the players in the sector to set up and implement an effective and efficient control system that will adequately monitor the daily activities of the industry without leaving any gap. Consequently, appropriate personnel policies and practices should be put in place since fraud is committed by people of moral decadence. This study will address different forms of fraud that target the financial service sector and how the industry would respond to some measures successfully in controlling this, rather than increasing problems and measures that can be geared towards achieving further.

As earlier mentioned, the Nigerian banking sector, the history of Nigeria economy is one of the most profitable of history performance and could achieve better result in output and obligation to the society. To realize this, the banking industry will have to perform a leading role that can reinstate the economy (Etuk, 2011). The low level of the performance of Nigerian banking

industry is due to an array of problems, one by which is the issue of fraud which is one of the most intractable and monumental problem facing the industry. The problem of accountability is traceable to the root cause of fraud which results from poor record keeping, misappropriation, forging, poor internal control, excess power given to the executive or management.

The primary objective of the research is to evaluate the fraud and control measures in the Nigerian banks practical means of reducing the incidence of fraud in our banks to achieve these objectives, the following secondary objectives have been specified. To identify the causes of fraud perpetrated in banking industry. Other specific objectives are; to provide solution on effectiveness of various fraud and control measures to adopt by the banks; to determine the fraud in the banking industry and economy in general. By so doing, customer is better informed on the nature, types, modes and various operations of the various frauds and placed in a better position to prevent and detect any fraud activity.

## 2. LITERATURE REVIEW

### 2.1. Conceptual Frame Work

Fraud is very comprehensive field of crime under which exist a range of different activities, fraud is diverse in nature and as such getting a comprehensive definition is somehow difficult, (Beasley, 2016).

Zuraidah et al. (2015) classify fraud together with white collar crime and defined them as illegal acts characterized by theft, deceit and concealment and are not dependent upon the application of physical force or violence threats there, Adewumi, 2000; Ogechukwu, 2013, in their definition, they agree that fraud is an action which involves the use of deceit and trick to alter the truth so as to deprive a person of something which is or something to which he might be entitled, (Adeyanju, 2004). Fraud is an intentional deceitful act for gain with the concept of concealment. As such it is more than theft defalcation is theft by person in position of trust, (Adeyanju, 2004) Fraud may be perpetrated by one person and working differently and indifferent position and between a manager and someone, reporting or between an insider and outsider (Femi, 2007). Beasley (2016) has propounded that the motivation of fraudulent behaviors derives from a number of causes, there could be pathological or greed, the desire to be with riches extreme want often characterized as dire need, culture demands on the cultivating of taste among others criminal motivation with particular reference to fraud is said to be pathological when the taste of mind of the criminal disposes and impels him to commit fraud, even though he is in dire need of the resources, (Adewumi, 2000).

### 2.2. Theoretical Framework

Attempts have been made to weave the factors that affect fraud into comprehensive theories of fraud and animal behavior theories of fraud. Beasley (2016) post that motivation to fraudulent behavior derives as stated above from a number of causes. It could be pathological or greed. Pathological theory states that culture demands on the cultivation of taste too expensive for the legitimate income of the individual criminal motivation with particular reference to fraud and when the state of mind of the criminal disposes and impels him to commit fraud, even though he or she

is not in due need of the resources. Greed theory of fraud states that banks have become persistent targets of men of underworld mainly because banks are seen as the richest organization in the country. The theory goes further to enumerate some of the causes of fraud as instable instinct for wealth over concentration of authority, poor security arrangements for sensitive developments and so on. The development of fraudulent behavior can be traced to middle childhood when moral behavior start, (Adewumi, 2000).

Kohlber (2008) in his book titled “theory of moral development in the society” that conventional level of morality develops between the ages of 10 and 16 years. He stated that this is the stage during which a child learns to understand the rules, differentiating wrong from right actions to accept and respect authority and to abide by societal rules in order to win the approval of others. Thus, the theoretical framework is anchored in the greed or pathological theory of fraud, (Adewumi, 2000).

Ogechukwu (2013) like Adewumi (2000) said the main cause of fraud in bank in Nigeria is traceable to the general dishonesty in the society. Since there is corruption in all facets of the Nigeria life, bank cannot be an exception. He also mentioned other factor such is lack of call over system, lack of regular and non-notified relation, clerks doing more than job which are incompatible and many more (David, 2014).

### 2.3. Theory of Fraud Triangle

This theory entails the triangle of different fraud aspects which includes perceived pressure/motives, perceived opportunities and rationalization. The term perceived is important in the context because at times pressure, opportunities and rationalization may not be necessarily real (Chiezey and Onu, 2013). Chiezey and Onu (2013) observed that the first temptations to commit fraud are financial and non-financial pressure. Through financial pressure is the major pressure as argued by Ngaluka (2013), that 95% of fraud committed is due to financial pressure. This pressure can be in form of debts, underpayments, personal family financial challenges of the employees and those that related to work in terms of pressures to perform more than other (Ngaluka, 2013). The opportunity to commit fraud in the bank is determined by the undue access of the employees to some basic information which gives them an advantage to commit an ethical behavior and conceal it (Chiezey and Onu 2013). Nyakarimi and Karwairwa (2015) argue that these opportunities are due to weak control measures lack of expectation for punishments which can serve as deterrence and in adequate infrastructure.

The last factor in the fraud triangle is the perceived rationalization is the justification of an unethical behavior which an organization other than a criminal activity. Mahinda (2012) opined that individual who cannot rationalize its ethical behavior might probably not commit fraud. From the argument above, it is gearing that beyond internal control and corporate governance strict compliance with banking ethics has great potential for preventing opportunity and rationalization for fraud which in turn break the fraud triangle.

### 2.4. Agency Theory

Onwujiuba (2014) noted the separation of ownership from management of a business concern without proper monitoring give

an opportunity for unethical behavior. The owner of the business must ensure that the employees work in the best inters of the shareholders, this can be achieve through the use of both financial and non-financial incentives to the employees (Onwujiuba, 2014). This incentives will ensure that the employee stayed motivated all times and thereby reducing the perceived pressure to commit fraud. This incentives can be inform of leave bonuses, medical insurance schemes, availability of staff loan, quick response to their need etc. (Mutesi, 2010). It is statement of fact that the contemporary materialistic tendencies have rendered ineffective the incentives packages in reducing agency cost with could be mirrored most of the times by fraudulent engagements of the agents (i.e. management). Hence, beyond internal control and corporate governance, compliance with banking ethics becomes imperatives as far as banking industry is concerned.

#### 2.4.1. Empirical review

There have been an extensive studies conducted in many countries on fraud and the effect on bank performance while there is no empirical evidence of the social impact of fraud on the Nigeria banking industry (Adewumi, 2010). For instance, Adewumi (2010) in his explanation of bank fraud identify social-economic lapse in society such as misplacement of societal value, the unquestioning attitude of society towards the sources of wealth, the rising societal expectations from bank staff and the subsequent desire of the staff to live up to such explanations as contributory factors of fraud. Adeyanju (2014) conduct a research on job involvement/experience factors and fraudulent behavior among serving and convicted bank staffs. The study found that level of job involvement has function of three factors; motivation, identification and a feeling of pride that people achieve in their jobs (Adeyanju, 2014).

Mutesi (2010) investigated bank frauds using methodology of an interaction with bank staff of various cadres with structured questionnaire to identify the fraud forms and characteristics in the banking industry. The study reveals that some staff involve in fraud due to greediness and arrogance. In a different study, Onibudo (2007) carried out a study on the role of bank CEO in the perpetration of corporate executive frauds in the Nigerian banking sector. The study reveals that recent banking crisis in Nigeria have exposed the activities of bank executives in corruption and fraudulent practices using institutional anomie theory called American dream theory, whereby the pursuit of monetary success has come to dominate society.

Institute of Internal Auditors (2003) did research on the means of minimizing the incidence of fraud in Nigeria banking industry. Funding of the study revealed that, so many factors contributed to the incidence of frauds in banks amongst which are poor management of policies and procedures, inadequate working conditions, bank staff staying longer on a particular job and staff feeling frustrated as a result of poor remunerations.

Adepoju and Alhassan (2010) opined that bank customers have come to depend on and trust the automated teller machine (ATM) to conveniently meet their banking needs, but that in recent times; there have been a proliferation of ATM frauds in

the country. Managing the risks associated with ATM fraud as well as diminishing its impact is an important issue that face banks as fraud techniques have become more advanced with increased occurrences. Akindele (2010) conducted a research on the “challenges of ATM usage and fraud occurrence in Nigeria banking industry” the study posits that lack of adequate training, communication gap, and poor leadership skills were the greatest causes of fraud in banks. He advised that adequate internal control mechanism be put in place and that work workers satisfaction and comfort be taking care of. Investigation of fraudulent activities and forensic accounting in Nigeria. The study found that there is need for the banks in Nigeria to adopt more proactive measures such as the use of forensic accounting techniques in banks (Onuorah, 2011).

Abdulrasheed et al. (2012) examined the impact of fraud on bank performance in Nigeria and evaluate the fraud control measure in Nigeria Banking Sectors. Result of the study shows that, there is a significant relationship between banks profit and amount of funds involved in fraud. Kanu (2013) did a work of the nature, extent and economic impact of fraud on bank deposit in Nigeria using descriptive and inferential statistics. The study revealed that there is a positive significant relationship between bank deposit and fraud in Nigeria Banking Industry. Thus, this study was carried out to fill the gap in literature (David, 2014).

Sang (2012) explore determinants of fraud control measures in Nigeria commercial banks. Descriptive research design was used and data was collected through the use of questionnaire and analyzed using descriptive and inferential statistics. The study concluded that the effectiveness of internal control measures was affected by non-adherence to dual control aspect and lack of sufficient time to undertake the various periodic tests with delight. He recommended that comprehensive measures militating against fraud be established and enforcement of compliance of fraud mitigation methods and increase the numbers of staff in key areas.

Ajala et al. (2013) examine the evaluation of internal control system as a preventive measure of fraud in Nigeria banking sector. Data was sourced from three commercial banks audited and published financial statement and were analyzed with the use of product moment correlation coefficient and regression analysis. They find out that internal control system has significantly prevented and curbed frauds in Nigerian banks. They concluded that bad corporate governance was responsible for improper designing of internal control system which could have led to corporate performance of Nigeria banks.

Zuraidah et al. (2015) investigated fraud schemes in the banking institutions and the preventive measure to avoid serve financial loss. The study was concluded among management level in Malaysia banking institutions, with a focus on branch managers and assistants managers who handles mortgage loan and hire purchase loan. The study finds out that perpetrators of fraud always have insights of the procedure and had taken advantage and capitalize on the process to penetrate and commit fraud. They concluded that it is impossible to achieve zero fraud risk in the banking institutions because fraudster will always find their ways,

therefore that the fundamental functions of banking institutions’ staff should be better emphasized to make their role more visible in combating fraud.

### 3. RESEARCH METHODOLOGY

#### 3.1. Research Design

In carrying out the study, the descriptive research was employed by the researcher. Descriptive research design is concerned with the collection, presentation, analysis and interpretation of data for the purpose of describing vividly the existing conditions prevailing practical belief, attitude on going processes etc. its objectives are to get details and factual information about problems and describe it as:

The researcher also employs the survey descriptive research design in gathering information. Survey descriptive design is a method of gathering information about human population in which the direct contact is made with the unit of study through the means of instrument such s questionnaire, interview and guides.

##### 3.1.1. Method of data analysis

Simple percentage was used in analyzing the data; the technique is very simple, less cumbersome and accurate as compared to other techniques. It consists of statistical calculation performed with raw data to provide answers to the questions including the research. The data were analyzed with simple percentage in line with the research questions.

A four scale was used to award point to each specific question responded by the respondents. The favorable statements are stated as follows:

- (i) Strongly agreed (SA)
- (ii) Agreed (A)
- (iii) Disagreed (D)
- (iv) Strongly disagreed (SD)

The scales was analyzed with the simple percentage by using the formula for percentage.

$$\frac{NR}{NS} \times \frac{100}{1}$$

Where: NR = Number of respondents  
NS = Number of sample  
100/1 = Constant.

### 4. DATA PRESENTATION AND ANALYSIS

Analysis of data particularly primary data and the finding is the core of any meaningful research done. The extent of application of the research depends on careful presentation and analysis of the data collection for the study.

The analysis would be represented on simple table and percentage. The researcher distributed 75 questionnaire to the respondents i.e. 25 each to all the three selected banks and 50 questionnaire were returned by the respondents i.e. First Bank Nigerian Plc returned 15, United Bank for African returned 24 while Union

Bank Nigerian Plc returned 11 questionnaire out of 25 issued to them each (Table 1a).

The analysis of the questionnaire distributed is stated below:

## Section A

### 4.1. Analysis of Data

The Table 2a shows, respondents 22 representing 44% attended professional course, while 28 respondents representing 56% did not attend any professional course.

The Table 3a represent age categories distributed as really shows that the respondents' age from 20 to 30 years are fully completed and returned the questionnaires with number of 15 representing 30%, 31-40 years returned 20 representing 40%, 41-50 years returned 10 representing 20%, while 51-60 years returned 5 representing 10%.

The Table 4a depicts analysis of data on educational qualification of respondents shows that there was no O' Level holders, OND/NCE returned 28 representing 56%, the respondents with HND/BSc were 18 representing 36%; MBA/MSc returned 4 representing 8% while others were 0 representing 0%.

The Table 5a shows Job experience within 1-10 years is 32 representing 64%, 11-20 years. 16 representing 32%, 21-30 years is 2 representing 4%.

**Table 1a: Questionnaire distribution**

Distribution and return of questionnaire			
Section of population	Number of questionnaire issued	Number returned	Percentage
First Bank Nig. Plc	25	15	30
UBA Plc	25	24	48
Union Bank Nig. Plc	25	11	22
Total	75	50	100

Source: Field summary 2019

**Table 2a: Professional course**

Question 1: Did you attend any professional course in relation to your job?		
Response option	Number of respondents	Percentage
Yes	22	44
No	28	56
Total	75	100

Source: Field summary 2019

**Table 3a: Age group**

Question 2: How old are you?		
Response option (years)	Number of respondents	Percentage
20-30	15	30
31-40	20	40
41-50	10	20
51-60	5	10
Total	50	100

Source: Field summary 2019

## 5. FINDINGS AND DISCUSSIONS

### Section B

The research carefully selected some particular vital questions in relations to the objectives of the research response from respondents have been represented by use of table and single percentage. analysis and interpretation have followed respectively.

The Table 1b shows response and indicates that 54% SA, 36% agreed and 6% disagreed while 3% were SD that agreed by bank staff is the main reason for the involvement in fraud.

The Table 2b shows that the number of respondents indicates that 19 respondents representing 38% SA that poor internal control system is the problem of Nigerian banks, 8 respondents represented

**Table 4a: Level of education**

Question 3: Educational qualification?		
Response option	Numbers of respondents	Percentage
O' Level WASSCE	0	0
OND/NCE	28	56
HND/BSc	18	36
MBA/Msc	4	8
Others	0	0
Total	50	100

Source: Field summary 2019

**Table 5a: Working experience**

Question 4: Years in service/job experience?		
Response option (years)	Number of respondents	Percentage
1-10	32	64
11-20	16	32
21-30	2	4
31-40	0	0
Total	50	100

Source: Field summary 2019

**Table 1b: Greedness of staff**

Question 1: Greed by bank staff is the main reason for the involvement in fraud		
Responses	Number of respondents	Percentage
Strongly agreed	27	54
Agreed	18	36
Disagreed	3	6
Strongly disagreed	2	4
Total	50	100

Source: Field summary 2019

**Table 2b: Inadequate control**

Question 2: Poor internal control system not agreed is the main course of fraud in Nigeria Banks		
Response	Number of respondents	Percentage
Strongly agreed	27	54
Agreed	18	36
Disagreed	3	6
Strongly disagreed	2	4
Total	50	100

Source: Field summary 2019

16% agreed, 21 respondents which representing 42% disagreed while 2 respondents represented 4% SD.

The Table 3b, shows that 12 respondents represented 24% are of the view that is the duty of external auditor to detect and prevent fraud in bank, 32 respondents represented 64% agreed and 4 respondents representing 8% while 2 respondents represented 4% SD.

The Table 4b shows that 56% of those that sent in their responses claimed that collaboration with bank customer by fraudulent bank staff is the major causes of fraud in Nigerian bank, 26% agreed, 12% disagreed where as 6% SD collaboration with bank customer, by fraudulent bank staff is the major cause of fraud in Nigeria bank.

From the Table 5b, research survey has really shows that distress in Nigeria bank result mainly from fraudulent practice perpetrated due to the answers and reply give from the questionnaire, when 20 SA 58 agreed, 16 disagreed and 6 SD.

The Table 6b shows answer to question asked on whether poor audit quality services in Nigerian banks make detection and prevention of fraud impossible, while responses the true's response on which 76% SA, 16% agreed, 6% disagreed and 2% of respondents SD to the question.

**Table 3b: Duty of external auditor**

Question 3: Is it the duty of external auditor to detect and prevent fraud in bank		
Responses	Number of respondent	Percentage
Strongly agreed	12	24
Agreed	32	64
Disagreed	4	8
Strongly disagreed	2	4
Total	50	100

Source: Field summary 2019

**Table 4b: Staff and customer connivance**

Question 4: Collaboration with bank customer by fraudulent bank staff is the major cause of fraud in Nigerian bank		
Responses	Number of respondent	Percentage
Strongly agreed	28	56
Agreed	13	26
Disagreed	6	12
Strongly disagreed	3	6
Total	50	100

Source: Field summary 2019

**Table 5b: Fraudulent practice**

Question 5: Distress in Nigerian banks result mainly from fraudulent practice perpetrated		
Responses	Number of respondent	Percentage
Strongly agreed	10	20
Agreed	29	58
Disagreed	8	16
Strongly agreed	3	6
Total	50	100

Source: Field summary 2019

## Section C

The Table 1c, shows the response of SA that inability of law enforcement agency to prosecute fraudster encourage more of banking industries fraudster encourage more of banking industries are 44%, agreed, agreed 32% disagreed are 8% of respondents were SD.

The Table 2c shows that the proposing respondents SA are 62% and agreed are 24%, 8% disagreed and also 6% SD.

The Table 3c shows that, 44% favored the question, 24% agreed, 18% disagreed while 14% SD the opinion.

The Table 4c depicts 33 respondents representing 66% SA that computerized accounting will help fraud control in Nigeria banking sector, while 20%, 6% and 8% are respondents agreed, disagreed, and SD respectively.

The Table 5c indicates that 40% SA 36% agreed, 10% disagreed and 14% SD that distress experience in Nigeria bank is cause by fraud committed in bank.

The Table 6c shows that 29 representing 58% of respondents SA, 11 representing 22% agreed and 4 representing 8% disagreed while 6 representing 12% SD that margin in Nigeria bank reduce fraud in banking industries.

**Table 6b: Inadequate audit quality**

Question 6: Poor audit quality services in Nigerian banks make detection and prevention of fraud impossible?		
Responses	Number of respondent	Percentage
Strongly agreed	38	76
Agreed	8	16
Disagreed	3	6
Strongly disagreed	1	2
Total	50	100

Source: Field summary 2019

**Table 1c: Inadequate law enforcement**

Question 7: Does inability of law enforcement agency to prosecute fraudsters encourages fraud in banking industries		
Responses	Number of respondent	Percentage
Strongly agreed	22	44
Agreed	16	32
Disagreed	4	8
Strongly disagreed	8	16
Total	50	100

Source: Field summary 2019

**Table 2c: Bank distress**

Question 8: Bank distress results mainly from poor protection not from fraudulent practices in banks		
Responses	Number of respondent	Percentage
Strongly agreed	31	62
Agreed	12	24
Disagreed	4	8
Strongly disagreed	3	6
Total	50	100

Source: Field summary 2019

**Table 3c: Fraud and financial statement**

Question 9: Does fraud have any negative effect in the financial statement of banks?		
Responses	Number of respondent	Percentage
Strongly agreed	22	44
Agreed	12	24
Disagreed	9	18
Strongly disagreed	7	14
Total	50	100

Source: Field summary 2019

**Table 4c: Computerized accounting**

Question 10: Computerized accounting will help fraud control in Nigeria banking sector		
Responses	Number of respondent	Percentage
Strongly agreed	33	66
Agreed	10	20
Disagreed	3	6
Strongly disagreed	4	8
Total	50	100

Source: Field summary 2019

**Table 5c: Distress experience**

Question 11: Distress experience in Nigerian bank is cause by fraud committed in bank		
Responses	Number of respondent	Percentage
Strongly agreed	20	40
Agreed	18	36
Disagreed	5	10
Strongly disagreed	7	14
Total	50	100

Source: Field summary 2019

**Table 6c: Merger and Nigerian Banks**

Question 12: Did margin in Nigerian bank reduce fraud in banking industries?		
Responses	Number of respondent	Percentage
Strongly agreed	29	58
Agreed	11	22
Disagreed	4	8
Strongly disagreed	6	12
Total	50	100

Source: Field summary 2019

## Section D

The Table 1d shows that those responded SA were 18%, agreed 58%, disagreed 22% while SD 2%.

The Table 2d shows that 36% of the respondents believes that the fraud control will help Nigerian banking industries and allow them operate internationally, 33% respondents agreed, 12% disagreed while 20% SD.

The Table 3d indicates that 22 respondents representing 44% SA, 18 respondents which representing 36% agreed, 3 respondents, representing 6% disagreed while 7 respondents representing 14% SD that control of interest between external and internal auditor make it difficult to control fraud.

**Table 1d: Perpetration**

Question 13: Does Perpetration of Fraud in Nigeria banking industries are from the staff and not outside of		
Responses	Number of respondent	Percentage
Strongly agreed	9	18
Agreed	29	58
Disagreed	11	22
Strongly disagreed	1	2
Total	50	100

Source: Field summary 2019

**Table 2d: Fraud control**

Question 14: Fraud control will help Nigeria banking industries and allowed them operate internationally		
Responses	Number of respondent	Percentage
Strongly agreed	18	36
Agreed	16	32
Disagreed	6	12
Strongly disagreed	10	20
Total	50	100

Source: Field summary 2019

**Table 3d: Conflict of interest**

Question 15: Conflict of interest between external and internal auditor make it difficult to control fraud		
Responses	Number of respondent	Percentage
Strongly agreed	22	44
Agreed	18	36
Disagreed	3	6
Strongly disagreed	7	14
Total	50	100

Source: Field summary 2019

## 5.1. Research Findings

Every financial institution whether individual or family owned, small or big government owned, have now come to realize that fraud prevention in to effective internal control. In the process of executing this study new finding were discovered by the researcher.

Therefore from the result of this study and from the responses obtained and also analysis in this chapter, the followings:

- The bank operates some measure of effective internal control that easily detects frauds
- The banks segregates, duties among employees which serve as check and balance among the staff
- Necessary banking books are reconciled after 12 months.

## 6. CONCLUSION AND RECOMMENDATIONS

In the previous stages, we saw the type of frauds, the cases of frauds, their possible solutions, and the remedies preferred to its detection. It is quiet better to prevent loss than to engage in powerful recovery effect. The banking industries are sustained by the level of confidence the public have. The effect of fraud should therefore not be left to evade the amount of confidence the industry has built for her over decades or years mostly, now that the world including Nigeria is working hard to uplift the level of banking habits in the population or populace.

Nowadays, our minds are full of acquisition intents and this is indeed a moral weakness in our lifestyle. In view all of this fact therefore, it is my solemn appeal to all and sundry to contribute his or her quarter to the total eradication of this word called "FRAUD." But this can only be done, if we make up our minds to do away with the get-rich-quick syndrome.

Material alteration is a serious menace in banking business. The same can be detected if the banker is given some initial training. The equipment needed for the detection is simple, mainly, a magnifying glass; transmitted light arrangements and a ultra-violet lamp. The detection process does not consume much time after the banker have acquired some skill. It is been done by some banks abroad through special background printing on the instrument.

Bank frauds are creation of professional criminals, desperate customers or errand bankers or their collusion inters. Most of the time, they are committed through forged documents and generally they are crook attempt which can be detected easily. Knowledge of the possible avenue can keep the banker warned and hence fore-armed against fraud. External vigilance and sticking to rules are the basic preventive measures.

In order to remedy/prevent fraud as a manager, we are always to bend as a servant of all the transactions taking place, and monitor closely all the books to ensure that they are properly kept. One must try as much as possible to avoid risk and at the same time maximize profit.

Furthermore, before any organization employs a staff, they must ensure that the person is capable of handling the task needed of him but putting into cognizance the political and personal interest attached to it. Fraud worked only because of desperation and the get-rich-quick sync home, not been part patent for good time, which is the reason. I felt that it is of paramount importance for our financial organizations to organize seminars, trainings from to time to update the knowledge they have in respect of this work, because of the rapid growth in science and technology and enlighten them about the papers and consequences of fraud and to keep them appraised of all legal implication and ensure that people are posted to sensitive office on any basis.

Therefore; based on the conclusion above and the empirical findings of this research work, the study recommends the followings;

- i. For whistle blowing to be efficient the management of commercial banks should delegate staff members known for their integrity to conduct its function
- ii. Management control must reflect the changes going on in the organization from time to time, so that cases of fraud can be significantly minimized
- iii. Fraud caused by collusion can be minimized by ensuring that no staff member perform more than one primary function, especially does involving use of pass word
- iv. Government and banks should consider creating an avenue to discuss issue relating to bank fraud so as to be able to reduce the frequent occurrence of fraud
- v. Internal staffs that are caught in any fraudulent act should be given strong punishment which can serve as a deterrent to others staff members
- vi. The staff salaries to be paid promptly, management also should endeavor to review staff salaries when due. With this, worker endeavor to provide additional
- vii. Government should create awareness in the public by organizing symposium, seminars, related workshops, public lectures etc. on the control and evils of fraud to the economy and the society
- viii. Also, management should try to install computer machines for the smooth operation of its activities, as these reduces errors committed and control fraud, since only knowledgeable and authorized personnel operation will operate the computer
- ix. On the basis of findings, it is recommended that government should make their impact to be felt in combating fraud by establishing more agencies for combating fraud. Those managers and directors involved in looting of funds should be prosecuted to serve as a deterrent to subsequent ones
- x. Adequate internal control system should also be established to have checked and balances among bank staff. It is envisaged that if all this are put in place, fraud will be reduced to its nearest minimum, thereby, restoring confidence to bank customers
- xi. In addition, bank staff should be properly screened to test their morality and integrity before recruitment.

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## APPENDIX

### Section A: Personal Information

Question 1: Did you attend any professional courses in relation to your job?

- (A) Yes   
(B) No

Question 2: How old are you?

- (A) 20-30 years   
(B) 31-40 years   
(C) 41-50 years   
(D) 51-60 years

Question 3: Educational qualification

- (A) O'level WASSCE   
(B) OND/NCE   
(C) HND/BSC   
(D) MBA/MSC   
(E) Others

Question 4: Years in Service/Job experience

- (A) 1-10 years   
(B) 11-20 years   
(C) 21-30 years   
(D) 31-40 years

### Section B: Questionnaire

Question 1: Greed by bank staff is the main reason for their involvement in fraud

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 2: Poor internal control system not greed is the main courses of fraud in Nigeria

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 3: Do you think it is the duty of external auditor to detect and prevent fraud in bank?

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 4: Collection with bank customer by fraudulent bank staff is the major courses of fraud in Nigeria banks

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 5: Distress in Nigeria banks result mainly from fraudulent practice perpetrated

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 6: Poor quality of audit in Nigerian banks makes detection and prevention of fraud impossible

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 7: Computerized accounting will help fraud control in Nigeria banking sector

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 8: Do you think ATM help in compacting fraud in banking industries?

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 9: Dose fraud has any negative effect in the financial statement of bank?

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 10: Do you agree that the distress experience in Nigerian banks is caused by fraud committed in banks?

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 11: Does payment of voucher bear any evidence of having being checked and authorized by management staff?

- (A) Strongly agreed   
(B) Agreed   
(C) Disagreed   
(D) Strongly disagreed

Question 12: Do you agree that the merging of Nigerian bank reduce fraud in Nigerian banking industry?

- (A) Strongly agreed   
(B) Agreed

- (C) Disagreed
- (D) Strongly disagreed

Question 13: Do you think that perpetrator of fraud in Nigerian banking industry arise from the staff and not outsider?

- (A) Strongly agreed
- (B) Agreed
- (C) Disagreed
- (D) Strongly disagreed

Question 14: Does inability of law enforcement agency to prosecute fraudsters encourage fraud in banking industry?

- (A) Strongly agreed
- (B) Agreed
- (C) Disagreed
- (D) Strongly disagreed

Question 15: Do you think that conflict of interest between external and internal auditors make it difficult to control frauds?

- (A) Strongly agreed
- (B) Agreed
- (C) Disagreed
- (D) Strongly disagreed