THE EFFECT OF BANK FRAUD ON THE ECONOMIC GROWTH OF NIGERIA
(A STUDY OF UNITED BANK FOR AFRICA PLC)

UWAKAEME OKWUCHI SALLY
Department of Banking and Finance
Faculty of Management and Social Sciences
Madonna University
Nigeria
uwakemeokwuchi@yahoo.com
Tel: +2348033405326; +2348037504452

Abstract
Frauds are serious issues that can cause significant financial and non-financial harm to the growth of a nation’s economy. The main objectives of this study is to determine the effects of bank fraud in the growth of Nigeria Economy. Also to examine the effectiveness of the internal control system of banks in Nigeria. In order to avert the problems highlighted above, primary and secondary data are employed to broaden the scope of the study primary data are sourced from questionnaire responses. This provided data for the validation of the hypotheses tested with the use of Karl Pearsons coefficient of correlation. The test revealed as follows: (i) fraud has an adverse effect on bank performance. (ii) Bank fraud has effect on the growth of Nigerian economy. The study concludes that an effective internal control system will help tremendously in the detection and prevention of frauds in the banking industry. The researcher recommends the following: (a) balancing of bank’s books of accounts as unbalanced books provide fertile ground for fraud. (b) ensuring proper custody of vital bank equipments and bank documents. (c) the use of close circuit television surveillance should be implemented in all banking offices.

Keywords: Banking Industry, Fraud, Nigeria Economy and Internal Control

Introduction
The level of fraud presenting in Nigeria has assumed an epidemic dimension. It has eaten deep into every aspect of our life, to the extent that a three year old child talks about “Yahoo or 419” (advance fee fraud) the name given to the newly discovered fraud that is hunting us as a Nation. Nigeria with all of its natural and human resources what we do is “cutting the leaves” instead of dealing with the root problem.

Nwankwo (2013) stated that fraud is the number one enemy of the business world, no company is immune to it and it is in all works of life. The fear now is the increasing wave of fraud in the financial institutions in the recent years, if not arrested it might pose certain threat to the stability and survival of individual financial institution.

Otufidipe (2009) defined fraud as “deceit or trickery” deliberately practiced in order to gain some advantage dishonesty. For an action to constitute fraud, there must be an intended benefit the perpetrator wants to the detriment of another person. By extension fraud include embezzlement, theft or any attempt to steal or unlawfully obtain funds.

Fraud is a complex universal phenomenon; it is rampant in both developed and developing countries. Fraud in the Nigeria economy cannot be restricted to the bank alone. Fraud has been found in all sectors of the economy and the size of an enterprise usually determines the volume of frauds perpetrated.

Fraud in banks shakes the foundation and credibility of most banks in Nigeria, resulting to some of the banks been distressed. This study is faced with challenges to unravel the problems of how bank fraud affects the performance of the nation’s economy. The fear now is that if this act is not arrested, our economy
will be detrimented and set backward. The banking industry through has been giving out its vital functions of being a change off in economic development of Nigeria in all branches, yet its operation over years are not all that healthy. This is because of the dangerous incidence of fraud and other mal-practice. This implies that the environment for bank business in Nigeria nowadays is risky and disastrous. This is so because of irregularities and malpractices.

In order to regulate economies like ours, this unappealing trend seems capable of reducing the increase or growth of banks. Today, many banks cover up from being indentified. They would rather leave the fraudster with his loot than losing their trust among customers. In the explanation above, fraud appears to constitute risky variable that stands between banks and their progress. Banks now have the dilemma of losing huge sums of money annually, in the name of fraud as it has been part of the banking system.

The problem of this research work revolves around finding out the continuous causes of fraud in all banks and financial institutions. This ill practice has affected the nation’s economy negatively. Thus, the study intends to resolve the following problems:

i. What are the various types of fraud perpetrated in banks?
ii. What are the effects of fraud perpetrated in banks?
iii. Why have banks been unable to find solution to curtail fraud?

The increase of frauds in the financial institutions, if not curtailed might pose certain threats to the stability and survival of individual financial institutions and the performance of the industry as a whole. Frauds result in huge financial loss to confidence in the financial institution indications shows that if these act are allowed to continue, the banking industry as a whole will go into extinction and this will have an adverse effect on the nations economy.

Orjih (2009), stated that fraud can be defined as a conscious or deliberate effort aimed at obtaining unlawful financial advantage at the detriment of another person who is the rightful owner of the fraud.

Finally, fraud simply means an act of dishonesty, deceit and imposture, which include embezzlement attempt to steal or unlawfully obtain.

Fraud can be committed by employees customers or others operating independently in the financial institutions such fraud can be committed through.

a. Creating by Market Women\Men on Scale Measurement: This fraud is committed daily by our market women\men to the customers they think that will not bother to measure the homes some of these market women\men use sub-standard cups while some use something to compress their cups. So that they will contain little quantities of items customers are buying.
b. Tax Evasion: Tax evasion involves a fraudulent effort by a tax payer to escape a legal tax obligation. Its features includes illegal methods of escaping tax liabilities through cheating assessment authorities.
c. Political Fraud: one could be imaging if there is anything like political fraud, it might means quite a different thing. This can be seen or noticed during elections in Nigeria. Rigging of election papers snatching of election papers, during of election boxes and so on during election.

Advanced fee Fraud “419”

This may involve an agent approaching a bank, a company or an individual with anther to access large founds at below market interest rate often for long term. What this means is that a person who is an agent to another person may approach a bank , telling them that he will bring a multi-millionaire customers who is going to deposit a huge sum of money into the banks account with interest rate below the market rate which the bank will pay him.

The purported source of founds is not specifically recertified as the only way to access to it through the agent who must receive a fee or commission in advance. As soon as the agent collects the fee, he disappears into the air and the facility never come through. Any bank desperate for founds to hide for foreign exchanging can easily fall victim to this type of fraud. This type of fraud can take different form as have been witnessed in different parts of this country.

This kind of fraud can also occur when the perpetrator uses the names of prominent people in Nigeria while getting involved in their international dealings.
As we have heard on the Nigerian television radios and also reading from newspapers, these perpetrators used these names to obtain loans from international banks, transact business with prominent people in international communities. Then at the end of the day the perpetrator will just disappear leaving the victim to suffer.

**Cheque Kitting**

Kitting is defined by the use controller of the currency’s policy guidelines for National banks Directors as method whereby a depositor utilizes the time required for cheque to clear and to obtain an unauthorized loan use by depositors of uncollected fund in their account. Uncollected fund refers to cheque lodgment accepted by a bank for which it cannot fully guarantee collectability until institution in which such cheque is drawn has determined that fund is available to cover the item.

**Account-Open Fraud:**

This usually starts when a person not known to the bank opens a transaction account with false identification but unknown to the bank. Such a person might use the account for illegal transact and close the account within a start period. The person opens an account with a small deposit of cash, within a few days that person will deposit a number of bad cheque’s and obtain cash in return either by cashing the fraudulent items outright or by withdrawing cash as soon as the fond is available. The bad cheque may be large overdrafts drawn on other banks or drawn on bank accounts that are closed or never existed.

**Money Transfer Fraud**

Money transfer services is a means of moving funds to or from a bank to a beneficiary account at any banking point World-Wide in accordance with the instruction from the bank’s customers. Fraudulent money transfer may result from a request form created solely for the purpose of committing a fraud or the alteration of genuine funds transfer request. A genuine request can be altered by changing the beneficiary’s name or account number or changing the amount involved in the transfer. These days “Yahoo boys” the name given to scammer in Nigeria that sends fake emails to people asking them to apply for fake contracts thereby winning non-exciting money from a dead billionaire’s account in different parts of the world. Hey connive with fraudulent bankers in the western union department to withdraw their ill-gotten hard currencies or without the knowledge of the bank as regards to the authenticity of the beneficiary.

**Loans Fraud**

Loans and other forms of credit extensions to business and individuals customers constitute the traditional functions of the financial institution. Fraud may occur at any stage, from the first interaction between the customers and the bank to the final payment of the loan.

Loan fraud occurs when credit is extended to non-banking customers or to borrowing customers who has exceeded their credit ceiling. The fraudulent aspect of this class is that there is an intent to conceal it from the head office (inspectorate) staff on routine check to deceive them with plausible but falsified statements, document etc advance perpetrators of credit fraud go to the extent of applying credit of another who is often unrelated to the first customer.

**Counterfeit Securities:**

This is one of the oldest forms of crime, modern photographic and printing equipment has greatly aided criminals in reproducing good quality forged instrument. The document may be total counterfeit, or may be genuine document that are copied, forged or altered as to amount, payment date, and payee’s details.

These forged securities (documents) are designed in a way and manner that an ordinary person cannot detect. Whether the money is genuine or not, some of them make their way in the bank by depositing the counterfeits with the bank. whenever the person wants to withdraw, he will withdraw genuine money. Again by designing the bank’s receiving stamp, they will stamp it on their deposited amount of money with one of the banks staff signature they have mastered. After some weeks or months they will come back with
the payment slip as evidence claiming that the back did not credit their amount with the amount on the slip. Then if the bank is the type that doesn’t keep proper record of each day’s transactions, then they are bound to fall victim.

Money Laundering Fraud:
This is a means to conceal the existence, source or use of illegally obtained money by converting the cash into untraceable transaction in a bank. The cash is disguised to make the income appear legitimate.

Computer Fraud:
Computer fraud can remain undetected for a period of time. Computer fraud can take the form of corrupting of the programmed files or application packaged and even breaking into the systems via a remote sensor Diskettes can also be tampered with to gain access to unauthorized area or give credit to an account, for which the funds were not originally intended.

Major Causes of Bank Fraud
According to Alashe (2008) on fraud prevention and control and the role of government and its agents, he noted that major causes of fraud are basically grouped into two major classes which includes;

i. Institutional causes
ii. Environmental causes

Institutional Causes of Fraud
These are those traceable to the internal environment of the banks or financial institutions which includes as follows:

a) Volume of Work:
The amount of work done by officials could be so heavy that frauds could easily pass undetected by such official. For example, somebody who is the credit marketing manager of a bank taking on the work of admitting new customers and at the same time taking care of cash transaction in the bank. in this type of situation, there is a tendency of such worker committing fraud at will.

b) Nature of Services
Fraud may be caused where documents of value and liquid assets are exposed to an undisciplined staff or unauthorized person(s).

c) Banking Experience of Staff
Frauds in banks of financial institution occur with higher frequency among staff with little experience and knowledge in financial practice. The more the experience and knowledge of the staff lesser the likely hood that frauds would pass such staff.

d) Poor Management
Financial institutions with poor management records a higher incident of all sorts of frauds than those with effective management. The inefficiency and inadequate internal control system will only arise as a result of the inability of the internal controller of the bank and bank manager to monitor how every aspect of the bank’s transaction are done.

e) Number of Staff
Where a superior officer supervises quite a large number of staff, there is a great tendency that fraud could go undetected.

f) Staff Negligence
Negligence in actual sense itself is a product of several factors including poor supervision, lack of technical knowledge, apathy, pressure etc in certain cases staff negligence could give rise to the perpetration of fraud in the financial institution. The above reason is because when the bank officials are under pressure, i.e. People attacking him from all corners including t = some of the bank’s management in order to help them perpetrate frauds, the official could then give in.

g) Recruitment System
Poor recruitment system, where experience relevant technical knowledge competence, character and other sterling qualities are sacrificed on the altar of non-performance factors, such as connections and tribalism, constitute important facilitations of frauds in banks and other financial institutions. This is so common in Nigerian banking industry where anybody can be employed into the industry simply because the person has somebody who is the regional manager or chairmen of the bank.

h) Inadequate Infrastructures

Poor communication systems, power failure which results in a backing of unbalanced positions, congested office space etc are some other factors which encourage the perpetration of frauds in financial institutions. For instance, in 2009 when a youth corper serving in one commercial bank (U.B.A) at Lagos state lodged more than N1 million into his account from one customer’s account simply because there was a little breakdown in the computer system.

i) Poor Secure Arrangement for Documents

In financial institutions where security arrangement for valuable documents are weak, poor and vulnerable, it is easy for fraudsters to have their way without detecting for example, in a situation where people’s cheque books are kept to the reach of everybody, the tendency is that people can withdraw money from other people’s accounts without being detected. Again is where the key to the strong room is carelessly kept within the reach of everybody.

j) Frustration

Frustration can breed fraudulent practices in financial institutions especially when management practices are negative to the aspiration and development need of staff. When their practices are carried out, they could result in the generality of staff being frustrated. For instance, in a situation where a person who may be honest in all his doing is being deprived of his/her financial benefits deliberately while others of the same level are receiving theirs. The person is bound to be angry and frustrated and these could make him to indulge in travels in order to meet up with his/her colleagues.

Again when the entire staff of a company has not been paid of the monthly salaries due to mis-appropriation of found by the management, the staff will be frustrated and anything that comes their way be it physical cast or assets will be taken.

Environmental/Social Causes of Fraud

These are factor which results from the influence of the environment on the banking industry such factors include:

i. Personality Profile of Dramatize Personnel

Most individuals with inordinate ambitions without qualms are prone to committing frauds. This kind of individuals are bent on making money by hook or crook, such people dismiss morally as an unnecessary prerequisite for a virtuous life. To them the end justifies the means and they are usually unscrupulous and opportunity. These type of people can be seen among youth who are anxious of becoming rich within shortest period of time without knowing that one must suffer before he can eat.

ii. Societal Value

The value system in any society is the set of value that prescribe what is right or wrong within that society. In a society where the possession of wealth determines the reputation ascribed to a person, that society is bound to witness unnecessary competition for acquisition of wealth. This no doubt will lead to some using dubious mean to get rich overnight. It cannot be argued that the main causes of frauds in banks and financial institutions in Nigeria is traceable to the general dishonesty in society where is thrown to the dogs, misplacement of societal values, the unquestioning attitude of the society towards the sources of wealth, the rising societal expectations from staff of financial institutions and the subsequent desire by such staff to live up to such expectations are also contributory factors to frauds in the country.
iii  Slow Legal Process

Delays in prosecution of fraud cases have a way of frustrating the parties. A frustrated party can abandon the case, leading to the miscarriage of justice the delays could be in the form of late filling of case by the police to the law court, prolonging of cases by the judges.

All these makes the fraudsters to have the feeling that they are above the law or that they cannot be dealt with seriously by the law.

iv  Lack of Effective Deterrent/Punishment

This is a vital point because it is argued in some question that lack effective deterrent such as heavy punishment could be a factor that contributes to the high perpetration of frauds in financial institutions.

v  Fear of Negative Publicity

Many financial institutions reports fraud cases to the law enforcement agencies. They believe that doing so will have a negative effect on their institutions. This attitude encourages individuals with inordinate ambition to defraud these financial institutions because they may not prosecute them. It is even said to note that some staffs whose appointment have been terminated on the ground of fraudulent acts in me financial institution, still manage to secure appointment in other institutions.

vi  Unemployment and High level of Poverty

Nigeria has one of the richest economies in Africa, in both human and natural resources, but about 80% of the Nigerian youths especially university graduates are unemployed. Most of the Nigerian politicians cart away with the loathed funds in foreign banks without being punished. This causes capital flight, unemployment, death in infrastructure which is not particularly good for a developing country like Nigeria. Directly or indirectly some Nigerian youths especially those with little ICT knowledge with special reference to those that find themselves in the banking industry with criminal intent engage in one bank fraud or the other in order to eradicated poverty. Most of them have some of their family members that depend on them for what to eat, drink or even put in their pockets. All these make fraudsters to have the feeling that they are above the law and as such can get away with ill-gotten wealth unpunished.

Effects of Bank Fraud

The effect of bank frauds and forgeries in Nigeria cannot be over emphasized. If it is not put to a full stop now, it will pull down this our developing economy because people will no longer have confidence in Nigerian banks and the international communities will rank Nigeria as one of the most corrupt nations in the whole world.

These effects are grouped into two:

i. Effects of fraud on the banking industry

ii. Effects of bank fraud on our economy

Effects in the banking industry are as old as the industry itself and the level of fraud in the present day Nigeria has assumed an epidemic dimension. However, frauds have become one of the problems of modern day banking that most banks in Nigeria don’t even know their left or right. Some of these effects will be discussed below:

a. Loss of Money

Fraud leads to loss of huge sums of money which belong either to the bank or customers. Such losses may be absorbed by the profits for the affected trading period and this consequently reduces the amount of profit which would have been available for distribution to shareholders. Losses from fraud which are absorbed to equity capital of the bank impair the bank’s financial health and constrains it’s ability to extend loans and advances for profitable operations. In extreme cases, rampant and large incidents of fraud could lead to a bank’s failure.

b. Increase in the Cost of Operation.
Fraud can increase the operating cost of a bank because of the added cost of installing the necessary machines and devices for its detection and protection of assets against fraud. Moreover devoting valuable time to safeguarding its assets from fraudulent men distracts management. Overall this unproductive diversion of resources always reduces and low profits which in turns could returned the growth of the bank.

c. **Reduction in the Asset validity of Banks**

Banks fraud also leads to a diminishing effect on the asset quality of banks. The problem is more dangerous when compounded by insider loan abuses indeed the first generation of liquidated banks by NDIC was largely a consequently handled, it could lead to distress and bank failure.

d. **Loss of Customer’s Confidence**

Fraud is perhaps the most fatal of all risks confronting banks. The enmity of bank fraud in Nigeria can be inferred from its value, volume and actual loss. A good number of banks frauds are suppressed partly because of the personalities individual or because of concern over negative effects such disclosure may have on the image of the bank. banks with appreciable records of fraud cannot attract customers, that any slightest bad rumour they hear about their banks they will just with draw all their money.

e. **Loss of Staff/Personnel**

Fraud in banks today are the hand-work of outsiders, others are perpetrated by the staff as sometimes management of the bank concerned. The most significant percentage of frauds and forgeries are alone by fraudsters in collaboration with the bank staff. As a result of this very serious economic crime, some of the staff in the banking industry with vast knowledge and experience will have their appointment terminated or face premature retirement due to their indulgence in fraudulent acts.

**Effects of Bank Fraud on our Economy**

In view of the efforts by government law enforcement agencies and even the banks themselves to curb frauds and other irregularities in the banks, big time frauds are still on the increase and the banks are losing amounts running into millions of naira to fraudsters almost every day. These frauds perpetrated have adverse effects on the nation’s economy. These effects will be highlighted below as follows:

i. **Down Turn in the Economy**

For the past 18years or so our economic development has witnessed a serious set back with graduates roaming about the streets on search of employment which is not available. Both the political and economic situation declined from bad to worse with naira witnessing an unprecedented devaluation of about 1, 300% within ten year. As at December, 2014 and January 2015, the naira exchange rate stood between N 190 to N 200 per 81.

Finally, bank frauds deplet es our resources because foreign investors cannot be attracted into our economy for any meaningful investment. Most foreign investments are transacted through foreign exchange. This exchange done through banks with recent increase on bank frauds, investors will be sacred or not be encouraged to come into the economy.

ii. **Global Perception:**

Nigeria has become synonymous with fraud as some of its citizens use the boom in internal fraud and corruption has become an unfortunate staple in Nigerian’s international survey measuring the part played by graft in different economics. Outside the country, Nigeria has become synonymous with fraud as some of its citizens as a result of the nations economic status and also the level of unemployment among them makes them become idle. The devil then found job to do as idle hands were meant to engage in one kind of fraud or other, which includes “419”, drug trafficking, bank frauds becoming regular features on our newspaper, television and radio headlines.
This makes it different for genuine business men from Nigeria to go into international business with foreigners or secure credits overseas.

**Prevention and Control of Frauds in Banks.**

It is being realistic to state that it is nearly impossible to completely prevent fraud. Fraud will occur in our increasingly materialistic and morally bankrupt societies. The attainment goal that banks management must seek is to minimize fraud. This is very important because defalcations can be of extreme embarrassment to bank management regardless of protection. To eliminate or reduce the incident of bank frauds, the following procedure established by banks could be used as control.

i. Obtaining references before new accounts are opened, since some accounts are opened with the sole intention to perpetrate fraud. Scrutinizing of potential customers before opening of account through introduction and reference and status report give some protection from this. This procedure ensures that individuals and corporate bodies with questionable character are not given the opportunity to defraud the banks.

ii. References for staff recruitment to bank are another very fundamental preventive measures. Reference is requested for previous employers and dependable citizens who can vouch for the candidate. This is necessary because most fraud will not succeed if there is no internal collaboration.

iii. Balancing of books of accounts as unbalanced books provide fertile ground for frauds. Bank’s books of account must be balanced on a daily basis. Whereby such books fail to balance, bank management must ensure that the differences are identified and examined to ascertain that they are not caused by fraudulent activities.

iv. Reconciliation department or panel should be set up within the bank branches to reconcile all differences in account entries as soon as they occur. This minimizes and detects any fraud incidence early enough.

v. Verification of payment of large some of money is usually carried out before payment to ensure fraud prevention. This is done through confirmation of cheque for large withdrawal with account signatories to ensure proper authorization before payment is made.

vi. Staff rotation is to be implemented. Staff rotation usually ensures that no one person stays on a particular job post for too long where they could be committing and covering any fraudulent activity perpetrated. Also, annual leave are made compulsory as many frauds have been discovered during the absence of incumbents.

vii. Banks also prevent frauds by ensuring that employee’s condition of service are adequate to meet their social needs, even though a fraud oriented character will always find ways to carry out his plans despite conditions of service.

viii. Proper security checks should be carried out. This will ensure that bank documents or other vital token belonging to the bank does not get into the hands of the wrong people. This will include proper safeguarding of the keys to the strong room and ATM machines.

ix. The counter control of using Regis Cops cameras and close circuit televisions are capable of fending off fraudsters as transactions and people’s images are usually recorded for future checks.

x. Proper and accurate internal control measures or system will play a big role in the control of bank frauds as the internal affairs of the bank has to be secured before you think about external affairs.

Other external fraud control measures includes the supervisory functions of the Banking supervisor Department of CBN under conditions of confidentiality the department examines periodically the books and affairs of each bank. (The Nigeria Deposit Insurance Co-operation Degree of 1988).

**Empirical Review**

Ogbru (2003:42) stated that frauds in Nigerian banks continued on the rise in 2002 with 77 banks of the 90 in operation recording cases involving the sum of N129 billion. In 2001, the figure was 943 cases involving N11.2 billion. The NDIC report showed that actual loss to have exceeded the expected provisions for only N1.3billion. Onyeogocho (2001:34) has attributed it to insider
abuses and even board tussles. It was reported in NDIC 1996/7 Annual report and statement of Accounts that the number of frauds reached a magnitude of N1,006 million in 127 cases reported in commercial banks and 587 cases involving N1.543 million.

Hur-Yagba (2003:82) in his finding posited that majority of cases of fraudulent activities are designed with all the pretence of a bonefide action that they can easily pass undetected. Owho (2005) emphasized the following types of fraud, theft and embezzlement, defalcation, forgeries, suppression, fraudulent substitution, payment against uncleaned effects, unauthorized lending to ghost borrowers, kite flying and cross firing, unofficial impersonation, over invoicing.

The Fraud Triangle Theory

In order to appreciate the similarities and differences between FTT and FDT it is important to begin with Cressey’s FTT (1950) in 1950, Donald Cressey, a criminologist, stated the study of fraud by arguing that there must be a reason behind everything people do questions such as why people commit fraud led him to focus his research on what drives people into violate trust? He interviewed 250 criminals in a period of 5 months whose behavior met two criteria:

1. The person must have accepted a position of trust in good and
2. The people must have violated the trust. He found that three factors must be present for a person to violate trust and they are
   i. Perceived pressure\ incentive (motive
   ii. Perceived opportunity
   iii. Rationalization

   The three elements of fraud summarized by cressey (1953) are commonly presented in a diagrams shown below The top element of the diagram represents the pressure or motive to commit the fraudulent act while the two elements at the bottom are perceived opportunity and rationalization

   (wells 2011 in Rasha and Andrew, 2012)

![Fraud Triangle Diagram](image)

Figure 1: Fraud Triangle

THE FRAUD DIAMOND THEORY

The FDT (Fraud Diamond Theory) was first presented by Wolfe and Hermanson in the CPA Journal (December, 2004). It is generally viewed as an expanded version of the FTT (Fraud Triangle Triangle). Figure 2 presents the diagram of FDT. In this theory, an element termed capability has been added to the three initial fraud elements of FTT. Wolfe and Hermanson (2004) argued that for doing so, it is unlikely for fraud to take place unless the fourth element (i.e capability)
is also present. In other words, the potential perpetrator must have the skills and ability to commit fraud.

![Fraud Diamond Diagram](image)

*Figure 2: The Fraud Diamond
Source: Wolfe and Hermanson (2004)*

**Population of The Study**

The population of the study comprises of the staff member of United Bank for Africa Plc (UBA) sixty (60) staff were randomly selected. The total of 60 respondents was in the following proportions.

**Table 1: DISTRIBUTION OF THE POPULATION**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Categories of staff</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Senior staff</td>
<td>20</td>
</tr>
<tr>
<td>2.</td>
<td>Accountants</td>
<td>20</td>
</tr>
<tr>
<td>3.</td>
<td>Auditors</td>
<td>10</td>
</tr>
<tr>
<td>4.</td>
<td>Managers</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>60</td>
</tr>
</tbody>
</table>

*Source: Questionnaire Distribution, 2017.*

**PRESENTATION OF DATA**

The table below shows the number of the returned questionnaire and their respective percentages.

**Table 1: Distribution of Questionnaire**

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properly completed and returned</td>
<td>50</td>
<td>83.3%</td>
</tr>
<tr>
<td>Not Returned</td>
<td>10</td>
<td>16.7%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>

In table .1, questionnaire which were properly completed and returned were 50 in number which represents 83.3% of the amount of questionnaire administered while in questionnaire were returned by some of the respondents which accounts for 16.7%.

**Percentage Analysis of Respondent Responses**

This consists of the percentage analysis of respondents responses of section two of the questionnaire.

**Question Six:** What is the name of your company?
Table 3: Distribution of Respondents Responses from Question Six.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBA Plc</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 3, above revealed that from the data analyzed 100% of the respondents that completed the questionnaire was from United Bank for Africa Plc (UBA).

**Question Seven:** What are the types of services provided by the bank?

Table 4: Distribution of Respondents Responses from Question Seven.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accepting deposits</td>
<td>22</td>
<td>44%</td>
</tr>
<tr>
<td>Leading cash</td>
<td>14</td>
<td>28%</td>
</tr>
<tr>
<td>Keeping of valuables</td>
<td>14</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4 above, revealed that 44% of the respondents accepted that banking services include accepting services and then the remaining 28% of the respondent agreed that keeping valuable is one of the major services provided by the bank.

**Question Eight:** What is the size of the organization?

Table 5: Distribution of Respondents Responses from Question Eight.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large scale</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>Medium scale</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Small scale</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 5 above revealed that all respondents believed that United Bank for Africa Plc (UBA) is a large company and is among the leading banking institution in Nigeria.

**Question Nine:** How would you access the rate of fraud in your bank?

Table 6: Distribution of Respondents Responses from Question Nine.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Scale</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Medium Scale</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>Small Scale</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the data above in table 4.6, 10% of the respondents agreed that the rate of fraud in United Bank for Africa is on a large scale, while 60% agreed that the rate of fraud is on the average and 30% believed that the rate of fraud is on a small scale.

**Question Ten:** What are the causes of fraud?

Table 7: Distribution of Respondents Responses from Question Ten.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greed</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td>Opportunity</td>
<td>35</td>
<td>30%</td>
</tr>
<tr>
<td>Moral weakness</td>
<td>10</td>
<td>20%</td>
</tr>
</tbody>
</table>
Table .7 above revealed that 50% of the respondents agreed that the cause of fraud in the bank is greed, while 30% agreed that it is caused by opportunity and the remaining 20% agreed it is caused by moral weakness.

**Question Eleven:** What are the common types of fraud in banks?

Table .8: Distribution of Respondents Responses from Question Eleven.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fake or forget cheques</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>Loan Fraud</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Money transfer fraud</td>
<td>17</td>
<td>34%</td>
</tr>
<tr>
<td>Foreign exchange fraud</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

In table 4.8 above, it can deduced that 18% of the respondents agreed that fake or forged cheques is the most common type of fraud in banks while 24% of the respondents believed that it is loan fraud. A massive 34% agreed that most common type of bank fraud is money transfer fraud while 24% of the respondents believed it was foreign exchange fraud.

**Question Twelve:** What are the ways of preventing fraud in your bank?

Table 4.9: Distribution of Respondents Responses from Question Twelve.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enforcement of bank rules and regulations</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td>Motivation of staff</td>
<td>16</td>
<td>32%</td>
</tr>
<tr>
<td>Creative of conducive</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>


Based on the data from table 4.9 above, it can be deduced that 50% of the respondents believed that enforcement of bank rules and regulations is one of the ways of preventing fraud control be prevented by motivation of staff. The outstanding 15% believed that by creating a conducive working environment fraud could be prevented in banks.

**Question Thirteen:** What are the ways of detecting fraud in your bank?

Table .10: Distribution of Respondents Responses from Question Thirteen.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balancing of books of accounts</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>Setting up a dept or panel for fraud detection</td>
<td>20</td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table .10 above, revealed that 60% of the respondents were of the view that fraud could be detected through balancing of the books of accounts while the remaining 40% believed that setting up a department or panel for fraud detection could aid in proper fraud detection.

**Question Fourteen:** What are the problems confronting the department in detection and preventing of fraud in your bank?

**Distribution of Respondents Responses from Question Fourteen.**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistic problem</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td>Lack of co-operation by staff</td>
<td>25</td>
<td>50%</td>
</tr>
</tbody>
</table>
From table 4.11 above, it can be seen that the responses are evenly distributed. 50% of the respondents believed that logistic problems are one of the problems confronting the department in detecting and preventing fraud while the other 50% believed that lack of co-operation by staff is another problem facing the departments.

**Question Fifteen:** What are the roles of managers as regards detection and prevention of fraud in your bank?

**Table 4.12: Distribution of Respondents Responses from Question Fifteen.**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective management of staff</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Adequate motivation of staff</td>
<td>7</td>
<td>14%</td>
</tr>
<tr>
<td>Analysis of all forms of negligence</td>
<td>20</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.12 above, revealed that 24% of the respondents agreed that effective management of staff can be the main role of managers as regards detection and prevention of fraud in banks. 14% of the respondents believed that adequate motivation of staff plays some role, while 22% of the respondents believed that analyzing all forms of negligence could be seen as roles of managers as regards detection and prevention of fraud. The outstanding 40% have the view that general banking practice can resolve it.

**Question Sixteen:** How would you compare the rate of fraud in your bank with that of other common banks?

**Table 4.13: Distribution of Respondents Responses from Question Sixteen.**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large scale</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Minimal</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>Small</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey, 2017.*

From table 4.18 above, it can be concluded that fraud in United Bank for Africa Plc is at a minimal rate when compared to other commercial banks in Nigeria.

**Question Eighteen:** How would you access the preventive measures of fraud in your bank?

**Table 4.14: Distribution of Respondents Responses from Question Eighteen.**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>Inadequate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey, 2017.*

From the table 4.14 above, it can be seen that all respondents have the belief that the preventive measure is adequate.
Question Nineteen: Is fraud the commonest source of loss to the bank and the customer?

Table 4.15: Distribution of Respondents Responses from Question Nineteen.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>Disagree</td>
<td>26</td>
<td>52%</td>
</tr>
<tr>
<td>Undecided</td>
<td>14</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>


Table 4.15 above revealed that 20% of respondents agreed that fraud is the commonest source of loss to banks while 52% of the respondents disagreed to this argument. The outstanding 28% of the respondents remained undecided.

Question Twenty: Can fraud succeed without the participation of bank employees?

Table 4.16: Distribution of Respondents Responses from Question Twenty.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>Disagree</td>
<td>15</td>
<td>50%</td>
</tr>
<tr>
<td>Undecided</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>


Table 4.16 above revealed that 26% of the respondents agreed that fraud cannot succeed without the participation of bank employee while 50% of the respondents disagreed about the question. The remaining 24% of the respondents remained undecided in their opinion.

Question Twenty One: Are fraud incidence reported to the general public?

Table 4.17: Distribution of Respondents Responses from Question Twenty One.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>28</td>
<td>56%</td>
</tr>
<tr>
<td>Disagree</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>Undecided</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>


Based on the data in table 4.17 above, it revealed that 56% of the respondents agreed that fraud incidence is reported to the public, while 26% of the respondents disagreed to this claim, the remaining 18% of the respondents have remained undecided in their opinion.

Question Twenty Two: Can fraud have an adverse effect on the bank performance?

Table 4.18: Distribution of Respondents Responses from Question Twenty Two.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>34</td>
<td>68%</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>Undecided</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.18 above revealed that 65% of the respondents agreed that fraud have an adverse effect on the bank performance while 16% of the respondents disagreed to the stated question. The outstanding 16% of the respondents decided to remain undecided in their opinion.

Question Twenty Three: Can proper internal control system check the rate of fraud in your bank?

Table 4.19: Distribution of Respondents Responses from Question Twenty Three.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>Disagree</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Undecided</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>


Table 4.19 above, revealed that all respondent agree that proper internal control system will and to check the rate of fraud in banks.

Question Twenty Four: Does bank fraud have an adverse impact on the economic growth of Nigeria?

Table 4.20: Distribution of Respondents Responses from Question Twenty Four.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>41</td>
<td>82%</td>
</tr>
<tr>
<td>Disagree</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>Undecided</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>


From table 4.20 above, data presented revealed that 8.2% of the respondents a great that bank fraud have an adverse impact on the economic growth of Nigeria while 18% of the respondents disagreed to this question.

Question Twenty Five: How can you rate the effects of fraud in the banking industry?

Table 4.21: Distribution of Respondents Responses from Question Twenty Five.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>27</td>
<td>54%</td>
</tr>
<tr>
<td>Disagree</td>
<td>14</td>
<td>24%</td>
</tr>
<tr>
<td>Undecided</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>


Table 4.20 above revealed that 54% of the respondents agreed that there is a high rate of effects of fraud in the banking industry while 28% of the respondents believed that the effects of fraud in the banking industry is at a minimal rate. The outstanding 18% believed that the rate is low.

Hypothesis One

H₀: Fraud does not have effect on the bank performance.

H₁: Fraud has effect on the bank performance.

\[ r = \frac{N(\sum xy) - (\sum x)(\sum y)}{\sqrt{N(\sum x^2) - (\sum x)^2} \cdot N(\sum y^2) - (\sum y)^2}} \]

Using data from table 4.18

AGREE, DISAGREE, and UNDECIDED be represented by x, under which AGREE equals 3, DISAGREE equals 2 and UNDECIDED equals 1.
Let $y$ represent the feedback from the respondents.

Where:

\[
\text{AGREE} = 34 \\
\text{DISAGREE} = 8 \\
\text{UNDECIDED} = 8
\]

<table>
<thead>
<tr>
<th>X</th>
<th>Y</th>
<th>$X^2$</th>
<th>$Y^2$</th>
<th>$XY$</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>34</td>
<td>9</td>
<td>1156</td>
<td>102</td>
</tr>
<tr>
<td>2</td>
<td>8</td>
<td>4</td>
<td>64</td>
<td>16</td>
</tr>
<tr>
<td>1</td>
<td>8</td>
<td>1</td>
<td>64</td>
<td>8</td>
</tr>
<tr>
<td>$\Sigma = 6$</td>
<td>$50$</td>
<td>$14$</td>
<td>$1284$</td>
<td>$126$</td>
</tr>
</tbody>
</table>

\[
r = \frac{N(\Sigma xy) - (\Sigma x)(\Sigma y)}{\sqrt{(N(\Sigma x^2) - (\Sigma x)^2)(N(\Sigma y^2) - (\Sigma y)^2)}}
\]

\[
r = \frac{3(126) - (6)(50)}{\sqrt{3 x 14 - 36)(3 x 1284 - 2500)}}
\]

\[
r = \frac{378 - 300}{6 x 1352} = \frac{78}{90.06}
\]

\[
r = 0.86
\]

\[
r = 0.9
\]

**Decision:**

If $r$ lies between 0 and +1, it implies that an imperfect positive correlation between the variables. Hence, the alternative hypothesis which states that “fraud has effect on the bank performance” should be accepted, while the null hypothesis should be rejected.

**Hypothesis Two**

H$_0$: Internal control systems of banks is not effective.

H$_1$: Internal control systems of banks is effective.

Using data from Table 4.19

Let AGREE, DISAGREE, and UNDECIDED be represented by $x$, under which AGREE equals 3, DISAGREE equals 2 and UNDECIDED equals 1.

Let $y$ represent the feedback from the respondents.

Where:

\[
\text{AGREE} = 50 \\
\text{DISAGREE} = 0 \\
\text{UNDECIDED} = 0
\]

<table>
<thead>
<tr>
<th>X</th>
<th>Y</th>
<th>$X^2$</th>
<th>$Y^2$</th>
<th>$XY$</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>50</td>
<td>9</td>
<td>2500</td>
<td>150</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$\Sigma = 6$</td>
<td>$50$</td>
<td>$14$</td>
<td>$2500$</td>
<td>$150$</td>
</tr>
</tbody>
</table>

\[
r = \frac{N(\Sigma xy) - (\Sigma x)(\Sigma y)}{\sqrt{(N(\Sigma x^2) - (\Sigma x)^2)(N(\Sigma y^2) - (\Sigma y)^2)}}
\]
Decision:
If r lies between 0 and +1, it implies an imperfect positive correlation between the variables. Hence, the alternative hypothesis which states that “internal control system of banks is effective”, should be accepted while the null hypothesis should be rejected.

Hypothesis Three
H_0: Bank fraud does not have effect on the growth of Nigeria economy.
H_1: Bank fraud has effect on the growth of Nigeria economy.
Using data from Table 4.20
Let’s AGREE, DISAGREE, and UNDECIDED be represented by x, under which AGREE equals 3, DISAGREE equals 2 and UNDECIDED equals 1.
Let y represent the feedback from the respondents.
Where:
\[
\begin{align*}
\text{AGREE} &= 39 \\
\text{DISAGREE} &= 11 \\
\text{UNDECIDED} &= 0
\end{align*}
\]

\[
\begin{array}{c|c|c|c|c|c}
X & Y & X^2 & Y^2 & XY \\
3 & 39 & 9 & 1521 & 117 \\
2 & 11 & 4 & 121 & 22 \\
1 & 0 & 1 & 0 & 0 \\
\Sigma & 6 & 50 & 14 & 1642 & 139 \\
\end{array}
\]

\[
r = \frac{N(\Sigma xy) - (\Sigma x)(\Sigma y)}{\sqrt{(N(\Sigma x^2) - (\Sigma x)^2)(N(\Sigma y^2) - (\Sigma y)^2)}}
\]

\[
r = \frac{3(139) - (6)(50)}{\sqrt{(3(14) - (36) x 3)(1647) - 2500)}
\]

\[
r = \frac{417 - 300}{6 x 2426}
\]

\[
r = \frac{117}{14556} = \frac{17}{120.6}
\]

\[
r = 0.97
r = 1
\]

Decision:
If \( r \) lies between 0 and +1, it implies an imperfect positive correlation between the variables. Hence, the alternative hypothesis which states that “Bank fraud has effect on the growth of Nigeria’s economy,” should be accepted while the null hypothesis rejected.

**Conclusion**

Evidence from the recent measures put by the Central Bank of Nigeria and Nigeria Deposit Insurance Corporation (NDIC) regarding frauds and forgeries in the banking industry reveals that the phenomenon, has been on the upward trend despite the measures put up by the individual banks. It is meant to comply with statutory requirements or rendering returns for effectiveness of all the policy measures which the monetary and supervisory authority might design to curb this menace.

The detection and prevention of fraud should be a collaborative effort between banks, their customers, the public, and government. Fraud in the banking industry should be minimized as possible, as it kills the banks and destroys, the growth of a nation’s economy. The banks develop the nation’s economy from the grassroots and must not give face to frauds. An effective internal control system must therefore be instituted by all banks as a panacea for preventing and detecting frauds.

Experience has shown that even where bank inspectors discover fraud and there is the possibility of recovering some of the funds, the co-operation of the aim fighters (police) has not been particularly encouraging. Time is therefore of the essence in effective control system, as it will not only help in preventing fraud, but it will at an early stage detect it.

Management staff has important roles to play in ensuring that there is sound internal control system in their banks and the laid down procedures are received regularly and effectively followed. It is part of management duties to ensure that the control systems in place in various units or branches reflect realities of the environment at all times.

Finally, the task of bank management is challenging enough with the ever-present risk of fraud coping with this ugly act. Threat requires more judgements and dynamic actions. It calls for commitment, a total alertness and a diligent and painstaking approach and for strength of characters.

**Recommendations**

It is believed that whatever has a problem must equally have a solution. In the light of the above statement, the under mentioned recommendations are provided:

i. The law should be revived to deal severely with the defaulters; individuals and institutions, which will serve as a deterrent to others.

ii. The use of close circuit television surveillance should be implemented in all banking offices.

iii. Customer’s statement of account should be dispatched to them regularly.

iv. Ensuring proper custody of vital bank equipments and bank documents. These should always be under the control of a responsible and reliable officer.

v. But lifestyle of any staff under any unit should be discouraged and monitored by the management of the bank.

vi. Staff rotation is to be implemented. Staff rotation usually ensures that no one person stays on a particular job post for too long where they could be committing and covering any fraudulent activity perpetrated. Also annual leave should be made compulsory as many frauds have been discovered during the absence of incumbents.

vii. Balancing of books of accounts as unbalanced books provide fertile ground for frauds. Banks books of account must be balanced on a daily basis. Whereby such books fail to balance, bank management must ensure that the differences are identified and examined, to ascertain that they not caused by fraudulent activities.
References