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airjournals@gmail.com; enquiry@airjournal.org

Eradication of Banking Malpractices and Frauds in Nigeria

Okoro, Livinus Ugwu PhD.[1] and Onyebueke, Rhoda Chiamaka PhD.[2]

[1]Department of Accountancy, University of Nigeria Enugu Campus (UNEC), Enugu State Nigeria
[2]Department of Banking and Finance, Enugu State University of Science and Technology Enugu State, Nigeria

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ABSTRACT

The study appraised the eradication of banking malpractices and frauds in Nigeria. The specific objectives of the study were to: examine the effect of total number of fraud cases on profit for the year of commercial banks in Nigeria and ascertain the impact of total amount involved in the fraud cases on profit for the year of commercial banks in Nigeria. The methodology adopted for the study was ex post facto design. The population of the study consisted of al the 19 quoted commercial banks in Nigeria while the entire population was sampled. The analytical technique adopted for the study was random effect panel regression model. The study found out that the total number of fraud cases has significant effect on profit for the year of commercial banks in Nigeria and the total amount involved in the fraud cases has significant impact on profit for the year of commercial banks in Nigeria. It was recommended that banks should introduce more stringent measures in their staff recruitment exercise to reduce engagement of unscrupulous staff with high tendency of insider collusion and fraud that tend to reduce bank profits and also introduce more internal control measures to contain risks associated with increasing volume of deposits.

Keywords: *Fraud Prevention, Fraud Control, Banking Malpractices, Internal Audit Function, Fraud Remediation*

1. Introduction

Banks all over the world have through their unique position in an economy, contributed immensely to the economic growth and development of a nation. The significance of the banking sector in any country stems from its role of financial mobilization from surplus to deficit units of any economy, provision of a competent payment system and facilitation of the implementation of monetary policies (Olasanmi, 2018). In intermediation, banks mobilize savings from the surplus units of the economy and channel these funds to the deficit unit, particularly private business enterprises, for the purposes of expanding their productive capacity. As intermediaries to both suppliers and users of funds, banks are effectively situated in a continuum that determines the pulse of the economy. The banking sector has become one of the most critical sectors in the economy with wide effect on the level and direction of economic growth and transformation and also on some economic variables such as the rate of employment and inflation which directly affect the lives of the people (Onyeagocha, 2011).

Worldwide, the ability or inability of banks to successfully fulfill their role as intermediaries has been a central issue in the financial crisis that has been witnessed so far. Udegbunam (2018) posits that a special feature of banking activities is to act as delegated monitors of borrowers on behalf of the ultimate lenders (depositors). In this special relationship with depositors and borrowers, banks need to secure the trust and confidence of their numerous clients. Though this requires safe and sound banking practices, it is not always the case as bank failures in different countries have come to prove. Onyeagocha (2011) is of the view that the failure of banks to adequately fulfill their role arises from the several risks that they are exposed to, many of which are not properly managed. One of such risks which is increasingly becoming a source of worry is, the banking risk associated with incessant frauds and accounting scandals.

Owolabi (2016) defined fraud as deceit or trickery deliberately practiced in order to gain some advantages dishonestly. Okpara (2009) defined fraud as any premeditated act of criminal deceit, trickery or falsification by a person or group of persons with the intention of altering facts in order to obtain undue personal monetary advantage. Hur-Yagba (2017) on the other hand also sees fraud as a deliberate falsification, camouflage or exclusion of the truth for the purpose of dishonesty/stage management to the financial damage of an individual or an organization. In a nutshell, fraud, which literarily means a conscious and deliberate action by a person or group of persons with the intention of altering the truth or fact for selfish personal gain, is now by far the single most veritable threat to the entire banking industry. It is indeed worrisome that while banks are constantly trying to grapple with the demands of monetary authorities to recapitalize up to the stipulated minimum standards, fraudsters are always at work threatening and decimating their financial base (Archibong, 2018). Also, more worrying is the rise in the number of employees who are involved in the act as well as the ease with which many escape detection thus encouraging many others to join in perpetuating fraud.

Commercial banks are usually equipped with corporate fraud control and prevention systems to reduce the prevalence of fraudulent activities. Corporate fraud control and prevention systems are established to ensure that bank assets and transactions are secured (Idowu, 2017). Corporate fraud control in particular is the restraint, authority, command, regulation and a check on the activities of an organization. It is to ensure that the objectives of the organization are met. It is the means of operating, regulating, directing and testing the activities of the organization that establishes them. Hur-Yagba (2017) stated that control defines the power and authority of an organization to direct, order or restrain the activities and conduct of people, internal and external, with a view to ensuring their conformity with organizational plans and objectives. The author further stated that control focuses on the ability of the organization to determine and effectuate its intentions using its human resources.

Control describes all the organizational efforts to ensure that employees, customers, investors and other parties' behaviours are in line with the organizational plans and standards (Gates & Jacob, 2018). After the organizational standards and plans have been set, control represents the organizational efforts to ensure the people's compliance with those standards. Fraud control, therefore, means the measurement and correction of performance activities in order to ensure that enterprise objectives and plans devised to attain them are being accomplished (Diamond, 2014). It consists of verifying, checking and regulating to ensure that everything occurs in conformity with the plans adopted, the instructions issued and the principles established.

Adequate investment in fraud control and prevention systems strengthens commercial banks' defenses against any form of fraudulent activity. Regularly maintained fraud control and prevention systems also ensure that most corporate frauds are minimized (Atijosan, 2015). According to Archibong (2018), frauds may not be totally eliminated though there are control and preventive measures that can drastically reduce the amount of frauds in a business. Such measures, according to author, include adequate physical and electronic security, pre– employment screening, installation of surveillance equipment, etc. The author further stated that organizations that seek those measures are successful while those that ignore them lose heavily. Against these backgrounds, this study is set to appraise fraud prevention and control in the Nigerian banking system.

In Nigeria, in spite of the banking regulation and bank examination by the Central Bank of Nigeria (CBN), the supervisory role of the Nigeria Deposit Insurance Corporation (NDIC), and The Chartered Institute of Bankers of Nigeria (CIBN), there is still a growing concern about fraud and other unethical practices in the banking industry. Evidence from the NDIC Report (2018) revealed that the report of the examinations and special investigations from the banks were still bedeviled with problems of fraud, weak board and management oversight; inaccurate financial reporting; poor book-keeping practices; non-performing insider-related credits; declining asset quality and attendant large provisioning requirements; inadequate debt recovery; non-compliance with banking laws, rules and regulations; and significant exposure to the capital market through share and margin loans. Hur-Yagba (2017) found that one of the factors that impacted the most on the performance of the banking system in Nigeria was fraudulent practices. This study thus, examines eradication of banking malpractices and frauds in Nigeria. The specific objectives of the study are to: examine the effect of total number of fraud cases on profit for the year of commercial banks in Nigeria and ascertain the impact of total amount involved in the fraud cases on profit for the year of commercial banks in Nigeria. The following hypotheses were formulated from the objectives of the study: total number of fraud cases had no significant effect on profit for the year of commercial banks in Nigeria and total amount involved in the fraud cases had no significant impact on profit for the year of commercial banks in Nigeria.

The study covered from 2010 to 2019. The year 2010 was selected as the base year because there was economic recession that enormously affected the banking sector while 2019 was selected as the end year as it is the most recent year with data availability.

The paper is organized in five parts: part one is the introduction, followed by part two which is the review of related literature while part three is the methodology adopted for the study. Part four is the presentation of findings and analysis while part five concludes the work and shows the recommendations.

2. Review of Related Literature

2.1 Conceptual review

2.1.1 Fraud

Fraud is not peculiar to banking sector; it is a general phenomenon. Some multinational organisation such as Enron, World com and so on have been affected negatively due to fraud occurrence, therefore many organisation have made so many attempts to restore their goodwill and images by instituting internal controls, ethical guidelines, and code of ethics to prevent unethical behaviour. The terms “fraud” has received attention and different definitions from different scholars, researchers and authors. What is very peculiar to the definitions is that the concept has been associated with embezzlement, financial misstatement and misappropriation, extortion, illegal amassing of wealth through dubious means, act of deception, bribery, false representation, theft, concealment of material fact etc. According to Adeyemo (2012), fraud is defined as “any illegal act characterized by deceit, concealment or violation of trust. These acts are not dependent on the application of threat or violence or of physical force.

All organisations are vulnerable to fraud. The Association of Certified Fraud Examiners (ACFE) (2018) has identified three primary Categories of fraud based on the numerous investigated fraud cases. These are asset misappropriations, corruption schemes and financial statement fraud schemes. According to ACFE, asset misappropriations are those schemes in which the perpetrator steals or misuses the companies’ resources. The corruption schemes involve the employee’s use of his or her influence in business transactions in a way that violates his or her duty to the employer for the purpose of obtaining a benefit for himself or herself or someone else. Financial statement fraud schemes are those involving the intentional misstatement or omission of material information in the organization’s financial reports.

In this study, fraud is perceived as any illegal acts which include squander, misallocation and embezzlement of fund or resources, characterized by deceit and concealment or violation of trust which may eventually collapse an organization.

2.1.2 Fraud Prevention

Fraud prevention involves those actions taken to discourage the commission of fraud and limit fraud exposure when it occurs. Instilling a strong ethical culture and setting the correct tone at the top are essential elements in preventing fraud. A strong principal mechanism for preventing fraud is effective and efficient internal controls, including controls related to screening customers, vendors, and external business relationship partners (IIA 2009). An organization with effective internal controls deters fraudsters from the temptation to commit fraud. Management is primarily responsible for establishing and maintaining internal controls in an organization. The European

Federation of Accountants (2005) however presented the following measures to combat the risk of fraud in companies:

i. Ethical culture – ethical standards in the working environment
ii. Identification of risk areas
iii. Set-up of policies, sound internal control procedures and monitoring
iv. Whistle blowing

2.1.3 Fraud Detection

Fraud detective controls are designed to provide warnings or evidence that fraud is occurring or has occurred. Effective internal controls are one of the strongest deterrents to fraudulent behavior and fraudulent actions. Simultaneous use of preventive and detective internal controls enhances any fraud risk management program's effectiveness. Although detective internal controls may provide evidence that fraud exists, detective internal controls are not intended to prevent fraud. Fraud detection methods need to be flexible, adaptable, and continuously changing to meet the changes in the risk environment. While preventive measures are apparent and readily identifiable, detective controls may not be as apparent (that is, they operate in the background). Organizations often rely on employees to report suspicious activity through an anonymous whistleblower hotline. Using employee feedback capitalizes on the fact that many employees within the organization want to share what they know about organizational issues (IIA 2009). An effective way for an organization to learn about existing fraud, according to IIA (2009) is to provide employees, suppliers, and other stakeholders with a variety of methods for reporting their concerns about illegal or unethical behavior. Ways to collect this information include:

i. Code of conduct confirmation: When employees sign an annual code of conduct outlining their responsibilities in the prevention and detection of fraud, they can be asked to report any known violations.

ii. Whistleblower hotline: This can take the form of a telephone hotline or Web-based reporting system where the whistleblower can remain anonymous.

iii. Exit interviews: Conducting exit interviews of terminated employees or those who have resigned can help identify fraud schemes. They may also help determine whether there are issues regarding management's integrity, and may provide information regarding conditions conducive to fraud.

iv. Proactive employee survey: Routine employee surveys can be conducted to solicit employee knowledge of fraud and unethical behavior within the organization. A proactive survey could elicit anonymous information from employees, which would aid organizations in catching fraud sooner than if they wait for employees to volunteer such information.

v. Other methods for fraud detection include surprise audits in high fraud risk areas by internal auditors, external auditors or management.

2.1.4 Fraud Remediation

At the conclusion of every audit assignment, findings and recommendations are made in relation to the lapses in the internal control, fraud or irregularities established during the audit. Therefore, Management are expected to take necessary corrective actions to address the findings and recommendations of internal auditors and external auditors in a timely manner; addressing control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal audit and external audit, and ensuring that deficiencies identified by supervisory authorities related to the internal audit function are remedied within an appropriate time frame and that progress of necessary corrective actions are reported to the Board of Directors (Chimeocha, 2018)

2.1.5 Internal Audit functions in Fraud Prevention

According to Petrascu and Tieanu (2014), the responsibilities concerning fraud prevention within an organization are divided between the executive board, the audit committee, and internal audit. According to them, the executive board oversee and monitor management`s actions to manage fraud risk. Specifically, the board evaluates management's identification of fraud risks, implementation of anti-fraud measures, and creation of the tone at the top for fraud risk management. Secondly, the audit committee has the role of supervising the management of fraud risk and actively monitoring the efforts of the executive against fraud committing. Thirdly, the internal audit constitutes a tool at the disposal of audit committee that independently assesses fraud risk and anti-fraud measures implemented by the executive board. According to International Standard on Auditing (ISA) 240, the primary responsibility for the prevention of fraud rest with both those charged with governance of the entity and management. It is important that management with the oversight of those charged with governance, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves commitment to creating a culture of honesty, and ethical behavior which can be reinforced by an active oversight by those charged with governance (Zayol, Kukeng & Iortule, 2017).

According to Mousa (2017), the internal audit plays an effective role in drawing the attention of the stakeholders to the risk of fraud. Thereby reducing the risk of fraud through the examination and evaluation of control methods, the role of the organization in the management of fraud and how effective and sufficient they are, and also how they respond to the fraud risk. The IIA`s standard 1210, requires that, the internal audit must have sufficient knowledge to evaluate the risk of fraud and how it is managed, but are not expected to have expertise of someone whose prime responsibility is detecting and preventing fraud. He is expected to evaluate the potential for the occurrence of fraud and how the company manages fraud risk, and also considers the probability of significant fraud when setting objective (Sang, 2012).

The Institute of Internal Auditors (IIA) (2009) agreed that a well-designed internal control system should help prevent or detect material fraud. During audit engagement, the internal auditors are expected to consider fraud risk in the assessment of internal control design and determination of audit step to perform. Internal auditors are not expected to detect fraud, but are expected to obtain reasonable assurance that business objective for the process under review are being achieved and material control deficiencies whether through simple error or international effort are detected.

2.2 Review of Relevant Theories

This study is anchored on Stewardship Theory:

Stewardship Theory

It was introduced by Donaldson and Davis in 1989. According to this theory; managers are expected to be good stewards of organizational resources. They are not to misappropriate organizational resources as this, will adversely affects the attainment of other non-financial motives, such as the intrinsic satisfaction of successful performance and the need for achievement and recognition. It concerned with the matters that organizations leaders have the obligation of ensuring better achievement of such organization activities than any other selfishnes (Donaldson and Davis, 1991). Therefore, if the organization did well, its staff will also do well thereby investing their energy in their respective organizations success. Stewardship theory agreed that individuals within an organization considered themselves as part of the management and therefore, and managers can joint their efforts in order to achieve the organizational goals. Stewardship theory accepts that managers are stewards whose responsible is to align their behaviors with the objectives of their principals.

For the application of stewardship theory to this study, it is expected that that, employees and managers of banking sector are entrusted with the management of the company's resources of which they will give account of how these resources are being managed, under their care to the company. Thus, proper audit by competent internal audit unit are required to check into affair of these resources entrusted on them in order to ensure efficiency and accountability, hence ensuring that the company is not defrauded.

2.3 Empirical Review

Udeh and Ugwu (2018) examined fraud in Nigerian banking sector from 2006 to 2015. Data relating to fraud, bank profit, bank assets and bank deposits were collected. Descriptive analysis and Ordinary Least Square (OLS) method of regression analysis were used for the data analysis. It was discovered that fraud has negative but insignificant relationship with bank profit amongst others.

Chimeocha (2018) carried out a study on the examination of internal audit as an effective tool for fraud control in a banking organization. The main objective of the study is to examine the internal audit system in the operation in companies in Nigeria and evaluate the effectiveness of the system as a strategy for fraud control. The data were collected through primary source, and using Taro Yamene's 1964 formula out of the population of eight (8) staff in Michelle laboratory Enugu. The data were analysed using t-test analysis. The study revealed that internal audit has statistical significance association on fraud prevention in banking organization, also that internal audit has statistical significance association on fraud detection in banking organization, and finally, internal audit has no statistical significance association on fraud remediation in banking organization.

Enofe, Abilogu, Omoolorun and Ehailo (2017) carried out a study on the measures of fraud prevention in banking industry. Primary data were used for this study. This study was carried out by collecting data from 15 quoted commercial banks in Nigeria as at 31st December, 2015. The study utilized ordinary least square regression model. It was observed that strong internal control system, good corporate governance and compliance with banking ethics have positive and significant influence on fraud prevention in banking industry. The study recommended that banking institutions should establish and ensure effective and strict implementation of all these variables which is strong enough to prevent fraud, errors and misappropriations.

Obonyo (2017) carried out a study on the effect of internal audit practices on fraud risk management in state corporations in Kenya. The study sought to establish the extent to which internal audit practices contributes to success of fraud risk management in State Corporations. The target population was all state corporations in Kenya; Stratified random sampling was used to sample the state corporations under study. Structured questionnaires were used to collect data. 40 state corporations were sampled for the study. The researcher used Pearson Chi-Square to analyse the data. The study concludes that internal audit practices; fraud policy, periodic assessment of fraud risk exposure, fraud prevention and fraud detection when combined contributes to success of fraud risk management in state corporations in Kenya.

Olatuji and Adekola (2017) conducted a study titled 'the role of auditors in fraud detection and prevention in Nigeria deposit money banks: evidence from Southwest. This study examined the impact of auditors captured by risk assessment, system audit and verification of financial report on banking fraud control. The study relied on primary data. Multiple regression technique and ANOVA were used for the analysis. The results indicated that the level of fraud control in Nigerian banks during the period covered was low; the result revealed that risk assessment management, system audit and verification of financial reports adopted by the banking industry in Southwest Nigeria limit the fraudulent activities among the Nigerian banks.

Mathenge (2016) conducted a study titled "Effect of internal audit functions on fraud detection in insurance companies in Kenya" The objective of the study was to establish the effect of proactive fraud audit, compliance to policies, risk management, control of operation and financial reporting on fraud detection among insurance companies in Kenya. The study adopted a descriptive research designs to establish the statistical relationship between variables of the study. The study adopted a census approach where information was collected from all the 41 Insurance companies in Kenya. The primary data was collected using a structured questionnaire consisting of close-ended and open-ended questions. Multiple regression analysis was used to determine the statistical relationship between variable. It was established that there was a statistical relationship between Proactive Fraud Audit, Compliance to Policies, Risk Management, Control of Operation and Financial Reporting and fraud detection among insurance companies in Kenya. It was concluded that insurance companies were likely to gain competitive edge in the changing business environment if only they developed proactive fraud audit systems, compliance systems, risk management systems, internal control systems and financial reporting systems.

Sorunke (2016) conducted a research titled "Internal audit and fraud control in public institutions in Nigeria: A survey of Local Government Councils in Osun State" the study is aimed to evaluate the effectiveness of the internal audit unit on fraud control in local government administration in Osun State. The primary data were obtained through the administration of questionnaires, interview and actual observation. They were supplemented with secondary data.

The findings of the research indicate that the Internal Audit unit did not fulfill and in reality does not contribute significantly to fraud prevention and control in local government administration in Osun State. The study thus recommends total overhauling of the internal audit unit in the local government administration in Osun State.

Saleh (2016) conducted a research on the effect of internal control on fraud prevention in Maiduguri banking industries. The research is aimed to find out the extent to which fraud is actually prevented in banking industries. The researcher administered questionnaires to the relevant employees of the Maiduguri flour mills in addition informal face-to face interview was conducted. Chi square and ANOVA was used to analyse the data. The major findings were; inefficient management composition and policies have lead to the increase in the level of fraud witnessed in the banking industries. Lack of proper supervision has lead to most of the fraud witnessed in the industry. Lack of training, nepotism and poor operations staff, poor segregation of duties, all have effect on numbers of fraud in the banking industries.

Gap in Literature

This study covered from 2010 to 2019 unlike the authors whose works were reviewed in this study. For instance, Udeh and Ugwu (2018) examined fraud in Nigerian banking sector from 2006 to 2015.

3. Methodology

3.1 Research Design

Ex-post facto research design was adopted in this study. The choice of the ex-post facto design was because the research relied on already recorded events, and researchers do not have control over the relevant dependent and independent variables they are studying with a view to manipulating them (Onwumere, 2009).

3.2 Population of the Study

The population of study comprised of all the listed commercial banks in Nigeria. They are 19 listed commercial banks in Nigeria (hhttps://nigerianinfopedia.com.ng/listedcompanies-in-the-nigerian-stock-exchange/2019). They are listed in the appendix:

3.3 Sample Size Determination

The sample size consisted of all the 19 listed commercial banks in Nigeria as they are all involved in the study.

3.4 Model Specification

The model of the study is based on the classical linear regression model of Brooks (2014).

The model is shown as follows;

3.5 Analytical Procedure

Data covering a period of 10 years were analyzed using random effect panel regression model.

Decision Rule

Reject the null hypothesis if the P-value is less than 5%, otherwise accept the null hypothesis.

4. Data Presentation and Analysis

This chapter comprises of the data presentation, estimation and results of the empirical investigation carried out. It also addresses the relationship between each of the variables under study.

Table 1: Data showing Total Number of Fraud Cases, Total Amount involved in the Fraud and Profit for the Year of Commercial Banks in Nigeria

YR	TNFC	TAFC (N, b)	PFY (N, b)
2010	1193	4.83	610.12
2011	1533	10.1	619.96
2012	2007	53.52	658.1
2013	1764	41.27	-13.70
2014	1532	21.29	607.34
2015	2352	28.4	-6.71
2016	3380	17.97	525.34
2017	3786	21.8	539.97
2018	10612	25.61	601.2
2019	12279	18.02	588.86

Source: CBN Statistical Bulletins of various years

Table 1 comprised the data of the individual variables used in this study which is made up of Total Number of Fraud Cases, Total Amount involved in the Fraud and Profit for the Year of Commercial Banks in Nigeria

Test of Hypotheses

The test of hypothesis was carried out as follows:

Test of Hypothesis one

Step 1: Restatement of the Hypothesis

Total number of fraud cases had no significant effect on profit for the year of commercial banks in Nigeria

Step 2: Decision Rule

Reject HO if the probability value is <0.05

Step 3: Presentation of Test Result

Table 2: Hypothesis One

Dependent Variable: PFY
Method: ARDL
Date: 04/12/21 Time: 01:25
Sample (adjusted): 2011 2019
Included observations: 9 after adjustments
Maximum dependent lags: 2 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (2 lags, automatic): TNFC
Fixed regressors: C
Number of models evalulated: 6
Selected Model: ARDL(1, 0)
Note: final equation sample is larger than selection sample

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
PFY(-1)	-0.369942	0.365746	-1.011471	0.3508
TNFC	-0.024218	0.023978	-1.010004	0.0015
C	522.4540	201.3965	2.594156	0.0410

R-squared	0.821184	Mean dependent var	457.8178
Adjusted R-squared	0.738422	S.D. dependent var	268.3081
S.E. of regression	273.4139	Akaike info criterion	14.32105
Sum squared resid	448531.0	Schwarz criterion	14.38679
Log likelihood	61.44473	Hannan-Quinn criter.	14.17918
F-statistic	4.852000	Durbin-Watson stat	1.921349
Prob(F-statistic)	0.000095		

*Note: p-values and any subsequent tests do not account for model selection.

Source: Author's Computation from Eviews 10.0, 2021

Step 4: Decision

Given the decision criteria to reject HO if the probability value is < 0.05. Table 2 shows the probability is 0.0015<0.05. We reject the null hypothesis (H1) and conclude that total number of fraud cases has significant effect on profit for the year of commercial banks in Nigeria.

Test of Hypothesis Two

Step 1: Restatement of the Hypothesis

Total amount involved in the fraud cases had no significant impact on profit for the year of commercial banks in Nigeria

Step 2: Decision Rule

Reject H_0 if the probability value is <0.05

Step 3: Presentation of Test Result

Table 3: Hypothesis Two

Dependent Variable: PFY
Method: ARDL
Date: 04/12/21 Time: 01:29
Sample (adjusted): 2012 2019
Included observations: 8 after adjustments
Maximum dependent lags: 2 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (2 lags, automatic): TAFC
Fixed regressors: C
Number of models evalulated: 6
Selected Model: ARDL(2, 1)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
PFY(-1)	-0.146114	0.386082	-0.378453	0.7303
PFY(-2)	0.699580	0.365838	1.912268	0.1518
TAFC	-7.684991	8.349223	-0.920444	0.0052
TAFC(-1)	-16.72441	6.430221	-2.600908	0.0803
C	871.1937	281.0923	3.099316	0.0533

R-squared	0.757791	Mean dependent var	437.5500
Adjusted R-squared	0.534847	S.D. dependent var	279.3711
S.E. of regression	210.0219	Akaike info criterion	13.80147
Sum squared resid	132327.6	Schwarz criterion	13.85112
Log likelihood	-50.20589	Hannan-Quinn criter.	13.46660
F-statistic	2.346504	Durbin-Watson stat	2.435076
Prob(F-statistic)	0.004698		

*Note: p-values and any subsequent tests do not account for model selection.

Source: Author's Computation from Eviews 10.0, 2021

Step 4: Decision

Given the decision criteria to reject HO if the probability value is < 0.05. Table 3 shows the probability is 0.0052<0.05. We reject the null hypothesis (H1) and conclude that total amount involved in the fraud cases has significant impact on profit for the year of commercial banks in Nigeria.

Discussion of Findings

It was discovered that total number of fraud cases has significant effect on profit for the year of commercial banks in Nigeria based on the premise that the probability value been 0.0015 was less than 0.05.

It was equally discovered that total amount involved in the fraud cases has significant impact on profit for the year of commercial banks in Nigeria due to the fact that the probability value been 0.0052 was less than 0.05.

5. Summary of Findings, Conclusion and Recommendations

The study found out that the total number of fraud cases has significant effect on profit for the year of commercial banks in Nigeria and the total amount involved in the fraud cases has significant impact on profit for the year of commercial banks in Nigeria.

In conclusion, fraud has adverse effects on Nigerian banking industry as it was discovered that total number of fraud cases and total amount involved in the fraud cases have significant effect on profit for the year of commercial banks in Nigeria.

It is therefore recommended that banks should introduce more stringent measures in their staff recruitment exercise to reduce engagement of unscrupulous staff with high tendency of insider collusion and fraud that tend to reduce bank profits and also introduce more internal control measures to contain risks associated with increasing volume of deposits.

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