



Analysis of Fraud in Banks: The Nigeria Experience

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Abstract

Research Objectives: The study focused on the analysis of fraud in Nigeria. The objectives of the study were to analyse the effect of fraud cases, employee fraud and amount involved in fraud on the soundness of money deposit banks in Nigeria.

Methodology: The ex-post-facto design was employed for the collection of secondary data from Nigerian Deposit Insurance Corporation (NDIC) annual reports for the period of 2002 to 2020 and analysed using descriptive statistics, correlation matrix and ordinary least squares regression technique.

Findings: The results revealed fraud cases had a negative and insignificant effect on soundness of deposit money bank at p-value > 0.05, employee fraud had a negative and significant effect on soundness of deposit money bank at p-value < 0.05 and amount involved in fraud had a positive and insignificant effect on soundness of deposit money bank at p-value > 0.05.

Recommendations: The study recommended that bank management should continue to utilize temporary staff as a cost saving means of conducting their business activity, extra security measures including comprehensive background check of staff must be put in place to minimize the incidences of frauds and forgeries committed by employees.

Key words: *Amount involved in fraud, Employee fraud, Fraud case, Soundness of money deposit bank, Theory of fraud triangle.*

1. Introduction

The banking industry is the most controlled and regulated industry in Nigeria, fraud has continued to rear its ugly head in the industry and become an epidemic issue in the banking system (Takon, et al., 2023). The level of fraud in the present day Nigeria has assumed an epidemic dimension. Nigeria with all its human and natural resources, tethers on the brink of



failure because of fraud. Gbadebo, et al. (2023) opined that the issue of economic frauds in Nigeria in relation to other Sub-Sahara African countries accounts for about 20.60% (55/267), 16.28% (49/301) and 14.22% (61/429) cases in 2018, 2020 and 2022, respectively, and the cases had risen tremendously over time. Much of what we do is “cutting leaves” instead of dealing with the root problem. Generally, fraud takes its root from the human heart. Mboto, et al. (2022) maintained that the banking sector has become the bane of the Nigerian economy with key reforms in the banking sectors raising the level and direction of economic growth and transformation. Today, the very integrity and survivability of these laudable functions of Nigerian banks have been called into question in view of incessant frauds and accounting scandals. Oseni (2016) opined that the incessant frauds in the banking industry are getting to a level at which many stakeholders in the industry are losing their trust and confidence in the industry. Corroborating the views of Idolor (2010), stressed that the spate of fraud in the Nigerian banking sector has lately become a source of embarrassment to the nation as apparent in the seeming attempts of the law enforcement agencies to successfully track down culprits.

NDIC (2020) stressed that causes of the bank fraud are grouped into institutional factors and environmental factors. Institutional factors are those traceable to the internal environment of the financial institution, while the environmental factors are those which result from the influence of the environment on the banking industry. Fraud may take the form of; theft of inventory assets, misuse of expense account, secret commission and bribery, false invoicing, electronic and telecommunication fraud, unauthorized use of information, cheque forgery, cheque clone, false financial statements, and so on, but whichever form it takes, the fundamental point is that the banking industry falls victim to fraudulent acts suffers and bears the brunt (Takon, et al., 2023).

Given the antecedent of fraud in organisation, it would adversely affect the soundness of the banking system in Nigeria if urgent measures are not taken to address this epidemic trend. Therefore, the rationale for this study is the analysis of fraud banks in Nigeria in relation to the soundness of deposit money banks in Nigeria.

1.1 Research Objectives

The main objective of the study was to analyse fraud of deposit money banks in Nigeria. The specific objective is to:

- (i) Analyse the effect of fraud cases on the soundness of deposit money banks in Nigeria.
- (ii) Analyse the effect of employee fraud on the soundness of deposit money banks in Nigeria.
- (iii) Analyse the effect of the amount involved in fraud on the soundness of deposit money banks in Nigeria.

1.2 Research Hypothesis



The study hypotheses were tested in a null form:

H₀₁: Fraud cases have no significant effect on the soundness of deposit money banks in Nigeria.

H₀₁: Employee fraud has no significant effect on the soundness of deposit money banks in Nigeria.

H₀₃: Amount involved in fraud has no significant effect on soundness of deposit money bank in Nigeria.

2. Literature Review

Soundness of Deposit Money Banks

The soundness of a money deposit bank is based on the capital adequacy of the banking system in Nigeria. Annor and Obeng (2018) affirmed that capital adequacy ratio is a measure of the amount of a capital fund of a bank measured as a percentage of its risk weighted credit exposures". They state that the presence of a high capital adequacy ratio has the likelihood of increasing the profitability of a bank and prevent bankruptcy or insolvency. However, "capital adequacy ratio measures capital strength and determines whether the banks have sufficient capital against existing and potential losses from credit risk. Brash (2001) argued that corporate fraud is the resultant effect of inadequate internal control systems. Therefore, capital adequacy ratios are used to determine the soundness of the financial institution as regards level of liquidity and cash flows available. Ogechukwu (2014) stressed that the soundness and sustainability of the Nigerian banking system has been deteriorated by simultaneous increase in fraudulent activities and accounting scandals. The profitability of Deposit Money Banks (DMBs) may be vulnerable to anticipated and unanticipated, and this calls for management action in taking the right measures to limit the effects on the soundness of the financial economy (Ugbah, et al., 2022). The DMBs contribute to aggregate investment and consumption in the economy. These functions of the banks help to accelerate the process of financial soundness and economic development.

2.1.2 Overview of Fraud Cases

Fraud has cut across many developed and developing countries in the world and spread itself in sectors and industries of the various economies and the act is done by actors at various different levels (Nindito, 2018). The Association of Certified Fraud Examiners (ACFE 2022) defined fraud as "any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent on the application of threat of violence or of physical force". Frauds are perpetrated by individuals and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage. Takon, et al. (2023) defined fraud as the act of trickery which is intentionally practiced in order to gain illegitimate advantage by depriving someone something which such a person would or might be entitled to but for the perpetration of fraud in its lexical meaning. However, fraud is the



intentional alteration of records accompanied by the defalcation of assets in order to deceive a certain group of people for the benefit of the perpetrator.

The increase in the number of fraud and forgeries cases would significantly affect the soundness of DMBs. Hence, DMBs are usually categorized into five levels of soundness, namely: Avery Sound; B-Sound; C-Satisfactory; D-Marginal, and E-Unsound. Undoubtedly, frauds lead to loss of money which belongs to either the bank or customers. This loss results in a decline of productive resources available to the bank. There have been cases of bank frauds such as credit cases, overstatement of profits, and proxy fund transfers, perpetuated by management (Nigeria Deposit Insurance Corporation, 2022). Fraud covers a range of irregularities and illegal acts characterized by intentional deception. It can be perpetrated for the benefit of or to the detriment of the organization and by persons outside as well as inside the organization. It can also be described as diverse means used by resourceful people to get an advantage over another by suppressing the truth, trickery, misinformation, false suggestions, cunning, deceit, and other methods by which to cheat. Employees, customers, in conjunction with others within and outside the Bank can commit fraud.

Employee Fraud

Employee fraud is the kind of fraud committed by the employees of the bank. It is normally seen as non-management fraud. NDIC (2020) identified some fraud committed by employee in the banks such as cash thefts from the tills by banks' staff, forgeries of customer's signature with the intention of illegally withdrawing money from the account with the bank, use of forged cheques to withdraw money from the customer's accounts, Opening and operating of fictitious account to which illegal transfers could be made and false balance credited, Lending to fictitious borrowers effected through fictitious account opened at a branch. Employee fraud perpetrated by top employees in the bank is known as management fraud. Fakunle (2006), defined management fraud is the manipulation of records and the accounts, typically by the enterprise's senior staff with a view to benefiting in some indirect ways. The predilection for management fraud in most cases is to pull in more investment from both existing and potential shareholders to the organization. Management fraud is frequently committed by management staff of a reporting entity, which comprises the director, general managers, and managing directors to mention but a few. The category of victims of management frauds are investors and creditors, and the medium for perpetrating the fraud is financial statements. The predilection for management fraud in most cases is to pull in more investment from both existing and potential shareholders to the organization. Another motivation for management fraud is to paint the bank in good light in the eyes of the regulatory authorities such as the Central Bank of Nigeria (CBN), Nigerian Deposit Insurance Corporation (NDIC), and Nigerian Accounting Standards Board (NASB) etc.

NDIC (2020) identifies some of the typical manifestations of employee's frauds in the banks to include: Cash thefts from the tills by banks' staff, forgeries of customer's signature



with the intention of illegally withdrawing money from the account with the bank, use of forged cheques to withdraw money from the customer's accounts, opening and operating of fictitious account to which illegal transfers could be made and false balance credited, lending to fictitious borrowers effected through fictitious account opened at a branch, claiming of overtime for hours not worked, suppression of cash/cheques.

Fund Diversion: In this case, bank staff (for personal use), sometimes divert customers' deposits and loan repayment. Another case of this is the tapping of funds from interest in suspense accounts in the bank.

Computer Fraud: This type of fraud takes the form of alteration of the programmes or application packages and even bursting into the system via remote sensors. Diskettes and flash drives can also be tampered with to gain access to unauthorized domains or even give credit to accounts for which the funds were not ab initio intended. This kind of fraud can remain undetected for a long time.

Amount Involved in Fraud Cases

Amount involved in fraud cases is the amount of money lost to fraudulent activities. Fadipe-Joseph and Titiloye (2012) argued that the large sum of money involved in fraud cases has adverse effects on the economy, and this has become a problem to which solution must be provided by bank management. Takon, et al. (2022) stressed that the amount of money lost to fraud is obtained through stealing and manipulation of accounts, frequently accompanied by cover up of the theft. It is evident that fraud significantly reduces the amount of funds available to business organizations. The incidence of frauds in our banking system has continued to be of grave concern to the Regulatory Authorities going by the magnitude of loss recorded by the system to the fraudsters over the years. Sections 35 and 36 of Nigerian Deposit Insurance Corporation (NDIC) Act 2020, mandates banks to render monthly returns of frauds and forgeries and also notify the corporation of any staff dismissed or whose appointment was terminated on accounts of frauds or financial irregularities. The incidence of frauds and irregularities in our banking system has continued to be of grave concern to the Corporation going by the magnitude of losses recorded by the system over the years. The experience with those banks that were closed in recent years clearly showed the trends as well as the damaging impact of frauds on the affected banks and the entire Nigerian financial services industry. Owolabi (2010) affirmed that the incidence of fraud inflicts severe financial losses on banks and their customers thereby reducing the amount of money available to the development of the economy.

Theoretical Review

The study is built on the theory of fraud triangle. Donald Cressey proposed the theory in the year, 1973. The theory is based on the following underlying principles such as pressure (motivation), opportunity and rationalization. These create the tendency for employees or



management in business organisations to commit fraud. In most cases, when faces financial stress enable people to become trust violators and result to committing fraud. There are five (5) main factors that lead to fraud in organization which involves pressure, opportunity, rationalization, capability, and arrogance. The fraud triangle model developed by Cressey (1953) asserts that pressure, opportunity, and rationalization is the prime cause of fraud committed by individuals. Pressure is an economic or a personal force that prompts a person to commit fraud. The economic aspect of pressure rests on the level of contentment while personal pressure is based on the lifestyle of the individual in relation to the environment. Chiezey and Onu (2013) added that pressures of life and family situations make some persons to commit fraud. This can lead to financial pressures like greed, debts, etc; peer pressure vices such as drugs, gambling and alcoholism; work-related pressures like high expectation for good results/targets at work or a need to cover up someone's poor results or to report results that are better than actual performance compared to the competition. However, opportunity is a golden chance taking by some certain individuals commit the act of fraud. An opportunity open to commit fraud in organisation is a function of weak organizational structure and lack of proper monitoring of certain monetary decision taking by the board or management. Rationalization of the individual is principle of the mind that is based on the justification for committing fraud-related activities in a workplace.

Employee Fraud and Soundness of Money Deposit Banks in Nigeria

Takon, et al. (2022) examined the effect of fraud on bank performance in Nigeria. They employed ex-post facto research design to collect secondary data NDIC Annual Report and CBN Statistical Bulletin for the period of 1994 to 2020 while descriptive analysis, Pearson correlation and OLS regression techniques to analyse the data. The findings showed that the number of fraud cases and total amount lost to fraud had a positive and significant impact on bank performance while the total number of staff involved in fraud had a significant negative on banks performance in Nigeria. Akintola and Oluwalaiye (2020) conducted a study on fraud and performance of the Nigeria banking industry. Ex-post facto research design was used to collect secondary data from 2005 to 2016. Ordinary least square employed for data analysis. The results showed that there is a direct relationship between fraudulent activities in the Nigeria banking industry and the expected loss of the banking industry.

Fraud Cases and Soundness of Money Deposit Banks in Nigeria

Kolapo and Olaniyan (2020) studied the impact of fraud on the performance of deposit money banks in Nigeria. Ex-post facto research design was used to collect secondary data from 1994 to 2017 and Generalized Method of Moments (GMM) technique was employed to analyze the data. The findings revealed that the amounts involved in fraud cases, amount lost



to fraud and number of staff involved in fraud has a significant negative impact on deposits of banks in Nigeria. Muritala, et al. (2020) conducted a study on the relationship between fraud and bank performance in Nigeria. Secondary data were collected from quarterly financial data for the period of 2000 to 2016 and analysed using Johansen's multivariate cointegration model and Vector Autoregressive (VAR) Granger causality analysis. The empirical evidence revealed there was a long-run relationship between fraud and bank performance, and a direct causal relationship between bank performance and fraud. This indicates that increase in fraudulent activities in the banking sector leads to reduction in bank performance.

Amount Involved in Fraud and Soundness of Money Deposit Banks in Nigeria

Takon, et al. (2022) examined the effect of fraud on bank performance in Nigeria. They employed ex-post facto research design to collect secondary data NDIC Annual Report and CBN Statistical Bulletin for the period of 1994 to 2020 while descriptive analysis, Pearson correlation and OLS regression techniques to analyse the data. The findings showed that the number of fraud cases and total amount lost to fraud had a positive and significant impact on bank performance while the total number of staff involved in fraud had a significant negative on banks performance in Nigeria. Ogbeide (2018) carried out a study to assess the influence of frauds on the banking sector financial performance in Nigeria. Secondary data were gathered for the period of 1993 to 2016 while co-integration and error correction techniques to analyse the data. The results showed that a three period lag of the number of fraud cases exert a significant negative effect on banking sector financial performance, one period lag of the total amount involved in the fraud and one period lag of actual or expected loss exert a significant negative effect on the financial performance of the banking sector in Nigeria.

3. Methodology

The research design used in this study is *ex-post-facto* which is structured to time series. This kind of research design involves the use of secondary data in which responses in the nature of a factor and its effects are being studied, which restricts the researcher from manipulating the outcome of the research. The population is made up of deposit money banks with the highest number of reported frauds and forgeries cases in Nigeria. The data to be used for the study is the secondary data which would be directly obtained from were collected from the National Deposit Insurance Corporation (NDIC) annual reports for the period under review (2002 to 2020).

Data Analysis Technique

The content analysis, descriptive statistics and ordinary least squares (OLS) econometric technique was used to analyse the empirical model and analysis of frauds in banks with the evidence of Nigeria experience. Various tests were conducted to evaluate the results, which include t-test, R-Squared and f-test.



The OLS regression technique employed by Takon, et al. (2022) was adapted and specified with an error term (e_i) in econometric form as shown below:

$$\text{BPF} = f(\text{NVF}, \text{ALF}, \text{NSF}) \dots\dots\dots (1)$$

$$\text{BPF} = \beta_0 + \beta_1 \text{NOFC} + \beta_2 \text{ALF} + \beta_3 \text{NSFL} + u_t \dots\dots\dots (2)$$

Where; BPF = bank performance; NOFC = number of frauds cases; ALF = amounts lost to frauds; NSFL = numbers of staff involved in fraud losses

The model of Takon, et al. (2022) re-specified with an error term (e_i) in econometric form as shown below:

$$\text{SDMB} = \beta_0 + \beta_1 \text{FRDC} + \beta_2 \text{EFRD} + \beta_3 \text{FINV} + u_t \dots\dots\dots (2)$$

Where;

SDMB = Soundness of deposit money bank. It was measured by the ratio of loan to deposit for the period of 2002 to 2020 (CBN statistical bulletin, 2022).

FRDC = Fraud cases. It was measured by the number of fraud cases reported for the period of 2002 to 2020 (NDIC annual report, 2020).

EFRD = Employee fraud. It was measured by the employee fraud reported for the period of 2002 to 2020 (NDIC annual report, 2020).

FINV = Amount involved in fraud. It was measured by logarithms of the amount of money involved reported for the period of 2002 to 2020 (NDIC annual report, 2020).

u_t = Error term, and $\beta_1 - \beta_3 < 0$ unknown coefficients of the variables.

4. Results and Discussion of Findings

Descriptive statistics are used in this study to assess the individual characteristics of the variables. It displays the mean, median standard deviation, Jarque-Bera coefficient, and probability value to measure normality of the data. The descriptive statistics result is shown in the table below.

Table 3: Descriptive Statistics

	SDMB	FRDC	EFRD	FINV
Mean	66.23000	17801.00	420.0000	2.559704
Median	66.43500	2179.500	380.5000	2.580345
Maximum	85.66000	146183.0	899.0000	2.953760
Minimum	42.31000	796.0000	85.00000	1.929419
Std. Dev.	11.24645	35266.23	214.9358	0.262867
Skewness	-0.444270	2.925498	0.699951	-0.923068



Kurtosis	3.026589	11.03604	3.209652	3.759612
Jarque-Bera	0.592658	74.10907	1.502760	2.988919
Probability	0.743543	0.000000	0.471715	0.224370
Sum	1192.140	320418.0	7560.000	46.07467
Sum Sq. Dev.	2150.203	2.11E+10	785356.0	1.174687
Observations	18	18	18	18

Source: E-view 9.0 output

It was observed from the Table above that the soundness of a money deposit bank (SDMB) has a mean value of 66.23, a maximum value of 85.66, a minimum value of 42.31 and a standard deviation value of 11.23 respectively. Fraud cases recorded (FRDC) have a mean value of 17801, a maximum of 146183, a minimum of 796 and a standard deviation value of 35266.23. Employee fraud (EFRD) has a mean value of 420, a maximum of 899, minimum of 85 and a standard deviation value of 214.93. Amount involved in fraud (FINV) has a mean value of 2.55, a maximum value of 2.99, a minimum value of 1.92 and a standard deviation value of 0.26. The Jarque-Bera statistical coefficient values revealed that fraud cases are normally distributed while soundness of money deposit banks, employee fraud and financial involvement of fraud is not normally distributed.

Correlation Analysis

The correlation analysis is employed to examine the relationship between the variables. However, the correlation analysis result is presented in Table 4 below.

Table 4: Correlation analysis

	SDMB	FRDC	EFRD	FINV
SDMB	1.000000	-0.165255	-0.235280	-0.150040
FRDC	-0.165255	1.000000	0.328706	0.306426
EFRD	-0.235280	0.328706	1.000000	0.925654
FINV	-0.150040	0.306426	0.925654	1.000000

Source: E-view 9.0 output

The result of the correlation analysis revealed that fraud cases (FRDC) have a negative and moderate relationship with the soundness of deposit money banks (SDMB=-0.1652). This indicates the increase in the number of fraud cases might impair the soundness of deposit money banks. Employee fraud (EFRD) has a negative and moderate relationship with the soundness of deposit money banks (SDMB=-0.2352). This indicates the increase in employee fraud cases might affect the soundness of deposit money banks. In the case of the amount



involved in fraud (FINV), the variable has a negative and moderate relationship with the soundness of deposit money banks (SDMB=-0.1500). However, employee fraud and amount involved in fraud have a coefficient value of 0.9256 greater than 0.80, indicating the presence of a multicollinearity problem, which denotes a situation in which some of the explanatory variables in a model are correlated, limiting and altering the efficiency of the regression results. However, we would perform a Variance Inflation Factor (VIF) test to confirm the existence of a multicollinearity problem. From the result, none of the variables had VIF values greater than 10, indicating that there was no serious indication of multicollinearity. As a result, the study's variables are free of the problem of multicollinearity, implying that we can proceed with the execution of other diagnostic tests to determine the suitability of the ordinary regression analysis techniques. The present is presented in the table below.

Table 5: Variance Inflation Factors

Variable	Coefficient		Centered
	Uncentered	Variance	VIF
C	3624.737	470.0742	NA
FRDC	7.36E-09	1.423637	1.121177
EFRD	0.001254	35.78556	7.096075
FINV	825.3591	708.2992	6.985258

Source: E-view 9.0 output

Ordinary Least Square Regression

The ordinary least square regression analysis result is presented in the table below:

Table 6: Ordinary least square regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
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C	28.91428	33.80400	0.855351	0.4068
FRDC	-3.18E-05	6.50E-05	-0.489077	0.6324
EFRD	-0.033589	0.013946	-2.408480	0.0304
FINV	20.31064	15.94174	1.274055	0.2234

R-squared	0.096286	Mean dependent var	66.23000
Adjusted R-squared	-0.097367	S.D. dependent var	11.24645
S.E. of regression	11.78125	Akaike info criterion	7.964025
Sum squared resid	1943.169	Schwarz criterion	8.161886
Log likelihood	-67.67623	Hannan-Quinn criter.	7.991307
F-statistic	0.497208	Durbin-Watson stat	0.837660
Prob(F-statistic)	0.690109	Wald F-statistic	5.899289
Prob(Wald F-statistic)	0.008063		

The coefficient of determination (R^2) is 0.096286 that about 10% of the variations in soundness of deposit money banks is jointly explained by fraud cases, employee fraud and financial involvement of fraud. The low value of R^2 is the exclusion of other possible variables that might contribute to performance and soundness of deposit money banks. The Wald F-statistic value of 5.899289 with its probability value of 0.008063 revealed that a linear relationship exists between the variables.

Furthermore, the result from the OLS revealed fraud cases (FRDC) has a negative (-3.18) and insignificant (0.6324) effect on soundness of deposit money banks (SDMB) at p-value > 0.05. This implies an increase in the number of fraud cases would adversely affect the soundness of deposit money banks but statistically not significant. Employee fraud (EFRD) has a negative (-0.03) and significant (0.0304) effect on soundness of deposit money banks (SDMB) at p-value < 0.05. This implies an increase in the number of fraud cases would negatively affect the soundness of deposit money banks but statistically significant at 5% level. Amount involved in fraud (FINV) has a positive (20.31) and insignificant (0.2234) effect on soundness of deposit money bank (SDMB) at p-value > 0.05. This implies an increase in financial



involvement of fraud would affect the soundness of deposit money banks but statistically not significant.

Discussion of Findings

The OLS results revealed fraud cases have a negative and insignificant effect on soundness of deposit money banks at $p\text{-value} > 0.05$. The result is inconsistent with the findings of Takon, et al. (2022) and Kolapo and Olaniyan (2020) that the number of fraud cases had a positive and significant impact on bank performance which depicts soundness. Therefore, the hypothesis is accepted that fraud cases have no significant effect on the soundness of deposit money banks in Nigeria. Employee fraud has a negative and significant effect on soundness of deposit money banks at $p\text{-value} < 0.05$. The result is consistent with the findings of Kolapo and Olaniyan (2020) that the number of staff involved in fraud has a significant negative impact on deposits of banks in Nigeria. Therefore, the hypothesis is rejected that employee fraud has no significant effect on the soundness of deposit money banks in Nigeria. Amount involved in fraud has a positive and insignificant effect on soundness of deposit money banks at $p\text{-value} > 0.05$. The result is inconsistent with the findings of Takon, et al. (2022) and Ogbeide (2018) that the number of total amounts lost to fraud had a positive and significant impact on bank performance which depicts soundness. Therefore, the hypothesis is accepted that the amount involved in fraud has no significant effect on the soundness of deposit money banks in Nigeria.

5. Conclusion and Recommendation

Conclusion

The banking industry is the most controlled and regulated industry in Nigeria, fraud has continued to rear its ugly head in the industry and become an epidemic issue in the banking system. The fear is now widespread that the increasing wave of fraud in recent years, if not prevented, might pose certain threats to economic and political stability and the survival of financial institution soundness and the performance of the industry as a whole. The OLS results revealed fraud cases has a negative and insignificant effect on soundness of deposit money bank at $p\text{-value} > 0.05$, employee fraud has a negative and significant effect on soundness of deposit money bank at $p\text{-value} < 0.05$ and amount involved in fraud has a positive and insignificant effect on soundness of deposit money bank at $p\text{-value} > 0.05$.

Recommendations

Based on the Findings:

- (i) Bank management should continue to utilize temporary staff as a cost saving means of conducting their business activity, extra security measures including comprehensive background check of staff must be put in place to minimize the incidences of frauds and forgeries committed by employees.



- (ii) Since, the number of fraud cases is negative, the banking industry should adopt stringent strategies to reduce the level of fraud in our banks and also help the staff to be more committed to the job.
- (iii) Staff should not be allowed to stay on one function for long periods; they should be periodically rotated in order to avoid the possibility of exploring existing operational loopholes and shortcomings for personal gains.
- (iv) Organizations should have in place sound internal control mechanisms/checks and balances and provide adequate remuneration and reward for excellence and good conduct while the incessant and periodic downsizing of bank staff should be discouraged.

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