### THE ROLE OF COMPUTERS IN FRAUD DETECTION AND PREVENTION IN THE NIGERIA BANKING INDUSTRY

****TABLE OF CONTENT****

****CHAPTER ONE****

1.1              Statement of the problem and objective of the study.

1.2              Rationale of the study

1.3              Significance of the study

1.4              Background of the study

1.5              Definition of technical terms.

****CHAPTER TWO****

2.0              Literature Review

2.1       Theoretical Review

2.2              Empirical Review

****CHAPTER THREE****

3.1              Research Hypothesis

3.2              Research methodology

3.3              Sources of data.

3.4              Limitations of the study

****CHAPTER FOUR****

4.1              Presentation of Data

4.2              Analysis of data

4.3              Discussion of the Results

****CHAPTER FIVE****

5.1              Summary

5.2              Conclusion

5.3              Recommendation

Bibliography

****ABSTRACT****

In this study, the research set out to examine the roles of the electronic Computers in fraud detection in banks. 51 staff of UBA plc is randomly selected as the study sample for the research. These 51 staff was issued with 51 copies of structured questionnaires to complete their responses to the questionnaire were analyzed using percentage and chi-square test. Based on the analyses, the researcher discovered the following facts and findings:-

i.  The computer had contributed immensely to the development of Nigeria banking industry some of the recent developments in computer technology that had made positive impact in the Nigeria banking industry include the following the automatic document processor; magnetic ink character recognition, optical character recognition; automated teller machine; electronic find transfer; and electronic fund transfer at the point of sale.

ii. The electronic computers are used by the Nigeria banks to detail fraudulent activities. Such as teaming and lading; foreign exchange fraud; forged bank document and so on.

Iii. The computers sometimes income errors whiles doing the work of fraud direction in banks.

iv. The electronic Computers had revolutionalised the banking industry, since they (the computer) quicker the banking processes; reduces job / work stress; and brought professionalism in banks.

The researcher also made the following recommendations.

(a)  That all banks and other financial institutes in Nigeria (including the Community banks and finance companies) should computerize all their operations.

(b) That the Computers to be used by the bank and other financial institutions in Nigeria should have an in- built fraud detection devices.

(c) That the federal government should subsidize the cost of electronic computer so as to make affordable by some banks that have how asset 1 capital base e.g. the community banks.

****CHAPTER ONE****

****INTRODUCTION****

****1.1      PROBLEM IDENTIFICATION****

Banks in Nigeria have been for quite some times the centre of public attention especially in the area of fraud. Fraud here been on the increase recent years. Although, fraud in the bank is a global phenomenon, the growth in Nigeria had become out-standing.

In view of this fraudulent practice, computer should use to detect and prevent fraud in the banking industries.

This study is therefore:-

(1)               To highlight the types of bank fraud.

(2)               To find out the possible way of detecting the fraud in the bank by the use of computer.

(3)               To find way of preventing of such fraud by the computer.

****1.2       RATIONAL OF STUDY****

The function of the commercial banks is the extension of credit to the Banking Industries. They are rendering a great social service through their investment actions are expanded and a high standard e.g. living is realized. The role of computers in fraud octoroon and prevention in the Nigeria Banking industry is very important to the economy because it aids increased finance of the economy.

It is pentiment to research into the role of this fraud in banking industries and suggest possible means of mitigating them.

****1.3       SIGNIFICANCE OF THE STUDY****

1.                  As the topic implies, laid on the problem of fraud in which finally results in distressed banks. Significantly the study exposed us to the fact that even computers can do better than human being when it comes to detection of fraud.

2.                  The study will help the banker to be more prudent in their dealing with the money deposited by their customers.

3.                  The study will also be of immense help to others willing to carry out further research ch in in this area.

4.                  More over, the introduction of computer in the banking industries, will help to discourage those who have the intention of involving in fraudulent act.

5.                  The study will also benefit to banker and public as it enlightens them on the fraud in banking industries.

6.                  The study also in partial fulfillment of the award of Higher National Diploma in Banking and Finance.

****1.4              BANK GROUND OF THE STUDY****

I have developed a significant interest in this subject due to the observation that the guiding principles of prudence and honesty within the financial industry have, to a considerable degree, not been upheld. In the contemporary banking industry, instances of fraudulent activities perpetrated by both employees and clients have become increasingly prevalent. These deceptive practises ultimately result in financial difficulty for the banks involved. Nowhere is fraud more severe than in the banking sector, as it represents the primary cause of bank failures. The precise extent of fraud remains uncertain due to the presence of unreported and undetected cases, as well as the lack of comprehensive reporting for all detected instances.

Furthermore, the detection of fraudulent activities may not be effectively accomplished through the assistance of employees, as some of these employees themselves engage in such fraudulent acts and intentionally withhold information that could aid in the detection of fraud. By employing bankers to identify fraudulent activities, not only may the detection of fraud be facilitated, but it can also contribute to the prevention of fraudulent practises inside the banking sector.

Today, computers have become instrumental in resolving issues across various domains, serving as a convenient tool for efficiently and expeditiously completing a wide range of tasks. With the advent of computers, the communication system has been enhanced, and automotive electronic devices have been integrated into the banking system. Additionally, banks have implemented numerous precautionary measures to mitigate fraudulent activities within the banking system. The phenomenon of fraud has assumed a complex nature, with its scale and magnitude growing exponentially, as noted by Olaleye Amupitan in 1981.

In the aforementioned article, the author examines the hindrances to the expansion of the banking system. The investigation reveals that banks have implemented additional measures to ensure the authenticity of cheques due to the prevalent occurrence of fraud and forgery. Consequently, banks incur a daily financial loss of N1.5 million as a result of these fraudulent activities. Adegbites (1996), in a separate publication on the cash economy phenomenon, similarly observes that fraud has evolved to such an extent that forged cheques now closely resemble their genuine counterparts.

In an effort to mitigate the prevalence and velocity of fraudulent activities within their institutions, banks have implemented effective preventive measures, such as the provision of computerised machines for the processing of checks issued against their clients' accounts.

According to Femi Adekaye (1998), in his essay, it has been observed that consumers in Nigeria banks spend a minimum of around two hours in the banking hall in order to withdraw their funds. The duration of the verification procedure is considerable, resulting in a scenario where the consumer may experience frustration and potentially fall asleep before the cheque is approved for payment by the cashier. However, the utilisation of computers has effectively resolved these aforementioned issues.

****COMPUTER AS A POWERFUL AND VERSATILE MECHINE.****

It has a memory that enables it to recall past events and instructions.

It can store large volumes of data and information.

It can perform complex calculations to very high degrees of accuracy.

It is generally very fast since it has very few moving parts.

As a result of all these I considered it worth while to involves the use of computer in the detection and prevention of frauds in Nigeria banking industry.

**1.5 RESEARCH QUESTIONS**

i.  Has the computer contributed immensely to the development of Nigeria banking industry?

ii. Are electronic computers used by the Nigeria banks to detail fraudulent activities. Such as teaming and lading; foreign exchange fraud; forged bank document and so on?

Iii. Do computers sometimes incur errors whiles doing the work of fraud direction in banks?

iv. Has the electronic Computers revolutionalised the banking industry, since they (the computer) quicker the banking processes; reduces job / work stress; and brought professionalism in banks?

**1.6 RESEARCH HYPOTHESES**

Ho1:  The computer has not contributed immensely to the development of Nigeria banking industry.

Ho2: The electronic computers are not used by the Nigeria banks to detail fraudulent activities. Such as teaming and lading; foreign exchange fraud; forged bank document and so on.

Ho3: The computers sometimes does not incur errors whiles doing the work of fraud direction in banks.

Ho4: The electronic Computers has not revolutionalised the banking industry, since they (the computer) quicker the banking processes; reduces job / work stress; and brought professionalism in banks.

****1.7       DEFINITION OF TERMS****

Computer is a machine that accepts data, processes the data and provides the result as information in the required from provided that appropriate data is fed, into it. Essentially, computer is designed to perform their three logic operation Viz; acceptance of data (input) processing of data result production (out-put).

Fraud means receiving illegally in order to make money or obtain goods. It can also be defined as a conscious or deliberate effort aimed at obtaining unlawful financial advantage at the detriment of another person. This lettered word “FRAUD” has been the Smanor cause of the ugly development in our banks now, in the name of “DISTRIES” “DISTRESS”.

Software is defined as data, programmes, not formerly part of a computer but used for its operation, it means anything that is not hardware such as programmes language manual and documentation is also refers as structural instruction resident in the computer which enable it to execute as a physical devices that makes up the specific operation. Hardware: is defined as a physical devices that makes up the computer system. Central processing unit. Is the brain/heart of the computer, it is the controlling centre of the entire data processing systems.

KEY BOARD. Is defined as input through which data and, intruction are fed and received

**CHAPTER TWO**

**REVIEW OF RELATED LITERATURE**

**2.1 INTRODUCTION**

Our focus in this chapter is to critically examine relevant literature that would assist in explaining the research problem and furthermore recognize the efforts of scholars who had previously contributed immensely to similar research. The chapter intends to deepen the understanding of the study and close the perceived gaps.

Precisely, the chapter will be considered in three sub-headings:

* Conceptual Framework
* Theoretical Framework

**2.2 CONCEPTUAL FRAMEWORK**

**2.2.1 Concept of Computer**

**The Evolution of Computer**

According to Eze, B. [1999] in his lecture monograph, computer systems evolved as a respond to the problem solving requirement of mankind. The remarkable human characteristics of problems solving ability has not only shaped the evolution of the computer but all of civilization problem solving is an integral part of what we may call the “creative human process”. In simple terms, the process can be described as follows:

i.First and foremost, we are confronted with a problem.

ii.Out of creative thinking comes a tool to solve this problem.

iii.Finally, as knowledge and use of the tool become widespread others improve upon the tool and expand its use.

The development of computers has followed a similar path throughout the history of computing, mankind have had the tasks of performing time consuming tedious and difficult numerical calculations. One of the first mechanical devise was the Abacus, developed by the Chinese as early as 5000 B.C. In 1642, Braise Pascal [19 years old] developed Pascal‟s calculating machine. In 1967, Gottfried Wilhelm Leibniz developed a calculating device that could automatically divide and multiply. Two of the most significant developments in mechanical devices were made of Charles Babbage. He designed the different engine in 1822 and worked on the Analytical engine in the 1930‟s. Although these devices were not built during his lifetime, the principles he developed could be seen in today‟s computer system. In 1887, Herman Hollerith developed a tabulating machine that was used to tabulate the 1890 census in USA. Later the company formed International Business Machines [IBM]. The MARK I was the beginning of the computer age. This electromechancial device was device was developed by Howard Aiken along eight engineers from IBM in 1937, other early computing devices includes the Electronic Numerical Integrator and Calculator [ENIAC] an the Electronic Discrete Variable Automatic Computer [EDVAC] (Cofferamn 1982).

FIRST GENERATION – The first generation of computers started in 1951 with the introduction of the universal automatic computer 1 [UNIVAC 1]. This computer like all the computers of the first generation, used vacuum tubes and were mostly programmed in machine language. They wee large in size, generated a lot of heat, failed frequently, had low capacity internal storage, low processing speed and various models were not located.

SECOND GENERATION – The second generation computers using transistors instead of tubes dominated the period from 1959to 1965. Transistors were smaller, faster, and more reliable and produces far computer brought about the use of Magnetic tape and disks and the common use of high level language such as **FORMULA TRANSLATION [FORTRAN]** developed in 1957 and the common Business Oriented Language [COBOL] developed in 1961.

**Third Generation** –This brought about the integrated circuit, a complete electronic circuit on a silicon chip which replaced the transitory circuitry. It brought about multiprogramming and time sharing [people using the same computer simultaneously] and also the production of operations systems, a type of system software which increased rapidly by the early 1970‟s minicomputers were widely used.

**Fourth Generation** – In 1971, the first electronic computers were introduced that used large scale integrated [LSI] circuits- thousands of integrated circuits on a hip for main memory and logic circuitry. This period brought increase used of input devices that allowed data and instruction to be entered directly through the keyboard.

**Fifth Generation** –These area microcomputers with faster operating speeds, greater processing capacity and virtually unlimited memory. The fifth generation computers are believed to have circuitry based on gallium arsenide. Gallium arsenide offers a five fold speed increase and only one length of the powered that silicon uses.

**The Basic Elements Of a Computer System**

The electronic digital computer system can be divided into Hardware and Software. The Hardware are the physical components and devices which make up the visible computer. It can be divided into two: Central Processing Units [CPU] and the peripherals. The CPU is responsible for the processing functions of the computer while the peripherals are responsible for feeding data into the system and for collection information from the system. The Central Processing Unit [CPU] consists of the main storage, Arithmetic and Logical Unit [ALU] and Control Unit [CU].

* **The Control Unit**

This unit sequences the operation of the computer system and this has been described as “the nerve centre of the computer”. The prime function of this unit is to interpreter instructions stored in memory and give signals to the rest of the computer system, various functions to be performed. The computer system can monitor the various section of the machine through the medium of the console or keyboard.

* **The Memory**

The memory stores data to be processed as well as that upon completion of operation. The memory can be divided into internal and external storage capacities. The internal devices are used by the computer to store data while these data are being operated upon by the system. The external storage refers to those facilities not forming part of the computers immediate access storage but which can be attached to the system. The latter is used to contain information. They include magnetic tapes, thin film. The primary memory is used to store data and instruction [program] needed for immediate processing. Also after a particular job has been processed the resulting information is stored back in the memory before the result is transmitted back to us through another medium at the rate that we can comprehend. Primary memory is also referred to as core memory because earlier computers made use of core materials like ferrite core as their memory. At present semi conductors are used for primary memories like silicon.

There are two types of semi conductor memories, volatile [dynamic] memory which lose its information when power is switched off and the non volatile or static memory which retain its information when power is switched off.

* **Arithematic/Logic Units [Alu]**

This device performs arithmetical operations such as additions, multiplications and logical operation. The logical sector of the unit provides the decision making capability of the computer and negative data. The unit has a number of registers, the memory registers, the accumulator registers, the shift registers, adders and compare registers.

* **The Peripherials**

The peripheral devices consist of the input/output devices and the auxiliary storage devices. We use them as interface in translating the familiar symbols of language easily readable into binary patterns that can be handled electronically within the central processing unit.

* **The Input Unit**

Input unit uses punched cards, cards reader, perforated paper tape etc to achieve its objectives. The accuracy of output from a computer system will depend in the first place on the accuracy of the data that was fed into it. Hence the phrase “Garbage in, Garbage out” is generally used to address the situation. The development of interactive terminal systems facilitates the integration into computer aided accounting information system include voice input and touch input systems. Voice inputs system find application on jobs where the user literally has his or her hands full. Touch-sensitive screens and data pads have also been developed. Current applications include selection and processing options and computer assisted design. As terminal use in support of executive decision making becomes more common, this type of input may be used in connection with the Accounting Information system data-base.

* **Output Unit**

Computer output must provide accurate, timely and relevant information to its intended users. It must also be easily understood and readily available if it is to be effectively. Early computer systems had one answer to all output requirements which is the hard copy from an impact printer. More modern systems provide a variety of capabilities that permit users to tailor output to its intended use. We would consider the three approaches commonly use in the Accounting Information System, printers, visual displays and output to micro film.

**2.2.2 Concept of Banking**

**Banking Industry**

The banking industry in Nigeria comprises of the commercial banks, the merchant banks and the development bank. At the apex of the industry is the central bank of Nigeria (CBN). The commercial banks provides services like acceptance of deposits, granting of short and (very recently) medium term loans to customers, safe-keeping of valuables, offering of pieces of advice to investors etc. The merchant bank on the other hand provide medium and long-term loans etc. The development banks services the development activities by making available about medium and long-term finances for this purpose. The central bank functions regulate the activities of these banks.

Easily, we can point at a member of factors that may be contributing to the unhealthiness and instability in the banking sector. Such factors as unstable macro-economic and fiscal policies, unethical and unprofessional practices, as well as inadequate supervisory activities, rank high on the scale. Developments in the Nigerian political economy since the mid 80s have greatly led to changes in the structure and art of banking. The period witnessed the proliferation of banks and other financial institutions. From CBN annual report (1994), there were 66 (sixty-six) commercial banks and 54 fifty-four) Merchant banks in Nigeria. According to the CBN diary 2003, as at June 2002, we had the following licensed financial institution 89 (eighty-nine) commercial and Merchant banks, 6 (six) development finance institutions, 97 (ninety-seven), finance companies and 125 (one hundred and twenty five) Bureau de change companies in Nigeria.

**Historical Development Of Nigeria Banking System**

Ezigbo [2001] noted that the first commercial bank in Nigeria [the Africa banking corporation] was established in 1982 by Elder Dempster and Co, a shipping firm based in Liverpool, England. The establishment of another bank in Lagos Nigeria called the British bank of West Africa [BBWA] was in 1894. Other branches of [BBWA] were opened in Accra, Freetown and Bathurst all in West African. In 1988, the Royal Niger Company [now UAC] established another bank called Anglo African bank in old Calabar to complete with the British bank of West Africa [BBWA]. Later the bank changed its name ot bank to Nigeria and however, due to fierce competition, the bank sold out to [BBWA] in 1912. The Barclays Bank DCO [Dominions Colonial and Overseas] opened its first branch in Lagos Nigeria in 1917, now known as Union Bank. However, in 1949 another expatriate bank called the British and French bank now known as UBA was established.

Ezigbo C.A [2001], also noted in her book that a handful of patriotic Nigerians in 1929 established the industrial and commercial bank, an indigenous bank in an effort to break the foreign monopoly in the banking industry. However, the bank folded up in 1930 due to aggressive competition from the expatriate banks, under capitalization and poor management.

Thus another indigenous bank called the Nigeria Mercantile bank was established in 1931 with more courage and planning, it became the firs successful indigenous bank in Nigeria. Next to this was the Agbonmagbe bank founded by Chief Okupe in 1945. in 1969, the bank was taken over by the Western State government and its name was changed to Wema Bank. The African continental Bank limited which commenced operations in 1948 was the second successful indigenous bank it was founded by Dr. Nnamdi Azikiwe. Bank failures were partly due to absence of regulatory measures for the establishment and control of banks at that time.

Ekezie E.S [1995] asserts that the establishment of the central Bank of Nigeria in 1958 fostered government effort to harness the activities of the commercial bank for development.

The government control over the activities of these banks and economy was strengthened further by the banking [Amendment] Act [cap 19 of 1962. This act attempted to remove loopholes in the formulation of the previous banking acts and also promoted the instrument of monetary control of the central including banks. Thus, it was made mandatory for all companies including banks operating in Nigeria to be incorporated in Nigeria through the enactment of the companies‟ decree of 1968. The banking decree of 1969 Supra, further strengthened the control by requiring banks to render to the control bank certain periodic returns. However, the enactment of the Nigerian enterprises promotion decree of 1972 to 1977, Supra, completed the host of banking and other legislation as regards the operations of the banking industry.

**Banking In Nigeria**

As a result of the increased demand for customers deposits, Nigeria banks especially the new generation banks, have realized the importance of good and prompt customers services. Also due to the fact that some customers lost their deposits in the erstwhile technically-insolvent or distressed banks, customers have now become wiser, more discerning, alert and sophisticated with regards to choosing where it is safe to put their money and where they would be served promptly, preferable in a pleasant courteous and friendly environment. Thus, they have started looking at the level of service and professionalism of the banks before depositing their funds. Proximity to the banks is no longer the issue, safety and the level of service with regards to quality, speed and efficiency has become the major imperative [Alu, 2002].

Idowu, P. [2000] asserted that on the part of the banks, they have realized that one way in which they can provide quality service is through the use of technology. Hence, there is a growing rate of adopting new technologies in Nigeria banking operations.

Moreover, there is growing evidence that customers have started associating quality of service in a bank with the bank possession of an online, real time system. In fact possession of such a system is now judged to be the sine qua non of a high quality banking service in Nigeria. So far a bank to be perceived as providing high quality service that banks has to have an Information Technology [IT] system, which it uses to deliver services to customers in a more timely, friendly and considerate manner at no extra cost to the customers.

**The Role Of Banks In Economic Development**

It is widely acclaimed that banking system in particular and the financial system in general, play crucial role in economic development. By mobilizing savings and channeling them for investments especially in the real sectors, the banking system, increases the quantum of goods and services produced in the economy thus, national output increases and the level of employment improves. At a broad levels of generalization, empirical studies have established strong evidence of a positive correlation between real growth of output and bank assets (Adelman and Morris, 1967; Goldsmith, 1969; Cameron, 1972; McKinnon, 1973; Gurley and Shaw, 1976; Geffen and Rose, 1991; Levine, 1992 among others).

Needless to say that the banking system is able to play the positive role only if it is functioning efficiently. However, if it is repressed or distressed, in efficient and incapable o providing timely and quality services, the banking system could become a major hindrance to economic growth and development as observed by Cameron (1972) and McKinnon (1973). It is for this reason that governments the world over take keen interest in the performance of their financial system and would like to see the system being “supply – leading” and therefore catalystic for industrialization and development. This was particularly the case in Germany and Japan as reported by Patrick and Cameron (1967).

Government’s interest in the banking sector is usually aimed at ensuring a safe and sound system were depositors and consumers are protected so as to ensure monetary stability (Spong, 2009). Also, government through in laws, policies and regulatory institution exclusively regulates banks in order to minimize bank and cost of failure (Dale, 1984).

However, in spite of government’s efforts to protect the financial system, especially the banking sub – sector, failures do occur.

The failures have had serious implications for the financial system and by extension, the economy (NDIC, 1998). A generalized state of banking distress is expected to retard the economy’s rate of capital formation, reduce the level of employment and lower output, largely because banks will be unable to excess financial resources and put them at the disposal of the deficit economic units for increased consumption and output.

Recent macroeconomic statistics in Nigeria support these claims: real GDP growth was 2.3% in 1993, 1.3% in 1994 and 2.17% in 1995. Similarly, manufacturing capability utilization fell from 37.2% in 1993 to 30.4% in 1994 and 27.9% in 1995. While the number of distressed banks for the corresponding period was 38 in 1993; 45 in 1994 and 60 for 1996 (NDIC, 1998). Also, securities issued by banks to fund owners become less attractive in the event of widespread insolvency, thereby increasing the holders’ risk exposure and also making them lose confidence in banking system. This clearly undermines the development of a good banking culture.

Another serious danger posed by generalized distress among banks is the threat to the development of an efficient payment mechanism. Settlement of transaction becomes predominantly cash – based with its associated risk. Also, the effectiveness of monetary policy is reduced in direct proportion to the extent of loss of confidence in the banking system as reflected in the instability that would characterize the demand for money and the proportion of money in circulation that would be outside the banking system as banks are no longer seen as safe depositories. In Nigeria today, more than 50% of money supply is estimated to be outside the banking system (NDIC, 2008).

According to Utomi (2002), 80% of the country’s money never passes through a bank. Until the 1990s, the figure was 90%. Many Nigerians prefer it that way.

Ede (2002) said, “in an age when electronic commerce drives the world’s economies, Nigerian banks remain “inhospitable” behemoths whose customers spend hours or days to get the simplest transactions completed”. As a result, many Nigerians squirrel away naira notes at home, preferring to risk armed break – in rather than face exorbitant transaction fees.

**Organization Of The Bank**

Banking is unique in every business. For one thing, it is a business built largely on trust and as a result requires high level of integrity and moral probity on the part of operators for it to thrive in a sustainable manner. Until banking boom of the’ eighties and early nineties, bankers were looked upon as embodiment of honesty and candour and were highly respected in the society. Bankers were always called upon to give references on individuals going in for critical positions in government and even international agencies. One cannot conveniently say that bankers of today meet these societal expectations.

Cases of fraud appear rampant in today’s banking and these are seriously threatening the essence of the business. There is a general belief that large scale frauds cannot succeed without an insider role and that raises the question as to what kind of staff banks harbor in their employment The nature of banking business requires banks to not only know their customers but also their employees. A bank is a financial institution that accepts deposits and channels those deposits into lending activities. Banks primarily provide financial services to customers while enriching investors. Government restrictions on financial activities by banks vary over time and location. Banks are important players in financial markets and offer services such as investment funds and loans. Also, a bank is an organization, usually a corporation, chartered by a state or federal government, which does most of all the following: receives demand deposits and time deposits, honors instruments drawn on them, and pays interest on them; discounts notes, makes loans and invests in securities; collects checks, drafts and issues drafts and cashiex’s check. Sayers R. (1979) defined a bank as “institutions whose debts usually rererred to as bank deposits are commonly accepted in final settlement of other debts”.Drover and Bostey (1972) contended that “a bankers business is to receive money from his customers and to collect instruments representing money from his.custorners on the understanding that he will refund all moneys received or collected either on demand or at some definite date agreed upon between him and his customers”. The Bill of Exchange Act of 1882 defined a banker as a body of persons, whether incorporated or not, who carry on the business banking. The banking act defined a deposit taking institution which is recognized as a bank by the bank of England for the purpose of the banking act 1979.

From the foregoing, it could be concluded that before an institution is regarded as a bank in the United Kingdom, the principal aspect of its business must consist of receiving money for the credit of a current account, which the depositor could withdraw on demand by cheque. In modem banking where banks have become financial super markets providing a wide variety of services, the above definition will certainly not suffice. Fortunately, this opinion appears to have received official support m Nigeria.

**THE APPLICATION OF COMPUTER TO BANKING OPERATION**

The introduction and application of the computer based system in banking operation is a recent development which evolved a system, which gathers analysis and processes information suing electronic data processing equipment. The issue of the computer based system cannot be dealt with in isolation without mentioning information technology.

Information Technology [IT] can be defined as the modern handling of information by electronic means which involves its access, storage, processing, and transportation or transfer and delivery. [Ige, 1995].

According to Goddy Nwosu, writing for the Populi bank news letter of African Continental bank Ltd.

“The greatest innovation that many banks have to tackle this centre is the introduction of computer” what could be regarded as the computer revolution in the banking industry. Still talking on the computer revolution in banking industry Ray Vine a senior general manger of Barclays bank of the United kingdom [1984] asserts that with the quiet revolution that by the end of the century, new technology would have brought o end the branch network system in the United Kingdom as we know it today, this new technology he called the computer”.

So many writers have attributed this quiet revolution to the inefficiency of manual operation, the rising cost of manual operations, the complexity involved in the use of manual information storage of paper work.

Clifford, G. [1984] states that, the rising cost and ever increasing volume of paper work have forced banks in the wealthy countries of the world to mechanize their services and make use of machinery to try and replace the old style.” In many banks, the clerical workload was boring and monotonous in nature and therefore becomes a labour of administrative drudgery. When automation and computer were first introduced into banking. It was seen as a way of helping out but it has gradually developed a momentum of its own and banks are now struggling to meet up with automated banking at the same time making sure that it does not destroy the individual of the banks or their relationship with their customers.

The computer as already defined is an electronic device which stores information. According to “Populi bank news letter of African Continental Bank Limited [page 28] writing on the impact of computers asset that “computer has the ability to increase transmission, processing and reproduction speeds”.

In analyzing the impact of computer to our banks an economist Akinsanya(2000), a principal computer manager for West African Examination Council on the myths and realities of computer” [page 4] state that “computer has started having a positive impact on the economic development of Nigeria”. It is therefore obvious that computer is relevant to the development of Nigeria economy.

The computer has the ability to reduce the need for manpower is our banks, reduce storage space requirements and automatically handle intermediate steps in data processing with less manual interferences. The major problem of computerization in banking industries is his perception of the idea by the idea by the staff the introduction of new system into an organization which brings the prospect of change of any sort, would seldom be received with enthusiasm by the staff.

The reaction of staff will generally be a mixed one in the words of Olukolade (1992) writing on computerization in banks states that: naturally there was much fear among the staff of banks when the idea of computerizing of that sector of the economy was initially initiated”. However, his fear among members of staff might have arisen out of the misconception that the new system will streamline the existing activities and thus present an implied threat to redundancy. What is however not observed is that computer will take over much routine and repetitive work previously performed within the banking industry. The consequences of these would be a reduction in administration costs and staff level.

Efficiency is another aspect of banking, which would be improved by the introduction of computers. It is generally held by specialists what the introduction computers general cost involved in rendering services would reduce considerably. A reduction in cost, leads to increase inefficiency and this also affects the quality of services to bank customers.

Collins [1996] asserts that computerization has increased the efficiency of running bank services, costs have been cut down and quality of services improved. Another aspect of banking which has been affected positively by the introduction of computers is the reduction in workload. In this respect, the workload usually handled by staff of banks is greatly reduced, routine and monotonous aspects of the work are eliminated. It has been argued that this reduction in workload tends to make the staff lazy. The argument is based on the fact that computer introduces a kind of leisure.

O‟Brien [2000] says that information of computers should be seen as a necessary tool in our bank because of the positive effect it exerts in our banks.

**2.2.3 Concept of Fraud**

**Definition Of Fraud**

Oxford Advanced Learners’ Dictionary (6ed) defines fraud as the crime of deceiving somebody in order to get money or goods illegally. Oxford Dictionary of finance and Banking defmed fraud as a false representation by means of statement or conduct, in order to gain a material advantage. Adewunmi (1999) described fraud as. a conscious premeditated action of a person or group of persons with the intention of altering the truth or facts for selfish personal monetary gain. He said this involves the use of deceit and trick and sometimes, high intelligent cunning and know-how. This action usually takes the form of forgery, falsification of document and authorizing an outstanding theft. Akande in a seminar paper entitled “The psychology of a fraudster” defined fraud as an intentional perversion of the truth in order to induce another to part with something of value or surrender a legal right of a particular title.

Ovuakporie (1994:23) defined fraud as any activity that amounts to dishonest and\or unfair dealing. In legal terms, fraud has been defined as the act of depriving a person dishonestly of something to which he is or would or might be entitled if not for the perpetration of fraud.

Radzinowicz and Wolgang (1997) states that fraud is an illegal act characterized by guilt, deceit and concealment.

Olufidipe (1994) defmecl fraud as “Deceit or trickery deliberately practiced in other to gain some advantage dishonesty.” Fraud means an act of dishonesty, decei and imposture (Alashi 1994)

Adwunrni; Adekanye; and Ojigbede (1986) agreed that fraud is an action which involves the use of deceit and tricks to alter the truth so as to deprive a person of something, which is his or something to which he might have entitled. The International Auditing Guidelines refer to frauds as irregularities involving the use of deceits to obtain an illegal or unjust advantage.

According to Kirkpatrick (1985), “a person who pretends to be something that he is not, is a fraud, a snare, a deceptive, trick, cheat and a swindler. By extension fraud will include embezzlement, theft or any attempt to steal or unlawful obtain, misuse or harm the assets of bank (Bank Administration Institute 1989).

Wells (2004) described fraud as something that encompasses any crime for again that uses deception as its principal modus operandus. He further mentioned three ways to illegally relieve a victim of his money which include force, trickery or larceny (stealing). All these offenses boil down to fraud. In his own view, for fraud to exist, there must be damage, usually in terms of to the victim. Under the common law, a material of false statement, knowledge that the statement was false when it was uttered, reliance on the false statement by the victim and damages as a result must be present for a fraud to exist.

The new lexion Webster’s dictionary defmes fraud as the use of deception for unlaw.il gain or unjust advantage of something that constitutes a criminal deception. Other definitions of fraud between organizations and jurisdictions include:

Willful perversion of the truth made with the intent to deceive and resulting in actual or potential prejudice to another inducing a course of action by deceit or other dishonest conduct, involving acts or omissions or the making of false statements, orally or in writing, with the object of obtaining money or other benefit from, or of evading a liability to, the Commonwealth

Fraud is the crime of falsification and with fraudulent intent of making or altering writing documents or other instruments.

Fraud is theft through lying or persuasion. When someone steals your property, he commits theft. The fraudster however persuades you to part with your property. Fraud also involves deceit, trickery\ sharp practice or breach of confidence by which it is sought to gain some unfair or dishonest advantage.

United Kingdom financial services act (1980:2 1) also defmed fraud as irregularity involving the use of criminal deception to obtain an unjust or illegal advantage to the detriment of another. Perry (1979) and Fagbemi (1986) agreed that fraud borders on act or course which is dishonest and deceptive, designed by the perpetrator to unlawfully or unfairly profit from the arrangement(s).

in English law, fraud is a general term for any instance in which one part deceives or takes unfair advantage of another. Fraud in addition to being a criminal act is also a type of civil law violation known as TORT. A tort is a civil wrong for which the law provides a remedy. Any means used by one person to deceive another may be fraud. For example, if a person represents himself as the agent of a business with which he is unconnected and causes another to make a contract to the other party’s disadvantage or injury, the first party is guilty of fraud. Furthermore, in making a contract, a person obtains an unjust advantage because of the youth, defective mental capacity or intoxicated condition of the other party to the contract; he is also guilty of fraud. A business is guilty of fraud if its trading intends to defraud creditors. Fraud has been variously defined but according to Akoroda (2004) each definition has two main ingredients, namely, dishonest intention and unlawful benefit to the perpetrator to the detriment of the defrauded person. From the above comments, fraud can be defined as the act of getting something from another person through dishonest means, abuse of office or betrayal of confidence to benefit the perpetrator but to the detriment of the genuine owner of that thing.

The term ‘Fraud’ has been defined in different ways by different scholars and authors. According to the Collins English Dictionary, fraud can be defined as: "deceit, trickery, sharp practice, or breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage". Also, the Association of Certified Fraud Examiners defines fraud as “any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent on the application of threat of violence or of physical force”. Frauds are perpetrated by individuals and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.

Awe (2005) define fraud as the intentional alteration of records accompanied by the defalcation of asset in order to deceive certain group of people for the benefit of the perpetrator. Although not all fraud are accompanied by the defalcation of asset but majority of frauds perpetrated by low and middle officers normally involve the defalcation of asset. According to KirkPatrick (1985), fraud means an act of dishonest, deceit and imposture. A person who pretend to be what he’s not is a fraud, a snare a deceptive trick and a cheat. Fraud covers a range of irregularities and illegal acts characterized by intentional deception. It can be perpetrated for the benefit of or to the detriment of the organization and by persons outside as well as inside the organization. It can also be described as diverse means used by resourceful people to get an advantage over another by suppressing the truth, trickery misinformation, false suggestions, cunning, deceit, and other methods by which to cheat. By extension, fraud is clued embezzlement, theft, or any attempt to steal or unlawfully obtain the assets of Ministrys (see also Ministry Administration Institute 1989). Employees, customers, in conjunction with others within and outside the Ministry can commit fraud. Frauds are not new in Ministrys; they are as old as the industry itself. Therefore, it is not surprising when it is realized that many Nigerians have chosen to become a sudden millionaires by engaged themselves in all sort of manna and activities that is constitutionally and traditionally wrong all in the name of becoming millionaire overnight, as a result of this fraudsters launch different attack on the Ministry with the wrong notion that the Ministrying industry is one of the most buoyant and the most profitable sector of economy. It is believe that the Ministrys make a lot of profit annually and is always liquid. Consequently, any amount of financial loss to Ministry will not materially affects its operation/existence however, this is not correct, because the published accounts of some Ministrys show that some of their Ministrys cannot even fully provide for losses sustained through fraud in their accounts. In view of this, management control systems aimed at preventing fraud and reducing fraud to its beeriest minimum.

In England Wales and Northern Ireland, the fraud laws were overhauled by the fraud Act 2006 which came into force in 2007. It introduced a statutory definition of fraud, separating it into three classes. These are:

1.Fraud by false representation: where a person makes a representation as to fact or law, express or implied which they know to be untrue or misleading.

2. Fraud by failing to disclose information: where someone fails to disclose any information to the third party when they are under a legal duty to do so.

3.Fraud by abuse of position- where a person who should have been safeguarding the financial interests of another abuses that position

For each offence to be proven, the fraudster must have been acting dishonestly with the intent of making a gain for themselves or anyone else, or inflicting a loss (or a risk of loss) on another.

In a broad strokes definition, fraud is a deliberate misrepresentation which causes another person to suffer damages, usually monetary losses. Most people consider the act of lying to be fraudulent, but in a legal sense, lying is only small element of fraud. From the forgoing, it is evident that fraud has to do with the employment of distorted facts to gain access to what belongs to another.

Fraud perpetrated by members of bank staff with or without the assistance of persons not employed by the bank is referred to as internal fraud. Fraud perpetrated by non-employees, with or without the assistance of bank staff is called external fraud. In internal fraud, a fraudulent person therefore is someone who uses tricks or deceit to acquire property or secure benefits to the detriment of his employer (the banks). Many bank employees who engage in frauds from means possible to conceal their acts by either destroying the relevant documents or ensuring that they remain in the same position for several years.

**Forms Of Fraud**

There are several types of bank frauds, as there are several different sizes of banks. Frauds in banks vary widely in nature, character and method of perpetration. The list of fraud is in exhaustive as new methods are devised with time. However, most types of bank fraud include the following:

1. Mail fraud: this is a process whereby the content of a duly authorized mail originated in a bank is converted to the benefit of illegitimate recipient. Once the mail is altered, the benefit there from is switched to the fraudulent person.
2. Forgery: this is the act of forgoing customer’s signature to draw money fraudulently from the customer’s account; forgoing other employees’ signatures for fraudulent transfer of funds from one account to another or for fraudulent withdrawal of funds from a customer’s account. The forgery can be cheques, certificate of investments, will of a dead person and other payment instruments. Experience has shown that most forgeries are preempted by inside staff or by outsiders in collusion with the inside staff who live access to the specimen signature being forged.
3. Defalcation: this is the act alteration of deposit vouchers by either the bank cashier or depositor’s agent with the intention to steal another person’s bank customer’s money from his account or deposits. This act is outright removal of some pieces of currency notes from the wrappers by cashiers before wrappers are paid out to customers. This type of bank fraud takes time before it is discovered, because it is neatly perpetrated. It is uncovered by customers during account or cash reconciliation.
4. Teeming and lading: this is the suppression of cash or cheque lodgments or withdrawals of customers by th.e cashier, teller or an officer of a bank. A type of suppression could be hiding third parties cheques drawn on a customer’s account when the customer has no sufficient funds to accommodate such drawings. The rectification is done with subsequent lodgrnent either from the same customer of from another customer. Another type of suppression is a customer’s surplus deposit which the receiving cashier deliberately refused to declare. The objective of the fraudster is to convert the funds which belong to a customer or lodger to his own use.
5. Cheque kitting and cross firm . cheque kitting is the use of illegal or dud cheque to obtain money. It could be the use of dud cheque drawn on one branch of a bank and lodged in another branch of the same bank to obtain unauthorized credit. Due to the immediate credit usually accorded such in- house cheques, a quick withdrawal could be made before the funds are credited. Another one is a situation where bank customer issued a cheque from his account with a bank to another bank where he has an account but without sufficient funds in the account with the drawee bank to carry the cheque but hopes to utilize the time required for a cheque to clear to obtain unauthorized credit interest charge time from the bank he deposited the cheque. Then, the bank manager gives him funds based on the understanding that funds will soon be made available into his account from the drawee bank. The role of the kiter may be to use these uncollected funds for personal use. Cross firing on the other hand is a method used by customers to create fictitious or inflated turnover. It is a process whereby a cheque is drawn on one branch of bank and lodged in another branch of the same bank, Just to beef-up turnover. Cheque fielding is also the use of stolen cheque to obtain cash or goods from supplier.
6. Advanced fee fraud (419): this may involve an agent approaching a bank or staff of a bank with an offer to access large funds at a very favorable term. The purported or actual source of such funds is not specifically disclosed or identified but mention will be made of oil-rich sheikhs, funds based on South Africa Gold or other influential names. The only way to have access tQ these funds is through the agent who must receive a fee or commission in advance. As soon as the agent collects the fee, he disappears into thin air and the money is never made available. Any bank, especially the distressed banks and banks that need huge funds to bid for foreign exchange can easily fall victim of this type of fraud.
7. Payment against unclear effects: this is the act of giving direct credit to bank customers against an instrument that is yet to crystallize into cash. This type of fraud is common with branch managers and other credit officers. When such instruments which have already been paid against by the presenting bank at the clearing house, are eventually dishonored by the paying bank, and returned unpaid, the customer’s account will be debited with the sum already paid and the debt will crystallize.

8. Unauthorized lending: any lending that does not agree with laid down rules and regulations of the bank or does not receive prior approval of line superior is fraudulent whether the lending is only for few hours or for a longer period. This type of fraud is common among branch managers and credit officers. In essence, granting of bank facilities without security and verifiable accounting information is also unauthorized lending and it is &audulent.

9. Presentation of Cloned Cheques: Lodgement of falsified cheques for purpose of obtaining value.

10. Abuse of Suspense Accounts: Posting of fraudulent entries into suspense accounts with the aim of concealing information.

11. Dry Posting: Entries not supported by approved vouchers or documents. 12. Impersonation: impersonation by third party to fraudulently obtain cheque-

book that he utilizes in making illegal withdrawals forms another type of fraud.

1. Success in this method largely depends on the ease of obtaining the stolen cheques and the careless of the banks in detecting forged documents.
2. Foreign Exchange operations fraud: this has been noticed to be a fertile ground for sharp practices. Such practices have been observed to take the following forms: Banks may sell forex at a premium, which is usually more than the percentage mark up stipulated by the central bank;

l4. llegal transfer of forex by banks, which is personally utilized by the members of the board and or management team; Bank’s funds from forex market (FEM) are usually used by some bank directors for private purposes that are not allowed officially; Sale of repatriated forex in the black market and diversion of exports proceeds etc.

**Other Types Of Fraud Include:**

* Armed Robbery attack on branches during business hours arising from information provided through GSM phones on current situation in the banking hail;
* Armed robbery attack on cash in transit arising from inadequate security of safes in the bullion vehicles;
* Armed robbery attack on cash in transit arising from collusion between cash; movement staff and armed robbers; Forgery of foreign not domiciled drafts with spurious accompanying documents.
* false processing and abuse of Business Travel Allowance (BTA) applications with forged documents- raising of spurious vouchers and illegal cash advances

**Causes Of Fraud**

1. General Lust for Affluence: it is a matter of fact that the Nigerian society in the last twenty years or there-about has become one where most people want to be rich overnight by whatever means and this has been responsible for the increase in the number of bank fraud and other forms of frauds.
2. Recognition Being Accorded Wealthy People Regardless of the Source(s) of Ther Wealth: the manner in which we recognize wealthy people in our various communities, churches and mosques without considering the source(s) of their wealth has even made the matter worse .Young and talented men and women engage in drug trafficking and in committing frauds because our society do not only condone these but also encourage them by singing songs of praise in their honor, making them chairmen at functions, naming halls in universities, Street and highway after them even floating nongovernmental organizations in their names. Our national awards like CON, MFR, GCRN, and MON just to mention but a few are sometimes wrongly awarded to those who defrauded Nigerian banks.

3. General Belief That the Economy (banks and other fnancia1 institutions) Can Sustain Any Amount of loss: the attack on the nation’s treasury and banks by fraudsters is partly due to the belief by many Nigerians that the banking sector is the most profitable sector of the economy and that the nation’s wealth is inexhaustible and sometimes they see it as part of the national cake. Anybody with a little knowledge of Economics or Finance should know that banks are trading on equity which means they are using other peoples’ money to make money and depositors’ monies are not theirs. They can only sustain themselves by making profit after all banking business is all about risk.

**Causes of Bank Fraud**

According to Adewunmi (1986), causes of fraud can be categorized into two that is: institutional factors and environmental societal factors. He further categorized societal environmental factors into socio economic lapses/inadequacies.

1. Institutional Factors

According to Nwaze (2008), the institutional factor or causes are those that can be traced to internal environment of the organization. They are to a great extent factors within the control of the management of the bank. A major institutional cause of fraud is poor management. This comes in form of inadequate supervision. A junior staff with fraudulent tendencies that is not adequately supervised would get the impression that the environment is safe for the perpetration of fraud. Poor management would also manifest in ineffective policies and procedures, which a fraudulent minded operator in the system will capitalize on. Even where there are effective policies and procedures in place, fraud could still occur with sometimes deliberate skipping of these tested policies and procedures.

Inexperienced operators are susceptible to committing unintentional fraud by falling for numerous tricks of fraudsters. An inexperienced operator is unlikely to notice any fraud attempts and take necessary precautionary measures to checkmate the fraudster or set the detection process in motion. Overstretching is another reflection of poor management. This can aid perpetration of fraud to a large extent. A staff that is overstretched is not likely to perform at optimum level of efficiency. Ordinarily, the longer a man stays on the job, the more proficient he is likely to be. An operator who has spent so long on a particular job may be encouraged to think that no one else can uncover his fraud. The existence of this kind of situation in a bank is clear evidence of poor management and such situations encourage fraudulent practices.

Poor salaries and poor conditions of service can also cause and encourage fraud. Employees that are poorly paid are often tempted to fraudulently convert some of the employers’ monies to their own use in order to meet their personal and social needs. This temptation is even stronger on bank employees who on daily basis have to deal with cash and near cash instruments. In our society, it is argued that greed rather than poor working conditions or poor salarfes is what lures most people into fraudulent acts. This explains why fraud would still exist in the banking sector, which is reputed to be one of the highest paying sectors. Some people have an insatiable appetite to accumulate wealth and would therefore steal irrespective of how good their earnings are. European Journal of Social Sciences

— Volume 10, Number 4 (2009)

Frustration could also lead to fraud. Where a staff feels short-changed in terms of promotion and other financial rewards, they become frustrated and such frustration could lead to fraud as such employee would attempt to compensate himself in his ‘own way. Among the internal causes of fraud, the Nigerian Deposit Insurance Corporation (NDIC 1999), states that prevalence of fraud and forgeries are an indication of weakness in bank internal control system.

1. External Factors/Environmental Factor: Environmental factors are those that can be traced to the banks immediate and remote environment. If the whole society of which the bank is a part is morally bankrupt it will be difficult if not impossible to expect the banks to be insulated from the effects of such moral bankruptcy.

The banking industry is not immune from the going on in its external environment. Our present society is morally bankrupt. Little or no premium is put on things like honest, integrity and good character. The society does not question the source of wealth. Any person who stumbles into wealth is instantly recognized and honoured. It is a fact of our time that fraud has its root firmly entrenched in the social setting where wealth is honoured without questions. Ours is a materialistic society which to a large extent encourages fraud. The desire to be with the high and mighty caliber of the society, extreme want that is often characterized by need, cultural demands or the cultivation of a life too expensive for the legitimate income of the individual. With reference to fraud, criminal motivation is said to be pathological when the state of mind of the criminal disposes and impels him to commit fraud even though he is not in dire need of the resources.

* Also, worth mentioning is lack of a call-over system in the banks, lack of regular and un-notified rotation of clerks, doing more than one job which is incompatible and so on as major causes of fraud. A call-over system is a system where all bank transactions are verified for accuracy authorization and reliability. It is a system where previous day’s transactions are reviewed in order to ascertain validity.
* Personality Profile of Dramatized Personae; most individuals with inordinate ambitions without qualm are prone to committing frauds. These kinds of individuals bent on making money by hook or crook and to them the end justifies the means
* Societal Value: when the possession of wealth determines the reputation ascribed to a person, that society is bound to witness unnecessary competition for acquisition of wealth.
* Lack of Effective Deterrent/Punishment: this is a moot point because it is argued in some quarters that lack of effective deterrent such as heavy punishment could be a factor that contributes to the high perpetration of frauds in financial institutions.
* Fear of Negative Publicity: many financial institutions fail to report fraud cases to the authorities. They believe that doing so will give unnecessary negative publicity to their institutions. This is not only a chance for fraudsters to thrive; it is great challenge to a researcher as regards to data collection.
* Unemployment and High level of Poverty in Nigeria: Nigeria is one of the richest economies in the Sub Saharan Africa and indeed the world both in human and natural resources (oil) but 80% of the Nigeria youths especially university graduates are unemployed. Most of the politicians squirrel away the looted funds in foreign banks without been punished. This causes capital flight, unemploymeüt; dearth in infrastructure which is not particularly good for a developing country like Nigeria. Directly or indirectly some Nigeria youths especially those with little ICT knowledge with special reference to those that fmd themselves in the banking industry with criminal intent engage in one bank fraud or the other in order to eradicate poverty. Most of them have some of their family members that depend on them for what to eat drink or even put in their pockets.

All these make fraudsters to have the feeling that they are above the law and as such can get away with ill-gotten wealth unpunished.

**Other predisposing Factors to Fraud are:**

1. Global economic recession
2. Nature/quality of workforce
3. Absence of fraud detection mechanism
4. Collusion ‘between fraudsters and bank staff.
5. Ignorance of banking ethics by bankers.
6. Poor motivation and low staff morale.
7. Societal acquisitive instinct and insatiable lust for wealth
8. Inadequate deterrent punishment for fraudsters.
9. External influence on bank staff.

**Methods Of Fraud Perpetration**

Fraud perpetrators could be grouped into three major classes:

•Internal fraud: perpetrated by staff

•External fraud: perpetrated by non-staff

•Mixed fraud: A collusion of staff and non-staff

Fraud perpetrators have been found to use different methods to facilitate their activities. Some of the identified medium includes:

•Enlisting support of insiders

•Recruitment of impostors

•Supervision or omission of the effects of transaction from records

•Willful misrepresentation of accounting policies

•Forgery of financial instruments e.g. Parallel cheques, forged drafts etc

•Forgery of signature (Bank officials and customers)

•Identity theft i.e. Forgery of identification documents such as identity cards, drivers license,

•International Passports and other forms of identification

•Use of Courier companies or dispatch clerks to intercept / substitute clearing cheques in transit.

•Diversion of phone calls (customer/bank) —swapping of sim cards.

**FRAUD DETECTION**

A code of conduct correctly applied represents one of the most important mechanisms of communicating to the employees the acceptable standards in their activity and to draw attention to the commitment the management undertook in order to respect the entity’s integrity. This is achieved through setting up a clear organizational structure, formulation of a policy concerning the conflict of interests, and the existence of a department of internal audit.

A carefully planned programme of communication and training will increase the employees’ understanding of their obligations regarding the controls conducted on professional fraud and transgression (for example, regular discussions on professional ethics or setting up a hotline for fraud reporting).

Fraud detection refers to recognizing the early warning signs of a possible fraud. The management of an entity must take notice of different warning signs that emerge: changes in an employee’s behaviour, changes in one’s lifestyle, drug/alcohol or gambling addictions, discrepancies about taken leave, etc. In this sense, the management can set up a confidential support system for his employees that can include family counselling, addiction counselling and aid, or financial counselling.

An important action in fraud detection is the establishment of an appropriate information system system tasked exactly with this responsibility. It should aim to: respect the principle of separating functions (no function should allow an employee to execute a whole cycle of transactions, i.e. an employee should not have the authority to execute both front office and back office activities); examine the staff on their qualifications, competence, education, previous jobs, regular evaluations of their performances, taken leave; access the public resources to compare the accounting data to their physical existence; properly investigate the employees and third parties, especially in cases of authority positions in the process of financial reporting. Through the means of proactive data analysis concerning the acts of fraud such as searching information in databases in order to identify connections between different persons, screening the employees’ background in terms of convictions, financial incidents, loans, etc. can help to detect possible frauds and professional transgressions that may otherwise continue to go on unnoticed by the management.

Furthermore, a complex assesPublic sectornt of fraud and professional transgression risks can help the management to better understand the unique risks that their company faces, to identify the gaps and deficiencies in their controls, and to formulate a plan to identify the appropriate resources and procedures of control. Another aspect that could prevent fraud refers to the attitude towards fraudsters. An important step in creating a culture of intolerance towards fraud is to act consistently when an economic infraction is discovered. In this way, the staff understands what are the consequences of a possible involvement in a fraud and that its detection is certain and inevitable thanks to the efficient system of control and risk management. Such an attitude can lead to the dissuasion of most wrongdoers. It is also essentially to demonstrate to the employees that all wrongdoers will be equally treated, regardless of the position they hold in the company. Lastly, the reaction a company has when detecting a fraud is as well of importance, as it should act in a manner of publicly disclosing the fraud and professional transgression. Once the fraud or transgression was discovered, it should undertake action to restore the situation: voluntarily disclosing the results of the investigation to a regulatory body or any other competent authority, fix the prejudice committed, and examine the causes in order to ensure the decrease of fraud risk. It should discuss with the parties involved and those in executive positions that were not able to prevent or detect such events. Moreover, the company should transmit to the employees that the management has acted and responded accordingly in such a situation when fraud or transgression occurred. However, a disciplinary system that details the accountability protocol is essential in order to effectively prevent fraud and professional transgression and to ensure the employees that the management of risk asset is considered to have precedence.

**Extent Of Fraud In Banks**

Bank fraud in Nigeria has increased and will continue to increase because it is a part of everyday life. “The magnitude of fraud is, of course, not known because much of it is undiscovered or undetected and not all that is detected, is published” Nwankwo (1991). In Nigeria, where the statistics are non- existent, it is put at about -N-200 Million per annum of which about 15%- 20% would be successful. It is appropriate to have a feel of the extent of loss through bank frauds in Nigeria in order to appreciate the havoc the cankerworm has been wrecking on the economy.

The sum of N= 2.2 billion Was involved in banks fraud in 3 year, 1991 — 1993, out of which commercial banks accounted for about 94.1 per cent the actual/expected loss to the banking system within the same period totaled about #0

.3 Billion with commercial banks accounting for about 95.7 per cent thereof In 1998, the nation’s banking industry lost #3.196 Billion while in 1999; it lost a whopping sum of #7.404 Billion to fraud. Similarly, the actual/expected loss stood at a higher level of # 2.713 Billion relative to #623 50 Million in 1998 (NDIC Annual report and statement of account 1999).

Nigeria’s banks have seen almost $10m disappear through employee fraud in 2002, a rise of more than 40% on the year before, a survey by the country’s banking regulator has found. The total amount stolen was 1 .29bn naira, up from 906.3rn in 2001, the Nigerian Deposit Insurance Corporation reported. Ten times that amount #12.9lbn was recorded in attempted fraud, up from 11 .24bn for a rise of 15%. Most of the thefts, NIMC said, were the result of either forgeries or illegal withdrawals from customers’ accounts. The figures may well be an understatement, though; as NDIC said it believes financial institutions routinely underreport fraud losses for fear of negative publicity. In May 2003 Nigerian bank fraud moved up to 40%. The banking regulator says theft by bank employees soared last year, but suspects that much more fraud may go unreported.

It is not only Nigerian banks and citizens that are exposed to bank frauds. Such frauds are also focused on foreign banks and their citizens. Just how much has been stolen by such fraud is not clear. But BBC news-business says that US citizens, lose in 2004 move than $lOOm (E63.4m) a year to Nigerian fraudsters. However, Nigerians do indeed involve themselves in genuinely legal businesses apart from the infamous banking seams.

**The Effects Of Fraud In United Bank For Africa**

Fraud is perhaps the most fatal of all the risks confronting banks. The enormity of bank frauds in Nigeria can be inferred from its value, volume and actual loss. A good number of banks’ frauds never get reported to the appropriate authorities, rather they are suppressed partly because of the personalities involved or because of concern over the negative image effect that disclosure may cause if information is leaked to the banking public the banks’ customers may lose confidence in the bank and this could cause a setback in the growth of the bank iii particular.

Fraud leads to loss of money, which belong to either the bank or customers. Such losses may be absorbed by the profits for the affected trading period and this consequently reduces the amount of profit, which would have-.been available for distribution to shareholders. Losses from fraud which are absorbed to equity capital of the bank impairs the bank’s financial health and constraints its ability to extend loans and advances for profitable operations. In extreme cases rampant and large incidents of fraud could lead to a bank’s failure. Fraud can increase the operating cost of a bank because of the added cost of installing the necessary machinery for its prevention, detection and protection of assets. Moreover, devoting valuable time to safeguarding its asset from fraudulent men distracts management. Overall, this unproductive diversion of resources always reduces outputs and low profits which in turn could retard the growth of the bank. It also leads to a diminishing effect on the asset quality of banks. The problem is more dangerous when compounded by insider loan abuses. Indeed, the first generation of liquidated banks by NDIC was largely a consequence of frauds perpetrated through insider loan abuses. If this problem is not adequately handled, it could lead to distress and bank failures.

**Computer And Fraud Detection**

In view of the gravity of fraud in banks, the management of various banks. has employed different measures, such as establishment of internal control unit, etc. powerful force drives the world towards converging commodity and that is technology. Technology has been one of the most essential and most important factors for the development of mankind. During the last two hundred years technological changes have often related to economic growth in the form of new goods and services.

Information technology, according to Ige (1995) can be defined as the modern handling of information by electronic means which involves its access, storage, processing, transportation or transfer and delivery. In the way, Oliver and Chapman (1990) described information technology as the technology which supports activities involving the creation, storage, manipulation and communication of information (principally computing electronics and electronic communications) together with their related methods, management and applications. The department of employment information technology also describes information technology as “the acquisition, process, storage and dissemination of verbal, textual, pictorial and numerical information by a macro electronic based combination of computing the telecommunication”. Research shows that information technology affects financial institutions by easing, saving time and improving service delivery. Information technology has taken center stage in human development efforts with the financial services industry becoming increasingly a very important player in its utilization. Although the Nigerian financial services industry entered the information technology race late, relative to its counter parts in the developed world, the expansion of communication infrastructure has made it possible for some Nigerian banks to join the league of advanced information technology users in the world at large. This has made Nigerian financial services industry to be vulnerable to the adverse development in information technology. The linkage of countries through trade, telecommunication etc has made the world a global village which implies that banks in Nigeria do not compete with only themselves but also with banks in other countries. Some available telecommunication and information technologies which are presently being used in the Nigerian banking industry are internet, telephone and facsjmile (fax) wireless radiophone, telegraphy, very small aperture terminal satellite (VSAT) and computer system. For the purpose of these study, we are going to focus on telephone banking, facsimile (fax) internet and computer system in the banking system.

**Achievement Of Computer In Fraud Detection In Banks**

1. The introduction of computer systems in the banking sector has made it convenient for easy balancing of daily accounts thereby making the irregularities in the system easier for detection.
2. The introduction of information technology has enhanced inter-branch reconciliation of entries through knock off balancing items or outstanding items appearing in various accounts. This is made possible through the automatic sorting of items which is based on photograph.

c. The introduction of information and communication technology has made it possible for scan signature mandates and passports, thereby making it easy for data retrieval, accuracy and verification of information, signature forgery and impersonation related frauds in banks.

d. ICT in banks brought about the use of close circuit television to monitor the movement of staff and customers in banks thereby helping in fraud detection.

**Shortcomings Of Computer In Fraud Detection In Banks**

* Lack of knowledgeable staff with requisite experience to use the system to detect fraud
* knowledgeable staff with requisite experience to use the system to detect fraud
* Wrong input and interpretation of data generated from the system: ICT cannot detect or reduce fraud alone. It requires committed staff to interpret and apply information to fortify the investment.
* Unclear Organizational Structure —Despite banking consolidation, organizational structure and reporting lines of some banks lack clarity. This may provide opportunities to employees to cover up fraud and losses from unauthorized activities. Necessary supervisory controls are compromised with ambiguous structure and reporting lines.
* Inadequate Segregation of duties —Due to high remuneration by some banks, fewer numbers of staff are employed to carry out multiple tasks that should be handled by separate persons. Thus, segregation of duties is lacking in those banks which creates avenue for employees with such exposure to defraud.

**Fraud Control Measures In Banks**

Having realized the extent of damage fraud has done to the economy in general and the banks in part6icular, it is proper to proffer solutions as to how frauds can be controlled. To this effect, the following measures can be used to control fraud.

1. Recruitment of competent staff with the right experience and skill. Banks should institute measures that will encourage staff retention and continuous filling of vacancies.
2. Banks should be compelled to establish clear organizational structure and reporting lines. CBN should intervene and enforce changes in Banks with clumsy reporting lines. Furthermore, frequent changes in organizational structure should be discouraged.
3. CBN Examiners should intensify their review of bank systems to identify areas of job compromise with respect to segregation of duties (especially Back Office, Risk Management, Internal Control and Internal Audit functions).
4. Furthermore, guidelines should be issued on the categories of banking positions that should not be held by the same person should either follow up on any significant matters that are brought to their attention, or ensure that instructions issued are carried out. Executive Management should articulate the bank’s position on fraud in a formal anti- fraud policy which should be communicated to all staff.
5. Management should understand the business they manage including peculiar business, market and operational risks inherent in foreign jurisdictions and specialized products. Furthermore, training courses for front office staff should be extended to the operation and internal control audit staff.
6. Management should incorporate robust anti fraud policy as part of their risk management framework. Such policies should include measures to identify both existing and future risk of fraud and implement relevant internal controls for every aspect of business activities.
7. Management should develop intelligence gathering techniques, both from internal and external sources, to alert management to the existence of possible fraud.
8. Policies must be put in place to encourage and protect “whistleblowers” to report any suspicious or irregular activity to an appropriate person within the bank.
9. Top Management, Executive Management and Board Audit committee should ensure that significant weaknesses or suspicions raised are acted upon and resolved quickly.
10. Management should consider engaging independent internal or external specialists to carry out fraud investigation where necessary.
11. Management should ensure that key stakeholders (regulators, police, internal auditors etc) in fraud investigation and management are informed whenever there is fraud occurrence. This will ensure that serious action is taken on fraudsters in order to deter future occurrence.
12. After fraud investigation has been concluded, controls should be reviewed and revamped to ensure that internal processes and processes prevent fraud from occurring.

The following can be regarded as the general control policies which will ensure the detection, prevention and control of frauds in banks.

•Opening of new accounts- A branch should make sure that all the banks policies in respect to opening of new accounts are complied with. If a customer is transferring his account from one bank to another, the customer should not be allowed to operate the account until proper report has been obtained from the bank by means of status inquiry particularly when the customer is new to the bank. The manger or designated senior office should be interested in knowing why the customer has come to his bank from other bank. Proper reference must be obtained before cheque books are issued to customers and all operating to new accounts should be carefullyy scrutinized while no withdrawals should be allowed without prior verification of the lodgment. F Statement of account must be duly authenticated by a responsible officer. The address must not be ambiguous and their dispatch must be controlled. Details of stopped cheques must be entered in such a way that those who are likely to pay them are well informed. This can be achieved by circulating the “stop notice” to all officials concerned including cashiers, where appropriate. At quarterly intervals, all items in stopped cheques, register or display card must be reviewed against records and stale items detected. The use of counter cheques should be discouraged while banks should avoid honoring of cheques that are taken from the cheque books supplied to the customers. Payment to third party across the counter must be properly checked particularly when the third party is not well known in the bank. Banks should discourage customers from withdrawing large amount in cash where a draft or means of settlement can suffice.

The use of photocopy camera to photograph a person drawing large amount should be encouraged, cashier should be instructed never to pay cash to or receive cash from staff in respect of customers’ transaction.

Clearing cheques- as part of control measures to curb incidence of fraud through the clearing house, the committee of chief inspectors had decided that banks, which accept spurious instrument into customers accounts would henceforth be held responsible for any loss that may be sustained as a result df their action. It was also decided that when an account is witnessing an un usual large deposit of cheques, the collecting bank should alert the paying bank.

**2.3 THEORETICAL FRAMEWORK**

**Fraud Theory**

Since there are no absolutes as regard the characteristics of those people who commit fraud in the bank but there are theories put forward to explain rationale behind the fraud been committed. The understanding of the motive behind fraud is most important in preventing it. The proponent of the theory of fraud triangle came to the conclusion that the propensity for fraud occurred when three elements came together: pressure, opportunity, and rationalization. These elements are interdependent on each other for a person to actually commit a fraud.

**Financial Pressure** – The first phase in the fraud triangle is pressure which is believed to be the motivating factor in committing fraud. It is the element that makes perpetrator act and often implies an emotion or desire. The fraud perpetrator in this situation has financial problems that he is unable to solve through legitimate means, so he begins to figure out illegal means such as stealing money or falsifying a transaction document as a way to meet its end means. The financial problem can be in form of inability to ones bills, drug addiction, desire for impressive status such as having a nicer car or bigger apartment etc. Financial pressure could also be as a result of lack of job security (an occasion which sometimes makes employees feel insecure on their job and look for any possible means to perpetrate before they are been sacked), or reduced bonuses (Biegelman, M.T, and Joel T.B, 2012, 33).

**Opportunity –** The second phase in fraud triangle is opportunity which explains the method by which the perpetrator carries out his/her fraudulent act. The opportunity to commit fraud has to do with which position the perpetrator is holding in the bank. The higher the position of trust a person holds the higher the likelihood that such person will have access to vital information, assets and records which he abuse to solve his financial problem with a low perceived risk of getting detected. In the case of fraud, opportunity to commit fraud could be as a result of weakened information systems which employees or managers sometimes override or lack of segregation of duties. Among these three proposed elements, opportunity is the only area in which fraud prevention can prevail (Biegelman, M.T, and Joel T.B, 2012, 34).

**Rationalization -** The third phase of the fraud triangle is rationalization which explains how fraudster justifies their illegal act. The perpetrator in this situation try to justify their action has been honest who are caught in a bad set of situations. When the first two elements in fraud triangle (Pressure and Opportunity) come together, the fraudster in this situation is convinced that what occurred is never bad. For instance, a nation of borrowing from the bank money is consider to them as not been stealing since they are going to pay the money back; or by trying to justify their action due to inadequate compensation, lack of promotions or sense of mistreatment (Biegelman, M.T, and Joel T.B, 2012, 35)

**Agency Theory by Adams (1994)**

This study adopts the agency theory as its main theoretical framework due its relevance in the discussion of the issue of internal audit functions and performance in SMEs. One of the most relevant theories that can be used to explain the concept of auditing is the Agency theory Adams (1994) has it that Agency theory is extensively employed in the accounting literature to explain and predict the appointment and performance of external auditors. Agency theory is used to explain the relationship between activities of external and internal auditors. Furthermore the theory is useful for highlighting the internal auditor functions in both private and public organization (Ironkwe & Ordu, 2015). Agency theory has it that Auditors acts as agents to their principals of which they have an obligation to act as to protect the interest of their principals. In other words, according to Agency theory, auditors acts as agents to their principals and more often than not, they act as to protect the interest of those that appointed them. This is particularly true with the public sectors organization, the managers as well as the political appointees are the agents of the people, the stakeholders needs them to act to protect the interest as well as the resources of the stakeholders. They need to be accountable to the stakeholders; if this happens then they would have acted in the interest of their stakeholders.

The origin of Agency theory dates back to the works of Stephen Ross in 1973 and with Barry Mitnick in 1975 as the originators (Mitnick, 2006). Ross is responsible for the origin of the economic theory of agency, and Mitnick for the institutional theory of agency, though the basic concepts underlying these approaches are similar. However Mitnick and Ross while postulating the agency theory in their seminal paper and thesis did not popularize it. The application of agency theory in the business and institutional setting was done and popularized by Jensen & Mecklings (1976) and consequently were given credence for the introduction of Agency theory in the business world as noted by Mitnick (2006), sometimes Jensen & Meckling (1976) is cited as the originators of Agency theory, although what they originated was an influential application to the theory of the firm, not the agency approach itself.

 The managers as well as the political appointees are the agents of the people, the stakeholders as such needs to act to protect the interest as well as the resources of the stakeholders. They need to be accountable to the stakeholders; if this happens then they would have acted in the interest of their stakeholders. On this relevance, this theory is adopted as the framework for this study.

**2.4 EMPIRICAL REVIEW**

Considerable empirical studies have been conducted in the area of the present study.

Nwofor (2006) conducted a study on fraud and the Nigeria economy (1991-2006). It was a case study of selected commercial banks in Enugu state of Nigeria. The major purpose of the study was to identify and examine the causes, effects and control of bank frauds. The findings of the study were that (a) Bank frauds mostly occur as a result of inadequate internal control, dishonesty of some bank staff and their collaboration with third parties (b) inability of on-line banking to minimize fraud even with the recruitment of qualified staff by banks (c) Frauds reduce the reputation of banks, the confidence and trust the customers repose on them. The present study is related to that of Nwofor in that both focus on the examination of fraud control systems in commercial banks. But Nwofor’s study was a case study of selected commercial banks while the present study used descriptive survey design to investigate the corporate fraud control and prevention systems in all commercial banks in Enugu state. In another related study, Ossai (2005) conducted a study on the effectiveness of internal control in fraud prevention and control in the Nigerian public sector. It was a case study of the cash-off centre of Delta State University at Abraka. The population of the study comprised all the permanent staff of the cash-off centre. The study adopted descriptive survey design. The major purpose of the study was to ascertain the extent of the effectiveness of internal control in fraud prevention in the public sector. The study concluded that internal controls are established to help meet an organization’s goals especially in fraud reduction. It was also on the conclusion of the study that internal controls consist of specific policies and procedures designed to provide management with reasonable assurance that goals and objectives of the organizations will be met.

In the same vein, Mbamalu (2004) conducted a study on the management of fraud in Nigerian commercial banks. The study surveyed selected commercial banks in Nnewi. The population of the study was made up of the managers, accountants and supervisors of all the selected commercial banks. The major purpose of the study was to determine the extent of implementation and the effectiveness of anti-fraud management strategies in commercial banks. The study found that the commercial banks established and implemented many fraud control and prevention strategies. The study also found that some of the strategies were not effective because of their complexity and sophistication together with inadequate qualified staff to operate them. Mbamalu’s study is related to the present study because both focus on the extent of implementation and the effectiveness of fraud control systems in commercial banks. However, the present study is delimited to commercial banks in Enugu state while the previous study was on selected commercial banks in Nnewi, Anambra State. The present study also differs from the previous study because it is determining the corporate fraud control and prevention systems in commercial banks in Enugu state.

Similarly, Nduka (2001) conducted a study on the effectiveness of the internal control method as a tool for preventing bank frauds in Nigeria banks. It was a case study of five commercial banks in Enugu. The population of the study comprised all the management staff of the five commercial banks. The management staff were the managers, the accountants and the supervisors in the commercial banks. The major purpose of the study was to determine the effectiveness of internal control methods utilized in commercial banks for fraud control and prevention. The study found that the commercial banks had adequate internal controls but while some controls were effective others were not because of collusion and over-ride of controls by both management and staff of banks. The present study is related to Nduka’s study in that both focus on the effectiveness of fraud control systems. However, while Nduka’s study was centred on internal control only in five commercial banks, the present study considers the entire corporate fraud control and prevention systems in all the commercial bank branches operating in Enugu State. The present study is interested in the availability, the extent of utilization and the effectiveness of corporate fraud control and prevention systems in the banks.

Ume (2001) conducted a study on the role of management in fraud control and detection. The study was a comparative study of two public and two private organizations in Enugu. The major purpose of the study was to examine comparatively the role of management in fraud control and detection in public and private establishments. The study found that management in the public and private sectors, respectively, implemented fraud control and detection strategies to achieve the organisational goals. It also found that management in public organisations more frequently manipulate the fraud control measures than those in the private sector. The present study is related to Ume’s study in that both focus on fraud control measures adopted by business organisations. However, the present study is not a comparative study but purely on commercial banks, which are in the private sector. In another study, Nzekwu (1999) conducted an assessment of the manual and computer-aided fraud techniques in Nigerian Banking systems. Nzekwu conducted a case study of Union Bank of Nigeria PLC. The area of the study was Enugu. The study surveyed all the permanent staff of the bank. The major purpose of the study was to evaluate the manual and computer-aided fraud control and prevention techniques used in Nigerian banks to ascertain their effectiveness. The findings of the study include: (a) that both manual and computer-aided fraud control and prevention techniques were utilized in banks but the computer-aided techniques were more effective (b) That some computer-aided techniques were not fully utilized because of the complications in their operation and shortage of qualified staff to operate them. The present study is related to that of Nzekwu in that both focus on the fraud techniques used in Nigerian banks. But the present study differs from the previous study because it is not a case study on one commercial bank. The present study also differs from the previous study because it is on the corporate fraud control and prevention systems in commercial banks in Enugu state while the previous study was only on the manual and computer-aided techniques.

Furthermore, Ugwunna (1999) conducted a study on fraud in the Nigeria banking industry in Enugu. The major purpose of the study was to determine how accounting controls and procedures were used to minimize fraudulent activities in banks. The study found that most of the banks employed adequate accounting control measures for fraud reduction but because there were misconceptions about the measures, some staff violated and rendered the measures ineffective through collaborations.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 INTRODUCTION**

 In this chapter, we described the research procedure for this study. A research methodology is a research process adopted or employed to systematically and scientifically present the results of a study to the research audience viz. a vis, the study beneficiaries.

**3.2 RESEARCH DESIGN**

Research designs are perceived to be an overall strategy adopted by the researcher whereby different components of the study are integrated in a logical manner to effectively address a research problem. In this study, the researcher employed the survey research design. This is due to the nature of the study whereby the opinion and views of people are sampled. According to Singleton & Straits, (2009), Survey research can use quantitative research strategies (e.g., using questionnaires with numerically rated items), qualitative research strategies (e.g., using open-ended questions), or both strategies (i.e., mixed methods). As it is often used to describe and explore human behaviour, surveys are therefore frequently used in social and psychological research.

**3.3 POPULATION OF THE STUDY**

 According to Udoyen (2019), a study population is a group of elements or individuals as the case may be, who share similar characteristics. These similar features can include location, gender, age, sex or specific interest. The emphasis on study population is that it constitute of individuals or elements that are homogeneous in description.

 This study was carried out to examine the role of computers in fraud detection and prevention in the Nigeria banking industry. Selected staff of United Bank for Africa (UBA) in Uyo Metropolis, Akwa Ibom State form the population of the study.

**3.4 SAMPLE SIZE DETERMINATION**

A study sample is simply a systematic selected part of a population that infers its result on the population. In essence, it is that part of a whole that represents the whole and its members share characteristics in like similitude (Udoyen, 2019). In this study, the researcher adopted the convenient sampling method to determine the sample size.

**3.5 SAMPLE SIZE SELECTION TECHNIQUE AND PROCEDURE**

According to Nwana (2005), sampling techniques are procedures adopted to systematically select the chosen sample in a specified away under controls. This research work adopted the convenience sampling technique in selecting the respondents from the total population.

In this study, the researcher adopted the convenient sampling method to determine the sample size. Out of all the entire population of staff of UBA, the researcher conveniently selected 51 out of the overall population as the sample size for this study. According to Torty (2021), a sample of convenience is the terminology used to describe a sample in which elements have been selected from the target population on the basis of their accessibility or convenience to the researcher.

**3.6 RESEARCH INSTRUMENT AND ADMINISTRATION**

The research instrument used in this study is the questionnaire. A survey containing series of questions were administered to the enrolled participants. The questionnaire was divided into two sections, the first section enquired about the responses demographic or personal data while the second sections were in line with the study objectives, aimed at providing answers to the research questions. Participants were required to respond by placing a tick at the appropriate column. The questionnaire was personally administered by the researcher.

**3.7 METHOD OF DATA COLLECTION**

Two methods of data collection which are primary source and secondary source were used to collect data. The primary sources was the use of questionnaires, while the secondary sources include textbooks, internet, journals, published and unpublished articles and government publications.

**3.8 METHOD OF DATA ANALYSIS**

The responses were analysed using the frequency tables, which provided answers to the research questions.

**3.9 VALIDITY OF THE STUDY**

Validity referred here is the degree or extent to which an instrument actually measures what is intended to measure. An instrument is valid to the extent that is tailored to achieve the research objectives. The researcher constructed the questionnaire for the study and submitted to the project supervisor who used his intellectual knowledge to critically, analytically and logically examine the instruments relevance of the contents and statements and then made the instrument valid for the study.

**3.10 RELIABILITY OF THE STUDY**

The reliability of the research instrument was determined. The Pearson Correlation Coefficient was used to determine the reliability of the instrument. A co-efficient value of 0.68 indicated that the research instrument was relatively reliable. According to (Taber, 2017) the range of a reasonable reliability is between 0.67 and 0.87.

**3.11 ETHICAL CONSIDERATION**

The study was approved by the Project Committee of the Department. Informed consent was obtained from all study participants before they were enrolled in the study. Permission was sought from the relevant authorities to carry out the study. Date to visit the place of study for questionnaire distribution was put in place in advance.

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

**INTRODUCTION**

This chapter presents the analysis of data derived through the questionnaire and key informant interview administered on the respondents in the study area. The analysis and interpretation were derived from the findings of the study. The data analysis depicts the simple frequency and percentage of the respondents as well as interpretation of the information gathered. A total of fifty-one (51) questionnaires were administered to respondents of which all were returned and validated. This was due to irregular, incomplete and inappropriate responses to some questionnaire. For this study a total of 51 was validated for the analysis.

**4.1 DATA PRESENTATION**

**Table 4.2: Demographic profile of the respondents**

|  |  |  |
| --- | --- | --- |
| **Demographic information** | **Frequency** | **percent** |
| **Gender**Male |  |  |
| 27 | 52.9% |
| Female | 24 | 47% |
| **Age** |  |  |
| 20-29 | 19 | 37.2% |
| 30-39 | 18 | 35.2% |
| 40-49 | 7 | 13.7% |
| 50+ | 7 | 13.7% |
| **Marital Status** |  |  |
| Single  | 29 | 56.8% |
| Married | 21 | 41.1% |
| Separated | 0 | 0% |
| Widowed | 1 | 1.9% |
| **Education Level** |  |  |
| BS.c | 25 | 49% |
| MS.c | 15 | 29.4% |
| PHD | 11 | 21.5% |

**Source: Field Survey, 2021**

**4.2 DESCRIPTIVE ANALYSIS**

**Research Question 1**: **Has the computer contributed immensely to the development of Nigeria banking industry?**

**Table 4.2:** respondents answers on has the computer contributed immensely to the development of Nigeria banking industry?

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 35 | 68.6 |
| No | 14 | 27.4 |
| Undecided | 2 | 3.9 |
| **Total** | **51** | **100** |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, 68.6% said yes, 27.4% said no, while the remaining 3.9% were undecided.

**Research Question 2**: **Are electronic computers used by the Nigeria banks to detail fraudulent activities?**

**Table 4.3:** respondents answers on are electronic computers used by the Nigeria banks to detail fraudulent activities?

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 45 | 88.2 |
| No | 6 | 11.7 |
| Undecided | 0 | 0 |
| **Total** | **51** | **100** |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, 88.2% said yes, 11.7% said no, while there were no undecided.

**Research Question 3**: **Do computers sometimes incur errors whiles doing the work of fraud direction in banks?**

**Table 4.4:** respondents answers on do computers sometimes incur errors whiles doing the work of fraud direction in banks?

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 40 | 78.4 |
| No | 6 | 11.7 |
| Undecided | 5 | 9.8 |
| **Total** | **51** | **100** |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, 78.4% said yes, 11.7% said no, while 9.8% were no undecided.

**Research Question 4**: **Has the electronic Computers revolutionalised the banking industry?**

**Table 4.5:** respondents answers on has the electronic Computers revolutionalised the banking industry

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Strongly agreed | 30 | 58.8 |
| Agreed  | 10 | 19.6 |
| Strongly disagreed | 6 | 11.7 |
| Disagreed  | 5 | 9.8 |
| **Total** | **51** | **100** |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, 58.8% strongly agreed, 19.6% agreed, 11.7% strongly disagreed while 9.8% disagreed.

**4.3 TEST OF HYPOTHESIS**

**H0**: The computer has not contributed immensely to the development of Nigeria banking industry.

**H1:** The computer has contributed immensely to the development of Nigeria banking industry.

**Table 1:** The computer has not contributed immensely to the development of Nigeria banking industry.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Options** | **Fo** | **Fe** | **Fo - Fe** | **(Fo - Fe)2** | **(Fo˗-Fe)2/Fe** |
| Yes | 35 | 17 | 18 | 324 | 6.3 |
| No | 14 | 17 | -3 | 9 | 0.1 |
| Undecided | 2 | 17 | -15 | 225 | 4.4 |
| **Total** | **51** | **51** |  |  | **10.8** |

**Source: Extract from Contingency Table**

 Degree of freedom = (r-1) (c-1)

 (3-1) (2-1)

 (2) (1)

 = 2

At 0.05 significant level and at a calculated degree of freedom, the critical table value is 5.991.

**Findings**

The calculated X2 = 10.8 and is greater than the table value of X2 at 0.05 significant level which is 5.991.

**Decision**

Since the X2 calculated value is greater than the critical table value that is 10.8 is greater than 5.991, the Null hypothesis is rejected and the alternative hypothesis which states that the computer has contributed immensely to the development of Nigeria banking industry.

**H02**: The electronic computers are not used by the Nigeria banks to detail fraudulent activities

**Table 4.7:** The electronic computers are not used by the Nigeria banks to detail fraudulent activities

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Options** | **Fo** | **Fe** | **Fo - Fe** | **(Fo - Fe)2** | **(Fo˗-Fe)2/Fe** |
| Yes | 45 | 17 | 28 | 784 | 15.3 |
| No | 6 | 17 | -11 | 121 | 2.3 |
| Undecided | 0 | 17 | 0 | 0 | 0 |
| **Total** | **51** | **51** |  |  | **17.6** |

**Source: Extract from Contingency Table**

 Degree of freedom = (r-1) (c-1)

 (3-1) (2-1)

 (2) (1)

 = 2

At 0.05 significant level and at a calculated degree of freedom, the critical table value is 5.991.

**Findings**

The calculated X2 = 17.6 and is greater than the table value of X2 at 0.05 significant level which is 5.991.

**Decision**

Since the X2 calculated value is greater than the critical table value that is 17.6 is greater than 5.991, the Null hypothesis is rejected and the alternative hypothesis which states that the electronic computers are not used by the Nigeria banks to detail fraudulent activities.

**H03**: The computers sometimes does not incur errors whiles doing the work of fraud direction in banks.

**H1:** The computers sometimes does not incur errors whiles doing the work of fraud direction in banks.

**Table 4.8:** The electronic computers are not used by the Nigeria banks to detail fraudulent activities

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Options** | **Fo** | **Fe** | **Fo - Fe** | **(Fo - Fe)2** | **(Fo˗-Fe)2/Fe** |
| Yes | 40 | 17 | 23 | 529 | 10.3 |
| No | 6 | 17 | -11 | 121 | 2.3 |
| Undecided | 5 | 17 | 12 | 144 | 2.8 |
| **Total** | **51** | **51** |  |  | **15.4** |

**Source: Extract from Contingency Table**

 Degree of freedom = (r-1) (c-1)

 (3-1) (2-1)

 (2) (1)

 = 2

At 0.05 significant level and at a calculated degree of freedom, the critical table value is 5.991.

**Findings**

The calculated X2 = 15.4 and is greater than the table value of X2 at 0.05 significant level which is 5.991.

**Decision**

Since the X2 calculated value is greater than the critical table value that is 15.4 is greater than 5.991, the Null hypothesis is rejected and the alternative hypothesis which states that the computers sometimes incur errors whiles doing the work of fraud direction in banks.

**Table 4.9:** The electronic Computers has not revolutionalised the banking industry**.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Options** | **Fo** | **Fe** | **Fo - Fe** | **(Fo - Fe)2** | **(Fo˗-Fe)2/Fe** |
| SA | 30 | 12.7 | 17.3 | 299.2 | 5.8 |
| A | 10 | 12.7 | 2.7 | 7.2 | 0.14 |
| SD | 6 | 12.7 | 6.7 | 44.8 | 0.8 |
| D | 5 | 12.7 | 7.7 | 59.92 | 1.2 |
| **Total** | **51** | **51** |  |  | **7.94** |

**Source: Extract from Contingency Table**

 Degree of freedom = (r-1) (c-1)

 (4-1) (3-1)

 (3) (1)

 = 3

At 0.05 significant level and at a calculated degree of freedom, the critical table value is 7.815.

**Findings**

The calculated X2 = 7.94 and is greater than the table value of X2 at 0.05 significant level which is 7.815.

**Decision**

Since the X2 calculated value is greater than the critical table value that is 7.94 is greater than 7.815, the Null hypothesis is rejected and the alternative hypothesis which states that the electronic Computers has revolutionalised the banking industry

**CHAPTER FIVE**

**SUMMARY CONCLUSION AND RECOMMENDATION**

**SUMMARY**

This chapter of the study is set aside to determine summarized the descriptive analysis done in the precious chapters. It also gives the conclusion and makes some recommendation.

In summary, the purpose of this study is to examine the role of computers in fraud detection and prevention in the Nigeria banking industry. Specifically, it examined the types of bank fraud, ways of preventing of such fraud by the computer and the possible way of detecting the fraud in the bank by the use of computer. This work was anchored on fraud theory and the agency theory.

In order to carry out this study research questions formulated to guard the investigation. The researcher also collected database on the how to examine the role of computers in fraud detection and prevention in the nigeria banking industry. A total at 51 respondents were randomly selected from staff of two UBA banks in Uyo Metropolis.

**CONCLUSION**

In the conclusion the study is beyond doubt and abundantly clear that computers has aided the banking industry in diverse ways. It has helped in moving the industry forward, aided in abetting fraud etc.

The study reveals that the roles of computer in the banking industry are;

* Computer has contributed immensely to the development of Nigeria banking industry
* Electronic computers has been used by the Nigeria banks to detail fraudulent activities
* computers sometimes incur errors whiles doing the work of fraud direction in banks and
* Electronic computers revolutionalised the banking industry.

**RECOMMENDATION**

Recommendation on the basis of findings the researcher made the following recommendation with the belief that when studied and applied, would help to increase the standard already at hand

* All banks and other financial institutes in Nigeria (including the Community banks and finance companies) should computerize all their operations.
* Computers should be used by the bank and other financial institutions in Nigeria should have an in- built fraud detection devices.
* The federal government should subsidize the cost of electronic computer so as to make affordable by some banks that have how asset 1 capital base e.g. the community banks.

**REFERENCE**

Abdullahi, R., & Mansor, N. (2015). Concomitant debacle of fraud incidences in the Nigeria public sector: Understanding the power of fraud triangle theory. International Journal of Academic Research in Business and Social Sciences, 5(5), 312-326.

Adebayo, A.B. (2013). Evaluation of fraud control measures in the Nigerian banking sector: A case study of Central Bank of Nigeria, Kaduna branch (published undergraduate research work). Department of accounting, faculty of management and social sciences, Caritas University, Amorji-Nike, Enugu.

Adedeji, A. O., & Olubodun, O. H. (2018). Internal control system in small scale manufacturing enterprises in Ondo State, Nigeria. IOSR Journal of Business and Management, 20(1), 34-39.

Adegboyegun, A. E., Ben-Caleb, E., Ademola, A. O., Madugba, J. U., & Eluyela, D. F. (2020). Fair value accounting and corporate reporting in Nigeria: A logistic regression approach. International Journal of Financial Research, 11(2), 301-310.Available at: https://doi.org/10.5430/ijfr.v11n2p301.

Adekanya, F. (1986). Fraud in banking transactions. The Nigerian Banker, 1(6), 34 - 67.

 Ademola, A. O., Ben-Caleb, E., Adegboyegun, A. E., Eluyela, D. F., Falaye, A. J., & Ajayi, A. S. (2020). Rotating and savings credit association (ROSCAs): A veritable tool for enhancing the performance of micro and small enterprises in Nigeria. Asian Economic and Financial Review, 10(2), 189-199.Available at: https://doi.org/10.18488/journal.aefr.2020.102.189.199.

Adewumi W. (1986): Fraud in Banks – An Overview. Landmark Publication Ltd. Lagos

Adeyemo, K.A. (2012): Frauds In Nigerian Banks: Nature, Deep-Seated Causes, Aftermaths And Probable Remedies, Mediterranean Journal of Social Sciences Vol. 3 (2): 279-289

Akani, N.F., & Oladutire, E.O. (2013). Fraud prevention, mitigation and management practices in Nigerian firms. Journal of Business and Management, 11(3), 07- 14.

Alashi S. O. (1994): Fraud Prevention and Control; Role of Government and Its Agents. Journal of the Institute of Bankers of Nigeria (July-December, 1994) pp.ll-15

Ali, A., Rahman, M. S. A., & Ismail, W. N. S. W. (2012). Predicting Continuance Intention to Use Accounting Information Systems among SMEs in Terengganu, Malaysia. *International Journal of Economics and Management, 6*(2), 295 – 320.

Alleyne, P. & Howard, M. (2005): An exploratory study of auditors’ responsibility for fraud detection in Barbados. Managerial Auditing Journal. 20(3):284-303.

Anandarajah, K. (2001). Corporate Governance: A practical approach. Singapore: Butterworth, Asia.

Anyanwu, Y.C. (1997). Nigerian public finance. Joanee Educational Publishers Ltd, Onitsha.

Appah, E., & Appiah, K.Z.A. (2010). Fraud and development of sound financial institutions in Nigeria. Nigerian Journal for Development Research, 1(1), 49-56.

Ariyo, D. (2004). Small Firms are the Backbone of the Nigerian Economy. *Retrieved April*, *23rd*, 2019.

Association of Certified Fraud Examiners (ACFE) (2014). Report to the Nations on Occupational Fraud and Abuse. Retrieved from www.acfe.com/rttn/docs/2014-report-to-nations.pdf.

Attah-Botchwey, E. (2018). Internal control as a tool for efficient management of revenue mobilization at the metropolitan, municipal and district assemblies in Ghana: A case study of Accra metropolitan assembly. American International Journal of Contemporary Research, 8(1), 29-36.

Awe O. I. (2005). The Theory and Practice of Auditing. Adeyemo publishing house, Akure, Nigeria

 Azim, M., Ahmed, H., & Khan, A. S. (2015). Operational performance and profitability: An empirical study on the Bangladeshi Ceramic companies. International Journal of Entrepreneurship and Development Studies, 3(1), 63-74.

Babatunde M. A. (2002): Practical Auditing. Al-Huda Educational Publishers.Osogbo, Nigeria.

Babatunde, S. A., & Dandago, K. I. (2014). Internal control system deficiency and capital project mis-management in the Nigerian public sector. Procedia-Social and Behavioral Sciences, 164, 208-221.Available at:https://doi.org/10.1016/j.sbspro.2014.11.069.

Bank Administration Institute (1989): “Fraud Prevention and Detection Series” First Chicago (the First National Bank of Chicago) Boniface, C. (1991). Fraud in the banking industry.The Nigerian Banker Oct.-Dec. 22&23.CIBN Press.

Basle Committee on Banking Supervision (1997). Core Principles for Effective Banking Supervision.

BBC News Africa (2012) Nigeria fuel subsidy report 'reveals $6bn fraud' retrieved on 30/1/2015 http://www.bbc.com/news/world-africa-17823959

Bello, S. (2001). Fraud prevention and control in Nigerian public service: The need for a dimensional approach. Journal of Business Administration, 1(2), 118-113.

Biegelman, M. T., & Bartow, J. T. (2005). Executive roadmap to fraud prevention and internal control: creating a culture of compliance.

Biegelman, M. T., & Bartow, J. T. (2012). Executive roadmap to fraud prevention and internal control: creating a culture of compliance. Retrieved from https://ebookcentral.proquest.com

Browne, M.W. and Cudeck, R. (1993) Alternative Ways of Assessing Model Fit. In: Bollen, K.A and Long J.S. (eds.) Testing Structural Equation Sodels. California: Sage, pp. 136-162.

Chartered Institute of Management Accountants (CIMA 2008). Fraud Risk Management: A Guide to Good Practice.

Coenen, T. L. (2008). Essentials of Corporate Fraud. Hoboken: John Wiley & Sons, Incorporated. Retrieved from https://ebookcentral-proquestcom.ezproxy.puv.fi/lib/vamklibrary-ebooks/detail.action?docID=331643

Comer, M.J. (1985). “Corporate Fraud”. London: McGraw-Hill Book Company (UK.) limited.

Committee of Sponsoring Organization [COSO]. (2013). Internal control integrated framework. Retrieved from: https://ce.jalisco.gob.mx/sites/ce.jalisco.gob.mx/files/coso\_mejoras\_al\_control\_interno.pdf.

Committee of Sponsoring Organizations of the Tread way Commission (COSO) (2004). Enterprise Risk Management (ERM) Framework. Retrieved from www.sox- online.com/coso\_2004\_coso framework.html.

Coop Saleemi (1997). Auditing simplified; First edition, Gee and company LTD.

Cooper, et al (1984).Manual of auditing; Fourth edition, D.P LTD publication, London.

CPA Australia (2011). Internal controls for not-for-profit organizations. Online at cpaaustralia.com.au

Cressey, D. (1953). Other People’s Money: A Study in the Social Psychology of Embezzlement, Free press, Glencoe, IL.

Dandago, K. I. (1999). Auditing in Nigeria: A Comprehensive Text (1st Edition). Kano: Adamu Joji Publishers.

Dandago, K. I., & Rufai, A. S. (2014). Information technology and accounting information system in the nigerian banking industry. *Asian Economic and Financial Review*, 4(5), 655-670.

Dean (1996). An introduction to working capital, Prentice hall of India, ISA 400.

Dubihlela, J., & Nqala, L. (2017). Internal controls systems and the risk performance characterizing small and medium manufacturing firms in the Cape Metropole. International Journal of Business and Management Studies, 9(2), 87-103.

 Eke, G. O. (2018). Internal control and financial performance of hospitality organizations in Rivers State. European Journal of Accounting, Auditing and Finance Research, 6(3), 32-52

Eniola, A. A. & Ektebang, H. (2014). SME firms performance in Nigeria: Competitive advantage and its impact. *International Journal of Research Studies in Management***,** 3(2), 75-86

Fagbemi, T. O., & Olaoye, J. A. (2016). An Evaluation Of Accounting Information System And Performance Of Small Scale Enterprises In Kwara State, Nigeria. *DBA Africa Management Review*, 6(1).

Fakunle, B. (2006), Audit Companion. 2nd Edition Lagos Kirkpatrick, E. N. (1985), Chambers Universal Learners’ Dictionary, Spectrum Books Limited, Ibadan.

Fraud.Business Dictionary.com. Retrieved November 5, 2017, from Business Dictionary.com

Georgio, V.L. (2015). The Critical Role of Internal Audit in Addressing Bank Fraud: A Conceptual Framework and Critical Review of the Literature with Future Extensions.

Gerrit.S, et al (2010).Monitoring Effects of the internal Auditing: Agency theory versus other Explanatory Variables.Internal Journal of Auditing. Blackwell Publishing, London.

Glance, A. (2006). Effectiveness of internal control. Local Government: Results of the 2006- 07 Audits, 19 – 26.

Graham, L. (2015). Internal control audit and compliance: documentation and testing under the new coso framework. Retrieved from https://ebookcentral.proquest.com

Harash, E. (2015). The Role of Environmental Uncertainty in the Link between Accounting Information System and Performance Small and Medium Enterprises in Iraq. *Global Journal of Management and Business Research*, 15(2).

Harash, E., Al-Tamimi, K., & Al-Timimi, S. (2014). The relationship between government policy and financial performance: A study on the SMEs in Iraq. *China-USA Business Review, 13*(4), 290-295.

Hla, D., & Teru, S. P. (2015). Efficiency of Accounting Information System and Performance Measures–. *International Journal of Multidisciplinary and Current research*, 3.

 Howard. L.R (1998).Auditing, pitman publishing company. London.

http://www.bizfluent.com/list6588708-benefits-accounting-information-system.hmtl

http://www.investopedia.com/articles/professionaleducation/11/accounting-information-system.asp

ICSC (2005). Guidelines for internal controls standards for the Public sector . online athttp://pscintosai.org/data/files/9A/87/E1/E2/1E927510C0EA0E65CA5818A8/INTOSAI-GOV-9100\_e.pdf. assessed on 18/7/2018.

Idowu, I. (2009), An Assessment of Fraud and its Management in Nigeria Commercial Banks, European Journal of Social Sciences, 10(4), pp. 628-640.

 Institute of Internal Auditors (2009) Definition of internal auditing code of ethics international standard for professional practice of internal auditing. Institute of Internal Audit Publications.

Internal control standards committee, the International Organization of Supreme Audit Institutions (INTOSAI). (2005) Publications. Guidelines for internal control standards for the public sector. Online at www.issai.org.

Iorsase, G.K. (2004). Accountants, Best Practices in the Prevention of Fraud and Financial Crimes. The certified National Accountant, 12(2), 24-31

Ironkwe, U. I. & Ordu, P.A. (2015). The impact of internal controls on financial management: a case of production companies in Nigeria. International Journal of Economics, Commerce and Management .United Kingdom ( III),12,103-132.

Ismail, N. A. (2007). The impact of information technology on performance: The mediating role of management accounting systems. *Jurnal Teknologi, 46*(E), 27-44.

Ismail, N. A., & King, M. (2005). Firm performance and AIS alignment in Malaysian SMEs. *International Journal of Accounting Information Systems*, *6*(4), 241-259.

 Jacques, L. (2003). Management and control of foreign exchange risk, Norwell, Massachusetts: Kluwer Academic Publishers.

Jensen, M. C., & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure, Journal of Financial Economics (4)3, 305-360.

Johnson, I. E. (2004). Public Sector Accounting and Financial Control. Lagos: Financial Institutions Training Centre.

Johnson, N. (1994). Defining accountability. Public Administration Bull., (17), 3-13.

Kothari, C. (2004). Research methodology: methods and techniques. Retrieved from https://ebookcentral.proquest.com

LaFond.R. (2009). Internal control measures and firm’s operational efficiency.

Lallo, N. Y. H., & Selamat, M. H. (2014). The Impact of information technology knowledge components on accounting information systemcourse development: The Iraqi perspective. *Research Journal of Finance and Accounting, 5*(1), 99-112.

Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. Industrial and organizational Psychology, (1),1, 3-30.

Mackie, B. (2008). Organisational performance management in a government context: a literature review. Scottish Government Social Research Publications. Online at www.scotland.gov.uk/socialresearch.

Mainoma, M. A. (2007). Financial control and management. A paper presented at ANAN (MCPD) for Members of the Institute.

Mainoma, M. A. (2007). Financial control and management: A paper presented at ANAN (MCPD).

Makgatho, K. E. (2013). Effectiveness of internal control mechanisms in monitoring financial resources at the Gauteng department of education, SA. An MBA Thesis submitted at Vaal Triangle Campus of North-West University.

Martin. T.P (1994).Audit management; 1st edition, S.P gang publication, South Asia, New Delhi.

Mazanai, M., & Fatoki, O. (2011). The effectiveness of business development services providers (BDS) in improving access to debt finance by start-up SMEs in South Africa. *International Journal of Economics and Finance, 3*(4), 208-216.

MCNamee, D. & Georges, M. (1998). Risk management: Changing the internal auditor’s paradigm. USA: Institute of Internal Auditors Research Foundation Publications.

Milichamp A.H (1996).Auditing, D.P LTD Publications, London.

Millicham, A. H. (2000). Auditing 7th Edition, London: Continuum. Mizrahi, S. & Ness-Weisman, I. (2007). Evaluating the effectiveness of auditing in local. municipalities using analytic hierarchy process (ahp): A general model and the Israeli example. International Journal of Auditing,(11), 187–210

Mohammed, U. D., & Obeleagu-Nzelibe, C. G. (2014). Entrepreneurial Skills and Profitability of Small and Medium Enterprises (SMEs): Resource Acquisition Strategies for New Ventures in Nigeria. *Proceedings of 25th International Business Research Conference 13 -14 January, 2014, Taj Hotel, Cape Town, South Africa.*

Mwazo, E. M., Weda, C., Omondi, M. M., & Njenga, A.N. (2017). Role of internal control systems on service delivery in the national treasury of Taita-Taveta County, Kenya. International Journal of Economics, Commerce and Management United Kingdom (V)8, 431-447. Online at http://ijecm.co.uk/.

NDIC: Nigeria Deposit Insurance Corporation (2010 )“Perspectives on the Nigerian Financial safety-net”. OCPS Internal Audit Department. <https://www.net/sb/internalaudit/Documents/Fraud.pdf>

NDIC: Nigeria Deposit Insurance Corporation “Annual Report and Statement of Account”. Various Issues (2005 -2012), Lagos, Nigeria.

Nicolaou, A. I. (2000). A contingency model of perceived effectiveness in accounting information systems: Organizational coordination and control effects. *International Journal of Accounting Information Systems*, 1(2), 91-105.

Ningi, S.I. and Dutse, A.Y. (2008). Impact of Bank Consolidation Strategy on the Nigeria Economy. African Economy and Business Review 6(2).

Njogo, B. O., & Safiriyu, A. M. (2012). Impact of small and medium scale enterprises in the generation of employment in Lagos state. *Kuwait chapter of Arabian journal of business and management review*, 1(11), 107-141.

Nwachukwu C.C (1995), Modern Nigerian Business Law. African Educational Service Owerri, Nigeria.

Nwaeze, C. (2008): “Quality and Internal Control Challenges in Contemporary Nigerian banking”. Zenith Economic Quarterly, Zenith Bank Plc, Vol 3 No 2, April.

Nwankwo, G.O (1991): “Bank Management” Principle and practice Lagos Malthouse press Ltd, Lagos Nigeria.

Nwankwo, G.O. (1994). Banking Fraud. Lecture delivered at the 5th Anniversary of Money Market Association of Nigeria.

Nzotta, S.M. (2004). Money, Banking and Finance: Theory and Practice, Owerri: Hudson-Jude Nigeria Publishers.

Ojo, J. A. (2008). Effect of Bank Frauds on Banking Operations in Nigeria. International Journal of Investment and Finance. 1(1). Olisabu, E. S. (1991). Banking in Nigeria: Sign post in the nineties. First Bank Quarterly Review June 1991 Edition.

Okezie, B. N. (2008). Audit and assurance services. Aba: Concept Publishers.

Olatunji, T. E. (2013). The impact of accounting system on the performance of small and medium scale enterprises in Nigeria–a survey of SMEs in Oyo State–Nigeria. *International Journal of Business and Management Invention*, 2(9), 13-17.

Olufidipe, E.O, (1994), “Fraud in Nigeria and its Implication for Bank &Financial Institutions” Nigeria Institute of bankers Lagos July- Decembers Vol. 30 NO. 4pp7-10.

Oseni, E. (2006). Across the counter frauds in the Banking Industry and evaluation of some of the available controls. The Nigerian Accountant, January/March

Owler, L. & Brown, J. L. (1999). Cost and Management Accounting Methods. London: Macdonald and Evans Press.

1. Pandy (1995). Financial management; 1st edition, Kampala. [12] Kakuru J.B (2001).Financial management; 1st edition, business publishing group, Kampala.

 Payne, G. (2005). Internal Audit Discussion Paper. Department of local government. Internal Audit in NSW Local Government, Circular to Council.

Rafiu, O.S. & Oyedokun A.(2007). Auditing and Accountability mechanism in the public sector, The International Journal of Applied Economics and Finance, (1), 45-54.

Ramswamy (1994).Auditing; 4th edition, R.Chand and co. publishers, New Delhi.

 Sabari, M. H. (2003). Internal auditor as a custodian of internal control. In Dandago, K. I and Tanko, A. I. (eds), Background Issues to Ethic in Accounting. Proceeding of the first Annual Conference on Ethical Issues in Accounting Vol 1 Department of Accounting, BUK.

Saira, K., Zariyawati, M. A., & Annuar, M. N. (2010). Information system and firms’ performance: The case of Malaysian small medium enterprises. *International Business Research, 3*(4), 28-35.

 Sani, A. M. (2009). Evaluation of financial control in the public sector. A Paper presented at ANAN (MCPP) for Members of the Institute. Sawyer, I. B., Dittenhofer, M. A. & Scheiner, J. H. (2003). Sawyer’s Internal Auditing: The Practice of Modern Internal auditing, Fifth Edition. Altamonte Springs, Fla: Institute of Internal Auditors.

Serem, E.K. (2016). The relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya. MBA thesis submitted at University of Nairobi, Kenya.

Shongotla, I.O, (1994).“Fraud Detection and control” Nigeria institute of Bankers Lagos July- December VOi.30, NO.4 PP16-19. Private Securities Litigation Reform Act of 1995.Pub. L. 104-67, Dec. 22, 1995, 109 Stat. 737.

SMEDAN. (2005). Small and medium enterprises performance in Nigeria: A report presented at African entrepreneurship seminar organized in collaboration with the Scientific Committee on Entrepreneurship of the University of Essex. United Kingdom on the 5th of June.

This Day Newspaper online. (2012, July 20). FG Releases First National Survey on SMEs Survey shows 99 per cent of firms are micro enterprises. *This Day Live*. Retrieved from http://www.thisdaylive.com/articles/fg-releases-first-national-survey-on-smes-survey-shows-99-per-cent-of-firms-are-micro-enterprises/120425/

Tijjani, B. (2003). Efficiency Assessments of Internal Audit in Nigerian Universities. Case of Bayero University, Kano. Background Issues to Ethics in Accounting. Proceedings of the First Annual Conference on Ethical Issues in Accounting, (1), Department of Accounting, Bayero University, Kano, 197 – 204.

Unegbu, A. O. & Obi, B. C. (2012). Auditing. Enugu: Hipuks Additional Press Uwani. Unegbu, A. O. & Kida, M. I. (2011). Effectiveness of internal audit as instrument of improving public sector management. Journal of Emergency Trends in Economics and Management Sciences (JEYEMS), 2, 304 – 309.

Venables,. J. S. R. & Impey, K. W. (1998). Internal audit, Second Edition. Durban: Butterworth.

Woolf, E. (1996). Auditing today. United Kingdom: Prentice Hall International Ltd.

Woolf. E (1992). Auditing Today; 3rd edition, Prentice Hall International Ltd. London, UK.

**APPENDIXE**

**QUESTIONNAIRE**

**PLEASE TICK [√] YOUR MOST PREFERRED CHOICE(S) ON A QUESTION.**

**SECTION A**

**PERSONAL INFORMATION**

Gender

Male ( )

Female ( )

Age

20-29 ( )

30-39 ( )

40-49 ( )

50+ ( )

**Research Question 1**: **Has the computer contributed immensely to the development of Nigeria banking industry?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

**Research Question 2**: **Are electronic computers used by the Nigeria banks to detail fraudulent activities?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

**Research Question 3**: **Do computers sometimes incur errors whiles doing the work of fraud direction in banks?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

**Research Question 4**: **Has the electronic Computers revolutionalised the banking industry?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Strongly agreed |  |
| Agreed  |  |
| Strongly disagreed |  |
| Disagreed  |  |