BUSINESS FRAUDS IN NIGERIA: UNDERLYING CAUSES, EFFECTS AND POSSIBLE REMEDIES: CASE STUDY OF BANKING SECTOR.

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Abstract
In recent times so many business have collapsed caused by many factors of which a greater percentage of it is fraud and more importantly, fraud in banking sector of the economy. This is one of the biggest single causes of bank failure and distress in the Nigerian banking system. This study therefore was conducted to find common types of bank fraud that are frequently occurred in the banking sector, the underlying causes, level of staff involvement, consequences and possible means of ameliorating the problem. A sample of 150 respondents taken in Owerri City, capital of Imo State, Nigeria was studied by means of field survey tool of questionnaire and the response to rating scale questions were tested for significance using the "t-test". The analysis revealed that respondents did not view unofficial borrowing and foreign exchange malpractice as forms of bank fraud since they were common and an industry wide practice. It also revealed that types of frauds perpetuated by banks' staff alone do not affect the level of operations of the banks. By extension, frauds committed by banks' staff alone cannot lead to distress of the banks. More so, it shows that there are other fraudulent factors outside the banks' control that actually causes bank distress in Nigeria. The unique contribution of this paper is its emphasis on building upon the methodology and findings of some previous studies in the area of bank fraud remedies in Nigeria, by conducting statistical test of significance which adds statistical validity and flavour to our findings.

Keywords: Bank frauds, effects, Remedies, Nigeria.

Introduction

Background to the study

The banking sector in any country plays a fundamental role in increasing the level of economic activity. As intermediaries to both suppliers and users of funds, banks are effectively situated in a continuum that determines the pulse of the economy. Worldwide, the ability or inability of banks to successfully fulfill their role as intermediaries has been a central issue in some of the financial crisis that has been witnessed so far. Diamond (1984) posits that a special feature of banking activities is to act as delegated monitors of borrowers on behalf of the ultimate lenders (depositors). In this special relationship with depositors and borrowers, banks need to secure the trust and confidence of their numerous clients. Though this requires safe and sound banking practices, it is not always the case as bank failures in different countries have come to prove. The failure of banks to adequately fulfill its role arises from the several risks that they are exposed to; many of which are not properly managed. One of such risks which is increasingly becoming a source of worry is, the banking risk associated with fraud. Fraud, which literarily means a conscious and deliberate action by a person or group of persons with the intention of altering the truth or fact for selfish personal gain, is now by far the single most veritable threat to the entire banking industry. It is indeed worrisome that while banks are constantly trying to grapple with the demands of monetary authorities to recapitalize up to the stipulated minimum standards, fraudsters are always at work threatening and decimating their financial base. Also more worrying is the rise in the number of employees who are involved in the act as well as the ease with which many escape detection thus encouraging many others to join in perpetuating fraud (Onibudo, 2007). The spate of fraud in the banking industry has lately become an embarrassment to the nation as apparent in the seeming inability of the law enforcement agents to successfully track down culprits. Whereas the activities of armed robbers is given widespread reviews in the pages of newspapers, especially during major thefts, it is an irony that what they cart away from banks is only a slice of what fraudsters remove from bank tills.

Statistics on the activities of fraudsters in the industry is both amazing and confounding. Ogwuma (1981) estimated that on the average, banks in Nigeria were at a risk of losing one million naira every working day due to the incidence of frauds which come in different guise or forms. In recent times, this estimate is low going by the NDIC 2001 report where banks recorded cases of frauds and forgeries totaling N11.244 billion (Kazeem and Ogbu, 2002). Such an amount would have been enough to set up a least eleven micro finance banks in the current period. Forgeries currently constitute the greatest challenge facing the industry. Also the number of insiders (staff) who connive with outsiders to perpetuate the act is alarming. According to an NDIC publication, about 1,914 bank staff of various banks were involved in bank frauds between 1994 and 1996. The report also established that frauds contributed immensely to the failure of most banks in the 1990s, the amount involved representing as much as 32.1% of shareholders funds in 1998 (Udegbunam, 1998). Equally worrisome is the rise in the number of top management staff that have either been indicted or accused of engaging in bank fraud. Against these background, the main purpose of this study is to ascertain the nature and causes of bank frauds; as well as proffer solutions that it is hoped, would help reduce the spate of bank frauds in the country.

Statement of the Problem

The larger society expects greater accountability, fairness, transparency and effective intermediation from banks. Ensuring that they carry out their responsibilities with sincerity of purpose and devoid of fraud is an important ingredient for gaining public trust and goodwill. The extent to which fraud is prevalent in the banking sector, the nature and causes of bank frauds and proffering possible solutions to the problem is in essence what this research work is all about.

Objective of the Study

The primary aim of this research work is to ascertain the nature and causes of bank frauds in Nigeria. Thus, the study aims at the following objectives:

(i) ascertain the principal types of fraud currently plaguing the industry;
(ii) determine the level of involvement of banks staff in fraudulent activities;
(iii) reveal factors which encourage staff involvement in fraudulent activities;
(iv) determine the competence of bank staff in early fraud detection and control;
(v) ascertain the consequences of fraud on banking operations.

Significance of the Study

The impact of bank fraud on the operations of banks in Nigeria and indeed the economy at large is of interest to researchers and industry practitioners. Studies concerning bank frauds in Nigeria have highlighted the contribution of frauds to bank distress (Udegbunam, 1998). Also the level of involvement of different category of bank staff in fraudulent activities has been provided by Ovuakporie (1994), Aderibigbe (1999), Kazeem and Ogbu (2002), Onibudo (2007) and Omachonu (2009). This is an addition to some of these studies. Specifically it seeks to improve on their methodology and findings by conducting some statistical test of significance. Furthermore, the study will be of invaluable benefits and usefulness to all categories of bank managers, financial information users such as existing and potential shareholders, creditors and fund providers and the relevant government agencies. Besides, researchers and students in the field of banking and finance who want to know more about frauds, its causes and possible ways of preventing it will also find the study beneficial

LITERATURE REVIEW

Concept and Meaning of Fraud

Fraud can be defined as deliberate deceit or an act of deception aimed at causing a person or organization to give up property or some lawful right. The Association of Certified Fraud Examiners (1999) further defines fraud as the use of one‟s occupation for personal enrichment through the deliberate misuse, misapplication or employment of organizational resources or assets. Fraud can be defined as the fraudulent conversion and acquisition of money or property by false pretence (FBI, 1984). In legal terms, fraud is seen as the act of depriving a person dishonestly of something, which such an individual would or might be entitled to, but for the perpetration of fraud. In its lexical meaning, fraud is an act of deception which is deliberately practiced in order to gain unlawful advantage. Therefore, for any action to constitute a fraud there must be dishonest intention to benefit (on the part of the perpetrator) at the detriment of another person or organization. Fraud usually requires theft and manipulation of records, often accompanied by concealment of the theft. It also involves the conversion of the stolen assets or resources into personal assets or resources. There is a general consensus amongst criminologists that fraud is caused by three elements called "WOE" (Onibudo, 2007). For any fraud to occur there must be a will, an opportunity and exit (escape route). A fraud will only occur if the perpetrators have the will to commit the fraud, if the opportunity to commit the fraud is available and if there is an exit or escape route from relevant sections or institutions that are against fraud or related deviant behaviour. Fraud is a global phenomenon. It is not unique to the banking industry or for that matter, peculiar to only Nigeria. With the crash of major multinational corporations like Enron (in the United States of America) coupled with high level allegations and actual cases of corporate fraud, many organizations in their attempt to improve their image have resorted to developing ethical guidelines and codes of ethics. The whole essence of these is to ensure that all organizational members irrespective of rank or status, complies with the minimum standard of ethical responsibility in order to promote the reputation of such firms in their chosen industry, earn the goodwill of customers and thus improve their competitive advantage (Unugbro and Idolor, 2007). In the present Nigerian epoch, many youths and elder citizens alike want to make it within the shortest possible time, because banks deal with money, and money related businesses, it is no wonder that they have become the targets of persistent fraudsters. As naturally expected, fraud is perpetrated in many forms and guises, and usually have insiders (staff) and outsiders conniving together to successfully implement the act. The following types which are not in any way completely exhaustive are the most common types of bank frauds in Nigeria identified by Ovuakporie (1994).

Theft and Embezzlement

This is a form of fraud which involves the unlawful collection of monetary items such as cash, travelers' cheque and foreign currencies. It could also involve the deceitful collection of bank assets such as motor vehicles, computers, stationeries, equipments, and different types of electronics owned by the bank.

Defalcation

This involves the embezzlement of money that is held in trust by bankers on behalf of their customers. Defalcation of customers deposits either by conversion or fraudulent alteration of deposit vouchers by either the bank teller or customer is a common form of bank fraud. Where the bank teller and customer collude to defalcate, such fraud is usually neatly perpetrated and takes longer time to uncover. They can only easily be discovered during reconciliation of customers‟ bank account. Other forms of defalcation involves colluding with a customer's agent when he/she pays into the customer's account and when tellers steal some notes from the money which are billed to be paid to unsuspecting customers/clients.

Forgeries

Forgeries involve the fraudulent copying and use of customer‟s signature to draw huge amounts of money from the customer‟s account without prior consent of the customer. Such forgeries may be targeted at savings accounts, deposit accounts, current accounts or transfer instruments such as drafts. Experience has shown that most of such forgeries are perpetrated by internal staff or by outsiders who act in collusion with employees of the bank who usually are the ones who release the specimen signatures being forged (Onibudo, 2007).

Unofficial Borrowing

In some instances, bank employees borrow from the vaults and teller tills informally. Such unofficial borrowings are done in exchange of the staff post dated cheque or I.O.U. or even nothing. These borrowings are more prevalent on weekends and during the end of the month when salaries have not been paid. Some of the unofficial borrowings from the vault, which could run into thousands of naira, are used for quick businesses lasting a few hours or days after which the funds are replaced without any evidence in place that they were taken in the first place. Such a practice when done frequently and without official records, soon very easily becomes prone to manipulations, whereby they resort to other means of balancing the cash in the bank‟s vault without ever having to replace the sums of money collected.

Foreign Exchange Malpractices

This involves the falsification of foreign exchange documents and diversion of foreign exchange that has been officially allocated to the bank, to meet customers'‟ needs and demand, to the black market using some "ghost customers" as fronts. Other foreign exchange malpractices include selling to unsuspecting and *naïve* customers at exchange rates that are higher than the official rate and thus claiming the balance once the unsuspecting customer has departed. This practice usually find fertile grounds to grow in banks which have weak control, recording and accounting systems and corrupt top management staff.

Impersonation

Impersonation involves assuming the role of another person with the intent of deceitfully committing fraud. Impersonation by third parties to fraudulently obtain new cheque books which are consequently utilized to commit fraud is another popular dimension of bank fraud. Cases of impersonation have been known to be particularly successful when done with conniving bank employees, who can readily make available, the specimen signatures and passport photograph of the unsuspecting customers.

Manipulation of Vouchers

This type of fraud involves the substitution or conversion of entries of one account to another account being used to commit the fraud. This account would naturally be a fictitious account into which the funds of unsuspecting clients of the banks are transferred. The amounts taken are usually in small sums so that it will not easily be noticed by top management or other unsuspecting staff of the bank. Manipulation of vouchers can thrive in a banking system saddled with inadequate checks and balances such as poor job segregation and lack of detailed daily examination of vouchers and all bank records.

Falsification of Status Report

A common type of fraud is falsification of status report and/or doctoring of status report. This is usually done with the intent of giving undeserved recommendation and opinion to unsuspecting clients who deal with the bank customers. Some clients for example will only award contracts to a bank customer if he/she providers evidence that he/she can do the work and that they are on a sound footing financially. Such a fraudulent customer connives with the bank staff to beef up the account all with the aim of portraying himself not only as being capable but also as a persons who will not abscond once the proceeds of the contracts has been paid. The inflation of statistical data of a customer‟s account performance to give deceptive impression to unsuspecting third parties (which is very common in Nigeria), for whatever reasons, is a fraudulent behaviour.

Money Laundering

This involves the deceitful act of legitimizing money obtained from criminal activity by saving them in the bank for the criminals or helping them transfer it to foreign banks, or investing it in legitimate businesses. In the recent political dispensation (in Nigeria), money laundering by con men, politicians and fraudulent bank staff have assumed alarming dimension.

Fake Payments

A common type of fraud in the banking sector is fake payments, which involves the teller introducing a spurious cheque into his/her cage. It is done with or without the collaboration of other members of staff or bank customers. This type of fraud is however easy to detect if the bank has a policy of thoroughly examining all vouchers, checks, and withdrawal slips and payments on a daily basis.

Computer Frauds

This involves the fraudulent manipulation of the bank‟s computer either at the data collection stage, the input processing stage or even the data dissemination stage. Computer frauds could also occur due to improper input system, virus, program manipulations, transaction manipulations and cyber thefts. In this epoch of massive utilization of automated teller machines (ATMs) and online real time e-banking and commerce; computer frauds arising from cyber thefts and crimes has assumed a very threatening dimension. No bank seems to be immune from it, and a significant proportion of the billions of naira spent annually in the banking sector to help reduce fraud usually are channeled towards combating compute frauds and cyber crimes/thefts.

Causes of Fraud

According to Asukwo (1999), the immediate and remote causes of frauds in general include the following:

Greed

Greed refers to an inner drive by individuals to acquire financial gains far beyond their income and immediate or long-term needs. It is usually driven by a morbid desire to get rich quick in order to live a life of opulence and extravagant splendor. Greed has in many cases been regarded as the single most important cause of fraud in the banking sector.

Inadequate Staffing

A poorly staffed bank will usually have a problem of work planning and assignment of duties. The bank that is flooded with unqualified and inexperienced staff will of a necessity have to grapple with the problem of training and supervision of its officers. This situation can very easily be capitalized upon by the teeming fraudsters that the bank has to contend with in its day to day transactions.

Poor Internal Control

Inadequate internal control and checks usually creates a loophole for fraudulent staff, customers and non-customers to perpetrate frauds. Therefore to reduce or eliminate frauds, there is a need to always have effective audits, security systems and ever observant surveillance staff at all times during and after bank official operating hours.

Inadequate Training and Re-Training

Lack of adequate training and retraining of employees both on the technical and theoretical aspects of banking activities and operations usually leads to poor performance. Such inefficient performance creates a loophole which can very easily be exploited by fraudsters.

Poor Book Keeping

Inability to maintain proper books of accounts coupled with failure to reconcile the various accounts of the bank on daily, weekly or monthly basis usually will attract fraud. This loophole can very easily be exploited by bank employees who are fraudulent.

METHODOLOGY

Area of Study

Deriving from the objectives of this study, a questionnaire was designed specifically for the study, and administered to respondents in Owerri City, capital of Imo State Nigeria. Owerri city was chosen for two main reasons. Firstly, as the capital city of one of the most ethnically heterogeneous state in Nigeria, it is one of the cities reflecting the multi-ethnicity of Nigeria. Almost all the major ethnic groups in Nigeria are also found in the state and many of them are found in Owerri City. That the city is representative of the ethnic diversity of Nigeria is therefore intuitively appealing. Secondly, the city is a gateway to the rest of the country. The presence of a number of federal institutions (University, Polytechnic, etc) necessitates employing citizens from outside the state, apart from the indigenous Imo people. This has given Owerri City a highly advanced, educated and heterogeneous metropolitan population; some of which (just like in other similar metropolitan cities of the world) are likely to be potential fraudsters with a particular interest in defrauding banks.

Research Design

Research design speaks about the approach adopted in conducting a research. Thus, it gives shape, form and identity to the research activity. In carrying out this research, the survey research design was adopted. The survey research design relies on asking people questions and using the answers gotten to examine the relationship between the variables of interest.

Population, Sample Size and Sampling Technique

140 copies of a questionnaire specifically designed for this study were distributed to the staff of several banks located in Owerri, Imo State. We visited the banks twice a week for four weeks. In the first two weeks, we gave out copies of the questionnaire to every bank employee we met on their seats. The last two weeks, we devoted to retrieving the completed questionnaires. At the end of the four weeks, 109 questionnaires were retrieved of which 100 were sufficiently usable, giving us a completion rate of 71 percent.

This sampling procedure has been described as non-probability purposive sampling technique (Agbadudu and Ogunrin, 2006). In non-probability sampling, elements of a population are not deliberately given equal or known chance of being included in a sample. Non-probability purposive sampling technique describes the process of choosing sample elements while being guided by assumptions of what typical elements are; elements which are most likely to provide a researcher with information required (Asika, 1991). For the present study, our aim is to generate tentative answers to questions bordering on the type(s) of fraud currently affecting banks in Nigeria, the factor(s) which serve as a motivator for committing fraud, the level of competence (of members of staff) in early fraud detection and control, the level of staff involvement in bank related fraud from the fraud initiation stage through execution stage to the concealment stage and what they considered to be the most significant consequences of fraud on their banking operations. The questionnaire was tested for content (face) validity before it was administered. In this vein, two senior staffers (of managerial status in their respective banks) were requested to assess the questionnaire for adequate coverage of relevant dimensions of the research objectives. After their suggestions, the final questionnaire, which was applied for this study consists of questions that are not categorized explicitly into sections. We perceived that not categorizing the questions would impute informality to the data gathering exercise thus enhancing the completion rate. The questions do not follow a rigidly logical sequence either. It is our hope that the absence of a rigid order would eliminate the problem of response set, that is, the tendency to answer all questions in a specific direction regardless of the content of each question (Agbadudu and Ogunrin, 2006; Yomere and Agbonifoh, 1999). Also, the questions concerning personal details – age, gender, educational qualification, religion and state of origin are posed at the end of the questionnaire in a bid to avoid possible discomfort that self disclosure could induce in respondents. The researcher hope that if respondents are not unnerved after filling just two or three questions, which could happen if personal details are sought first, then the chances of a high response rate could be enhanced.

Techniques of Analysis

The survey research method was used for the study. Hence, the questionnaire was adopted as a measuring instrument. The contents of the questionnaire were based on the objectives of the study and contained questions which were distributed to selected 150 staff from selected commercial banks in Nigeria. The information gathered from the questionnaires was used to generate the data needed to carry out the research.

In order to test the hypothesis, the study employed the one-sampled t-test as the analytical tool. The one-sampled t-test procedure is used to tests whether the means of a single variable differs from a specified constant. If the P-value is less than 0.05 (i.e. $P < 0.05$), the difference between the sample-estimated population mean and comparison population mean is statistically significantly different. Thus, we reject the null hypothesis and accept the alternative hypothesis. However, if the P-value is greater than 0.05 (i.e. $P > 0.05$), then the difference between the sample-estimated population mean and comparison population mean is not statistically significantly different. Hence, we accept the null hypothesis and reject the alternative hypothesis.

DISCUSSION OF FINDINGS/POLICY IMPLICATION

A. Demographic Characteristics of Respondents

Of the respondents, 72 were males while 78 were females. Of the respondents, 21 fell within the highe age bracket „above 40 years". 46 respondents fell within the lowest age bracket – "less than 30 years". modal age bracket turned out to be "30-35 years" with a frequency count of 83. The respondents haile from across 21 of the 36 states of the country. Most of them (78) hailed from Imo State. A total of 32 l postgraduate degree/qualification, 75 had HND/B.Sc. while the remaining 43 had ND/Diploma degree Out of the 150 respondents 15(%) had less than five years banking experience, 41(%) had between "5- years" experience, 19(%) had between "11-15 years" experience, 14(%) had between "16-20 years" experience while the remaining 11(%) had above twenty years experience in the banking sector. Also, the respondents 26(%) felt their remuneration was very adequate; 38(%) saw theirs as adequate; 14(9 were uncertain about the adequacy of their remuneration; 12(%) held the view that the remunerations t earned was inadequate while the remaining 10(%) felt their remuneration was very inadequate. This is shown in table 1-3.

Table 1: Respondents' Sex, Age Distribution and Level of Education

	Age Distribution (Years)					Level of Education			
	< 30	30-35	36-40	>40	Total	ND/Diplo	HND/B.	Postgr e	Total
Male	16	32	9	15	**72**	12	42	18	**72**
Female	30	36	6	6	**78**	31	33	14	**78**
Total	**46**	**68**	**15**	**21**	**150**	**43**	**75**	**32**	**150**

Source: Researcher's Field Survey

Table 2: Years of service in the Banking Industry

		Length of service (Years)				
Sex		<5	5 - 10	11 – 15	16 – 20	>20
Male	72	6	30	15	12	9
Female	78	17	31	14	9	7
Total	**150**	**23**	**61**	**29**	**21**	**16**

Source: Researcher's Field Survey

Table 3: Respondents views about the Adequacy/Inadequacy of their Income

Adequacy/Inadequacy of staff/Remuneration

Sex

Male	72	23	16	17	13	3
Female	78	16	41	4	5	12
Total	**150**	**39**	**57**	**21**	**18**	**15**

Source: Researcher's Field Survey

B. Respondents Views on the Type(s) of Fraud Plaguing the Banking Industry

Eleven types of fraud isolated from the extant literature were presented in the questionnaire as the type fraud currently prevalent in the banking industry. These are: (1) Theft and Embezzlement (2) Defalcat (3) Forgeries (4) Unofficial Borrowing (5) Foreign Exchange Malpractices (6) Impersonation (7) Manipulation of Vouchers (8) Falsification of Status Report (9) Money Laundering (10) Fake Paymen (11) Computer Frauds. The result obtained from the respondents on a three point Likert scale is produc in table below. Among all the types of fraud listed, computer fraud had the highest t values; making it highest perceived type of fraud currently affecting banks which are more of external motivated.

Table 4: Respondents Views on the Types of Fraud Plaguing the Banking Industry.

Types of fraud	Male	Female	Total
Theft and Embezzlement	8	11	19
Defalcation	3	8	11
Forgeries	7	6	13
Unofficial Borrowings	2	0	2
Foreign Exchange Malpractice	1	1	2
Impersonation	6	8	14
Manipulation	11	10	21
Falsification of Status Report	5	4	9
Money Laundering	7	5	12
Fake Payments	11	5	16
Computer Fraud	11	20	31
Total	72	78	150

Source: Researcher's Field Survey

Table 5: Test of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
FRAUD	.158	11	.200*	.965	11	.828

Lilliefors Significance Correction

*. This is a lower bound of the true significance.

Source: Researcher's computation using SPSS 17.0 software

Table 5 above shows the result of the normality test aimed at determining whether the variable of inter normally distributed. From the result, the P-values of 0.200 and 0.828 from the Kolmogorov-Smirnov Shapiro-Wilk tests of normality are both greater than 0.05. These imply that it is acceptable to assume fraud distribution is normal (bell-shaped). Having fulfilled the assumption of normality, the one-samp test can then be carried out.

Table 6: One-sample t-test result

	Test Value = 10					
					95% Confidence Interval of tl Difference	
	T	Df	Sig. (2-tailed)	Mean Differen	Lower	Upper
FRAUD	2.117	10	.060	3.636	-.19	7.46

Source: Researcher's computation using SPSS 17.0 software

A one-sample t-test was run to determine whether fraud score among bank staff was different to norm defined as a mean score of 10. From the one-sample t-test above, it could be seen that fraud among ba

staff in Nigeria has a t-value of 2.17 and a P-value of 0.06. The probability value (0.06) being greater t the 0.05 (test significant level) indicates that the average fraud of the sampled population is not statisti significantly different from 10 (mean score value). This implies that there was no statistically significa difference between the means (i.e. P > 0.05). Thus, we can accept the null hypothesis that types of frau among banks' staff in Nigeria do not have significant impact on banks operations in Nigeria.
The implication of this outcome is that types of frauds perpetuated by banks' staff alone do not affect t level of operations of the banks. By extension, frauds committed by banks' staff alone cannot lead to distress of the banks. More so, it shows that there are other fraudulent factors outside the banks' contro that actually causes bank distress in Nigeria. This finding corroborates Uzokwe and Ohaeri (2012) whi found that 64.6 percent of the factors responsible for bank distress in Nigeria are external not internal. Perhaps, it may not be out of place to stress that political uncertainty, political interference and weak institutional frameworks may be attributed to bank distress in Nigeria.

Table 7: Respondents Views on the Factors which Encourage Involvement in Bank Fraud.

Factors encouraging Fraud	t- values
Greed	16.475
Inadequate Staffing	5.045
Poor Internal Control	4.821
lack of Proper Staff Training	3.432
Poor Working Conditions	2.228
Poverty	3.306
Staff Infidelity	5.1302

Source: Researcher's Field Survey.
Seven factors derived from the extant literature were presented as basic motivators towards engaging i fraudulent banking practices. The 5-point Likert scale (an ordinal scale) was also used to help indicate direction and level of intensity of the respondents" views and opinion. The statistically significant t va indicates that overall, respondents agree that all the factors listed acts as motivators towards committin fraud. There is however a high degree of consensus among them that greed is the highest motivation fo committing fraud (as shown by its high t value of 16.475). The result is shown in table 7.
Table 8: Consequences of Bank Frauds Ranked in Order of Importance.

Consequences of Fraud						Score	Rank
	1	2	3	4	5		
Loss of Customer Confidence	60	32	27	19	12	228	1
Loss of Revenue	49	44	31	15	11	229	2
Loss of Patronage	59	33	24	21	13	232	3
Facilities Distress	14	18	15	45	58	378	5
Loss of Corporate Image	20	15	12	55	48	365	4

Source: Researcher's Field Survey.
The result shown in table 8 above indicates that the respondents regard loss of customer confidence as most outstanding consequence of bank fraud. This is closely followed by loss of revenue and loss of patronage which came second and third with 229 and 232 points respectively. Loss of corporate image fourth while facilities distress is fifth respectively.

Policy Implications.
This study though largely exploratory, nonetheless resulted in findings, which are insightful for p decision making. With respect to type of fraud affecting the industry, respondents did not view unof borrowing and foreign exchange malpractice as fraud as evidenced in table 4 above. These may accou the reasons why their books of account do not balance at the end of the working week/month. Also, atte by the Central Bank of Nigeria (CBN) at curbing the activities of "black marketers" who speculate ille

on the foreign exchange rates in the country, may not yield success for as long as bank employees con to view the diversion of foreign exchange to black markets, as a perfectly normal business activity driv the motive to earn higher financial returns. The recapitalized deposit money banks in the country ha tread cautiously in this area if they do not want to come under the sledge hammer of financial regulat the country.
For the level of bank staff involvement in bank fraud, the consensus opinion of respondents suggests an high level of involvement in initiating and executing fraud; with the concealment of fraud coming last. may be stating the obvious, since the concealment of fraud is an area which is largely viewed as insigni and negligible, since at this stage, the chances of the fraud being uncovered may have become very making it more risky to conceal. In such a situation, the fraudulent bank employee will prefer to abs from duty rather than conceal the fraud. Among the factors hypothesized to encourage bank emp involvement in fraud, greed, infidelity and poverty was the principal person-based factor. This is unfortunate given that bank staff are among the most well remunerated workers in Nigeria; most espe now that most of them have been able to recapitalize even above the mandatory minimum capital base billion naira. Surely poverty in this context seems to take a different meaning and may indeed imply a of self perception in which the potential fraudster compares his/her status to others within the larger so and a confirmation or allusion to an existing gap between others (who are obviously very wealthy themselves may create a premise for involvement in bank fraud. On organizational factors which mo involvement in bank fraud, inadequate staffing, poor internal control, lack of proper training and working conditions was revealed by the findings as the significant propellants. Also respondents" reac to their income reveal that they considered it fairly adequate with a statistically significant t value of 4 Respondents also viewed greed, lack of personal ethics and weak corporate governance as managerial fa that help propagate frauds in banks; and for which top management should be held responsible. attributed the high level of delinquent/toxic assets and non performing loans of banks, which greatly d their financial statements, to the activities of top management; who in most cases engage in une practices ranging from falsification of accounting statements, embezzlement of depositors funds, disto of financial statements and the granting of loans and other credit facilities to high net worth customer business partners/clients (way above their capital base and regulatory obligor limits) without any signi form of collateral security. They also were of the opinion that top management exerted little or no eff recovering such loans as they seemed usually in a hurry to present such delinquent and toxic assets/loa bad debts in their accounting statements and books of account.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The rather lengthy presentations in the preceding sections of this study have made the work of concludin relatively easy for us. They have harped significantly on some of the important issues which constitu the focal point of the study. A general statement about the recent work of the CBN (2005; 200 regulatory framework is in order here. It shows that the apex financial institution, especially with i world acclaimed successful recapitalization of conventional banks in 2005, is determined more than ev before to sanitise and firmly institutionalize the financial industry in all its ramifications in Nigeria. Th is a cause for cheer which should encourage all bank customers and investors, both national an international; to be rest assured that it is no longer business as usual in the banking sector. In Nigeri political commitment has always remained the vital missing link between what can be done and what done. The recent commitment of the banking system regulators and practitioners in reducing and total eradicating fraud in all its ramifications, represents the fundamental requirement needed to address t structural and operational problems of the industry and should therefore not be truncated for whatev reasons.

Recommendations

The following recommendations are made in line with the findings of the study:

(i) The banks should pay more active attention to early fraud detection and eradication. One w achieving this is by ensuring that additional security devices are incorporated, not only with bank premises but also in the cheque books given to their numerous clients.

(ii) In recruiting key personnel who are to handle certain sensitive operations, it is essential that l make concerted efforts at conducting a proper background check on the status and nature c employee in his or her neighborhood, as this would help them establish the probability c employee engaging in fraudulent activities.

(iii) There is a need for banks to increase the ability of their staff in detecting fraud especially related to cheques and money transfers. This can be achieved through a combination of in and external modules of on the job training and off the job training exercises. Banks are advised to continuously review their compensation packages to reduce the tendenc fraudulent behaviour by their employees.

(iv) Favourable financial awards and recognition should be given to employees who show dex in identifying and preventing fraud.

(v) Furthermore, we recommend that sound corporate governance characterized by effe operational practices comparable to international standards, be adopted by top manageme banks as an essential ingredient for the prevention of fraud in the banking sector.

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