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Frauds and Forgeries in Nigerian Banking Institutions: Implications for Banking Regulations and the Law

Igbinosa, Sunday Osaretin, Igbinosa-Okoro, Abieyuwa B., Eghobamien, Osawina

1. Igbinosa, Sunday Osaretin (Corresponding author)
Professor of Finance,
Department of Finance
Faculty of Management Sciences
University of Benin, Nigeria
osaretin.igbinosa@uniben.edu

2. Igbinosa-Okoro, Abieyuwa B.
Lecturer,
College of Law,
Igbinedion University, Okada
Edo State, Nigeria
igbinosa-okoro.abieyuwa@iuokada.edu.ng

3. Eghobamien, Osawina
Associated with the Department of Finance,
Faculty of Management Sciences
University of Benin, Nigeria
eghobamienosawina@gmail.com

Abstract: *The Nigerian banking industry is still bedeviled by frauds and forgeries in spite of several measures that are in place to check the malpractices. The study examined frauds and forgeries in Nigerian banking institutions by means of a descriptive research design based on a sample of 180 bank employees and managers of deposit money banks' branches and a microfinance bank in Ugbowo, Benin City. Data were analyzed by descriptive statistics and hypotheses were tested using inferential statistics and multiple regression analysis. The following findings were made, viz: That three main groups - bank employees, bank customers and contract staff perpetrate frauds in Nigerian banking institutions but contract staff is singled out as the prime culprit, there are many causes of frauds and forgeries in the nation's banking institutions, viz: greed of employees, inadequate regulatory enforcement and poor oversight, untrained employees and weak internal control system but inadequate regulatory enforcement and poor oversight is the main cause of fraud and forgeries in banking institutions in Nigeria, the lack of adequate punishment for fraudsters helps to create more opportunity for other like-minded individuals to commit frauds, certain factors serve as fraud motivators- inadequate cybersecurity, weak internal control system, poor remunerations but the use of contract staff in the employment process is the most important factor that motivate many bank workers to engage in fraudulent practices and that collusion among employees is a major aid to frauds in Nigerian banking institutions. Finally, that frauds and forgeries in banking institutions have negative impact on the nation's economy. The study made a number of recommendations, among others- the CBN should outlaw the use of contract employment in the nation's banking institutions, there is the need to adequately train staff not only in technical training in the area of detection and prevention of frauds but also in the ethics and norms of the banking profession. There is also the need to train all workers including management staff to pursue superordinate goals. Bank internal control systems should be strengthened so that control measures cannot be easily broken through employee collusion. Staff employed in Computer department/ICT should be specially screened before they are offered employment and banks may consider putting some of them on a watch list to ensure that they do not live above their means. Banks should deploy the use of blockchain technology to detect frauds particularly to detect ICT and computer-based frauds by computer staff and internet fraudsters. Four major implications for banking regulations and the law were highlighted.*

JEL Classification code: K20

Keywords- Fraud and forgery, banking regulations, banking law, banking institutions, bank employees, collusion.

I. INTRODUCTION

The Nigerian banking sector has grown significantly in the last few years; as at December 2021, the industry's total assets were N44.9 trillion (NBS, 2022). But the industry has also been afflicted by a variety of fraud and forgeries, which have caused banks and their clients to suffer large financial losses.

The industry's growth and development have been hampered by the loss of confidence brought about by the financial losses suffered by banks and their clients. In addition, the industry's reputation has been dented, which has undermined investor trust and decreased international investment.

Forgery and fraud cases have plagued Nigeria's banking industry for a number of years. The Nigeria Deposit Insurance Corporation (NDIC) reports that in 2021, there were 4,695 fraud instances in the sector, totaling N15.6 billion (NDIC, 2022). These cases involve a variety of financial malpractices, including identity theft, fraudulent transfers, and bank document forgeries.

In 2023 alone, Nigeria's largest bank, Access bank lost the sum of #6.15b to fraud and forgeries representing a huge 327.1% increase over the previous year's loss of #1.44b. A detailed analysis of the loss shows that 80% of this loss was attributed to fraudulent transfers, withdrawals and reactivation, while 29% of the loss was ascribed to embezzlement that consists of cash theft, suppression, pilferage and dry posting. The remaining 9% was traced to electronic fraud and USSD (Walson, 2024).

According to Oyelere and Ogunbona (2017), reasons why fraud and forgeries are so common in Nigerian banking institutions, include use of antiquated technology, insufficient regulatory frameworks, and lax internal controls. Furthermore, the industry's quick development and growth have given fraudsters more ways to take advantage of the system. The banking industry in Nigeria has been greatly impacted by fraud and forgeries.

Attempts have been made by the Nigerian government and regulatory agencies to address the problem of fraud and forgery in the banking industry through a number of initiatives. To tighten the sector's regulatory structure and safeguard clients' cash, the Central Bank of Nigeria (CBN) has implemented a number of laws, including the Banks and Other Financial Institutions Act (BOFIA) and the Cybercrime (Prohibition, Prevention, etc.) Act (CBN, 2021). Furthermore, the CBN implemented the Bank Verification Number (BVN) system, which has contributed to a decrease in fraudulent transactions and identity theft (CBN, 2022).

Nevertheless, the Nigerian financial industry is still bedeviled by frauds and forgeries in spite of these measures, and this necessitates the need for more study to determine what causes these malpractices to continue as well as to determine what regulations are needed to stop them.

Thus, the purpose of this study is to ascertain the nature, types, scope and causes of frauds and forgeries in Nigerian banking institutions, and what implications they have for banking laws and regulations; and the steps that are needed to stop these malfeasances.

The specific research questions this study seeks to answer are:

1. What are the major causes of fraud and forgeries in the Nigerian banking industry?
2. What are the main types of fraud and fraudulent activities that are prevalent in Nigerian banking institutions?
3. What crucial success factors encourage frauds and forgeries in Nigerian banking institutions?
4. How do social and environmental variables influence fraud and forgeries in the banking sector of Nigeria?
5. How do frauds and forgeries impact Nigerian banking operations, and the Nigerian economy?
6. How do employee biographic characteristics and job roles relate to fraud and forgeries in Nigerian banking institutions?
7. What is the rate of involvement in fraud and forgeries among bank employees compared to bank customers; and bank employees compared to bank management?

The following hypotheses formulated in the null form were tested in the study - i. There is no significant relationship between age, gender of fraudsters and the effect of frauds on the Nigerian economy; ii. The main perpetrators of bank frauds are not significantly related to the financial loss suffered by banks and iii. The job roles of fraudsters have no significant relationship with the financial loss incurred by banks on account of fraud and forgeries.

The content scope of this study is Fraud and forgeries in Nigeria banking Institutions. It is therefore restricted to frauds and forgeries in Nigerian deposit money banks and microfinance banks. The scope encompasses all aspects of frauds and forgery in banking operations in Nigeria. The time of study is March, 2024.

It is hoped that the results of the investigation will add to the body of knowledge already available on frauds and forgeries in the Nigerian banking industry. The research will offer valuable perspectives on the variables that enhance fraud and forgery in the industry and the efficacy of legal provisions in combating these crimes. Additionally, the study will offer suggestions for enhancing stricter controls and the regulation of social and environment factors in Nigerian banking institutions. The study's conclusions and industry best practices for banking serve as the foundation for the suggestions.

The study may be limited by its sole coverage of the Nigeria banking institutions alone. It may also be limited by the sole reliance on information volunteered by bank employees and managers on the incidences of fraud in their banks.

This paper is divided into five main sections, this introduction constitutes section I. Conceptual literature review, the review of theoretical and empirical literature are contained in section II. Research Methods are the subjects of section III. Data presentation, analyses and discussions of findings make up sections IV. Section V contains, the findings, recommendations, and it also concludes the study.

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II. THE LITERATURE

The issue of frauds and forgeries in Nigerian banking institutions has persisted, resulting in large financial losses and harming the industry's reputation. In order to address this issue, the literature review emphasizes the necessity for effective detection and preventative strategies.

Adeyemo and Oyeniyi's (2018) study looked into how fraud affected Nigerian banks' financial results. The study's conclusion that fraudulent activity might have a detrimental effect on bank performance highlights the significance of fraud detection and prevention strategies for Nigeria's banking industry[1].
Comparably, Oyelere and Ogunbona's (2017) study looked at the variables that cause fraud in Nigerian banks. According to the report, there are a number of important variables that lead to fraud in the Nigerian banking industry, including obsolete technology, weak internal controls, and insufficient regulatory frameworks [2].

Nweze (2008) investigated the effect of frauds on banking sector's performance in Nigeria in another study. According to the study, fraudulent activity can cause banks in Nigeria to suffer reputational harm, financial losses, and a decline in client confidence [3].

A number of initiatives have been put in place to address the problem of frauds and forgeries in Nigerian banking institutions. In order to identify and stop fraud in the Nigerian banking industry, forensic accounting techniques should be used, according to a study by AbdulRasheed, Babaita, and Yinusa (2012). According to the study, forensic accounting can lessen the likelihood of fraudulent activity by enhancing reporting credibility and financial control[4].
In a similar vein, Oloidi and Ajinaja's (2014) study suggested boosting internal control systems, specifically the oversight and maintenance of successful dual control systems in banking operations. Effective internal control systems can aid in preventing fraudulent activity in the Nigerian banking sector, according to the study [5].

Furthermore, Adewale and Adetunji's (2018) work stressed the significance of risk assessment in fraud detection. The study discovered that in the Nigerian banking industry, fraud risks can be identified and reduced with the aid of efficient risk assessment.

Donno, and Russett (2004); and Donnelly (2013) examined the connections between domestic players in Southeast Asia and Africa and the human rights movement in Southeast Asia and Africa. Three Nigerian banks were the focus of the project's case study investigation, which used a qualitative research design. Key respondents, including bank executives, law enforcement agencies, and regulatory authorities, were interviewed to gather the required data. The study found a strong positive correlation between bank deposits and fraud. The study averred that fraudulent activity might have a detrimental effect on bank performance, highlighting the serious financial problems that fraudulent activity causes for banks and their clients.

Nwankwo, G.O. (1991) looked into Nigerian bank management techniques and philosophies. The study used a quantitative research approach and gathered information from bank management and staff members via surveys. The study discovered that good management techniques can aid in the suppression of fraud in the financial sector. According to the findings, banks should implement best practices in management to reduce the risks brought on by fraudulent activity.

Olufidipe, E.O. (1994) examined fraud and its effects on Nigerian banks and other financial institutions. Three Nigerian banks were the focus of the project's case study investigation, which used a qualitative research design. Key informants, including bank executives, law enforcement agencies, and regulatory authorities, were interviewed in order to gather data. The study averred that fraud in the Nigerian banking industry is influenced by societal and environmental variables, including poverty, unemployment, and a lack of strong deterrents. The results indicate that, in order to address the underlying reasons of fraud in the Nigerian banking system, a comprehensive strategy is required, one that includes enhancing grassroots movements' capacity to advance their own rights.

Mahdi and Zhila (2008) examined fraud detection and audit expectation gap in Iranian Banks by means of a questionnaire survey from 150 Iranian bank managers and auditors. The study's conclusions show that managers' and auditors' expectations for fraud detection and prevention differ significantly. The study notes a number of variables, such as unclear fraud detection policies, poor manager-auditor communication, and a dearth of fraud detection training and education, that lead to the audit expectation gap. The study comes to the conclusion that in order to close the audit expectation gap, managers and auditors must work together more closely.

To better comprehend the nature and causes of fraud as well as to determine efficient detection and prevention techniques, theories have been propounded and put to use. This literature review considers five theories —the Fraud Triangle Theory, the Fraud Diamond Theory, the Routine Activity Theory, the Pentagon and Hexagon Fraud Theories (Kanu, S. I. and Nwadiubu, A. (2020)) —that have been extensively employed in the investigation of frauds and forgeries in Nigerian banking institutions.

The Fraud Triangle Theory is a well-known theory in the realm of fraud investigation and prevention. The theory was propounded by Donald Cressey, a criminologist, in 1953. Three requirements, according to the hypothesis, must be met for fraud to occur, Incentive or Pressure- This is the driving force behind fraud. It might be the result of other pressures, addiction, living above one's means, or personal financial difficulties, Opportunity- refers to the circumstance that makes fraud possible. It could be the result of lax oversight, inadequate internal controls, or other conditions that facilitate fraud, Rationalization- This is the method persons use to defend their dishonest actions. They can think they are underpaid, that they are deserving of the funds, or that they will reimburse the money.

The Fraud Triangle Theory is frequently applied in fraud detection and prevention since it facilitates the identification of the elements that lead to fraud as well as the creation of preventative measures.

The Fraud Diamond Theory is another important theory in the study of frauds and forgeries. The theory is an expansion of the Fraud Triangle Theory. It was presented by David T. Wolfe and Dana R. Hermanson in 2004. It extended the Fraud Triangle theory by adding a fourth- Capability. Capability describes an individual's resources, abilities, and knowledge needed to perpetrate fraud. Technical proficiency, gaining access to private data, or financial statement manipulation are a few examples. Because it acknowledges that certain fraudsters are capable of committing intricate and sophisticated scams, the Fraud Diamond Theory is helpful in the prevention and detection of fraud. Banking institutions can reduce the risk of fraud by identifying those who possess the necessary skills to execute fraud.

The Routine Activity Theory is also an important theory in this study. It is a criminology theory that can be used to analyze fraud. Formulated by Marcus Felson and Lawrence E. Cohen in 1979, it posits that three elements need to be present for a crime to be committed. These are Motivated Offender- an individual that is motivated to commit criminal activity, Suitable Target- this is an individual or object that the criminal believes could be the intended victim, Lack of Guardianship- this refers to the absence of anything or someone that can stop the crime from happening.

The Routine Activity Theory acknowledges that fraud is a crime of opportunity, which makes it helpful in the prevention and detection of fraud. Banking institutions can prevent fraud by identifying guardians and prospective targets.

A fourth theory that is of interest in this study is the Pentagon Theory. The Association of Certified Fraud Examiners (ACFE) introduced the Pentagon Theory as a theory for preventing fraud. According to the theory, fraud requires the presence of five elements: Opportunity- the circumstance that makes fraud possible, Rationalization - how someone rationalizes his or her dishonest action; Incentive or Pressure- is the driving force for fraud; Capability- this describes an individual's resources, abilities, and knowledge needed to perpetrate fraud and Attitude- which refers to the mindset of the individual regarding deception. A person is more inclined to commit fraud if he/she has a positive mindset towards fraud.

Because it acknowledges that attitude plays a significant role in fraud, the Pentagon Theory is helpful in preventing and detecting fraud. Banking institutions can reduce the risk of fraud by identifying those who have a positive attitude towards it.

Another theory that is useful in fraud detection and prevention is the Hexagon Theory. It was introduced by the Institute of Internal Auditors (IIA) as a theory for fraud prevention. According to the theory, fraud requires the following six components to occur: Opportunity- The circumstance that makes fraud possible; Rationalization- how someone rationalizes his or her dishonest action; Incentive or Pressure- the driving force for fraud; Capability- this describes an individual's resources, abilities, and knowledge needed to perpetrate fraud; Attitude- this refers to the mindset of the individual regarding deception; Ethical Environment- this refers to the organization's ethical climate. A culture lacking in ethics makes an organization more vulnerable to fraud. The Hexagon Theory acknowledges that an organization's ethical climate has a significant role in fraud, which makes it helpful in both preventing and detecting fraud. Organizations can reduce the risk of fraud by creating a strong ethical culture.

To summarize these theories on fraud and forgery, we assert that they provide the frameworks for comprehending the elements that lead to fraud and forgery in Nigerian banking institutions. The banking establishments can take action to identify and stop fraud and forgeries as well as develop a culture of ethics and integrity by considering the essential elements of the theories.

There is no doubt that these theories are relevant to this study but the Fraud Triangle Theory and its extension- the Fraud Diamond theory as well as the Pentagon and Hexagon Fraud Theories and are most relevant to this study and form the bases for this study, and they provide very strong justifications for the findings made in this study.
The strands of literature indicate that forgeries and frauds in Nigerian banking institutions continue to be a serious issue, harming the industry's reputation and resulting in financial losses. Addressing this issue requires the implementation of efficient detection and prevention strategies, such as risk assessment, strengthening internal control mechanism, and forensic accounting approaches. In the section that follows, our data are presented, analyzed and results discussed with a view to achieving the objectives of this study.

III. METHODS

The study employs a descriptive research design to explore the subject of frauds and forgeries in the Nigerian banking institutions. It utilized a cross sectional survey research approach to gain a comprehensive understanding of frauds and forgeries among bank workers in Benin city. The research instrument deployed is a structured questionnaire administered to the employees and managers of deposit money banks' branches and a microfinance bank in Benin City, Nigeria. The population of the study consists of all bank employees in Benin city who have direct access to relevant information on fraud and forgery activities perpetuated in financial institutions. The study used cluster sampling method to select banks clustered within Ugbowo area of the city as the cluster of interest. The Taro Yamane formula was used to determine the appropriate sample size for the study. Based on a population of 229 employees of ten deposit money banks and one microfinance bank, Taro Yamane formula was used to calculate a sample size of 146 employees, plus a provision of 25% attrition rate, due to the perceived high rate of unwillingness of some persons to respond to fraud questions because of the confidential nature of the subject, to arrive at a total sample size of 183 respondents (146 + 1.25) that we sampled in this study. The sample of 183 respondents were selected by means of stratified sampling and pro-rated according to the size of each bank branch. The instrument for data collection was a semi-structured questionnaire. The questionnaire is in two parts, Section A contains the respondent's bio-data and section B has both open-ended and closed-ended questions based on the research questions to gather information about frauds and forgeries that occur in Nigerian banks, including their types, causes, involvements and possible prevention measures.
Descriptive and inferential statistics are used to analyze the data. The data are compiled and presented using descriptive statistics. The study's hypotheses were tested using inferential statistics. A regression model was used in this investigation. Financial loss suffered by banks and the effect of fraud and forgeries on the economy are the dependent variables, while the other related factors are the independent variables. The Ordinary Least Squares (OLS) approach is used in estimating the model.

IV. DATA PRESENTATION, ANALYSES AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter covers data presentation, analyses and interpretation of results from respondents' responses to the research questions obtained by means of the questionnaire. Primary data were sourced from 180 employees of banks clustered within the Ugbowo campus of the University of Benin that constituted the cluster of interest. By means of descriptive statistics and regression analysis the data provided by the respondents, we analyzed. Tables and simple percentages and multiple regression analyses were employed in the analysis of data.

A total of one hundred and eighty three (183) questionnaires were administered online by means of the Google document format. And only one hundred and eighty (180) questionnaires were properly filled, received and retrieved. The response rate is therefore 98.4%.

4.2 Demographic Characteristics

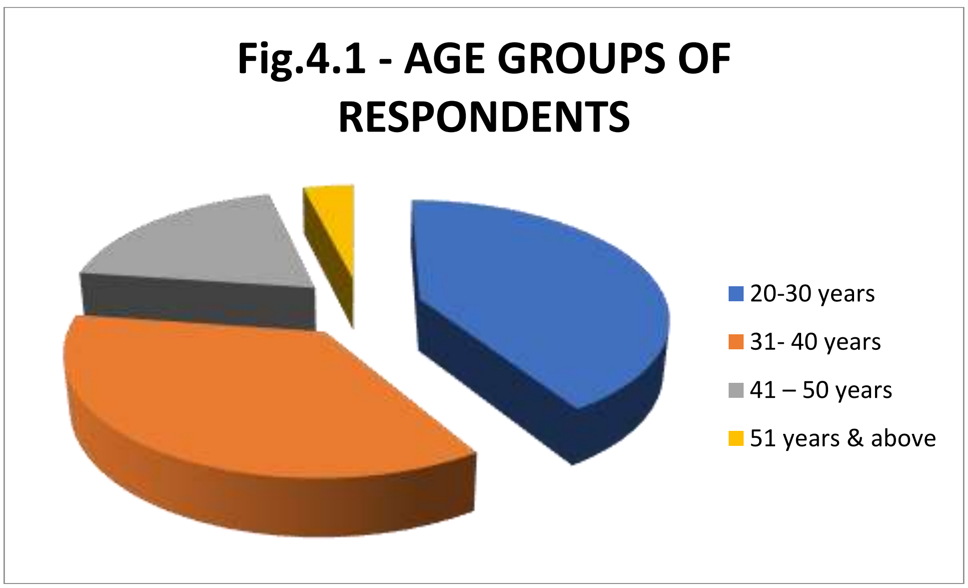
The data presentation and analyses below show the demographic characteristics of the respondents.
They are presented on tables and ably illustrated with appropriate charts.

4.21 Age Distribution

The age distribution, which is grouped into four age brackets, is presented on table 4.1 and illustrated in Figure 4.1 below. The table shows that with a percentage of 41.1%, respondents of ages between 20 to 40 years dominate the sample, followed by ages 31 and 40 years, and 41 and 50 years in that order. The age bracket 51 years and above is found to be the smallest in the sample.

Table 4.1: Age Groups of Respondents

AGE GROUP	FREQ	PER
20-30 years	74	41.1
31- 40 years	65	36.1
41 – 50 years	34	18.9
51 years & above	7	3.9
TOTAL	**180**	**100**



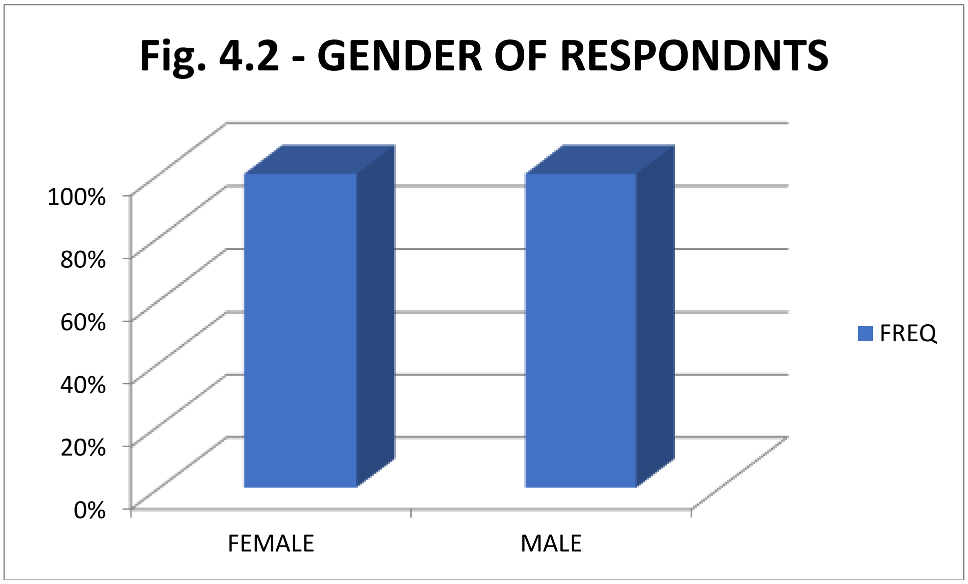
4.22 Respondents' Gender

On table 4.2 and figure 4.2 the distribution of the respondents in terms of gender is analyzed. The table clearly shows that the 180 respondents are equally distributed between male and female genders. This is important because it eliminates any likelihood of gender bias in this study.

Table 4.2 GENDER OF RESPONDENTS

GENDER	FREQ	PER
FEMALE	90	50.0
MALE	90	50.0

TOTAL	180	100



4.3 Descriptive Analysis

In the sub sections that follow, responses to specific questions aimed at answering the main research questions of the study on fraud and forgery in Nigerian financial institutions are presented in tabular format with appropriate percent values according to how they are contained in the research questionnaire.

4.31 Awareness of Fraud and forgeries in Nigerian financial institutions

To gauge the respondents' knowledge of the subject matter of investigation, we started by asking respondents if they had knowledge of fraud and forgeries in Nigerian banking institutions. The results from the responses received are contained on Table 4.3. below. The table showed that 95.0% respondents were knowledgeable of fraud and forgeries in Nigerian banking institutions while a negligible few representing 5.0% (9 respondents only) claimed ignorance of fraud and forgeries in banks. Therefore, the sample contained responses from the right persons required to provide the relevant information needed to answer the research questions posed in the study.

Table 4.3 - Do you know about fraud and forgeries in banks?

	FREQ	PERCENT
YES	171	95.0
NO	9	5.0
TOTAL	**180**	**100.0**

4.32 Perception of fraud and forgeries as a serious crime and its implication for bank failure

The question as to whether respondents perceive fraud and forgeries as a serious crime and its implication for bank failure was analyzed on Table 4.4. The results indicate that on the whole 78.3% respondents agree or strongly agree that fraud and forgeries is a serious crime that could lead to bank failure, while 7.8% disagreed. However, 13.5% was not sure. Thus, we conclude that majority of respondents perceive that fraud and forgeries is a serious crime that could lead to bank failure.

Table 4.4 - Fraud and forgeries is a serious crime that can lead to bank failure

	FREQ	PERCENT
AGREE	71	39.4
DISAGREE	9	5.0
STRONGLY AGREE	70	38.9
STRONGLY DISAGREE	5	2.8
NOT SURE	25	13.9

TOTAL	**180**	**100.0**

4.33 – Main Perpetrators of Bank Frauds and Forgeries

On Table 4.5, the question of who the main perpetrators of bank frauds are? was analyzed. The various responses received are as indicated on the table 4.5 below. The results showed that 25.6% respondents claimed that the main perpetrators of bank frauds were bank employees, 35.0% claimed they were bank customers. However, the majority 39.4% respondents claimed that contract staff were the main perpetrators of bank frauds. With this outcome we conclude that there exist three main groups that perpetrate frauds in banks, in the following increasing order: bank employees, bank customers and contract staff, with contract staff been charged as the main perpetrators of frauds.

Table 4.5 - Who do you think are the main perpetrators of bank fraud and forgeries?

	FREQ	PERCENT
Bank Employees	46	25.6
Bank Customers	63	35.0
Contract Staff	71	39.4
TOTAL	**180**	**100.0**

4.34 – Age Group commonly Prone to fraud in Nigerian banking institutions

Furthermore, we sought to know the age group that was more prone to committing fraud in Nigerian banking institutions. Table 4.6 below shows that 25.5 percent pointed to 16- 25 years age bracket, 48.9 percent claimed it is the 26 -35 years age group, 22.8 percent choose the 36-45 years age bracket while only 2.2 percent and 0.6 percent pointed to 46- 55 age bracket and the 56 years and above age groups respectively. Hence, we conclude that the 26 – 35 years age bracket is more prone to fraud in Nigerian banks.

Table 4.6 - **Age Group commonly Prone to fraud in Nigerian banking institutions**

AGE GROUP	FREQ	PERCENT
16 - 25 years	46	25.5
26 - 35 years	88	48.9
36 – 45 years	41	22.8
46 – 55 years	**4**	**2.2**
56 years & above	**1**	**0.6**
TOTAL	**180**	**100.0**

4.35 – Gender commonly Prone to fraud

Similarly, we sought to determine the gender that is commonly prone to fraud. Respondents’ responses are contained on table 4.7 below. Obviously, the results show that 14.4 percent respondents pointed to the female gender, while 85.6 percent choose the male gender. Therefore, we conclude that the male gender is more commonly involved in fraud in the banks. This is correct and devoid of gender bias because in this study, the sample consists of equal proportions of both of male and female gender.

Table 4.7 - **Gender commonly Prone to fraud**

AGE GROUP	FREQ	PERCENT
FEMALE	26	14.4
MALE	154	85.6
TOTAL	**180**	**100.0**

4.36 – Major causes of fraud in Nigerian banking institutions

The study seeks to uncover the main causes of fraud in Nigerian banks. Table 4.6 below provides respondents’ responses. Analysis of respondents’ responses shows that 26.7 percent attributes fraud to the greed of employees, while 43.9 percent put the blame on inadequate regulatory enforcement and poor oversight. 3.3 percent respondents attribute fraud to untrained employees and 16.1% put it at the doorstep of weak internal control system. With these results we conclude that although there are many causes of frauds and forgeries in the nation’s banks, viz: greed of employees, inadequate regulatory enforcement and poor oversight, untrained employees and weak internal control system. Inadequate regulatory enforcement and poor oversight is the main cause of fraud and forgeries in banking institutions in Nigeria.

Table 4.6 – What do you think are the major causes of frauds in Nigeria banking institutions?

	FREQ	PERCENT
GREED OF EMPLOYEES	48	26.7
INADEQUATE REQULATORY	79	43.9

ENFORCEMENT AND OVERSIGHT		
UNTRAINED EMPLOYEES	24	13.3
WEAK INTERNAL CONTROL SYSEM	29	16.1
TOTAL	**180**	**100.0**

4.37 - Lack of proper punishment by Government and the law for fraudsters increases the rate of fraud and forgeries in banking institutions.

On Table 4.7 below, the assertion that Lack of proper punishment by Government and the law for fraudsters increases the rate of fraud and forgeries in banking institutions was analyzed. 41.1 percent of respondents agree and 44.5 percent strongly agree while only 1 percent disagree. However, 13.3 percent were not sure. Hence, we conclude that lack of proper punishment by government and the law helps to increase the rate of frauds and forgeries in banking institutions in Nigeria.

Table 4.7 - Lack of proper punishment by Government and the law for fraudsters increases the rate of fraud and forgeries in banking institutions.

	FREQ	PERCENT
AGREE	74	41.1
STRONGLY AGREE	80	44.5
DISAGREE	2	1.1
NOT SURE	24	13.3
TOTAL	**180**	**100.0**

4.38 – Impact of Fraud and Forgeries on Nigerian Economy

The study also evaluated the impact of fraud and forgeries on Nigerian economy. Responses by respondents on the subject are contained on Table 4.8 below. 88.9 percent of respondents posited that fraud and forgeries have negative impact on the nation's economy while a mere 11.1 percent respondents assert that the impact was positive. Hence, we conclude that fraud and forgeries in banking institutions have negative impact on the nation's economy.

Table 4.8 - Impact of Fraud & Forgery On Nig. Economy

	FREQ	PERCENT
NEGATIVE	160	88.9
POSITIVE	20	11.1
TOTAL	**180**	**100.0**

4.39 – Factors that enhance fraud in banking institutions

On the issue of factors that promote or enhance fraud and forgeries in Nigerian banking institutions, respondents were diverse in their opinion on the issue. The subject was analyzed on table 4.9 below. From the table, inadequate cybersecurity accounted for 23.6 percent, weak internal control system, 18.6 percent, poor remunerations attracted 21.6 percent and use of contract staff scored 26.6 percent. Therefore, we conclude that a number of factors serve as motivation for frauds in Nigerian financial institutions but the most serious factor is the use of contract staff.

Table 4.9 - **Factors That Enhance Fraud in Banking Institutions**

	FREQ	PERCENT
Inadequate cybersecurity	47	26.1
Weak internal control system	37	20.6
Poor remunerations	43	23.9
Use of contract staff	53	29.4
TOTAL	**180**	**100.0**

4.40 – Consequences of fraud and forgeries on Nigerian banking system?

The study also seeks to evaluate the consequences of frauds and forgeries on Nigerian banking system. The results on table 4.21 below show that 14.4 percent respondents claimed they cause the weakening of control system, 47.8 percent claimed they cause reduction in banks profit, 20 percent averred that they reduce the ability of banks to grant loans to customers and 17.8 percent assert that they lead to higher operational costs for banks. Therefore, we conclude that the main consequence of fraud and forgeries on financial institutions is that they lead to a reduction in banks' profits.

Table 4.21 – What consequences do you think Fraud and forgeries have on the Nigerian banking system?

	FREQ	PERCENT
Weakening of control system	26	14.4
Reduction in banks profit	86	47.8
Reduces bank ability to grant loans	36	20.0
Higher operational costs	32	17.8
TOTAL	**180**	**100.0**

4.41 – Fraud prevention measures

In an attempt to proffer solutions to the problem of fraud and forgeries in Nigerian banking system, the study evaluated respondents' opinions on possible fraud prevention measures. The results of the analysis are contained on Table 4.22 below. The results show that 18.3 percent advocated the formulation of anti-fraud policies, 22.8 percent pressed for the creation of public awareness on frauds, 30.6 percent suggested mandatory training programme for bank staff and 28.3 percent advocated for the provision of cybersecurity system that can thwart cybercrimes. Therefore, we conclude that the right fraud prevention measure to be adopted would depend on the type of fraud to be prevented, hence all the measures enumerated above are appropriate depending on the type of fraud to be prevented. In conclusion however, majority of respondents advocated mandatory training for bank staff as the most effective fraud prevention measure.

Table 4.22 - **FRAUD PREVENTION MEAURES**

	FREQ	PERCENT
Formulation of anti-fraud policies	33	18.3
Creation of public awareness n frauds	41	22.8
Mandatory training programme for bank staff	55	30.6
Provision of cybersecurity to thwart cyber crimes	51	28.3
TOTAL	**180**	**100.0**

4.42 – Levels of staff commonly involved in fraud

The study also seeks to uncover the levels of bank staff that are commonly found to be involved in bank frauds. Table 4.23 below gives some interesting insights on the subject matter. Senior managers scored 8.3 percent, Managers got 11.1 percent, Officers has 41.1 percent, clerical officers scored 26.7 percent, trainees got 11.7 percent, while other lower-level employees have 1.1 percent. On the basis of the above we conclude that the level of staff commonly associated with bank frauds in Nigerian banks are the Officers category.

Table 4.23 - **LEVELS OF STAFF COMMONLY INVOLVED IN FRAUDS**

	FREQ	PERCENT
Senior Managers	15	8.3
Managers	20	11.1
Officers	74	41.1
Clerical officers	48	26.7
Trainees	21	11.7
Other lower level employees	2	1.1
TOTAL	**180**	**100.0**

4.42 – Department/units where fraud is more prevalent

As a corollary to the above, we sought to determine the bank department/unit where fraud is most prevalent in the banking institutions. Table 4.24 below analyzed respondents' responses. The table below shows the results in ascending order as follows: Security, 5.6%; Marketing, 12.8%; Banking operations, 19.4%; internal control, 28.9%; and Computer/ICT, 28.9%. Therefore, we conclude that although fraud can be hatched in any department or unit of the bank, the computer/ICT Department/Unit is commonly associated with bank frauds.

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Table 4.24 - **Bank Department/ Unit that fraud is most prevalent**

	FREQ	PERCENT
Marketing	23	12.8
Banking Operations	35	19.4
Computer/ICT	60	33.3
Internal Control	52	28;9
Security	10	5.6
TOTAL	**180**	**100.0**

4.43 – Most frauds succeed through collusion

The study further seeks to uncover the existence of collusion for successful execution of fraud in banks and financial institutions. The results from table 4.24 below show that collusion between staff and customers was reported by 22.8 percent respondents, collusion among bank employees scored 35 percent, individual ingenuity, 27.2 percent, and family/social/fraternity connections was reported by 15.0 percent. Therefore, we conclude that collusion among bank employees was the most common form of fraud, and that most fraud incidences succeed in Nigerian financial institutions through collusion.

Table 4.24 - **Most Frauds Succeed Through Collusion**

	FREQ	PERCENT
Collusion between staff and customers	41	22.8
Collusion between bank employees	63	35.0
Individual ingenuity	49	27.2
Family/Social/Fraternity connections	27	15.0
TOTAL	**180**	**100.0**

4.44 – Most common forms of fraud in Nigerian Banking institutions

We attempted to uncover the organizational hierarchy of banks and financial institutions where the incidence of frauds is usually located. Table 4.25 below presents the results. The table shows that top management manipulation of shareholding structure to increase ownership control scored 17.2 percent, senior managers manipulation of loan funds/loan policy to favour themselves was claimed by 40.6 percent respondents, while employee frauds was rated by 42.2 percent respondents. Therefore, we conclude that employee fraud is the most common form of frauds in Nigerian banking institutions.

Table 4.25 - **Most Common Forms of Fraud in Nigerian Banking Institutions**

	FREQ	PERCENT
Top Management manipulation of shareholding structure	31	17.2
Senior Managers manipulation of loans funds/loan policy	73	40.6
Employee frauds	76	42.2
TOTAL	**180**	**100.0**

4.45 – Are bank fraudsters influenced by what goes on at top management level?

As part of the attempt to locate the blame for bank fraud on a particular point in the organizational hierarchy, respondents were asked if they think bank fraudsters were influenced by what goes on at the top management level? Their responses are presented on table 4.26 below. 27.8 percent gave a categorical no. 26.7 percent said yes. However, a huge 45.6 percent were not sure. Therefore, we conclude that we are unable to assert that bank fraudsters are influenced by what goes on at top management level. In fact, this conclusion agrees with the earlier conclusion that employee fraud is the most common form of frauds in Nigerian banking institutions, and that neither top management manipulation of shareholding structure to increase ownership control nor senior managers manipulation of loans funds/loan policy to favour themselves is prevalent.

Table 4.26 – Influence of Top Management unwholesome activities on bank fraudsters

	FREQ	PERCENT
No	50	27.8
Yes, to a large extent	48	26.7
Not sure	82	45.6

TOTAL	**180**	**100.0**

4.4 Multiple regression analysis of frauds and forgeries in Nigerian banking institutions

4.1 Introduction

This section analyzes the impact of fraud and forgeries on Nigerian economy, bank financial losses to fraud and forgeries and the relationship between fraud variables and fraud and forgeries in Nigerian banking institutions

4.11 Impact of fraud and forgeries on Nigerian economy.

The study examines the impact of fraud and forgeries on Nigerian economy. It seeks to explain the relationship between gender (GENDER), age group (AGE), and category of staff involved in fraud and forgeries (CATPIFD) on Nigerian economy (NIGECON). Using EViews 11.0 econometric package, the method least squares (MLS) regression equation for a cross section series of 180 observations indicated the absence of autocorrelation with DW=1.94 approximately 2.0. The results are as shown on table 4.1 below:

TABLE 4.1: OLS Regression results showing the relationship between fraud and forgeries and Nigerian economy

Dependent Variables	Independent Variables	Coefficient	**t-statistic**	**Probability Value**
NIGECONS				
	C	0.7211	2.0113	0.0458
	GENDER	-0.2256	-1.8367	0.0403*
	AGE	-0.1312	-1.8145	0.0416*
	CATPIFD	0.0379	0.1331	0.8942
	MPFD	-0.1298	-3.0595	0.0095**
	R^2	0.730		
	Adjusted R^2	0.721		
	F-statistic	58.37		
	Prob(F-stat)	0.0000		
	Durbin-Watson	1.94		

Source: Data Analysis report by Researcher, March, 2024.

KEY: ** and * indicate statistical significance at 1% and 5% levels respectively.

Given that Durbin Watson statistic, DW is 1.94 (approx. 2.0) is an indication of the absence of autocorrelation, thus suggesting that the results of the ordinary least squares (OLS) regression analysis are reliable. That Adj. R^2 =0.721 indicates that 72% of changes in the dependent variable, Nigerian Economy (NIGECON) are explained by the independent variables of the model. Therefore, the results are reliable and useful for policy direction in this study.

Specifically, gender (GENDER) has a negative and statistically significant relationship (t-stat=1.837 and p-value= 0.0403) with Nigerian economy. Age (AGE) has a negative and statistically significant relationship with Nigerian economy. However, category of staff involved in fraud and forgeries (CATPIFD) has positive but non statistically significant relationship with Nigerian economy. Nevertheless, Main Perpetrators of bank fraud (MPFD) have a negative and statistically significant relationship with the economy.

Therefore, gender, age and Main Perpetrators of bank fraud have negative and statistically significant relationship with the economy.

4.12 **Impact of fraud variables on financial institutions losses to fraud and forgeries.**

Table 4.2 shows the relationship between main perpetrators of bank fraud (MPFD), levels of staff commonly involved in frauds and forgeries (LSCIFDS) and banking institutions losses due to fraud and forgeries (BILOSSTFD).

Dependent Variables	Independent Variables	Coefficient (1st Results)	**Coefficient (Final Results)**	**Probability (Final Results)**
BILOSSTFD				
	C	-0.9405	2.7783	0.0061
	CTFD	0.0056	-0.1421	0.8871
	MPFD	-0.2256	-1.8367	0.0403**
	LSCIFD	-0.0796	-0.995	0.3204
	R^2	0.680		
	Adjusted R^2	0.661		
	F-statistic	3.3454		
	Prob(F-stat)	0.0001		
	Durbin-Watson	2.11		

Given that Durbin Watson statistic, DW, is 2.1 (approx 2.0); is an indication of the absence of autocorrelation, thus suggesting that the results of the OLS regression analysis are reliable. Since Adj. R^2 =0.66 from R^2 =0.68 indicates that 66% of changes in the dependent variable, banking institutions loss to fraud and forgeries (BILOSSFD) are explained by the independent variables of the model.

Specifically, common types of fraud and forgeries (CTFD) have a negative and statistically insignificant relationship (t-stat=--0.1421 and p-value= 0.881) with banking institutions loss to fraud and forgeries (BILOSSFD). Main perpetrators of types of fraud (MPFD) have a negative and statistically significant relationship with banking institutions loss to fraud and forgeries (BILOSSFD). Similarly, Level of staff commonly involved in fraud and forgeries (LSCIFD) has negative and statistically insignificant relationship with banking institutions loss to fraud and forgeries (BILOSSFD).
Therefore, main perpetrators of fraud and forgeries (MPFDS) has a negative and statistically significant relationship with banking institutions loss to fraud and forgeries (BILOSSFD)

4.5 DISCUSSION OF FINDINGS

The study employed a descriptive research design to evaluate fraud and forgeries in Nigerian banking system with specific focus on deposit money banks and Microfinance Banks in Benin City. A total sample of 183 respondents were administered online questionnaires by means of the Google document format and 180 correctly filled responses were received and analyzed by means of descriptive and inferential statistics. The hypotheses formulated for the study were tested by means of multiple regression analysis at the 5% level of statistical significance. The IBM SPSS version 23.0 and EViews 10.0 econometric software were deployed for data analysis. The results of the analyses provide the following findings that are robustly discussed below.

Majority of the respondents perceived fraud and forgeries as a serious crime that could lead to bank failure. This is not surprising as fraud and forgeries hit at the heart of the financial systems. It is a crime that threatens the financial stability and soundness of the banking institutions and undermines the confidence that bank customers have in the system.

A major finding of this study is that that there are three main groups that perpetrate frauds in Nigerian banking institutions in the following ascending order: Bank employees, bank customers and contract staff; with contract staff being charged as the main perpetrators of frauds. This is quite obvious as contract staff are persons that are ably qualified to work in whatever role in the banks, but bank management rather than give them full employment with all the benefits due to bank employees are paid mere stipends. Contract staff are engaged to perform every kind of bank roles but are denied commensurate benefits due to regular employees. Hence, we find that probably due to the perception of injustice that these categories of workers feel in the workplace, they are tempted to commit fraud to fill the gap apparently created in their lives. Banks embark on the use of contract staff in order to save costs but end up losing money due to frauds perpetrated by these kinds of workers and this tantamount to the saying 'penny wise, pound foolish'. This finding aligns with the Fraud Diamond Theory/Fraud Triangle Theory[3]. And it provides justification for this finding that the likelihood of engaging in fraudulent behaviour increases when a person possesses the capacity, and justification to carry out fraud.

The study also found that although there are many causes of frauds and forgeries in the nation's banking institutions, viz: greed of employees, inadequate regulatory enforcement and poor oversight, untrained employees and weak internal control system, inadequate regulatory enforcement and poor oversight is the main cause of fraud and forgeries in financial institutions in Nigeria. There is no doubt that many factors such as greed on the part of employee/workers, lack of adequate training for bank employees, weak internal control systems could provide an impetus for some persons to commit fraud, the most serious lapse that makes the door of successful fraud wide open to fraudsters is inadequate regulatory enforcement and poor oversight. There is no doubt that enough regulations are put in place to check the incidence of fraud and forgeries in our banking institutions, but poor regulatory enforcement on the part of both the regulators and bank management is a major source of frauds. Other than enforcing regulations, inadequate regulatory oversight tends to create the loopholes that fraudsters often capitalize on to commit the wicked crime of frauds in Nigerian banks. Therefore, this finding is not surprising. Again, the finding is in agreement with the Hexagon Fraud Theory/Pentagon Fraud Theory. According to the hypothesis, when there are gaps in the internal control system and insufficient enforcement of the regulatory environment, fraudulent behaviour is more likely to happen.

Again, the study finds that the lack of proper punishment by government and the law helps to increase the rate of frauds and forgeries in financial institutions in Nigeria. When adequate punishment is not meted on fraudsters it helps to create more opportunity for other like-minded individuals to commit frauds. In Nigeria, many financial institutions particularly banks shy away from prosecuting fraud cases in a bid to avoid any form of negative publicity. This kind of attitude is detrimental to banks' interest and helps to encourage more acts of fraud. There is need therefore for banking institutions to put in place mechanism for adequate and stiffer penalty for bank fraudsters while at the same time avoid the negative publicity that fraud cases bring to banking institutions.

In addition, the study found that fraud and forgeries in financial institutions have negative impact on the nation's economy. Fraud and forgeries cause financial losses to financial institutions and no doubt these losses are sometimes very huge and can even threaten the financial solvency and stability of many financial institutions. Major losses incurred by banks represent financial losses to the economy. Hence, funds that would have been available to provide credit for businesses and individuals are lost in the economy. Therefore, fraud and forgeries help to create financial leakages in the financial systems that are otherwise unavailable for productive ventures in the nation's economy.

On the factors that motivate fraud in banking institutions, the study finds that a number of factors serve as motivation for frauds in Nigerian banks but the most serious factor is the use of contract staff. Other motivators for fraud include inadequate cybersecurity, weak internal control system, poor remunerations. But the recourse to contract staff in the employment process is the most single factor that motivate many bank workers to engage in fraudulent practices. Imagine the psychological trauma, the feeling of inequity and injustice a man that is poorly compensated and under rewarded who does the same tasks with the regular employees that enjoy all the benefits of full and gainful employment, can cause to a contract employee who in most cases have the same qualifications, and may be the same experience with a fellow employe on the regular payroll. In this context, the recourse to the use of contract staff serves as a breeding ground for frauds in Nigerian banking institutions. To many persons outside the banking system, the practice is not only unjust, inequitable and wrong, it is tantamount to a sin against humanity.

Obviously and as noted earlier, the study finds that the main consequence of fraud and forgeries on banking institutions is that they lead to a reduction in banks' profits. Frauds represent costs to financial institution and costs are written off from profits. In other words, banking institutions who in a bid to cut costs resort to the use of contract staff but end up incurring more and bigger costs through huge sums lost to fraud and forgeries. The direct consequence is therefore a reduction in banks/financial institutions' profits.

Curiously, the study finds that we are unable to assert that bank fraudsters are influenced by what goes on at top management level, due to insufficient evidence. In fact, this conclusion agrees with the earlier finding that employee fraud is the most common form of frauds in Nigerian banks, and neither top management manipulation of shareholding structure to increase ownership control nor senior managers manipulation of loan funds/loan policy to favour themselves.

As part of the means to curb frauds, majority of respondents advocated mandatory training for bank staff as the most effective fraud prevention measure. There is no doubt that training of employees to instill in them superordinate goals will go a long way in helping employees to look beyond the immediate benefits of meeting current financial need than aspiring to greater heights in the industry. Such training which must be mandatory should be for all levels of employees including senior managers and top management staff. However, for such training to be imbibed and to prove helpful to employees their remunerations must be good and competitive with what obtains in the industry.

With regards to the level of staff commonly associated with bank frauds in Nigerian banks, the 'officers' category was found to be more commonly involved in frauds and forgeries. In the job hierarchy in Nigerian financial institutions, the officer's cadre is about the first level of senior staff that occupy a prime position of responsibilities in the banking institutions. They are usually young graduates with one to three years' work experience. They may not have fully imbibed banking norms and ethics. This may be particularly so because most banks employ all manner of persons with diverse backgrounds that are very unrelated to Accounting, Banking, Finance and Economics. This kind of employment policy will continue to breed officers that do not fully understand and appreciate the level of responsibility that have been entrusted to them by bank management. And at other times, they may suffer from lack of job satisfaction due largely because they work in areas unrelated to their field of training which might motivate them to find satisfaction outside of the job to fingering of bank's funds.

Our results also show that the male gender was more prone to fraud than his female counterpart, and that the 26- 35 years age group was commonly involved in frauds. Meanwhile, in terms of the bank department or unit commonly associated with frauds, the Computer/ICT Department or Unit was most commonly associated with frauds and forgeries.

In view of the foregoing, the study sought to locate which exact point in the organizational hierarchy where the incidence of frauds is usually located, whether at the employe level, senior management level, or at the top management level. The study finds that employee fraud is the most common form of frauds in Nigerian banking institutions. That is, frauds in Nigerian banks is at the level of employee (the rank and file) and not senior or top management level. This finding has implication for employment policy in terms employee compensation, welfare and training needs.

The study also found that most fraud incidences succeed through collusion in Nigerian banking institutions. And we found that collusion among employees was the main form of collusion that aids frauds in Nigerian banking institutions. Collusion can be checked by putting in place a sound system of internal control.

Meanwhile, from the test of hypothesis, we concluded that both gender and age have negative and statistically significant relationship with Nigerian economy. In other words, respondents irrespective of age and gender were unanimous in their responses on the negative impact of fraud and forgeries on Nigerian economy.

Main perpetrators of types of fraud (MPFD) have a negative and statistically significant relationship with financial institutions loss to fraud and forgeries (FILOSSFD). This finding indicates that the main perpetrators of bank fraud and forgeries which in this study are contract staff and also the level of bank staff commonly involved in fraud and forgeries which in this study are bank employees of the rank of officers; both have negative and statistically significant impact on financial institutions financial loss due to fraud and forgeries. The implication is that the more contract staff banks engage in their services and the more bank employees of the rank of officers in the employ of banks, the more financial losses these banks might continue to suffer unless appropriate controls are put in place and some kind of superordinate training programmes are given to bank employees.

V. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

The study employed a descriptive research design to examine fraud and forgeries in Nigerian banking institutions with specific focus on deposit money banks and microfinance banks in Benin City. A total sample of 180 bank staff resident in Benin city were administered online questionnaires by means of the Google document format in March, 2024. Both descriptive and inferential statistics were employed in the analysis of data. The findings of the study reveal the following:

Majority of the respondents perceived fraud and forgeries as a serious crime that could lead to bank failure.

There are three main groups that perpetrate frauds in Nigerian banking institutions in the following ascending order: Bank employees, bank customers and contract staff with contract staff being charged as the main perpetrators of frauds. We aver that probably due to the perception of injustice that these categories of workers feel in the workplace they are tempted to commit fraud to fill the void apparently created in their lives by the obnoxious practice of employing contract staff

That although there are many causes of frauds and forgeries in the nation's financial institutions, viz: greed of employees, inadequate regulatory enforcement and poor oversight, untrained employees and weak internal control system. Inadequate regulatory enforcement and poor oversight is the main cause of fraud and forgeries in financial institutions in Nigeria.

Lack of proper punishment by government and the law helps to increase the rate of frauds and forgeries in banking institutions in Nigeria. We note that many financial institutions particularly banks shy away from prosecuting fraud cases in order to avoid any form of negative publicity

Fraud and forgeries in financial institutions have negative impact on the nation's economy. Frauds and forgeries help to create financial leakages in the financial systems that are otherwise unavailable as loans for financing productive ventures in the nation's economy.

A number of factors serve as motivation for frauds in Nigerian banking institutions but the most serious factor is the use of contract staff.

The main consequence of fraud and forgeries on banking institutions is that they lead to a reduction in banking institutions' profits. Financial institutions who in a bid to cut costs resort to the use of contract staff and often end up incurring more and bigger costs through huge sums lost to frauds and forgeries.

As part of the measures to curb frauds, majority of respondents advocated mandatory training for bank staff as the most effective fraud prevention measure. Trainings meant to implant superordinate goals might be useful, among others, in this regard.

That the level of staff commonly associated with bank frauds in Nigerian banks, are the officer's cadre that are found to be more commonly involved in frauds and forgeries.

That the male gender was more prone to fraud than his female counterpart, and that the 26 - 35 years age bracket was commonly involved in frauds. Meanwhile, in terms of the bank department or unit commonly associated with frauds, the Computer/ICT department or unit was most commonly associated with frauds and forgeries.

Frauds in Nigerian banking institutions is at the level of employee and not at senior or top management level. This finding has implication for employment policy on compensation, welfare and training needs.

The study could not reach the conclusion that bank fraudsters are influenced by what goes on at top management level, as top management manipulation of shareholding structure to increase ownership control nor senior managers manipulation of loan funds/loan policy to favour themselves could not be substantiated in this study.

That most fraud incidences succeed through collusion in Nigerian banking institutions and collusion among employees is the most common form of fraud collusion.

That both gender (GENDER) and Age (AGE) have negative and statistically significant relationship with Nigerian economy. This implies that respondents in respective of age and gender were unanimous in their responses on the negative impact of fraud and forgeries on Nigerian economy.

The main perpetrators of common types of fraud (MTYFD) and level of bank staff commonly involved in fraud and forgeries (LPEFDS) have a negative and statistically significant relationship with financial institutions loss to fraud and forgeries (FILOSSFD).

5.2 CONCLUSION

The study concludes that fraud and forgeries are serious crime that can lead to the failure of banking institutions and has negative impact on the nation's economy. That most frauds are aided by collusion among fellow employees. The Computer/ICT department and male employees are most commonly associated with frauds and forgeries while bank employees of officer cadre are the major culprits of fraud and forgeries. To prevent frauds the study found that mandatory staff training that could help employees strive for superordinate goals may help to curb the incidence and frequency of fraud cases in Nigerian banking institutions.

5.3 POLICY RECOMMENDATIONS

In order to curb or eliminate the incidence of fraud and forgeries in Nigerian banking institutions, the following recommendations are put forward:

- Based on the findings of this research, it is recommended that appropriate mechanisms that ensure fraud cases are adequately prosecuted while avoiding any negative image or negative publicity that a bank may face from the general public. This will ensure fraudsters get the justice they deserve and at the same time may serve as deterrent to fellow employees who might be tempted to tread that ignoble path.
- The CBN should outlaw the use of contract employment among staff in the nation's banking institutions.
- In addition, the management of banking institutions should put in place employee compensations and welfare schemes that are aimed at promoting the financial wellbeing of those charged with keeping the nation's money.
- Regulatory authorities and bank management may wish to reconsider the practice where every dick and harry are engaged in bank duties particularly in the sensitive core banking areas.
- In addition, there is the need to adequately train staff to ensure that bank employees not only undergo technical training in fraud detection and prevention but also in the ethics and norms of the banking profession. The need to train all workers including management staff on the pursuit of superordinate goals cannot be overstressed.
- Bank internal control systems must be strengthened so that control measures cannot be easily broken through employee collusion.
- The urgent need for topnotch cybersecurity in banking institutions to check the ongoing wave of cybercrimes cannot be over emphasized.
- In addition, staff employed in Computer department/ICT should be specially screened before they are offered employment and banks may consider putting some of them on a watch list to ensure that they are not living above their means. Also, the bank should take out fidelity insurance on key personnel in Computer/ICT units.
- Banks should deploy the use of blockchain technology to detect frauds particularly to detect ICT and computer-based frauds by computer staff and internet fraudsters. The use of smart contracts to automate some kind of fraud detection measures that initiate alerts or actions when suspicious activity is spotted in computer networks is highly recommended.

5.4 IMPLICATIONS FOR BANKING REGULATIONS AND THE LAW IN NIGERIA.

The findings on bank frauds and forgeries in Nigerian banks have several implications for banking regulations and the law in Nigeria. Here are four key implications:

1. Strengthening of Banking Regulations -The findings underscore the necessity for stricter banking laws in order to prevent fraud and forgeries. This might entail tougher oversight of bank transactions, more stringent background checks on bank personnel, and heavier punishments for fraud. To make sure that banks adhere to legal standards, the Nigerian Deposit Insurance Corporation (NDIC) and the Central Bank of Nigeria (CBN) should also strengthen their supervisory roles.

2. Implementation of Forensic Accounting Techniques and the deployment of Blockchain technology- Banks in Nigeria should take more aggressive steps to stop fraud, such as the use of forensic accounting methods These can involve putting stronger internal controls in place, using data analytics to track transactions, training of employees on how to spot and avoid fraud and the deployment of blockchain technology to detect cyber frauds.

3.Addressing the Role of Employee collusion in Fraud- The findings show that employees frequently collude to execute fraudulent activity. As a result, it is imperative to check employee collusion in fraud. This can entails putting in place whistleblower guidelines, creating a watch dog lifestyle monitoring teams (subject to ethical guidelines), and offering rewards to staff members who disclose fraudulent activity.

4. Addressing the Environmental and Social Causes of Fraud - The study suggests that social and environmental variables play a role in fraudulent activity. As a result, these factors must be addressed in the larger society. This could entail the implementation of strong penalties and deterrents for dishonest behaviour, the advancement of moral principles in society, and the creation of youth employment prospects.

In conclusion, this study on frauds and forgeries in Nigerian banks underscores the necessity of tackling the problem from several angles. This strategy ought to encompass fortifying banking laws, employing forensic accounting methods, the use of blockchain technology, tackling the involvement of staff members in frauds, and addressing the social and environmental factors that contribute to fraud. To ensure that these steps are taken to stop fraud and forgeries in Nigerian banks, the CBN, NDIC, and SEC (Securities and Exchange Commission) and other relevant parties should collaborate.

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