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FRAUDULENT PRACTICES IN NIGERIAN BANKS: IMPLICATIONS ON THE PERFORMANCE OF DEPOSIT MONEY BANKS, 1994 -2015

Nwaimo, Steve Chijioke, PhD, FCA, ACTI
Department of Accountancy, Gregory University, Uturu, Abia State, Nigeria

ABSTRACT: *This study investigates fraudulent practices in Nigeria banks and the implications on the performances of Deposit Money Banks in Nigeria. Secondary data were obtained from the annual reports of the Nigerian Deposit Insurance Cooperation (NDIC) covering 1994 to 2015 and analyzed using econometric techniques. Data obtained were tested for co-variance using Johansen Co-Integration and thereafter the four hypotheses postulated were tested using Ordinary Least Square Regression (OLS) and Vector Auto Regression Estimates. The study revealed significant negative relationships between fraud variables and bank performances represented by earnings before tax. The study therefore recommended that directors of Deposit Money Banks should invest in cyber controls and also conduct a thorough review of the existing internal control measures in the banks to ascertain the weaknesses of the existing controls and to strengthen them toward checking fraud. Further, the regulatory agencies such as the National Deposit Insurance Cooperation should rise above their present reactive posture of reporting fraud cases and proactively take up measures to monitor and safeguard depositors' funds in the Deposit Money Banks. The study also suggested a strong synergy/collaboration between National Deposit Insurance Corporation and Central Bank of Nigeria for effective and proactive monitoring and regulation of the Deposit Money Banks to check fraudulent tendencies and by so doing forestall collapse of the banks. Furthermore, the study strongly recommended that all necessary prosecution measures as well as the evidence enactments should be amended and updated by the Federal Government to ensure that fraud investigation and prosecution are sped up for positive results and justice as deterrent to others.*

KEYWORDS: fraudulent practices, performance, deposit money banks

INTRODUCTION

Fraudulent activities are generic in nature and can be clearly classified as global phenomenon which is found in all economies: developed, developing and under-developed. The banking industries in all economies are not left out in the ravaging trend of frauds and fraudulent activities. Admittedly, Owolabi (2010) noted that the problem of fraud in the banking industry is not limited to any economy, nation, continent or environment. Fraud is a universal problem as no nation is exempt from it, although developing countries at their various states and stages suffer the most pain (Okoye E.I & Gbegi D.O, 2013). On the part of its negative implications on victims: institutions and persons, the untold consequences of fraudulent practices which are measureable by the volume of the present and consequential losses are both monumental and can hit the root of the victim.

Fraudulent practices affect businesses and deplete resources meant for business transactions and on extreme cases can exterminate institutions irrespective of their assets base and sources of funding. This is more applicable to Deposit Money Banks (DMBs) whose stock in trade is raw cash which is highly susceptible to fraud. Nwankwo (2005) buttress this that the fear now is that the increase rate of fraud in the financial institutions, if not arrested might pose certain threats to the stability and survival of individual financial institution and the performance of the industry as a whole and that no area of the economy is immune from fraudsters. Depletion of liquidity of money deposit banks through fraudulent practices is unarguably a clear road to liquidation of such banks, if not checked and/or further cash resources injected.

The extent to which owners of Deposit Money Banks can inject cash resources to salvage and raise the liquidity positions in situation where cash resources are heavily depleted by fraud is a function of many factors which include but not limited to the magnitude of the fraud or cash depletion, the amount of spare cash available to the owners for re-investment, the assurances to the owners that further depletion will not take place, the confidence the customers still repose in such Deposit Money Banks prone to fraudulent practices etc. In some cases in Nigeria, such has resulted to bank failures and distress. Okoro (2003) lamented that bank fraud generally bring untold hardship on bank owners, staff, customers and family members as most bank failures are always associated with large scale of fraud. In examining the age of bank fraud in Nigeria and enlarged implications of fraudulent practices in banks, Wole (1996) affirmed that the terrible consequences of fraud and other financial crimes have over the years pervaded the banking community and the financial system in general as well as the international business arena and these seem to be threatening every fabrics of economic development and security of the country. Fraudulent practices in the Deposit Money Banks in Nigeria are more worrisome when juxtaposed with the existence of extant laws, regulations and regulatory agencies on banks and financial institutions in Nigeria. According to Agbo and Uchenna (2013), in spite of the banking regulation and bank examination by the Central Bank of Nigeria (CBN), the supervisory role of the Nigeria Deposit Insurance Corporation (NDIC), and the Chartered Institute of Bankers of Nigeria (CIBN), there is still a growing concern about fraud and other unethical practices in the banking industry.

Fraud losses, both consequential and imminent have continued to pose a significant problem to many organisations both public and private sector despite significant advances in fraud detection technologies. It is worrisome that as detection technologies advance towards managing the existing fraud and fraud technicalities, sophistications in fraudulent practices keep advancing above the present and new discoveries in detection technologies. The banking sector happens to be one of the sectors where technology advancements in fraudulent practices have continued to compete with sophistication in detection techniques to the effect that frauds of high sophistications continue to emerge resulting to more complex fraudulent situation to battle with.

Opinions are divided on whether modifications, advancements and complexities in business processes are responsible for the level of sophisticated fraudulent practices or sophisticated fraudulent practices are responsible for the advancement of business processes. Agbo and Uchenna (2013) opined that the banking business has become more complex with the development in the field of Information and Communication Technology (ICT) which has changed the nature of bank fraud and fraudulent practices. The position of Agbo and Uchenna op cit align to that causality flows from business advancement to fraud sophistication. Highlighting further on the growth in internet banking, Berney (2008) observed that customers rely heavily on the web for their banking business which leads to an increase in the number of online transactions. Gates and Jacob (2009) and Malphrus (2009) confirmed that the internet provides fraudsters with more opportunities to attack customers who are not physically present on the web to authenticate transactions.

Fraud remains one of the most popular crimes clearly codified in criminal laws of countries and jurisdictions yet flood-gate indulgence in fraudulent practices appears as if no law exist to checkmate it. Fraud takes various forms which include manipulation of persons and or instruments or technologies to gain undue advantage for personal gains or benefits. Fraud has been variously defined from different perspectives in the literatures. Osisioma (2013) sees the concept of fraud as chaotic; the cause is sometimes confused with effect (Bello, 2001) and that defining fraud is as difficult as identifying it. Fraud can be seen as a crime against property, which entails unlawful conversion of property belonging to another to one's own. William (2005) incorporates corruption to his description of financial crimes and cited these as components of fraud; bribes, cronyism, nepotism, political donation, kickbacks, artificial pricing and frauds of all kinds. Fagbami (1989) defines 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 to. For Nwankwo (1993), fraud occurs when a person of trust and responsibility, in deviance to norms, breaks rule to advance his personal interests at the expense of the public interest, which he has been entrusted to guide and protect. However, fraud is defined both in dimensions and tactics, the bottom line is that value is misappropriated, someone gets undue advantage from the practice and another is regrettably worse off.

A global picture of the quantum of financial losses from fraudulent activities can be inferred from Wilhem (2004)'s estimation of US annual losses due to fraud for various industries as follows: $67billion (Insurance), $150 billion (Telecommunication), $1.2billion (Bank), $40billion (money laundering), $5.7billion (Internet) and $1billion (Credit card). This is as they relate to United States of America as at that time irrespective of the existence of advance fraud detecting mechanisms and technologies. The implication of this evidence is that the global losses from fraud could be colossal. Recent statistics on the incidence of fraud in Nigerian banking sector as published in the Nigerian Deposit Insurance Corporation (NDIC) annual report for the year ended 31st December 2015 shows a total of 12,279 reported fraud cases, representing an increase of 15.71% over the 10,612 fraud cases reported in 2014. Though there is a drop in the amount involved from N25.608 billion in 2014 to N18.021 billion in 2015, the amount is still a huge loss to sustain via fraud. The actual loss sustained in respect of internet banking fraud in 2015 was N857 million, representing 27% of total actual loss of the industry. Further analysis shows that there was an increase in the frequency of ATM/Card-Related Fraud cases from 7,181 in 2014 to 8,039 in 2015 (an increase of 11.95%).Out of the 12,279 fraud cases reported by the Deposit Money Banks, 425 cases were attributed to staff. Though a decline was recorded in terms of the number of fraud cases perpetrated by staff from 465 in 2014 to 425 in 2015, this study considers the decline as insignificant. The report also shows that the highest percentage of frauds and forgeries cases of 38.59% was perpetrated by temporary staff which indicates the porosity of internal controls for temporary staff to have broke in and perfect such number of fraud.

It is on the basis of the ravaging effect fraud has on the banking sector that Okpara (2009) asserted that one of the factors that impacted the most on the performance of the banking system in Nigeria was fraudulent practices. Motivation for fraud in the banking sector ranges from individual peculiarities to the societal value placement on wealth irrespective of the sources of such wealth. Ebong (2005) observes that people are driven to commit fraud as a means of easy acquisition of money and property which, in our today's world, translate into recognition and power. However, Agbo and Uchenna (2013) differ in their views that the pursuit of money and the constant quest for growth may not entirely explain all the financial scandals. This suggests there are other factors that drive fraud and tendency to indulge in it. As regard information of fraud in banks, Agbo and Uchenna (2013) share this concern that data on institutional causes of fraud in Nigerian banks were not readily available. They also opine that a good number of banks frauds are suppressed partly because of the personalities involved or because of concern over the negative effect such disclosure may have on the image of the bank as customers may lose confidence in the bank and this could cause a setback in its growth. Akindehinde (2011) corroborated this fact and lamented the challenges often encountered while seeking data on fraud and forgeries from the banks. The implication of this is that if all cases of fraud and corruption were detected and reported, the rating would have been poorer.

Statement of Problem

The emergence of automations and technology which have given rise to e-banking and other forms of flexible platforms have undoubtedly improved the bank transaction processes, time and easiness of carrying out banking transactions and also made banking activities flexible and user-friendly. On the other hand, it has resulted to sophistications in fraudulent activities in the banking sector through negative use application of versatile knowledge and skill to perfect and perpetuate fraudulent activities which deplete the cash resources of banks and customers' deposit funds are misappropriated to private hands.

Irrespective of the prevalent of cases of reported and unreported fraudulent practices in Nigerian Deposit Money Banks, good business performances are being presented to the public and shareholders in most published financial statements and in reports by banks to regulatory bodies. Curiously, shortly after the presentation of good business performances, the public wake up to see that some of the banks collapsed or in the verge of being consolidated with other banks to save imminent liquidation. In view of the prevalent of fraudulent activities in the Nigerian Deposit Money Banks for which automation and technology have introduced different forms and ramifications and the impressive performances posted by Nigerian Deposit Money Banks in their annual reports and other reports to shareholders and regulators, the question that readily comes to mind is whether fraudulent activities in the Nigerian Deposit Money Banks have no implication on their performances or a smokescreen is presented to the public. This raises a research gap on the implications of fraudulent practices on the Nigerian Deposit Money Banks. Prior studies have been conducted to fill this gap but not without one exception or the other. Kazeem and Ogbu (2002), Nwankwo (2013), Agbo and Uchenna (2013) Etale and Ujuju (2016), have attempted to bridge this gap with exceptions. This study takes a wider coverage of investigating the implications of fraudulent practices on the performances of Deposit Money Banks in Nigeria for the period 1994 to 2015

Objectives of the Study

The main objective of the study is to ascertain the relationship between fraudulent practices in banks and the performance of Deposit Money Banks in Nigeria. The study will seek to examine the following specific objectives:

1. To ascertain the relationship between total amounts involved in fraud and the earnings of Deposit Money Banks in Nigeria.
2. To evaluate the relationship between loss from fraud cases and the earnings of Deposit Money Banks in Nigeria
3. To assess the relationship between the number of bank staff involved in bank fraud and earnings of Deposit Money Banks in Nigeria.
4. To ascertain the relationship between the number of fraud cases and the earnings of the Deposit Money Banks in Nigeria.

Hypotheses

The following hypotheses have been postulated for the study:

Ho_1: There is no significant relationship between total amounts involved in fraud and the earnings of Deposit Money Banks in Nigeria.

HO_2 : There is no significant relationship between loss from fraud cases and the earnings of Deposit Money Banks in Nigeria.

Ho_3: There is no significant relationship between the number of bank staff involved in bank fraud and earnings of Deposit Money Banks in Nigeria.

Ho_4: There is no significant relationship between the number of fraud cases and the earnings of the Deposit Money Banks in Nigeria.

Conceptual Framework

Concept of Fraud and Fraudulent Practices. Central among the myriad of problems confronting nations of the world, both developed, developing and underdeveloped, is the issue of fraud. Janfa (2002) concludes that Fraud is a global phenomenon and that it is not unique to any sector, economy or Nigeria alone. In magnitude or/and sophistication, fraud is not peculiar to Nigeria or only institutions in Nigeria. Deposit Money Banks in Nigeria are not the only institutions in Nigeria with prevalence of fraud. The crash of multinational companies like ENRON, WorldCom Inc. and Global Crossing in the wake of fraud and accounting scandals, for instance, attests to this fact (Agbo & Uchenna, 2013). Fraud is an activity that takes place in a social setting and has severe social consequences for the economy, corporation, and individuals. Fraud has not only become a problem, but has continued to change form, magnitude and strategy on daily basis. Innovations in the banking industry both in Nigeria and other countries that set out to smoothen, facilitate and ease banking operations and processes have also turned to be negatively applied to escalate fraudulent activities. The complexity of fraud and fraudulent activities appear to have been globally admitted that emphasis in the fight against fraud and fraudulent activities have changed from fraud elimination to fraud minimization. This suggests that fraud has come to live with us. Fraud features in every organized culture in the world, what seems to differ is the form, the magnitude and perpetrators. It is a significant and growing threat to organisations regardless of size and location of industry (Golden, Skalak & Clayton 2006).Fraud has eaten deep into the fabric of economies and institutions alike and has caused untold harm on scarce financial and material resources of victim entities. It has become wide spread to the extent that fraudulent operators seem to conduct it as a job or responsibility for earning their living. In addressing what constitute a fraud and financial crimes, Osisioma (2013) laments that the concept of fraud is, itself chaotic while Bello (2001) posits that the cause is sometimes confused with effect. The complex pictures painted above about the concept of fraud in addition to the multifarious shapes fraud takes explain the reason for different definitions of fraud, forgeries and related fraudulent practices by different scholars. However, Osisioma (2013) drawing from the celebrated case of Wells v Zenz, defined fraud as a generic term which embraces all the multifarious means which human ingenuity can devise and are resorted to by one individual to get any advantage over another by false suggestions or suppression of the truth. Webster's collegiate dictionary of current English defines fraud as deceit, trickery, specifically; intentionally pervasion of truth in order to induce another to part with something of value or to surrender a legal right. It therefore includes all surprises, tricks, cunning or dissembling, and any unfair way which another is cheated (Black's Law Dictionary, 1979). Fraud therefore covers a surfeit of corporate crimes, which includes but not limited to embezzlement, larceny, theft, misappropriation of assets, among others. Adewumu (1986) defined fraud as a conscious premeditated action of a person or group of persons with the intention of altering the truth or fact for selfish personal monetary gain. This definition could be elaborated to mean that fraud involves false representation of a material fact, misleading allegation or concealment tended to deceive another who may innocently act on same to suffer something. Fagbami (1989) tolls this line and sees 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. Fraud has some ethical implications. In most cases, perpetuation of fraud involves non compliance with ethical provision or rule or circumvention of such ethical requirements. Fraud builds by misplacement or total sidelining of social or ethical trust on the basis of which norms have been established and on the grounds of which decent and transparent business transactions are usually carried out. Apaa (1993) sees fraud in this line as all offences against ethical practices and he further stated that it includes embezzlement, theft or attempt to steal or act of unlawfully obtaining, missing or harming the assets or reducing the liabilities of banks. According to Nwankwo (1991) fraud occurs when a person of trust and responsibility, in defiance of norms, breaks rule to advance his personal interest at the expense of the public interest, which he has been entrusted to guide and protect. Fraud then is dishonesty calculated for self advantage. It includes all the multifarious means human ingenuity can devise that are resorted to by individual to get an advantage over another by false suggestions or suppression of the truth (Black's Law Dictionary, 1979) as sited in (Okoye & Gbebi 2013). Edelherz-et al (1977) defines fraud as an illegal act or series of illegal acts committed by non physical means and by concealment or guide to obtain money or property, to avoid the payment or loss of money or property, or to obtain business or personal advantage. For Dandago (1997), fraud is an intentional misrepresentation of financial information by one or more individuals among management, employees or third parties. It involves the use of criminal deception to obtain an unjust or illegal advantage. Fraud is a part and parcel of financial crime and in many literatures the word Financial Crime and corruption are more frequently used with the latter being common in the minds of Nigerians. Financial crime is a more generic term that incorporates both fraud and corruption. According to Modugu and Anyaduba (2013) Financial crimes (FCs) have been variously described in literature. No one description suffices. However, Wikimedia dictionary on financial crimes describes Financial crimes as crimes against property, involving the unlawful conversion of property belonging to another to one‘s own. In the views of

Williams (2005) corruptions is incorporated to the description of financial crimes and also cited the following other components of Financial crimes bribes, cronyism, nepotism, political donation, kickbacks, artificial pricing and frauds of all kinds.

Okoye and Gbegi (2013) x-rayed from the legal perspective the elements of frauds to include: (i) "Scienter", or knowledge of facts, events, or circumstances by one party; (ii) Misrepresentations (including non-disclosure) of that knowledge of the party in dealings with another; (iii) Reliance on those misrepresentations by the second party; (iv) An agreement, contract, or transaction between the parties which a reasonable person would not have entered into if privy to the first party's knowledge; and (v) Harm ordamage to the second party as a result. These elements reflect the transaction chain that take place between two or more parties to constitute or consummate a fraud. The above agrees with the succinct definition of fraud from legal terms by Okoye et al (2017) as a generic category of criminal conduct that involves the use of dishonest or deceitful means in order to obtain some unjust advantage or gain over another. These activities ensuing between two or more parties that constitute what we call fraud must be expressly or impliedly substantial and seen to have occurred for the law to align itself to the presumed victim of the fraud. Where the law is put upon enquiry or not proved beyond reasonable doubt, it re-aligns itself to the accused. This is why the criminal code of Nigeria, wherein fraudulent activities fall, demands that criminal matters should be proved beyond reasonable doubt. This implies that evidences must be adequate, concrete, unshakeable and admissible by the Evidence act. In the opinion of the researcher, herein lies the constraint in the prosecution of fraud and other criminal matters in Nigeria as evidences most times do not meet the critical specifications of the criminal proceedings and as such leave most accused fraudsters free from the allegations. The adequacy of evidences on fraud and other criminal matters are compounded by advent of electronic frauds especially in the banks and financial institutions and the apparent lack of electronic evidences provisions in the previous Evidence Act. The amendment of the Evidence Act in 2011 (Evidence Act 2011 as amended) which is an attempt to accommodate the issues of admissibility of electronic evidences previously lacking in the act still leave a lot of gaps in the admissibility and administration of electronic evidences in the prosecution of criminal matters. The following innovations have been incorporated in the amended Evidence Act of 2011 to address issues of electronic evidence and to make prosecution of electronic fraud possible: (a) admission of improperly obtained evidence (b) proof of custom/judicial notice (c) admission by conduct; confessions; hearsay evidence and exceptions to hearsay (d) admissibility of electronic or computer evidence; (e) presumptions regarding electronic messages or emails; electronic signature; electronic evidence of unavailable witnesses(f) presumption of the existence of marriage under Islamic or customary law based on co-habitation; (g) documentary evidence; documents admissible in other countries; documents marked **"**without prejudice**"**; Character Evidence; Admissibility of Convictions in Civil proceedings(h) oral evidence of tradition (i) evidence as to affairs of State and official communication; vesting of power in the Attorney-general of the Federation to make regulations (Hon. Justice Abiodun Akinyemi, 2013).

However, the concern on admissibility of electronic evidences is further heightened and compounded by the poor processing of financial and accounting evidences in the court. Despite that the Evidence Act 2011 has incorporated the electronic evidence, a lot of challenges and cross examinations are undertaken to destroy such evidences in a typical court sitting. Whereas the concern on poor processing of financial and accounting evidences in the court is being addressed by the rapid development of forensic accounting in Nigeria, much is left undone on the admissibility of the electronic evidences at the court as some defence and prosecuting counsels as well as judges are only conversant and comfortable with the previous evidence act. Forensic accounting as mentioned above is an innovative branch of accounting whose approaches and methodologies beat those of the traditional accounting. Forensic accounting includes the use of accounting, auditing and investigative skills to assist in legal matters. It consists of two major components, litigations services that recognize the role of an accountant as an expert consultant and investigative service that uses a forensic accountant's skills and may require possible court room testimony (Okoye & Gbeji, 2013).Therefore, fraud is the totality of deceitful actions and inactions by one or more persons against another or others that result to loss of values by the victim. The value lost by the victim may be financial or non financial, recoverable or irrecoverable.

Nature and Magnitude of Fraud

Fraud takes different forms and magnitude depending on the perpetrator, the environment where the action is being committed, extent of collusion by critical personnel in the control chain and when other factors are so favourable for the fraud to take place. The environmental factor includes the extent of control in the entity, the tone and effectiveness of control and compliance as set by the management, influences on the control environment, and ability of the controls to resist influences for which segregation of duties as well as reviews are very crucial, etc. Where the controls are weak, which is a reflection of the outcomes of other activities and the inter-play of other sub-factors in the control environment, the nature of fraud that can be perpetuated is the less sophisticated type and as such magnitude of the fraud may not be colossal. On the other hand where controls are tight and effective, the nature of fraud is varied to beat such tight control environment and the magnitude of such fraud hatched to destroy a strong control system has to be large enough to justify the venture. It is the responsibility of management of organizations to set up controls to ensure that activities and transactions comply with the set objective of the company and to ensure that the objectives are effectively and efficiently achieved. Most times, objectives of organizations are effectively achieved but efficiency may still be either lacking or inadequate which enormously implies that controls are weak and losses take place in the form of fraud. Fraud perpetrator's tactics, intentions, level of collaboration and extent of knowledge on fraud also affect the nature and magnitude of the fraud. Fraud of greater magnitude and complex nature are orchestrated when the fraudsters are endowed with advanced technologies on fraud and manipulations. This is made more evident and complicated by the computerized environment in which businesses and financial transactions are transacted these days. Cyber financial crimes are prevalent in the recent times and funds belonging to unsuspecting persons can be transferred to fraudulent persons in minutes. According to Gercke (2012), computer related frauds are those whose offenders try to influence computer or data processing systems. Most popular frauds in this category of scams include online auction fraud and advanced fee fraud. Intension of the perpetrator is another determinant of the magnitude and nature of fraud. Usually, intention of the perpetrator is to obtain financial benefit from such fraudulent endeavour. On exceptional instances system fraudsters have emerged these days whose intentions are not necessarily material benefits derivable but implicitly to lay claim or be credited for destroying a system claimed to be control-tight. This category of fraudsters does not embark on the mission for financial or material gain but to be credited for being able to nullify an existing system and this is usually the case in system/software analyst and developers. The scenario painted above is the general frame work determining the nature and magnitude of fraud given that the causative factors for fraud and the magnitude of fraud all are dependent on this general framework. It is in the light of this that Okoye (1999) as cited in Olawin (2001) and Oseni (2006), asserted that fraud may be promoted easily as a result of the concurrent existence of individuals who have nefarious needs to satisfy and a porous system or complete lack of system which makes the satisfaction of such need easy. Internal controls are crucial in checking the incidence of fraud but do not eliminate fraud cases arising from management override and collusions. Overrides are temporary or permanent suspension of internal controls by personalities in the management circle of the banks or any institution. It is a function of the management personalities and positions they occupied in the management class of the institution. Recognizing the roles of personalities and positions in breaking rules and policies or rather overriding them, Okoye and Gbegi (2013) sub-divided financial fraud in an entity into three categories: (1) those perpetrated by chief executives termed management fraud; (2) by political office holders, termed condonable fraud and (3) by public servants and employees of entities described as staff fraud. Condonable or staff fraud is perpetrated by circumventing internal control arrangement or by breaching internal control regulations. Mainoma (2009) defined condonable frauds as those that occur where the employee diverts the employer's property which was given to enhance the performance of the employee. Okoye and Gbegi (2013) summarised that condonable frauds are expensive and counter-productive as a result seems to be a norm and as such the employer prefers to minimize and live with it. Fraud requires clever manipulations of the internal control systems and most times requires some forms of collusion between two or more critical persons in the control chain and the persons have to be those whose duties are checks on the other or complementary and crucial towards the overall effectiveness of the internal control system. Collusion is one of the highest influences on any internal control and appears to defile or weaken any internal control set up irrespective of its tightness. Collusion is the wilful destruction of the beauty of segregation of duties which is a pivot on which internal control revolves.

DISCUSSION OF THE VARIABLES

Earnings of Deposit Money Banks

Earnings of Deposit Money banks are the sources through which income are generated. It is a function of their earning capacities which are anchored on the services the bank set out to do for the customers and public to sustain their existence. Earning forms one of the key performance indicators in the overall assessment of banks performances. Earnings of Deposit Money Banks are broadly classified into two: the sustainable core business incomes and the non recurring incomes. The sustainable core-business incomes are those arising from the banks' normal business operations such as income from interest on loan, the various interest charges on accounts etc. It is practically the case that the more the income of a bank comes from sustainable core-business sources, the more reliable and stable are its earnings and best if the income arising from these sources are sufficient to cover operating expenses, provisions and taxes as well as to provide an adequate return on capital. On the other hand, non reoccurring sources of Deposit Money banks income are those that arise from providing services that are not core to the banks business. This includes extra ordinary income and occasional incomes that do not form part of the income stream of the bank. Reliance by a Deposit Money Bank on non-recurring income signifies weakness in the ability of the bank to drive her core business and could be a risk signal that the bank derives pleasure in engaging in unconventional banking practices and this suggest the propensity of the bank to engage in risky practices. Irrespective of the risk signal engaging in non-core banking business raises against any Deposit Money Banks involved in it, the engagement into both core business and non core business of Deposit Money Banks is a function of availability of funds at the banks' disposal and prevalence of fraud has immense effect on the available fund in Deposit Money Banks. It therefore follows that a Deposit Money Bank without cases of fraud should, all things being equal, have her funds intact and as such can be liquid to undertake genuinely her core and non-core businesses for improved earnings. The reverse is also the case when the funds are tampered with by fraud which will result to hampering of her ability to engage in both core and non-core businesses for improved earnings.

Fraud Variables. For the study, fraud variables in Deposit Money Banks include number of fraud cases, number of staff involved in the fraud, amount of money involved in the fraud cases and loss from fraud cases. The count of number of fraud that took place in the entire Deposit Money Banks for a year represents the number of fraud cases. This is irrespective of the magnitude or otherwise of the fraud. What is important here is that a material fraud has taken place and was reported. Compliance by Deposit Money Banks to regulatory framework for reporting of fraud cases is very crucial determining the number in this count as the fraud counts only when it is reported to the Nigerian Deposit Insurance Corporation. The attitude of bank executives is very important in the compliance to the regulatory requirement of fraud cases. Some of the bank executives claim to be protecting their banks by refraining from reporting fraud cases to the Nigerian Deposit Insurance Corporation.In Deposit Money Banks, reports has shown that involvement in fraud cut across the cadre of bank staff from temporary and other staff to supervisor and managers. Number of staff involved in the fraud is the count of personnel implicated in the reported fraud during a period of one year. The amount of money involved in fraud cases and the loss resulting from fraud cases are related. The amount involved in fraud is the declared sum of money defrauded the Deposit Money Banks. In cases where the fraud cases are investigated, prosecuted and funds recovered, the amount involved in fraud is usually higher than the loss from fraud cases. But where there is not prosecution and recovery or there is prosecution but the outcome is not favourable to the Deposit Money Banks, the amount involved in fraud and the loss from fraud cases may be the same. The data on the fraud variables are stated in the appendix for the period covered by this study.

Classification of Fraud

In the views of Okoye and Gbegi, (2013) fraud is classified into management fraud, condonable fraud and staff fraud. Though explanations have been provided above for this categorization of fraud, staff frauds are perpetrated by employees involved in the theft, misappropriation or embezzlement of the employer's funds, stock of goods or other assets. This type of fraud is characterized by: inclusion of ghost names in payroll, over booking of hours worked and overpaying of allowances (Okoye & Gbegi, 2013).Contrary to Okoye and Gbegi, op cit, Modugu and Anyaduba (2013) presented a different classification of the nature of fraud to include employee theft, management theft, payroll fraud, corporate fraud, money laundering as well as credit card and insurance fraud. Due to the elaborate base of this classification and its relevance to the study as well as its inclusion of the modern day frauds, the study adopts this classification for further discussion.

Employee theft

Employee fraud is very peculiar and frequent in most private and public organisations. As a result of the perception that there is no apparent or visible ownership of resources in public sector, employee fraud is usually a free-for- all affair as no one seems to be visibly cheated nor visibly available to check mate the spate of this fraud. By the reason of this mentality that no one is visibly cheated ('not anyone's money/property mentality') and apparently lack of visible personality to check mate employee fraud some anti-fraud agencies were created in Nigeria to check mate this trend in the public sector but the extent to which this has been achieved in fraud control in the public sector fall outside the scope of this study. The immediate target of employee fraud is cash and sometimes stock/materials, ultimately convertible to cash. Cash is ready to use and this makes it more prone to this theft. According to Silverstone and Sheetz (2004) cash is the favourite of fraudsters; and this accounts for about 77.8% of asset misappropriations in the U.S. They further asserted that much of cash is taken by outright cash larceny and skimming. Larceny is an aggravated burglary which occurs when cash is taken or stolen after it has been recorded. The Association of Certified Fraud Examiners (ACFE) (1996) describes larceny, skimming and elaborate cash disbursement as cash theft fraud. Skimming is a calculated attempt to steal the cash prior to being recorded. The skimming could take different which include unrecorded disbursement of huge sums which are dubiously disclosed otherwise in the financials. Billing skimming includes but not limited to manipulations of billing in the forms of over invoicing, blank supply invoicing which involves raising invoice for work or supply not made and certifying them as done. In some other situations invoices are appropriately raised but supplies are made below specification in quality and quantity for the affected product. Payroll skimming is payroll manipulations which include but not limited to payroll of non existing personnel, padding of unmerited allowances to selected staff to be subsequently shared, deliberate under deduction of statutory deductions like taxes, etc. fabrication of expenses, reimbursements and cheque tampering. Though cash frauds in banks are usually huge, it is seldom to commit by an individual and therefore requires collusion by employees in sensitive positions. Prevalent of collusion in bank employee frauds can be postulated to reflect that there exists reasonable level of internal controls requiring collusion between persons whose responsibilities are critical in the effective implementation of the controls to break in and perpetuate the fraud. According to the ACFE's (1996) findings as cited in Modugu and Anyaduba (2013), the process of committing these frauds by the employee begins when it is realized that the cash produced from accounting transactions into the accounting cycle has two destination points – as petty cash and demand deposit, inclusive of interest-bearing account. Petty cash is stolen by forging authorized signature or creating false vouchers, for reimbursement. For cash reserved for demand deposit, receipts are forged or prepared and false cheques written. This particularly occurs in a small organization where controls are loose (Modugu & Anyaduba 2013). Frauds in banks encompass fraud committed by both customers and employees of banks (Okoye et al, 2017). The prevalence of employee fraud in bank is worrisome especially in forgery cases. Forgery is the fraudulent copying and use of customer's signature to obtain money from the customer's account without his/her prior consent. Such forgery may be targeted at savings accounts, deposit accounts, current accounts or transfer instruments such as drafts (Agbo & Uchenna, 2013). For Okoye et al (2017), officers or employees usually embezzle funds from the bank through various schemes. Okpara (2009) collaborated the account of high bank staff involvement in fraudulent practices while Nwaze (2009) further added that most forgeries are perpetuated by internal staff or by outsiders who act in collusion with employees of the bank. Analysis by the Nigeria Deposit Insurance Corporation of personality involvement in bank fraud between 2012 and 2014 shows that the highest percentage of frauds and forgeries cases was perpetuated by Officers, Accountants & Executive Assistants constituting 37.85% of the total staff figure. Temporary staff accounted for 27.10%, while Clerks & Cashiers constituted 16.77%. For forgeries, these three categories of staff recorded the highest incidences of frauds and forgeries in 2014 (NDIC annual reports, 2012 to 2014). As a remedy for the increasing trend of staff involvement in fraud, NDIC highlights the need for banks to aggressively tackle cyber crime, implement robust internal controls system and ensure adherence to the codes of corporate governance to check the prevalence of insider-related frauds and forgeries. A number of factors serve as incentive and opportunity for employee fraud. One of such factors is trust. As individuals grow in organisations and become relevant to the organisational survival, trust in terms of capabilities and loyalty to the organisation build with the tendency of higher reliance on the staff by management. In some cases, this trust is betrayed resulting to fraud. If long term trusted employee creates an atmosphere of incentive, opportunity, and rationalization, he can engage in cash theft (Modugu & Anyaduba, 2013). With the incentive and opportunity, the employee rationalizes the theft; he sees nothing wrong in taking some money in the pretext of borrowing and to return it later. Since the cash is easier to take than to return, the accrued amount becomes too large to replace and the employee is locked up into an endless round of theft and cover up. The schemes adopted by the employee to execute the planned cash theft fraud could go undetected by the statutory auditor who is not primarily commissioned to detect fraud (Modugu & Anyaduba, 2013).

Management thefts

One of the responsibilities of management is to establish controls aimed at ensuring effective and efficient realisation of the corporate objectives. The controls are intended to run unhindered to achieve the objectives set. Another implicit responsibility of management is to guard the policy and ensure it does not override it since it has the unhindered capability to do so. Override of controls is difficult for mere employee but easier for management to override controls set by her. Management fraud comes in when management set aside the controls made by her and thereafter commit fraud to achieve a selfish objective. According to Izodome **(**2013) financial crimes are committed when management over-rides the controls instituted by her to prevent the thefts they now commit. These thefts are usually difficult to detect and are easily justified by same management. Shackell (2000) confirms the pervasiveness of this type of crime in corporate organizations and concludes that management thefts are difficult to detect. Silverstone and Sheetz (2004) are of the view that the effects of management misconduct can also have severe consequences for the company‘s overall morale and set a negative model for employees. Prior to bank consolidation and reforms in Nigeria, a lot of management fraud had taken place. Most of the fraud were in the form of management override involving deliberate setting aside of controls established by same management in order to transact a deals which in most situations were initially perceived as arms length transactions but later turned to be for vested interest. According to Central Bank of Nigeria annual report specifically on distressed banks, top management staff are involved in fraudulent activities and prevalent of insider deals (Central Bank of Nigeria, annual reports, 1995). Management fraud takes different forms including cases where the CEOs set up Special Purpose Vehicles (SPV) to lend money to themselves for stock price manipulation or the purchase of estates as well as cases where the CEO of a bank conduct some insider trading with depositors’ funds which included using depositors’ funds to acquire property and turn around to rent same to the bank for personal income while the bank further defraud and deceive her public and customers by reflecting same leasehold property as freehold property in her financial statements. This is a round trip fraud prevalent among bank executive before bank consolidation of 2005 which due diligence on the banks unfolded.

Payroll fraud

Payroll of organisations are complex configurations designed to ensure employees are appropriately remunerated. The complexity of payroll draws from the unique payroll peculiarities of the employees which in large organisations run into thousands of specific peculiarities when sum up. With the number of employees and the deferring payroll parameters for each employee, it becomes a huge job to maintain the individual employee parameters on a payroll system and to run the payroll effectively. System fraudsters initiate payroll fraud from the time of input of the employee parameters into the payroll configuration and if not detected, the fraud becomes colossal from that time to infinitum. Payroll of organizations such as banks are computerized and in some cases software based. According to Modugu and Anyaduba, (2013), payroll fraud is usually fast tracked by a payroll clerk, internet facility or through the connivance and collusion of another staff. This could be achieved by including non existing staff usually termed ghost employees, inflating hours of work and overtime, software re-directing of present employees' salaries to non staff bank account.

Corporate frauds

Corporate fraud is the enormity of entity level manipulations intended to benefit the entity either in the short or long run. This nature of fraud is peculiar in the private sector and senior management of companies are at the centre of it using techniques such as window dressing, creation of hidden reserves, unrepresented assets to perpetuate the act. In banks, this can also be perpetuated by creation of fictitious assets such as conversion of leasehold property to freehold property to boost the assets base of the bank in the annual financial statements. Modugu and Anyaduba, (2013) listed corporate fraud to include financial statement fraud, anti-trust violation; securities frauds, tax evasion, false advertising, environmental crimes and the production of unsafe product. Corporate frauds against the company deprive the company of its assets especially when the senior management attempts to deceive, conceal and misrepresent materially the financial statements. Financial statement fraud is committed in order to improve earnings. As earnings improve, the stock price also increases. Private organization boosts their loan covenants by artificially and criminally improving the earnings of the organization (Izedonmi, 2013).

In whatever form corporate fraud takes, as a result of the category of staff that engage in it and the benefit of indulgence which is attributable to it, it becomes difficult to unearth. Its indulgence is hatched and empowered by management override of controls and management is usually in the centre of it. Management override of controls apparently and legitimately circumvent controls which disarms the internal audit unit as well as external audit and if at any time it is thrown up, the same management represents facts and adduce explanations and reasons to clear the circumvention and make it look good. Izedonmi (2013) in explaining the apparent difficulties in detecting corporate fraud by external auditors posits that the law does not specifically employ the statutory auditor beyond the expression of a true and fair view opinion on the financial statements. Additionally, the relevant auditing standards such as the International Statement on Auditing No 240 (ISA 240),Statement of Auditing Standard

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No. 110 (SAS 110) and Nigerian Statement of Auditing Standard No 5 (NSAS 5), only empowers the auditors to maintain an attitude of professional scepticism during auditing planning and evaluation of audit evidence. According to Izedonnmi (2013) this again puts the statutory audit at a log jam to deter fraud let alone financial crimes whose tactics and gimmicks are more difficult to unearth.

Money Laundering

Money laundry is the illegal flow of funds across the borders. It used to be so tagged when huge funds are moved from one country to the other for which genuine sources cannot be ascertained. It is a financial crime which uses the official mechanisms to flow funds across borders. Izedomni (2013) sees money laundering as a financial crime of concealment in the flow of fund. It represents the illegal flow of funds across the borders. These days the concept of money laundry has been extended to the domestic fund flow so long as the amount of fund transfered is huge and the genuine source of such funds are not clear. In Nigeria, this financial crime is regulated by the enactment of the Money Laundering (Prohibition) Act, 2004 (the Money Laundering Act). This act specifies provisions prohibiting the laundering of the proceeds of a crime or of any criminal or illegal activity, and provides for appropriate penalties for money laundering infringements. According to the provisions of the Money Laundering Act, an individual is prohibited to make or accept cash payments of a sum in excess of N500,000.00 or its equivalent while a corporation is prohibited to make or accept cash payment of a sum in excess of N2,000,000.00 or its equivalent unless such cash payment or acceptance is undertaken through a financial institution. It is also required by the act that a transfer of funds or securities to or from a foreign country in excess of US$10,000 or its naira equivalent must be reported to the Central Bank of Nigeria or the Securities and Exchange Commission for public corporation. Elaborate disclosures are required in relation to transactions considered to fall under the categories of funds that are covered by the act. These disclosures includes the nature of the transfer, the amount of the transfer, the names and addresses of the sender and the receiver of the funds or securities that are transferred, and the ultimate beneficiary of the transfer if different from the latter persons. According to Modugu and Anyaduba (2013) the Money Laundering Act (Prohibition) (2004) of Nigeria is an attempt to arrest the illegal flow of funds into and out of Nigeria including funds from corporate organizations. It is still a matter of critical research whether this act has justified this objective for which it was enacted considering the amount of reported funds embezzled by Nigerian politicians which are laundered to overseas bank account. It becomes worrisome whether the act is enacted for transfer of fund from other countries into Nigeria alone without necessary check on fund transfers from Nigeria to other countries. Joseph (2002) estimates that funds laundered across the globe are between $300 and $500 million worldwide.

Credit Cards and Insurance Fraud

Credit card fraud is currently a growing fraud in Nigeria. It keeps assuming a frightening dimension as days roll by especially with the advent of internet facility or technology. Commands for the movement of funds can be intercepted in the internet and re-directed to favoured accounts without the consent and knowledge of the original sender and receivers until days after when funds sent and expected are not forth coming. Berney (2008) observed that customers rely heavily on the web for their banking business which leads to an increase in the number of online transactions.

Gates and Jacob (2009) and Malphrus (2009) asserted that the internet provides fraudsters with more opportunities to attack customers who are not physically present on the web to authenticate transactions.

The trendy growth in this fraud stems from the increased and informed growth in the use of credit cards to transact retail and wholesale businesses in Nigeria coupled with the Central Bank of Nigeria regulatory support for its use to reduce volume of cash transactions and in line with the cashless policy. Compromises in the use of credit cards which can result to fraud are easiest when the personal passwords of card owners are revealed which enables access to the bank accounts. This financial crime is committed when credit cards are misused and accounting records manipulated (Modugu & Anyaduba 2013). According to Agbo and Uchenna (2013), in almost the same manner, E-banking also attracts varieties of fraud such as skimming, (counter fact card fraud) stolen card, fraudulent applications, E-theft, never received issue, card data manipulation, Automated Teller Machine (ATM) video, spam mails or denial service, access swift fraud, inter-bank clearing frauds, money laundering frauds and identity theft/phishing (utilizing other people's identity such as credit card info and identity numbers to make unauthorized purchases)

Insurance Fraud

Insurance fraud is committed when insurance claims are inflated; and do not reflect the value of assets for which the claims are sought. Instances exist where assets such as inventory are burnt up in order to put up insurance claims (Silverstone & Sheetz, 2004). Aroh (2009); Emechele, (2009); Idaewor, (2010) and Ezeani (2012) in their different submissions agree that there are several ways through which fraud can be committed and that those include manipulation of records, abuse of office, misappropriation and diversion of funds, over invoicing, money laundering, smuggling, illegal arms deals, foreign exchange malpractice including round tripping crime counterfeiting of currencies theft of intellectual property and piracy, open market abuse, false declarations, bribery of government officials, kick backs, conventional and fraudulent trade practices, embezzlement, tax evasion.

Momoh(2010) and Okoli (2010) added an endless list of natures of fraud/financial crimes in Nigeria, oil bunkering and illegal mining, establishment of 'dummy company', establishing real companies using another person's name or secret banks transfers or physical carrying of foreign exchange abroad through the airports, etc. In Nigeria, the forms of fraud are numerous and frequently variants of fraud come up. In the banking sector, fraud takes various shapes and the magnitude is usually high. In extreme cases, bank fraud affect the survival of victim bank given that the cash equivalent of the depositors' liabilities are depleted without the equivalent cash thus exposing the bank to risk of liquidation. According to Owolabi (2010) fraud perpetrators are classified into the following categories: management of the banks (otherwise referred to as management fraud), insiders (these perpetrators are purely the employees of the banks), outsiders (include customers and/or non-customers of the banks) and outsiders/insiders (this is a collaboration of the bank staff and outsiders).

Fraud in Deposit Money Banks (DMBs) in Nigeria.

Fraud in Deposit Money Banks is a worrisome phenomenon to customers, stakeholders in the banking sector, financial regulators bodies and government agencies in view of the ripple implication of such in the banking industry and on the larger Nigerian economy. Fraud is perhaps the most fatal of all the risks confronting banks (Agbo &Uchenna 2013). They further posit that the enormity of bank fraud in Nigeria can be inferred from its value, volume and actual loss. According to Okoye et al (2017), bank frauds include posting fictitious credits, fraudulent transfers/withdrawals of cash, cheque suppression and cash defalcation and outright theft of money. A huge amount of money is lost to the phenomenon. NDIC report for 2014 puts the amount involved in fraud for the year at N25.61 billion as against N21.8 billion in 2013. From these sums it is expected that actual cash loss of N6.19 billion was incurred when compared to N5.76 actual cash loss in 2013. This represents 17.4% increase in the amount involved in reported fraud.

Number of fraud cases has been on the increase. In 2012, there were 3,380 reported cases of fraud and in 2013, the figure rose to 3756 while 2014 became astronomically high to 10,612. This represents 182.5%, increase in the number of reported fraud cases. The implication of the trend of increase in reported amount involved in fraud and the number of reported fraud cases is that of a mad rush to fraudulently grab depositors' funds by fraudsters and this has a tremendous effect on the banking sector on the larger Nigerian economy. From 2012 to 2014, NDIC reports have consistently attributed the rise in number of reported fraud cases in the banking sector to Automated Teller Machine(ATM), internet banking, suppression of customers' deposits and fraudulent transfer and withdrawal of deposits. But this report by NDIC a red flag is sent signalling the porosity of the banking sector in addition to the challenges posed by the emergence of the flexible banking options and platforms most of which ride on the internet. Given that these flexible banking options and platforms are very useful in easing banking transactions but at the same time increase risk of fraud, it becomes worrisome why the banks and financial institutions have allowed the porosity to persist. Losses from fraud in the Deposit Money Banks judging from the NDIC reports are huge and researchers are worried that there may be great impacts on the bottom line of the banks either as losses written off or as additional or incremental cost associated with facing the challenges of preventing and/or detecting fraud. Fraud leads to loss of money belonging to either the bank owners or the depositors. Such losses may be absorbed by the profits in the affected trading period and this, consequently, reduces the amount of profit which would have been available for distribution to shareholders (Agbo & Uchenna, 2013). They further posit that fraud can increase the operating cost of a bank because of the added cost of installing the necessary machinery for its detection, prevention and protection of assets in addition to the distraction management suffers by devoting valuable time to safeguarding its asset from fraudulent men. There are numerous ways fraud affect the profitability and survival of banks and this makes fraud a high risk for banks and financial institutions.

Addressing fraud phenomenon in Deposit Money Banks should start from identifying the causes. Ojo (2008) classifies the causes of fraud and forgeries in banking transactions into two generic factors namely, the institutional or endogenous factors and the environmental or exogenous (social) factors. He further elaborated the institutional factors or causes to mean those that are traceable to the in-house environment of the banks which includes weak accounting and internal control system, inadequate supervision of subordinates, disregard for 'Know Your Customers (KYC)' rule, poor information technology and data base management, hapless personnel policies, poor salaries and conditions of service, general frustrations occasioned by management unfulfilled promises, failure to engage in regular call-over, employees' refusal to abide by laid-down procedures without any penalty or sanction, banks' reluctance to report fraud due to the perceived negative publicity or image, banking experience of staff, inadequate infrastructure, inadequate training and re-training, poor book-keeping and genetic traits. On the other hand, Idowu (2009) explained the environmental or social factors are those factors that can be traced to the immediate and remote environment of the bank. Ogbunka (2002) elaborated on the environmental factors to comprise the penchant to get rich quick, slow and tortuous legal process, poverty and the widening gap between the rich and the poor, job insecurity, peer group pressure, societal expectations, increased financial burden on individuals and stiff competition in the banking industry which saw many banks engaging in fraud so as to meet up with liquidity and profitability objectives.

Fraud in Nigerian Deposit Money Banks cut across the different grades of banks staff. Nigeria Deposit Insurance Corporation (2013) reports show that in 2011 to 2015, fraud has been recorded from both senior and junior staff of the banks. However, fraud has concentrated substantially on accountants/executive assistants and clerks/cashiers. The report revealed that accountants/executive assistants recorded 25.3% of the fraud in 2011, 16.76% in 2012 and 34.31% in 2013 On the other hand, clerks/cashiers accounted for 32.73% in 2011, 22.03% in 2012 and 18.77% in 2013. The spread and nature of the frauds in Deposit Money Banks have also shown interesting trend towards electronic and internet-enabled frauds. NDIC annual report 2013 presented that 1,736 out of the reported 3,756 cases came from ATM fraud. Internet banking fraud took 316 cases out of the 3,756 cases reported. This confirms that internet services and modern banking sophistications also increase cases of bank fraud. This trend also requires that regulatory agencies should be knowledgeable in the area of internet banking and the sophistications in transactions which are the order of the day in the banking sector. It is also highly expedient that all the bottlenecks in the amended evidence act that impede admissibility and administration of the amended evidence act need to be addressed holistically.

Theoretical Framework

This work is anchored on the Fraud Triangle Theory which is further extended to the Fraud Diamond Theory. Fraud Savvy Model very is found very important to the study given that it complements the fraud triangle/ the fraud diamond theory toward a total solution to fraud control and management. The study will take a blend of the two theories for proper theoretical background.

Fraud Triangle Theory

As cited in Gbebi and Adebisi (2013) the reason people commit fraud was first examined by Cressey Donald, a criminologist in 1950. His research was about what drives people to violate trust. Cressey interviewed 250 criminals over a period of five months whose behaviours met two criteria: (i) the person must have accepted a position of trust in good faith, and (ii) he must have violated the trust (Rasha & Andrew, 2012). The study found out that three factors must be present for a person to violate trust and he was able to conclude that: trust violators when they conceive of themselves as having a financial problem which is non-sharable, have knowledge or awareness that this problem can be secretly resolved by violation of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as users of the entrusted funds or property (Rasha & Andrew, 2012). The three factors were non-sharable financial problem, opportunity to commit the trust violation, and rationalization by the trust violators, Cressey (1987) as cited by Coenen (2005). When it comes to non-sharable financial problem, Cressey (1987) as cited by Rasha and Andrew (2012) stated that persons become trust violators when they conceive of themselves as having incurred financial obligations which are considered as non-socially-sanctionable and which, consequently, must be satisfied by a private or secret means.

He also mentioned that perceived opportunity arises when the fraudster sees a way to use their position of trust to solve the financial problem, knowing that they are unlikely to be caught. As for rationalization, Cressey(1987) as cited by Rasha and Andrew (2012), believed that most fraudsters are first-time offenders with no criminal record. They see themselves as ordinary, honest people who are caught in a bad situation. This enables them justify the crime to themselves in a way that makes it acceptable or justifiable. Cressey (1987) as cited by Rasha and Andrew (2012) found that in the interviews, many trust violators expressed the idea that they knew the behaviour to be illegal and wrong at all times and that they merely kidded themselves into thinking that it was not illegal. According to Gbebi and Adebisi (2013) over the years, Cressey's hypothesis has become well known as "the fraud triangle" as shown in the diagram below. The first side of the fraud triangle represents a pressure or motive to commit the fraudulent act, the second side stands for perceived opportunity, and the third side represents a rationalization (Wells, 2011 as cited in Gbebi and Adebisi, 2013). This theory was described by Cressey (1971) and designated the propensities for fraud as a triangle of perceived opportunity, pressure and rationalisation (Agbo & Uchenna 2013).

The basis of this theory is that fraud is induced or necessitated by some fundamental ingredients without which there is no incentive for committing fraud. Though contemporary views on system frauds have differed from the three pillars of the fraud triangle theory to suggest that most system fraudsters are rather substantially motivated by the ego or exuberance anchored on pride of destroying a water-tight system without any financial gain, huge inferences have continued draw from the fraud triangle theory in explaining motives of contemporary fraudulent practices. Analyses of frauds have always led to the conclusion that three key elements of pressure, opportunity and rationalization are in existence and inter-play in the occurrence of fraud and this span from pre-fraud to the post-fraud ends of the chain. Pressure is the pre-fraud component that precipitates the occurrence of fraud and internally pushes the fraudster into committing the fraud. Opportunity constitute the enormity of avenues which the system or organization has provided and which beckon the fraudster to commit the fraud. The fraud could be nip at the bud and the pressure suppressed if the opportunity is not in existence to aid the fraud. The rationalization component which can be both pre-fraud and post-fraud is the justification the fraudster posits to convince himself why he should indulge in the fraud or why he committed the fraud. Bozkurt (2003) as translated and cited in Özkul and Pamukçu (2012) likened the components of fraud triangle to the fuel, spark, and oxygen which together cause fire. When the three come together, inevitably fire breaks out.

A number of factors surround pressure, opportunity and rationalization components of the fraud triangle. (A) Pressure Factors which is gathered into three groups of pressures with financial content which show up when people are in need of cash, pressures stemming from bad habits and pressures related with job. Pressures with financial content could be classified as: (i) Itching palm and greediness (ii) Desire to live well (iii) High amounts of personal debts(iv) High amounts of health expenditures(e) Unexpected financial needs.

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The very first reason of employee fraud is that they are poor due to lower income they receive, and want to live under better conditions. Pressures with financial content can manifest in the long term as well as in the short term. An employee who has been working in an organization for a number of years could commit fraud for some reason. Studies show that on average 30% of employees conduct fraudulent activity in the first 3 years, and the remaining 70% attend to forgery processes between the 4^{th} and 35th years of their professional life (Bozkurt 2003, op cit). According to Bozkurt (2003) op cit pressures arising from bad habits have attributes related to pressures with financial content. Being a gambler, drug or alcohol addict, and keen on nightlife are among the several reasons causing fraud. This kind of habit is accepted as the worst kind of factors motivating fraud. There are many examples of women employees committing fraud to buy drug or alcohol for their children or husbands; or of managers who are very successful in their professional lives but commit fraud because of their gambling ambition. In the same vein, pressures related with the job could be explained as being dissatisfied with the job, the idea of an unfair attitude, not getting promoted when expected, having worked with lower wage, or not being admired by supervisors.

(B) Opportunity Factors are the second component of the fraud triangle and directly involve top management and owners of the business in particular. Providing the opportunity to commit fraud is one of the most important factors arising from frauds. Since the business could greatly influence opportunity factor, this point should receive particular attention for fraud prevention. The control structure of the business and fraud has an inverse correlation. The most effective way of reducing employee frauds is to establish a sound internal control system. The important points when establishing the system are healthy internal control environment; proper accounting system; control procedures which operate effectively.

Other factors which provide employees with the opportunity to commit fraud are as weak moral policies ;undisclosed contracts made with third parties and partners; Incapability to assess the quality of the job employees performed; absence of a well-disciplined environment in which fraudsters will be punished; weakness of the information flow among employees within the business; ignorance, indifference, and inabilities of top management; lack of healthy audit works. When there is a situation where environment to punish the fraudster is absent because of the concerns such as loss of prestige and counter threat, the feeling of “you can get away with it” will be evoked among employees, thus the business will be exposed to frauds. (Bozkurt 2003, op cit)

(C) Efforts to Justify Fraud: The third component of the fraud triangle is fraudster’s developing defense mechanisms in order to justify his/her action. Some efforts of the fraudsters to justify themselves and the excuse they make up are (i) I had borrowed the money, I would pay back (ii) This is in return for my efforts for the business (iii) Nobody has suffered as a result of this (iv) I have taken the money for a good purpose (v) I did not know that this was a crime (vi) Business had deserved this (vii) Since business evades tax, I have taken something which was already mine,

At the macro-level, in order to overcome these justifying excuses, business should explain ethical rules to employees, inform them that fraudsters would definitely be penalized, establish moral code in the organization, and provide training on them (Bozkurt 2003, op cit). Internal control reviews and improvements substantially rely on the fraud triangle to ascertain the weaknesses of the internal

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controls and what necessary modifications need to be made in the system to stem the trend of fraud. Summarily, the pressures that endear individuals to commit fraud are financial pressures (exhibited by high medical bills or debts), vices (associated with drugs, gambling, alcohol), work-related pressures (occasioned by high pressure for good results at work or a need to cover up someone's poor performance, or to report results that are better than actual performance compared to those of competitors) and other pressures (orchestrated by frustration with the nature of work, or even a challenge to beat the system). These pressures build in strong will to commit the fraud and pre-fraud justification that when committed that he shall not be caught and if eventually caught, no stiffer sanction shall wait him. Albrecht, Albrecht and Albrecht (2008 and 2010) as cited in Gbebi and Adebisi (2013) however, mentioned that pressure/motive can be financial or non-financial and they gave examples of perceived financial pressures that can motivate fraud like: personal financial losses, falling sales, inability to compete with other companies, greed, living beyond one's means, personal debt, poor credit, the need to meet short-term credit crises, inability to meet financial forecasts, and unexpected financial needs. They also gave example of non-financial pressure to include: the need to report results better than actual performance, frustration with work, or even a challenge to beat the system. They believed that even with very strong perceived pressure, executives who believe they will be caught and punished rarely commit fraud. Fundamentally, Vona (2008) as cited in Gbebi and Adebisi (2013) believed the motive to commit fraud is often associated with personal pressure or corporate pressure on the individual. The motive to commit fraud may be driven by the pressures influencing the individual, by rationalization, or by sheer opportunity. He believed a person's position in the organization contributes to the opportunity to commit fraud. He also believed there is a direct correlation between opportunity to commit fraud and the ability to conceal the fraud.

Opportunity for fraud abound. No organization's internal control set up is water-tight more so as some factors have been proved to defile all strong internal controls. The factors that defile internal controls include collusion between two or more sensitive personnel whose individual responsibilities are complimenting and should be ever segregated. Another factor that negates controls is management override which is the tendency of management to set aside controls instituted by her. The opportunity to commit fraud is therefore very possible in this situation and made more possible when employees have access to assets and information that allow them to both commit and conceal fraud. Opportunities are therefore provided by a weak internal control environment, weak management that lacks the will to institute sound controls and strictly sanction deviants, lack of internal control procedures, failure to enforce internal controls, easiness at which management indulge in override of controls and other factors such as apathy, ignorance, lack of sanctions for deviants and inadequate infrastructure technology that have the capabilities of instituting automated controls and restricting access to sensitive areas. Lister (2007) as cited in Gbebi and Adebisi (2013) saw opportunity, which is the second component of the fraud triangle as the fuel that keeps the fire going and he believed even if a person has a motive, he or she cannot perpetrate a fraud without being given an opportunity. He also gave some examples of opportunities that can lead to fraud like high turnover of management in key roles, lack of segregation of duties, and complex transactions or organizational structures.

The last fraud driver in the fraud triangle theory is the rationalization component which is ability of the perpetrators to find a way to rationalize their actions as acceptable. Lister (2007) as cited in Gbebi and Adebisi (2013) defined it as the oxygen that keeps the fire burning.

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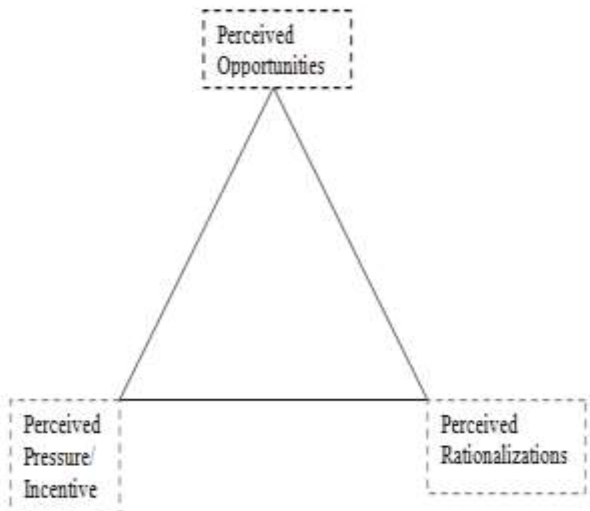
Figure 1: Fraud Triangle diagram



Classical Fraud Motivation Model
Sources: Wells, Joseph T. (1997). *Occupational Fraud Abuse.* In Albrecht, W. Steve (Ed.). *Fraud Examination*. Thomson: South-Western Publishing, 2003.

Fraud Diamond Theory
As cited in Gbebi and Adebisi (2013), Wolf and Hermanson (2004) introduced the fraud diamond model where another view was presented of the factors to fraud. The theory included another variable to the existing Fraud Triangle, being the fourth variable: “capabilities”. Wolf and Hermanson (2004) believed that many frauds would not have occurred without the right person with right capabilities implementing the details of the fraud. They also suggested four observation traits for committing fraud: (a) Authoritative position or function within the organization. (b)Capacity to understand and exploit accounting systems and internal control (c) Confidence that he/she will not be detected, or if caught, he/she will get out of it easily. (d) Capability to deal with the stress created within and otherwise good person when he or she commits bad act.

It is in the light of this that Rasey (2009) posits that just because someone has the opportunity or incentive to steal does not necessarily mean that they have the capability to do so. For example, if someone does not understand how to make journal or ledger entries in the books of accounts, they would not know how to manipulate numbers no matter what the incentive or opportunity is. This study adopted the Fraud Triangle/Fraud Diamond theories as its framework because both explains the factors that cause individuals to commit fraud and best describes fraud in the context of the banking industry. A fraud control theory has been postulated to address issues that can stem the tide of fraud. The fraud savvy model is a more embracive approach in the control of fraud and as depicted as Figure 2 below:

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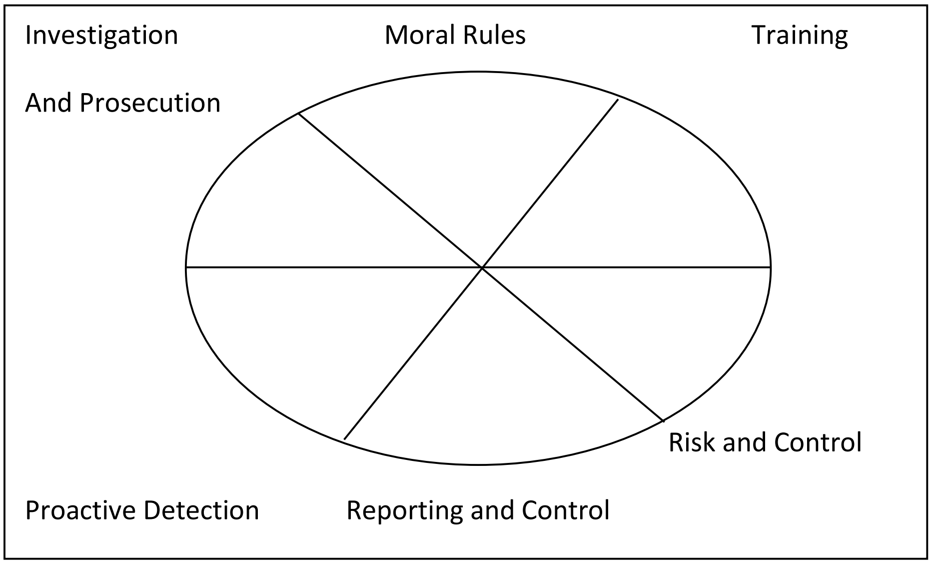

Source: Fraud Detection and Forensic Accounting
Fatma Ulucan O¨ zkul and Ays¸e Pamukc¸u

The model has six key elements beginning with a set of moral rules and flows through Training, Risk assessment and good internal control system, Reporting and Monitoring systems, Detection control and Investigation/Prosecution. Moral rules are set of norms that govern conduct of activities in the given organization, the absent of which is tantamount to anarchy, uncoordinated and uncontrolled spheres of activities. Lindborg (2005) considers establishment of moral rules as the most important element. This conclusion is quite understandable and reasonable that without established moral rules, other elements may not exist and where they exist, they cannot function effectively. Training which is the second element of the model involves educating the employees on fraud, its effect, preventive mechanisms, reactions when fraud is suspected and other valid information employees need to have in fraud management. Companies and organizations tread with caution in fraud education given the tendencies of employees to misuse or convert knowledge gained through training against the internal control system and to commit fraud. According to Albrecht and Albrecht (2003), the second element in the model is training of employees on a series of consequences of fraud and how to act when fraud is suspected. Benefits of controls are better appreciated when they are proactively gained and used to prevent fraud and not necessarily in detecting or investigating fraud already committed. This is the place of training in the control chain.

Risk assessment and Control embodies both an appraisal of the risk inherent in the organization as well as the consequences and the mitigations needed to minimize or address the risk. Internal Control has been defined in literature as a system of control, physical or otherwise put in place by management of organization to ensure efficient and effective conduct of the activities of the entity and the realization of the objectives of the organization. The important point in internal control systems is

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identifying where each fraud is coming from and by so doing preventing possible frauds in the future from the roots. Fundamentally, internal control is supposed to be proactively based to address issues before they happen. There could still be reactive tendencies emanating from current happenings to address and to help to prevent future reoccurrences. The fourth element, reporting and monitoring systems encourages that reporting of fraud should be facilitated. Modern mystery shopping and hotlines are part of the monitoring mechanisms to address fraud. Whistle blowing mechanisms and policies are proactive aspects of reporting and monitoring but the whistle blowing scheme should be well articulated to ensure that the benefits derivable from it out weigh the cost while also addressing the negative tendencies in whistle blowing schemes. The fifth and six elements are Proactive Detection and Investigation and prosecution. The Fraud Savvy model clearly fit into the expected internal responsibility/roles of banks and financial institutions as well as bank regulatory bodies in the control of fraud.

METHODOLOGY

Research Design

The study adopted ex-post factor research design in order to establish the implication of fraudulent practices on performances of Deposit Money Banks. In such research design, the study is undertaken after the event has taken place and the historical data is already in existence. Ex-post factor research design is an empirical study in which the researcher does not, in any way, control or manipulate the independent variable because the situation for the study already exists or has already taken place (Asika, 1990). An ex-post factor research determines the cause-effect relationship among variables (Onwumere 2005).

Model Specification

To achieve the objectives of the study the following model is specified:

$EBT = f(ELFC, NFC, NSIF, AIF)$

In econometrics, the equations 1 can be translated to multiple regression models as follows:

$EBT=\alpha+\beta1(LFC)+ \beta2(NFC)+ \beta3(NSIF)+ \beta4(AIF)+\mu$

Where:

α = *The constant term or intercept of the relationship in the model,*
EBT= Aggregated Earnings before Tax for the Deposit Money Banks
LFC= Aggregated Loss from Fraud Cases for the Deposit Money Banks
NFC= Aggregated Number of Fraud cases for the Deposit Money Banks
NSIF= Aggregated Number of Bank staff involved in fraud for the Deposit Money Banks
AIF= Aggregated Amount involved in Fraud for Deposit Money Banks(values in million naira)
β = *The responsiveness coefficient of the independent variable to the dependent variable*
e = *Stochastic or Error term.*

The last equation is a multiple regressions incorporating EBT, LFC, NFC, NSIF and AIF and therefore adopted for further analysis with Earnings before Taxes regressing expected loss from fraud cases, number of fraud cases, number of staff involved in fraud and amount involved in fraud.

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Decision rule:
The decision rule for the hypotheses will be to reject the null hypothesis and accept the alternative hypothesis if probability F-statistic values generated from the analysis/test are significant at 5% level of significance.

Data Presentation and Analysis

Data Analysis and Interpretation
Diagnostic Test
Test for Stationery using Augumented Dickey-Fuller (ADF) Unit Root.
In this section, time series data generated for the five variables in the research model were tested for stationary. Test of stationary is necessary because time series data may be unstable and this may result to spurious result that may affect the research (Gujarati, 2004).
It is also very important that data needed for co-integration analysis be stationary at first level.
Where the result from the stationary test proves that the time series data are stationary, it could be relied upon as valid for the further analysis.
Table 1: summary of the result from the Augumented Dickey Fuller Unit Root test:

Variable	ADF t-statistics at First Level	Order of Integration
EBT	-4.125622	1(1)
ELFC	-5.923321	1(1)
NFC	-4.446873	1(1)
NSIF	-4.016743	1(1)
AIF	-4.686744	1(1)

Critical Value: 1% -3.65341; 10% -2.3563.
Source: Computed with E-View statistical package, 7.1 version.

Interpretation
The ADF unit root test results indicate that all the variables are integrated of order one-That means, the variables are stationery at first differencing and therefore valid for our further analysis and reliable for decision making

Diagnostic Test
Test for Long Term Variable Relationship Using Johansen Co-integration
The study used two likelihood ratio tests of trace and maximum eigene value to test the hypothesis regarding the number of integrating vectors. The tests result for the co-integration analysis among the variables is shown below:

Table 2: Summary of Test Result for Johansen Co-integrations.

Hypotheses	Eigene value	T-statistics	0.05 Critical value	Probability
None*	0.833642	18.4879	92.73375	0.000
At most 1*	0.756284	98.2122	60.32328	0.001
At most 2*	0.710532	75.4401	51.69759	0.003
At most 3*	0.578518	38.9675	28.88772	0.0172
At most 4*	0.600231	34.7745	27.34879	0.0185

(*) denotes rejection of the null hypothesis at 5% significance level. The test indicates 5 co-integrating equation(s) at 5% significance level.

Source: Computed with E-view statistical package. 7.1 version.

Interpretation

Table 2 as shown above is a summary of Johansen Co-integration tests which is conducted to examine whether there is any relationship between the dependent and independent variables. The test indicates that there are five co-integrating equations at the 5% level of significance therefore rejecting the null hypothesis of lack of significant relationship between the variables.

Diagnostic Test

Test for Variable Relationship Using Ordinary Least Square

Table 3: Summary of Test Result of Model Analysis Using Ordinary Least Square Multiple Regression (OLS)

Variable	Coefficient	Standard Error	t-statistics	Probability
C	0.213457	0.082458	3.108979	0.0173
EBT	-0.03876	0.127645	-0.34879	0.0338
ELFC	-0.54662	0.112755	-3.52017	0.0088
NFC	-0.32336	0.167428	-5.32898	0.0359
NSIF	-0.58754	0.184434	-2.55403	0.0149
AIF	-0.12228	0.155287	-3.3325	0.0041

R-squared	0.834422	Mean dependent variable	0.125764
Adjusted R-Squared	0.848931	S D dependent variable	0.387239
S E of regression	0.232326	Akaike Infor criterion	0.132879
Sum squared resid	0.419763	Schwarz criterion	0.489724
Log likelihood	7.239724	Hannan-Quinn criterion	5.667892
F-statistics	4.328647	Durbin-Watson statistics	2.043891
Pro(F-statistics)	0.032805		

Interpretation

The ordinary least square (OLS) estimation was carried out to examine the long run relationship between the independent variables (loss from fraud cases, number of fraud cases, number of staff involved in fraud and amount involved in fraud) and the dependent variable, earnings before taxes. From Table 3 above, the following results were obtained:

loss from fraud cases, t-statistics -3.52017 and probability 0.0088, implying negative significant relationship between loss from fraud cases and earnings before taxes,
Number of fraud cases, t-statistics -5.32898 and probability 0.0359, implying negative significant relationship between number of fraud cases and earnings before taxes,
Number of staff involved in fraud cases, t-statistics -2.55403 and probability 0.0149, implying negative significant relationship between number of staff involved in fraud and service and earnings before taxes
Amount involved in fraud, t-statistics -3.3325and probability 0.0041, implying negative significant relationship between number of staff involved in fraud and service and earnings before taxes

Diagnostic Test

Test for the Coefficient of Determination Using Adjusted R-Squared Test

From output table 3, OLS model in the short run indicated an Adjusted R-Square of 84.89% which implies that the independent variables in the study accounted for 84.89% variation in the dependent variable. The remaining is accounted for by the error term. From table 4, VAR model shows a long run Adjusted R-square of 78.43%, implying that the independent variables explained for 78.43% of the changes in the dependent variable in the long run while the difference is accounted for by the error term. The implication of the above results is that the explanatory variables (independent variables) have significant effect on the dependent variables both in the short and long run.

Table 4: Summary of Test Result for Vector Auto Regression (VAR).

Test Statistics	VAR
R-Squared	0.768756
Adjusted R-Square	0.784271
S.E of Regression	3447.11
Sum of Squared Residual	1.74E+8
Log Likelihood	-175.8276
Durbin Watson Statistics	1.574892
Mean Dependence Variance	36421.28
SD Dependence Variance	28744.33
Akaike Infor. Criterion	18.29874
Schwarz Criterion	20.44965
F-Statistics	73.23491
Prob-(F-Statistics)	0.000000
Hannan-Quinn criter	21.10446

Test of Hypothesis

Ho_1: There is no significant relationship between total amounts involved in fraud and the earnings of Deposit Money Banks in Nigeria.
Given the OLS estimated result which shows amount involved in fraud t-statistics – 3.3325and probability 0.0041, a significant negative relationship between total amount involved in fraud and earnings before taxes is confirmed and therefore the null hypothesis is rejected.

HO_2 : There is no significant relationship between loss from fraud cases and the earnings of Deposit Money Banks in Nigeria.
From the OLS estimation result indicating loss from fraud cases, t-statistics -3.52017 and probability 0.0088, a significant negative relationship between loss from fraud cases and earnings before taxes is established. Therefore the null hypothesis is rejected.

Ho_3: There is no significant relationship between the number of bank staff involved in bank fraud and earnings of Deposit Money Banks in Nigeria.
OLS estimation presented a result of number of staff involved in fraud cases, t-statistics -2.55403 and probability 0.0149, implying a significant negative relationship between number of staff involved in fraud and earnings before taxes. Therefore the null hypothesis is rejected.

Ho_4: There is no significant long run relationship between the number of fraud cases and the earnings of the Deposit Money Banks in Nigeria.
From the OLS estimation result indicating number of fraud cases, t-statistics -5.32898 and probability 0.0359, a significant negative relationship between number of fraud cases and earnings before taxes is confirmed. Therefore the null hypothesis is rejected.

DISCUSSION OF FINDINGS

The study found out the following:
amount involved in fraud has a significant negative relationship with earnings before taxes of Deposit Money Banks in Nigeria.
loss from fraud cases has a significant negative relationship with earnings before taxes of Deposit Money Banks in Nigeria,
number of staff involved in fraud cases has a significant negative relationship with earnings before taxes of Deposit Money Banks.
number of fraud cases has a significant negative relationship between number of fraud cases and earnings before taxes of Deposit Money Banks,

The summary of the result of the tests for the four hypotheses shows that there are significant negative relationships between the independent variables and the dependent variable. The implication of such negative relationships is that an increase in the independent variables will result to a decrease in earnings before taxes. That is to say that if Deposit Money Banks in Nigeria suffer a predominant increase in the aggregated amount involved in fraud, loss arising from fraud, the number of occurrence of fraud and the number of staff involvement, the earnings before taxes for the Deposit Money Banks will reduce. The result of the study concurs with a priori expectation that depletion of the cash resources of Money Deposit Banks, which is the target of bank frauds, drastically reduce the available funds needed for investment and the day to day running of the banks which ultimately will affect the banks' ability to generate required income that will boost the earnings before taxes. In extreme cases, the constrain on earning capacity of Deposit Money Banks through depletion of funds associated with fraud may lead to bank distress if the owners of the banks fail to salvage the banks through fund injection. Fund depletion is directly related to collapse of Money Deposit bank unless injection if funds by the owners take place. Fund injection is usually a last resort and may not happen every time

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a bank is financially drained especially through fraud. On the implication of fraud to bank distress, Heffernan (1996) confirmed that corruption and fraud have been the general causes of many bank failures.

The findings of this study substantially concur with those of Etale and Ujuju (2016) except on the relationship between amount involved in fraud and earnings before taxes where Etale and Ujuju (2016) confirmed positive relationship between the two variables, a result that runs contrary to reality.
The findings of this study are obvious and justified that prevalent of frauds in Deposit Money Banks have grave consequences of cash depletion, poor earning capacity constrained by cash losses.

CONCLUSION

The result of the analysis conducted by this study confirms that:
Amount involved in fraud has a significant negative relationship with the earnings of Deposit Money Banks in Nigeria.
loss from fraud cases has a significant negative relationship with the earnings of Deposit Money Banks in Nigeria.
Number of bank staff involved in bank fraud has a significant negative relationship with the earnings of Deposit Money Banks in Nigeria.
Number of fraud cases has a significant negative relationship with the earnings of the Deposit Money Banks in Nigeria.

The results of significant negative relationships between the dependent and independent variables imply that that the earnings of Deposit Money Banks in Nigeria will be greatly reduced with rising cases of frauds. This is in line with reasonable expectation that fraud and fraud variables reduce earning capacity of banks and buttress the need for all stakeholders in the Deposit Money Banks to jointly work towards fighting fraud in the system. The conclusion of this study therefore flows with the results of the test of the hypotheses.

This study therefore affirms that:
Total amount involved in fraud has a significant negative relationship with the earnings of Deposit Money Banks in Nigeria. This implies that an increase in the aggregated amount involved in fraud will result to a decrease in earnings before taxes of Deposit Money Banks in Nigeria.
loss from fraud cases has a significant negative relationship with the earnings of Deposit Money Banks in Nigeria. The implication of this is that when the aggregated loss is on the increase, earnings before taxes of Deposit Money Banks in Nigeria will be on the decrease.
Number of staff involved in bank fraud has a significant negative relationship with earnings of Deposit Money Banks in Nigeria. The implication of the negative relationships is that an increase in the number of staff involved in bank fraud will result to a decrease in earnings before taxes of Deposit Money Banks in Nigeria.
Number of fraud cases has a significant negative relationship with the earnings of the Deposit Money Banks in Nigeria. The implication of this relationship is that an increase in number of fraud cases will result to a decrease in earnings before taxes of Deposit Money Banks in Nigeria.

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Drawing from the affirmations above, if the spate of fraudulent practices in Deposit Money Banks is not checked, the earnings and earning capacities of the Deposit Money Banks will be greatly reduced and if the banks' financial statements being presented to the public are diligently prepared, presented and audited, the financial positions of the banks will definitely reflect some going concern indices suggestive that imminent liquidation in the banking industry is knocking at the door. The untold consequences of that to both the banking industry, customers, the generality of Nigeria populace and economy is better imagined than experienced.

Recommendations

Drawing from the conclusion, the following recommendations are made:

Directors and proprietors of Deposit Money Banks in Nigeria should as a matter of urgency conduct a thorough review on the existing internal control measures in the banks to ascertain the weaknesses and where technology and automations have opened up loopholes for fraud, ensure a sound and superior internal control measures are put in place to check them.

Regulatory agencies such as the National Deposit Insurance Cooperation should rise above her reactive posture of reporting fraud cases and evolve proactive ways to monitor and safeguard depositors' funds in the Deposit Money Banks.

A strong synergy and collaboration is required from National Deposit Insurance Corporation and Central Bank of Nigeria for effective and proactive monitoring and regulation of the Deposit Money Banks to check fraudulent tendencies and forestall collapse of the banks.

In view of the sophisticated dimension of fraud in the recent times and the influence of computer and internet on fraud, greater investment in cyber controls should be made by directors of Deposit Money Banks as well as the Nigerian government to check the trend.

There should be prompt and comprehensive reporting of fraud cases by Deposit Money Banks to aid investigation and prosecution. Fraud investigation and prosecution mechanisms like the police, Economic and Financial Crimes Commission and the Court should be well strengthened to speedy up investigation and prosecution for positive results while the Federal government should fine tune the enactments that impede justice in fraud matters including the amendment of the Evidence Act to accommodate electronic and cyber evidences required in the prosecution of cyber frauds in Nigeria.

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