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Fraud and Fraudulent Practices in Nigeria Banking Industry (Pp. 240-256)

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Abstract

The paper reviews the various forms of fraudulent practice their impact and inducement for various reforms in banking industry. It also mentions various legislations targeted at reducing fraud and introducing some forms of control and reporting systems. Various theories of fraud are examined and detailed analysis of various causes, prevention and control strategies were emphasized. Previous experiences of different types of fraud and employees involvement are analyzed using tables and percentages for elusive description and discussion. The paper is concluded by with the recommendations targeting at reducing fraud and forgeries in the Nigerian banking industry.

Key Words: Fraud, Bank Failure, Forgeries and Embezzlement

Introduction

Banks and non-bank financial institutions jointly constituting the financial industry of any economy however, the banking system comprises the major corner stone of an economy. For any economy to develop and grow, the financial sector must be strong, solid, effective and efficient. The existence of an effective banking industry is a panacea to growing any economy. The pivot of any economic development is the financial sector through its role in intermediating funds from the surplus units to deficit units. This also stimulates investment, economic growth and employment as well as international trade and payment. The significant roles played by financial

institutions are responsible for the importance accorded them by every economy of the world. Over the years the Nigerian banking industry has witnessed several reforms in search of an efficient and effective financial system.

Bank failures are as old as banking industry itself. Despite the significant roles it plays in economic development, its failures are becoming well pronounced. The Dictionary of Economics and Commerce confirmed that 200 banks failed in England between 1815 and 1850 just a period of 35 years, one of the reasons attributed to this failure is Fraud.

The problem of fraud in banking industry is not limited to any economy, nation, continent or an environment; it is a general phenomenon. The origin of bank failure in Nigeria can be traced to the 1930s bank failure and crises. Nwankwo (1994) wrote that “the crises of confidence in Nigerian banking industry is not a new one, it has been with us for quite a long time. It occurred in the 1930s when all indigenous banks, except one (National Bank), collapsed. It occurred again during the banking ‘boom and crash’ of the late 1940s when all but four indigenous banks escaped the liquidators hammer”. Also between 1952 and 1954, 16 out of 21 indigenous banks failed. In the late 1990s, 26 failed banks were liquidated at once while others went through various surgical operations ranging from, restructuring, renaming, acquiring and complete sales to new investors. One thing that is constant in all the reforms was that fraud was a prominent factor in major failures. Several legislations were put in place to reduce, alleviate and if possible eliminate the occurrence and incidences of fraud in the industry most popular and prominent among them are:

- Companies and Allied Matters Decree No 19, 1990. (CAMD 1990).
- Banks Employees, etc (Declaration of Asset) Act 1990
- National Drug Law Enforcement Agency Act 1990.
- Special Tribunal (Miscellaneous Offences) Act 1990.
- The Central Bank of Nigeria (CBN) Decree No 24 of 1995.
- Nigeria Deposit Insurance Corporation Decree No 22 of 1998.
- The Banks and other Financial Institutions Decree (BOFID) – 1999.
- Economic and Financial Crime Commission Act 2004.

In an attempt to solidify the banking industry, consolidation (re-capitalization) programme was instituted by the Central Bank of Nigeria (CBN), which was concluded on December 31, 2005. The twenty-five banks that survived out of eighty-nine witnessed serious positive structural changes in the areas of shareholders fund, deposit base, branch network, size and ownership. Arising from the recapitalization requirement, a total of N360 billion was raised by banks in addition to total foreign direct investment of 652 million U.S dollars. In addition, 20 out of the 25 banks are now on the top 100 banks in Africa, while 17 are in the top 40 banks. Also four are among the top ten in Africa while seventeen out of 25 banks are in the top 1000 in the world (CBN 2006).

In association with banking reforms of 2005, the least capitalized bank in Nigeria achieved a capital base of about N25 billion as against N1.3 billion before consolidation. In the same vein, the aggregate capital base rose geometrically from N311 billion to N932 billion. All these parameters are symbol of adequate preparation of the financial sector to jump-start the Nigerian economic development; the major feasible impediment to the attainment of this laudable objective is **fraud**.

Currently the changes in the Nigerian banking industry has been spectacular. Of the top 100 companies in Nigeria, out of the first 20, 14 are from banking industry. This shows that we can no longer afford to leave banking totally to the bankers because the only active players left in the economic playing field are the banks; the other players are wounded – either limping (oil and gas), or in the case of manufacturing, confined to the wheel chair. (Tim Akano, 2008).

Historically, the Bank of Credit Commerce International (BCCI) \$10 billion fraud globally and Japan Fuji Bank \$3 billion forgery both in 1990, Britain's National West Minister and its Blue Arrow Affairs. In Japan, the bubble burst in the financial sector in the early 1990s, due to unrealistic valuation of land, share prices manipulation, CEOs unfiendish incompetence, unbridled poaching of competition staff, financial engineering, huge uncollectible bad loans, and issuance of fake certificate. These were responsible for the collapse of Japanese financial sector (Tim Akano 2008). Undoubtedly most symptoms of those days in Japan are prevalent in the Nigerian financial sector today. It is obvious that, land speculation, weak internal process, blue-chip syndrome, absence of a structured succession plan, staff poaching are pervading the Nigerian banking industry and all these are agents of **fraud**.

It is the objectives of this study to;

- Review existing literature with the aim of collecting and collating information on fraud in the banking industry.
- Identify types of fraud in the banking sector.
- Examine some theories of fraud.
- Identify, analyze and exploit various means employed to defraud banks.
- Also perform some exegesis on the effects of fraud on national development.
- Proffer solutions and recommendations on the strategies for detection, reduction and prevention of fraud in the banking sector.

Having stated the objectives, it is the aim of this paper to proceed to theoretical/conceptual framework in part II while part III discusses the Methodology. Parts IV and V are to discuss major fraud and forgeries in Nigerian banking industry and Fraud detection, reduction and prevention strategies, respectively, and part VI treats summary and conclusion.

Conceptual Framework and Literature Review

It is pragmatically essential to exegesis on the various operational definitions of major concepts of this topic. This will give a clear understanding of the concepts that are very synonymous but never the same, especially the word fraud, forgeries and errors.

Different scholars have defined fraud, forgeries and errors in various ways. Fraud is described as an act of deliberate deception with the intention of gaining some benefit, in other words it is the act of dishonestly pretending to be something that one is not. (Chamber English Dictionary, 2002). Wikipedia (2008) defines bank fraud as whenever a person knowingly executes, or attempts to execute, a scheme or artifice (1) to defraud a financial institution; or (2) to obtain any of the moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of, a financial institution, by means of false or fraudulent pretences, representations, or promises. Also from the legal point of view, Fagbemi (1989) perceived fraud as “the act of depriving a person dishonestly of something which is his or something to which he is or would or might but for the perpetration of fraud, be entitled”.

The view of Adewumi (1986) is that fraud is a conscious premeditated action of a person or group of persons with the intention of altering the truth and or fact for selfish personal monetary gain. It involves the use of deceit and trick and sometimes highly intelligent cunning and know-how. The action usually takes the form of forgery, falsification of documents and authorizing signatures and an outright theft. Almost in the same direction Nwankwo (1991) also opined that fraud occurs when a person in a position of trust and responsibility, in defiance of norms, breaks rule to advance his personal interests at the expense of the public interest, which he has been entrusted to guide and promote. It occurs when a person through deceit, trickery or highly intelligent cunning ways, gains an advantage he could not otherwise have gained through lawful, just or normal process.

It is evidence from the multiple-definitions given by various scholars that the word fraud is generic in nature. However fraud is generally considered to be anything calculated to deceive. This include all arts, omissions, and concealments involving a breach of legal or equitable duty, trust or evidence justly reposed which result in damage to another or by which undue and conscienceless advantage is taken of another. Fraud is distinctive from any other term that looks like it such as forgery and errors in that, it shows a more affirmative action, evil in nature such as intentionally and deliberately proceeding or acting dishonestly with a wicked motive to cheat or to deceive another.

Forgery is a type of fraud which is mainly a falsification or manipulation of documents. Generally forgery is characterized by alteration of writing to the prejudice of other rights. Basically, three elements are identified with forgery.

- There must be a false writing or alteration of an instrument.
- The instrument must be apparently capable of defrauding.
- There must be intent to defraud.

Deceit is another prominent nature of fraud or fraudulent practices. Deceit is a kind of fraud, it consisting of any false representation or contrivance whereby one person overreaches and misleads another to his hurt. Most fraud cases are based on false representations or concealment of material facts. False representations are those made directly by an interested party to induce action on the part of another; those made with reference to the subject matter, those made by a third party torching some fact which is not the subject of the

contract, and those made under such circumstances as to cause unknown persons to act on them. (IIA 1977)

Fraud and fraudulent practices are of various forms in the banking industry. There are general types of fraud that is more of a common denomination to various organizations e.g. accounts manipulation, deliberate reclassification of accounts to show fictitious profit.

Typology of Banking Fraud

Banking fraud is not very convenient to group into types, because it takes various dimensions, nature and forms. Nwanze (2006) submitted that bank fraud can be classified into, executive fraud and other frauds.

Ogundeji (2005) as cited by Nwanze (2006) gave the following types of bank fraud, executive, foreign exchange, domestic operations, reconciliation, money market and treasury, risk assets, information technology, financial control, clearing, fund transfer, teller operations and customer services related frauds. Olojo (2006) also described fraud typology as consisting of syndicated fraud, corporate fraud, executive fraud, internal fraud, external fraud, internal/external fraud, computer fraud, electricity failure aided fraud, good boy and good girl syndrome aided fraud, rotten leadership aided fraud, slow judicial aided fraud and survival politics induced aided fraud.

Also, Owho (2005) emphasized the following types of fraud, theft and embezzlement, defalcation, forgeries, suppression, fraudulent substitution, payment against uncleared effects, unauthorized lending, lending to ghost borrowers, kite flying and cross Firing, unofficial borrowing, foreign exchange malpractices, impersonation, over invoicing, manipulation of voucher, fictitious contracts, fictitious accounts, over valuation/under valuation of properties, false declaration of cash shortages, fraudulent use of bank documents, falsification of status report, misuse of suspense account, duplication of cheque books, drafts, mail transfers, interception of clearing cheques, interception and switching of telex messages, inflation of statistical data, laundering, computer frauds, false proceeds of collection, robberies, teeming and lading, fake payment, claim of supernatural influence, and double pledging.

This study will examine typology of fraud under the following headings: executive/corporate fraud, common fraud, and computer aided fraud.

Common Fraud

Common fraud is a classification that embodies various types of fraud that cut across most common departments in the banking industry. Mostly they are categorized into: clearing fraud, advance fee fraud, money transfer fraud, counterfeit securities, Cheque kitting, theft and embezzlement, robberies, forgeries, defalcation and letter of credit fraud.

Clearing Fraud

This is the act of stealing, depriving, duping or exploiting an individual, organization or group of institutions through criminal manipulation of clearing instruments. The clearing fraud takes the following forms:

- a) **Suppression of Clearing Instruments:** - This is perpetrated by paying a Cheque drawn on account with insufficient fund. The appropriate thing would have been to return such Cheque, thus, the payment of such Cheque is fraud due to suppression.
- b) **Payment against Unclear Effects:** - A direct credit awarded a customer on a Cheque deposit which had not been cleared is a fraud. The Cheque may be returned unpaid what happens to the credit advantage of the depositor.
- c) **Conversion of clearing Instruments:** - This is common when a Cheque or draft drawn in favour of one person gets into the hands of a wrong person by any fraudulent means and coincidentally the wrong person enjoyed the value on the instrument, this is a fraud due to wrong conversion of clearing instruments, that is, accepted by a bank for which it cannot fully guarantee collectability until the institution on which such cheque is drawn has confirmed that funds are available to cover them.

Letter of Credit Fraud

A letter of credit is an undertaking by an issuing bank on behalf of an importer (the applicant) that payment will be made for goods or services supplied by the exporter (the beneficiary) provided that the exporter complies with all the terms and conditions stipulated by the credit (Okororie, 2005). This document passes through many confirmation stages through which a fraudulent banker can manipulate and defraud the bank or the exporter. The common practice is that some beneficiaries to the credits use forged or fraudulent documents. In such there cases, these documents are presented to the confirming or issuing bank. Bank payment is demanded against the credit

whether or not; the banks documents appear to comply with the terms of the credit.

Executive Fraud

Executive fraud is characterized by the following tentacles; loan application through fronts, foreign exchange transfer profiteering, Business development and public relations, Loan recovery fraud, cost of fund (Interest padding), property rental frauds, over-invoicing on purchases and other contracts, utilization of bank's time and other resources

Computer-Aided Fraud

This is a process involving all acts, involving the use of computer through deceit or dishonest manner or approach of depriving person or corporation of their property without their consent. This can take different forms

- a. A computer is the main object of fraud
- b. The computer creates a unique environment in which fraud takes place.
- c. The computer as an instrument for committing fraud

Computer fraud can be perpetrated through input manipulation, file manipulation program manipulation or operation manipulation. A combination of any of the above methods may end up with the following effects on operations.

- Tampering with computer files
- Manipulation of input data
- Creating fictitious account
- Using password belonging to other staff
- Fixing of dummy applications
- Using master passwords

In almost the same manner E-banking also attracts varieties of fraud such as skimming, (counter fact card fraud) stolen card, fraudulent applications, never received issue, card data manipulation, ATM video, spam mails or denial service, Access swift fraud, money transfer frauds, Inter-Bank clearing frauds, Money Laundering Frauds, and Scam mails

Theories of Fraud

There are four theories of fraud as put forward by Comer (1986) which explains frauds from various angles.

- Differential Opportunity
- Theory of concealment
- Theory of Deviation
- Theory of Minimal and general collusion

Differential Opportunity

This theory puts forward the fact that all people have the opportunity to commit fraud, against their employers, against suppliers and customers of their employer, against third parties and against government departments. However such opportunity is guided or regulated by

- Accessibility of the perpetrator to the accounts, assets, premises and to computer systems.
- Skill required to identify that such opportunity exists and to be used.
- Availability of sufficient time to plan and execute the fraud.

Theory of Concealment

Concealment is an essential ingredient of most systematic fraud. It can be defined as a manipulation of an accounting record or misrepresentation of a physical, personal or commercial reality intended to;

- Hide, disguise or alter an account/inventory discrepancy before, during or after a fraudulent act.
- Disguise, confuse, or delay the recognition the perpetrators guilt (to avoid location of blame) or to establish a plausible excuse for dishonesty;
- Enable the perpetrator to obtain, a dishonest advantage by deception.

The theory explains the fact that the perpetrators deliberately introduce confusion during, or after the act, to conceal it or assist in its omission. Greed motivates this type of fraud to exploit any opportunities available. Self preservation is crucial when it comes to concealment. The perpetrator usually tries to hide the loss and the evidence which indicates that he is responsible for it. He will strive to conceal the fraud in the best way available to him and may adopt optimum concealment course.

Theory of Deviations

Fraud is deviant behavior and perpetrators often conceal their dishonesty as plausible breaches of rules or procedures. It is a variance from a normal

procedure or pertains. More often than not, the perpetrators are limited to the available opportunities and also concentrate on ways to conceal their guilt. Generally deviations from the accepted procedures are the first symptoms of fraud.

Methodology

The data for this study were obtained from various secondary sources. First, the publications of the Central Bank of Nigeria (CBN) which includes, banking supervision and Annual report, economic report 2007, Annual reports and statement of account. Secondly, reports from the Nigerian Deposit Insurance Corporation (NDIC). Thirdly, further information were sought from various journals, archival materials, legislations (like BOFI, CAMA etc) and professional pronouncements of the Chartered Institute of Bankers of Nigeria (CBN), Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of stockbrokers (CIS), Nigerian Accounting Standard Board (NASB) and Associations of National Accountants of Nigeria (ANAN).

The adoption of most secondary sources of information should be mentioned as described by Aston 1982 but quoted by Adeyemi 2004.

One problem in attempting to communicate history is that the account is influenced by the particular view point adopted by the reporter. Another problem is that historical reports tend to make the event and trends of the past appear more orderly and purposeful than was actually the case when those events and trends unfolded. Subject to these problems, however, historical information can be instructive.

The secondary information collected however was very useful for easy trend analysis and relevant to predict future occurrence. In addition, in situation like this, where bank workers and management are obviously reluctant to release adequate information on fraud as it affects their banks, major available alternative sources are those from the official sources.

Discussion on Major Frauds and Forgeries in Nigerian Banking Industry

There are several types of fraudulent practices in the Nigerian banking industry, the domineering and prominent types are the one discussed under this heading. These types of fraud dominate the banking industry in frequency and the amount of money and losses sustained by the industry. The fraudulent practices include:

- Presentation of forged cheques and dividend warrants.
- Granting of unauthorized Loans
- Posting of fictitious credits
- Suppression of cheques and defalcating
- Fraudulent transfers and withdrawals
- Loss of money to armed robbers and
- Outright theft of money

Fraudulent transfers and withdrawals dominated the reported fraudulent cases from 2003 to 2005. The total reported cases for the three years amounted to 3087 while fraudulent transfer accounted for 957 representing 31.20% of the total cases reported. The trend is on the increasing path. In 2003, the reported cases were 283, which rose to 309 in 2004 increased by 9.19% as against 2005, which recorded 418 cases, which is an increment of 35.28%.

It is observed that the trend at which the fraudulent withdrawal is increasing calls for a serious check. The rate is alarming and can be precarious and inimical to the survival of the present recapitalisation if the trend progresses unchecked.

Closely related to the above is the presentation of forged cheques, which stood at 249 in 2003, and rose to 368 in 2004, reflecting a percentage increase of 47%.

This also increased to 418 reported cases in 2005 this is also increasing at an increasing rate. In 2002 forged cheques occupied the first position. Presentation of forged cheques occupied the second position both in terms of amount involved 27.09% and the expected loss 24.41%.

In 2003, presentation of forged cheques came second on the list both in terms of the amount involved (27.09%) but 5th on the actual loss sustained. This took place in 249 independent transactions (frequency). Further analysis in 2004 also disclosed that presentation of forged cheques ranked first with frequency of 368, that is, 35% of total fraud recorded in terms of frequency of occurrence and second to fraudulent transfer and withdrawals in the amount involved respectively.

Analysis in 2005 also disclosed that presentation of forged cheques ranked first in frequency. This accounted for 34.01% of the total reported cases. In absolute terms, 418 cases out of total 1,229 cases reported goes to forged cheques. In amount of money involved, forged Cheque is also on the second

position in 2005, while the actual loss was 11.22% of the reported amount; this made it occupied fourth position on the table.

It is clear from the various analyses up that fraudulent withdrawals and forged cheques presentation accounted for more than 60% of the total amount involved in the fraud cases reported. It is an area of concern as it is capable of frustrating the on going reforms.

There are 113 reported cases of suppression of cash/cheques in the year 2003 which is number three in frequency. The amount involved is 644.51 million Naira, with an actual loss of 7.6%. This placed it in the third position in 2003. The year 2004 experienced an increase from 2003, 2001 cases were reported which translated to 532.57 million Naira. The actual loss was 8.57%. The trend in this category of fraud is on the increase both in frequency and actual loss. 171 cases were also reported in 2005 as against 201 in 2004, which shows a reduction by 17.54%. The reduction in frequency however does not translate to a reduction in the amount of money involved as this jumped up by almost 100 percent while the actual loss was drastically reduced by more than 100 percent.

Posting of fictitious credit (2.52%) was in the sixth position in terms of total expected loss in 2003, while money loss to armed robbers ranked fourth as regards total amount involved in reported cases of frauds and forgeries for expected loss in the same year. Also, in 2004, loss of money to armed robbers (5.37%) and posting of fictitious credit (5.01%) occupied the fifth and sixth positions respectively in terms of total amount involved in reported cases of fraud. In 2005 loss of money to armed robbers and posting fictitious credit took fifth and sixth position respectively in frequency of occurrence while they came sixth (5.34%) and fifth (6.32%) respectively in total amount involved in reported cases of fraud. Also, they came fourth (16.50%) and fifth 12.65% respectively in actual loss sustained.

Granting of unauthorized loans (2.66%) and outright theft (2.15%) occupied the fifth and sixth positions in terms of total amount involved in reported cases of fraud, whilst outright theft came fifth in terms of total expected loss in 2003. In 2004, granting of unauthorized loans/overdraft (3.28%) came fifth and sixth in terms of total expected loss.

In the final analysis of the fraudulent practices, fraudulent withdrawals and forged chequed presentation accounted for more than 60%. This required a special attention and monitoring.

Employees Involvement

Table II displays the employees involvement in fraud and forgery cases between 2002 to 2006. The rank and number of banks' staff were stated. In 2002, a total of 85 staff were reported to be involved in fraud and forgeries with the officers/Accountants and Executive Assistant commands more than 50%; this calls for a caution. A total of 106 staff were involved in 2003 reported cases, representing an increase of about 24.7% above the previous year 2002. It is also observed that staff that were in the core banking operations like, Supervisors, Accountants, Officers, Executive Assistants, Clerks and Cashier accounted for about 85.84 percent, a decrease of about 4.8 percent from year 2002. Year 2004, experienced an increase in the number of staff that participated in Fraud and Forgeries in the banking industry. A total number of 383 staff as against 106 in 2003 were involved representing about 46.7% when compared with the previous years level. Staff in the core operations accounted for 90.60 percent an increase of 4.76 percent compared to 2003. This shows an indication that more staff are getting involved in Fraudulent practices.

Table II also displays that 378 staff were connected with fraudulent cases in 2005, this shows a little decrease from year 2004 by about 1.30 percent. However there is a slight increase in the core operation staff involvement in Fraud above the previous years.

A total of 331 banks staff were involved in frauds and forgeries in the year 2006. indicated a decrease of 14.19% when compared with the previous year's figure of 378. The figure for core operation staff stands at 258 representing about 77. 93 percent a decrease of 13.85 percent relative to the 2005 level. By inference, there is a drop interms of absolute number of staff that perpetrated fraud in 2006, as well, the core bank staff that engaged in fraudulent activities during the year when compared with those of 2005.

Staff involvement in fraudulent practices between 2001 – 2006 exposed by table II show that managers and supervisors are more involved. The year 2005 witnessed the highest involvement of staff in fraudulent practices, there are 378 reported cases involving the bank employees. The rate of the staff involvement started skyrocketing from 2004 when it rose to 383 from 106, about 200% increment. This is worrisome.

There is an unprecedented geo-metrical increment in the temporary staff involvement which rose from 3 in 2005 to 50 in 2006. This type of employees will require a second look. This category of staff may have to be

reduced drastically because if this trend continues it will become a high risk zone and a threat to the industry.

Table III shows the analysis of ten banks with highest fraud cases and amount of money involved. The highest figure recorded in 2002 in absolute term above 11 billion Naira with about 88.90 percent of share from all bank. It is noted that the fraud in absolute terms and percentage of total for all banks is on a reducing trend with 2006 recording the lowest percentage of 51.77 of total for all banks. This demonstrates that the risk has been spread rather than concentrating on a smaller number. The analysis would have been better if the researcher gained access to the names of banks involved. This will accord us to study the frequency of any banks in this top ten category, because any bank with a high frequency on such table will require closer monitoring and attention by the regulatory bodies.

Summary and Conclusion

This article focused on the major causes of fraudulent practices in the Nigerian Banking Industry. A detailed analysis of major types of fraud was done to include presentation of forged cheques, granting of unauthorized loans and credit, posting of fictitious credits, fraudulent transfers/withdrawals, cheque and cash defalcation, loss of money to armed robbers and outright theft of money.

The work also examined the level of employees' involvement in the fraudulent practices. The workers are categorized into supervisors and manager carrying the lead in number and amount of loss involved in this evil act; officers, Accountants and Executive Assistants, clerks and cashiers, Typists Technicians and stenographer, massagers, Drivers, Cleaners, Security and Temporary staff. The major concern is the level of involvement of temporary workers, if left unchecked it may become a big threat. There are 1283 staff that were involved in fraudulent act between 2002 to 2006 out of which managers and supervisors accounted for 485 (37.89%). Officers/Accountants and Executive Assistants also accounted for 431 (33.59%). This demonstrates that this two category of worker accounted for 916 out of a total of 1283 employees involved in fraudulent acts. This represents 71.39% of totals. By this, the banking industry should focus on the management and control of this category of workers.

Also theories of fraud were analyzed, while several detectives, preventive and control measures were given. In conclusion there is an urgent need for the responsible agents of control to put adequate measure in place to block

major loop holes, and adequate sanctions to punish and discourage culprits must be devised.

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Table I: Types of Major Fraud and Forgeries in Nigerian Banking Industry between 2003 and 2005

Types of Fraud	2003 (₦'M)				2004 (₦'M)				2005 (₦'M)			
	Freq.	Amount involved	Actual loss	%	Freq	Amount involved	Actual loss	%	Freq	Amount involved	Actual loss	%
Granting of Unauthorized Loans/overdraft	24	222.67	19.45	2.66	25	702.97	59.15	11.32	21	2,601.69	1,413.75	24.53
Presentation of Forged Cheques	249	2,269.91	24.41	27.09	368	1,759.90	547.02	28.33	418	2,632.45	628.82	24.82
Posting of Fictitious Credit	16	93.63	21.58	1.12	58	311.10	88.75	5.01	43	670.31	924.69	6.32
Loss of Money to Armed robbers	40	597.2	81.81	7.13	55	333.87	296.39	5.37	61	566.37	708.07	5.34
Fraudulent Transfer and Withdrawals	283	4,370.2	347.17	52.16	309	2,382.48	560.45	38.36	365	2,673.37	759.10	24.87
Outright Theft	48	179.81	43.55	2.15	49	188.45	45.56	3.03	33	160.15	235.75	1.51
Suppression of Cash/cheques	113	644.51	134.6	7.69	201	532.57	207.10	8.57	171	1,054.25	930.84	3.13
Attempted Fraud									117	331.77	0	3.13
Total	773	8,377.93	857.46	100.00	1,065	6,211.34	1,804.42	100.00	1,229	10,606.18	5,602.02	3.13

Source: Researcher's Compilation from CBN reports 2003 - 2005

Table II: Bank Employees Involvement in Fraud and Forgeries Cases 2002-2006

Category of Staff	2002	2003	2004	2005	2006
Supervisors & Manager	16	25	157	169	118
Officers/Accountants & Executive Assistants	48	41	128	124	90
Clerks & Cashiers	13	25	61	54	50
Typists, Technicians & Stenographers	-	-	18	16	16
Messengers, Drivers, Cleaners, Security, Guards and Stewards	4	7	15	12	7
Temporary Staff	4	8	3	3	50
Total	85	106	383	378	331

Source: Researchers compilation from CBN report 2002 - 2006

Table III: Ten Banks With Highest Fraud Cases In Total 2001-2006

Year	Amount (₦'M)	Total for all banks (₦'M)	% Share of total for all banks
2001	10,509.27	11,243.94	93.47
2002	11,481.06	12,919.55	88.90
2003	8,635.38	9,383.61	92.02
2004	1,024.00	11,754	85.88
2005	9,373.74	10,606.18	88.38
2006	2,512.73	4,832.17	51.77

Source: Researcher's compilation from CBN report 2001 – 2006.