A SOCIOLOGICAL ANALYSIS OF FRAUD AMONG EMPLOYEES OF SELECTED COMMERCIAL BANKS IN KADUNA METROPOLIS

BY

AHMED, Mustapha

P14SSSG8006

A THESIS SUBMITTED TO THE DEPARTMENT OF SOCIOLOGY, FACULTY OF SOCIAL SCIENCES, AHMADU BELLO UNIVERSITY ZARIA, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER DEGREE IN SOCIOLOGY

MAY, 2018

DECLARATION

I, AHMED, Mustapha hereby declares that, this research work titled 'A **Sociological Analysis of Fraud among Employees of Selected Commercial Banks in Kaduna Metropolis**' is a product of my research efforts, and that all ideas, information and literature consulted have been duly acknowledged by way of referencing.

_____ _____

Ahmed Mustapha Date

CERTIFICATION

This research titled 'A Sociological Analysis of Fraud among Employees of Selected Commercial Banks in Kaduna Metropolis' has been approved for meeting the requirement for the award of Masters of Science degree in Sociology by the Department of Sociology, Ahmadu Bello University Zaria.

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Dr. E.C. Akpa Date
Chairman Supervisory Committee

---------- ----------

Prof. B.F. Okeshola Date
Member Supervisory Committee

---------- ----------

Dr. A.S. Maliki Date
Head of Department

---------- ----------

Prof. A.Z. Abubakar Date
Dean, School of Postgraduate Studies

DEDICATION

This work is dedicated to the gentle soul of my late father, Alhaji Ahmed Maigarri.

ACKNOWLEGEMENTS

I am profoundly thankful to Allah; the All Knowing, the Wise, who taught Man that which he knew not, for sustaining me through the period of this study. May His peace and blessing be upon His Prophet and messenger, Muhammad, as well as all those who tread his path until the last day; May He, who bestows Grace and Mercy without stint bestow His endless Grace and Mercy on my beloved mother: Khadijat Ahmed Maigari.

I am grateful to my father, Alhaji Ahmed Maigarri, whose love for knowledge and commitment to my academic pursuit spurred me to greater academic heights.

Similarly, I am grateful to my supervisors, Dr E.C. Akpa and Prof B.F. Okeshola, who, despite all the hurdles as a result of my frustrating imperfections, were remarkably patient and extremely resourceful throughout the period of carrying out this study.

Having thanked Allah, to whom all thanks are due, it is pertinent to state that, this work could not have come to fruition without the invaluable inputs and remarkable efforts of so many people, like Ibrahim Ahmed and Hafsat Ahmed who undeniably require a huge and unreserved quantum of acknowledgement.

This acknowledgement will certainly be incomplete if it fails to recognize the efforts of those who have imparted knowledge in me throughout my stay in this great Alma mater of mine. In this regard, I am grateful to Dr A.S. Maliki, the Head of Department.

Finally, I am deeply appreciative of the warm and the eventful company of all members of the P14 (SSSG) class of the Department of Sociology. Indeed, some of your academic discuss was quite useful to the successful completion of this work. I am very grateful.

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LIST OF ACRONYMS

ATM: Automated Teller Machine

CBN: Central Bank of Nigeria

EFCC: Economic and Financial Crime Commission

NDIC: Nigeria Deposit Insurance Cooperation

TSA: Treasury Single Account

BVN: Bank Verification Number

ABSTRACT

This research is entitled 'A Sociological Analysis of Fraud among Employees of Selected Commercial Banks in Kaduna Metropolis'. The indispensability of commercial banking institutions in any nation's economy cannot be over emphasized. Unfortunately, the Nigerian commercial banking institutions have been ravaged with cases of fraudulent activities, being perpetrated by some of their fraudulent employees. Consequentially, the myriad of fraudulent practices among employees is posing a serious threat to the sustainability and liquidity of commercial banks. Hence, the objectives of this study are to identify the nature of fraud, the causes of fraud, the consequences of fraud and to suggest solutions to fraud among employees of commercial banks in Kaduna metropolis. Relevant Literature was reviewed in line with the research objectives and Robert K. Merton strain theory was adopted for this study. Both quantitative and qualitative methods of data collection was adopted for the study. The quantitative data was analyzed using SPSS version 22.0 to generate frequency and percentage. Also, chi square was used test the significant of the relationship between the variables while the qualitative data was content analyzed. Thus, findings revealed that the respondents strongly agreed that unauthorized transaction is associated with fraud and the majority (42.6%) of the respondents pointed out that computer fraud, nip baud fraud as well as internal and external fraud is the most common types of fraud practiced in commercial banks. It was also discovered that the majority of the respondents sees inadequate salaries, greed and unethical behaviour as the most important reasons why employees often engage in fraudulent activities within commercial banks. Furthermore, it was found that liquidation, profit and financial loss of commercial banks were the major negative consequences of fraud in commercial banks. In addition, the hypothesis test revealed that there is a significant relationship between the nature of fraud and causes of fraud among employees of commercial banks. Also, there is a significant relationship between banking department and the types of fraud committed among employees of commercial banks. The study recommends financial motivation for employees, background check for employees before recruitment, periodic update of information technologies, good customer relationship, insuring of bank deposit, strengthening of the treasury single account across the state, external audit of commercial banks, forensic investigation and quick justice dispensation for fraudulent employees as a panacea to end fraud in commercial banks.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The universal banking system came into being as a fall out of the globalization and internationalization of the financial system. Under this procedure, a bank is established to perform some basic commercial, merchant and developmental banking functions, in addition to carrying out ancillary financial functions like insurance, stock broking and agency services (Ayozie, 2013). According to Hinds (2013), the vast majority of employees in banks and other organizations are trustworthy and honest. However, commercial banks are now beginning to realize and understand the scale of the threat posed by the small proportion of employees that act dishonestly and defraud their employers. Meanwhile, World Bank Report (2000), defined bank fraud as fraudulent and corrupt practices. It includes the solicitation, payment or receipt of bribes, gratuities or kickbacks, or the manipulation of loans or bank group-financed contracts through any form of misrepresentation. The report further noted that, fraudulent or corrupt practices also include any situation in which staff members have abused their position or misused World Bank Group funds or other public funds for private gain. In fact fraud encompasses a wide range of illicit practices and illegal acts involving intentional deception or misrepresentation.

Today, fraud is an international phenomenon affecting all countries in the world. Specifically, occupational fraud risk is a global problem and its frequency is highest in banks than any other industry globally (Price Waterhouse Coopers, 2007). In fact the World Bank has estimated that the global cost of fraud in the banking sector is about 5% of the value of the world economy or about $1.5 trillion per year. It is thought that these estimates are conservative, and they also exclude other types of fraud such as misappropriation of assets (World Bank, 2010). Similarly, Global Economic Crime Survey of Price Water House Coopers (2007), found that over 43% of bank

transaction executed by employees are victims of fraud during the previous two years. In the United Kingdom, the figures were higher than the global average, with 48% of banks having fallen victim to fraud. That is why in 2006 the World Bank adopted a series of reforms, aimed at helping uniform compliance with the highest ethical standards in all aspects of bank financed projects across the world. These standards will help level the playing field among all the various individuals and entities involved in Bank financed projects. The reform involved the following changes: Adoption of new definitions of fraudulent, coercive and collusive practices which, among other things, expanded coverage of the sanctions regime beyond procurement, adoption of a new sanction-able offense, obstructive practice, defined as the deliberate obstruction of bank investigations into fraud among employees and other actors in the banking system (World Bank, 2010).

Kleveld (2012), released the findings of the second Africa Fraud Barometer. The initiative was launched in April 2012 and is an early stage effort to measure fraud among employees and accomplices on the African continent and expose the risk of fraud for banks in their day-to-day operations. According to the initiatives, reported cases of fraud decreased from 520 in the second half of 2011 to 503 cases in the first half of 2012. During the same period, the value of fraud decreased from US$3. 3 billion to US$ 2 billion. Despite the decreased in the cases of fraud and the reduction in the amount lost in the period, Nigeria, Kenya, Zimbabwe and South Africa make up 74 percent of all fraud cases reported in Africa. While fewer cases are reported in South Africa, the overall value of these cases is far greater in Nigeria.

Olaniyi, Osemene & Omotehinse (2013), maintained that the structure of the Nigerian banking industry changed significantly since 2005 due to regulatory-induced consolidation via mergers and acquisitions. The banking sector reform coupled with the global trend in Merger and Acquisitions provided a compelling reason for major structural changes in the financial system that resulted in the emergence of 20 stronger and more focused banks from the previous 89. In association with 13

points banking reforms of 2005, the least capitalized bank in Nigeria achieved a capital base of about N25 billion as against N1.3 billion before consolidation. In the same vein, the aggregate capital base rose geometrically from N311 billion to N932 billion due to fraud, weak corporate governance, operational indiscipline and global financial crisis (CBN, 2010). All these parameters are symbol of adequate preparation of the financial sector to jump-start the Nigerian economic development; the major feasible impediment to the attainment of this laudable objective is fraud (Adeyemo, 2012).

On February 14, 2014, the CBN introduced a policy for the biometric registration of all customers of financial institutions. Through this exercise, the unique physical traits of the individual, such as fingerprints and facial features were captured. This record is to be used for the proper identification of persons keeping accounts with commercial banks in Nigeria. Upon registration, the person is given a Bank Verification Number (BVN). The objective of this policy is to protect bank customers from fraud and further strengthen the integrity of the Nigerian Banking system (Elias, G & co, 2015). According to Kanu (2016), fraud, idle account and deposit, leakages of funds, embezzlement of public funds, and the inability of a government to know the exact amount in its account led to the establishment of the treasury single account to ameliorate the level of fraud within commercial banks. Treasury Single Account (TSA) is one of the financial policies implemented by the federal government of Nigeria to consolidate all the revenue from all the ministries, departments and agencies (MDAs) in the country by way of deposit into commercial banks traceable into a single account at the Central Bank of the country. This directive was conveyed in a CBN circular no. BPS/CSO/CON/DIR/01/079. Dated: February 25, 2015, and addressed to all commercial Banks. Despite the financial reforms and policies within the Nigerian banking sector, fraud cases are on the increase among employees within commercial banks.

Meanwhile, the Nigeria Deposit Insurance Cooperation Report (2015), maintained that more employees of commercial banks are getting involved in fraudulent practices. For instance, the

Nigerian banking sector in 2011 lost a total 4.072 billion to a reported 2,352 cases of fraud involving 28.40 billion Naira. More so in the same report, the Nigerian banks in 2012 recorded a total lost of 4.52 billion to a reported 3,380 fraud cases involving 18.04 billion Naira. The report stressed further that the total amount stolen by fraudsters in Nigerian banks in 2013 rose from 5.76 billion Naira to a reported 3,786 cases of fraud involving 21.80 billion Naira. More so, the total amount diverted by fraudulent practices in 2014 increased from 6.19 billion to reported 10,612 cases of fraud involving 25.61 billion. Lastly, in the same report, the banking sector recorded 12,279 fraud cases valued at 18.02 billion Naira in the 2015 financial period. The report also revealed that the types of fraud perpetuated by staffs were largely web based, ATM card related fraud, fraudulent transfer and withdrawal of deposit.

More so, six top officials of Central Bank of Nigeria, CBN, and 16 other workers of commercial banks in the country have been arrested by the Economic and Financial Crimes Commission (EFCC) for a mega scam involving N8 billion. The suspects were picked up by operatives of the anti-graft agency for stealing and putting into circulation defaced and mutilated Nigerian currency notes to the tune of N8 billion meant for destruction. All the suspects have already been taken into EFCC custody preparatory to their arraignment at the Federal High Court (Vanguard Newspaper, 1st June, 2015).

Having observed global incidences of fraud, and particularly across the nooks and crannies of Nigeria commercial banks, hence the more specific focus of this study is the forms of fraud, predisposing factors of fraud and negative consequences of fraud among employees of commercial banks.

1.2 Statement of the Research Problem

The increasing reoccurrence of fraud cases among employees has constituted a fundamental problem within the Nigeria banking sector. For instance, there were 2,352 reported cases of fraud

in 2011 which increased to 12,279 cases in 2015 according to NDIC. This report shows that an average staff of commercial banks may likely embark on fraud in one way or the other and by implication defeat the basic objectives of commercial banks in Nigeria.

According to Oyewale (2014), the rising incidences of insider-related frauds in banks are fuelling public indignation. One of these incidences was carried out by the owner of Empathy Trade and Investment Company limited and a former banker with first bank who had milked the bank the sum of $368,203 dollars through fraudulent conversion of customers' money for her personal use and outright stealing of her bank's funds. Three former staff of Sky Bank PLC formed themselves into a triumvirate of fraud and stole the sum of sixteen million, eight hundred and ninety one thousand, one hundred Naira only (16, 861,100) from the account of a customer of their former bank. They perpetuated the fraud by transferring the money into twenty different accounts, without the beneficiaries of the money filling any money transfer form. The same creative criminality was employed by another former banker with Union Bank PLC: who assisted hackers that invaded his former bank's database, called flexcube, and in the process, facilitated the transfer of 350,000,000 million into the account of one Godswill Comm. Service in Akure, Ondo State. In yet another case of insider –related fraud in banks, two former bank managers of both Oceanic bank (now Ecobank), Fidelity bank, and a staff of the former Equatorial Trust bank, defrauded a customer of the sum of 25 million Naira.

In addition, two managers who are both serving at a union bank in Kano, reportedly abused their position to perfect a fraud. The two men who were saddled with the responsibility of evacuating and supplying cash to 17 branches of banks in Kaduna, Katsina, Kano and Jigawa states conspired and made away with 661 million Naira (Oseghale 2014). Furthermore, there are growing incidences of fake currency printed, distributed and inserted to be dispensed in the Automated Teller Machines (ATM). The manifestation of this form of fraud depends on internal fraudulent

employees of commercial banks and external collaborators who are specialist in production of the fake currencies.

According to Sanusi (2010), the extent of insider abuse in several banks is increasing day by day. One bank borrowed money and purchased a private jet, which was later discovered were registered in the name of the CEO's son. In another bank the management set up 100 fake companies for the purpose of perpetrating fraud. A lot of the capital supposedly raised by these so called "mega banks" was the fake capital financed from depositors' funds. Thirty percent (30%) of the share capital of Intercontinental bank was purchased with customer deposits. Similarly, Afribank used depositors' funds to purchase 80% of its initial public offering. It paid N25 per share when the shares were trading at N11 on the National Stock Exchange and these shares later collapsed to under N3. The CEO of Oceanic bank controlled over 35% of the bank through Special Purpose Vehicles borrowing customer deposits. The collapse of the capital market wiped out these customer deposits amounting to hundreds of billions of naira. The Central Bank of Nigeria (CBN) Governor Sanusi in 2013, provided an alarming figure of the growing trend of currency counterfeiting in Nigeria. Recorded counterfeit notes per one million pieces processed were about 3.9 pieces in 2007, 6 pieces in 2008, 8.4 pieces in 2009, 7.3 in 2010, 5.4 in 2011 and 8.4 pieces in 2012. The dispensing of this fake Nigerian currency notes by the ATMs is made possible with the connivance of fraudulent bank staff and their external accomplices. The circulation of these fake currencies is dangerous because the availability can outweigh that of the original currencies as a means of exchange in business endeavors which commercial banks will reject as deposit and automatically becomes a great loss to businesses and individuals in the society. Criminal Investigation and Intelligent department of Kaduna State Police Command crime diary (2016), revealed that two employees of Heritage bank in Kaduna state engaged in direct theft from ATM room amounting to 3,700,000 million Naira. The diary stressed further that 37 employees across branches of the Keystone bank in Kaduna state embarked on fraudulent loan disbursement of 37, 767, 990 million Naira into their personal account.

Environmental or social factors pose a problem in the activities of the banking industry as they contribute to bank fraud in Nigeria. Environmental factors are those determinants that can be traced to the immediate and remote environment of the bank, these factors are manifest in the following manner; the desire to get rich quick, ostentatious life among bank employees and societal expectations which often influences employees to embark on fraud so as to cater for this societal demand. Targets are set for marketing staff of all the banks and whenever the stakes are raised higher than the ability of the average staff, job loss becomes inevitable. Fearing such uncertainties, many bankers may fall easily into the temptation to dip their hands into other people's money. Despite the presence of the basic rules and regulations like bank and other financial institutions act, know your customer procedures and company and allied matters act (2004), guiding the daily activities of a bank employee, the yardstick of due process is making it difficult to deter employees within commercial banks from embarking on fraud. More worrisome is the lackadaisical attitude of the law enforcement agencies like EFCC, ICPC and the police, coupled with slow and complex legal system, which make it impossible to effectively prosecute fraudulent employees within the Nigerian banking sector. Another problem that is predisposing employees to fraud within commercial banks is issue of job insecurity. The is because commercial banks are formal organition which is embedded with the yardstick of firing and hiring of employees at any point in time. Hence, the problem of job insecurity may influence employees to engage in fraud as a way of coping with any eventuality associated with job insecurity.

Fraud has enormous implication on the financial status, operational structure, and psychological status of the employees, customers as well as the commercial banks. For instance, fraud leads to loss of money which belongs to either the bank or customers/investors. Such losses may be absorbed by the profit of the affected trading period and this consequently reduces the amount of profit which would have been available for distribution to the shareholders. Incidences of fraud may lead to crises of confidence as well as patronage among investors, which may bring about national embarrassment, capital flight and migration of investors to safer areas. In addition,

bank fraud increases distress and the operating cost of a bank because of the added cost of installing necessary machinery for its prevention, detection and protection. More so, fraud in its effect reduces organizational assets and increases its liabilities, which may manifest to unrealisable sustainability and retrenchment of workers. In fact, the problem is more dangerous when compounded by insider loan abuse and dormant account, which was the reason why a great number of first generation bank liquidated. Psychologically, it brings about loss of confidence in the commercial banks. In fact, cases of employee fraud can disrupt the normal daily routines of other employees and can have a negative impact with respect to morale and trust between co-workers. Due to the fact that team spirit and morale can be harmed if the staffs are shocked and unsettled by co-workers being dismissed or arrested in the workplace or prosecuted, by implication it will bring about delayed transactions which can generate to negative economic growth. Therefore, from the point of view of the employees of commercial banks, this research is set to address or answer the under listed research questions.

1.3 Research Questions

1. What are the forms of fraud practiced by employees in commercial banks in Kaduna metropolis?

2. What are the predisposing factors of fraud among employees in commercial banks in Kaduna metropolis?

3. What are the negative consequences of fraud on the operating system of commercial banks in Kaduna metropolis?

1.4 Objectives of the Study

1. To identify the forms of fraud committed by employees in commercial banks in Kaduna metropolis.

2. To examine the predisposing factors of fraud among employees in commercial banks in Kaduna metropolis.
3. To find out the negative consequences of fraud on the effective operation of commercial banks in Kaduna metropolis.
4. To suggest remedial measures to fraud among employees in commercial banks in Kaduna metropolis.

1.5 Significance of the Study

Commercial banks all over the world have contributed immensely to the economic growth and development of nations. As such, problems such as fraud which can hinder the smooth operation of the banking industry should be viewed with all seriousness in order not to intercept or destroy the rate of development.

Theoretically, this study will open a new frontier for understanding the impact of fraud on commercial banks in the academic realm; it will stimulate further research in the realm of intellectual advancement and thus make a modest contribution to the explanation of fraud in the field. In addition, the study will provide a background for other studies and serves as a reference for further study.

Practically, the study could help the Central Bank of Nigeria, the Nigeria Police Force, Economic and Financial Crime Commission, Federal Government, policy makers and the general public to better understand the current situation and make changes to address the factor that contribute to bank fraud among employee within commercial banks. This study will help policy makers, administrators, managers and auditors to be aware of the factor hindering the effectiveness of the approaches which attempt to curb bank fraud and where possible, create opportunities to eradicate the problem. The study will be useful in educating all employees and customers on the risk of bank fraud. The study will be useful to the general public because the banking industry touches the life of everyone in the economy.

1.6 Scope of the Study

The study has been designed to cover fraud among employees of commercial banks, in which the study was carried out in some old generation and new generation banks among the old and new generation commercial banks in Kaduna Metropolis. This study is limited to this area mainly because of financial, time and logistic constraints of the researcher.

1.7 Definition of Key Terms

Bank: an establishment for custody of money and other valuables, which it pays out on customer's order.

Commercial Bank: A commercial bank is a type of financial intermediary that provides facilities for current accounts, saving accounts, and other variety of services that facilitates trade and commerce particularly the grant of loans on short and medium term.

Employee: A person who is hired to provide services to a company on a regular basis in exchange for compensation and who does not provide these services as part of an independent business.

Fraud: is defined as the intentional alteration of records accompanied by the defalcation of asset in order to deceive a 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 the asset.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter review existing literature in relation to the issue under investigation, so as to bring out the extent of academic scholarship. Thus, the review covers the explanation and understanding of the forms, predisposing factors of fraud and negative consequences of fraud among staff within

commercial banks in the society. Also Robert K. Merton Strain Theory and Differential Opportunity Theory by Cloward and Ohlin will be highlighted in relation to the problem under study.

2.2 Conceptual Review

2.2.1 Commercial Bank

According to Hassan (2000), commercial banks are profit making oriented financial institutions set up for keeping and lending money and other valuable items for the purpose of making profit. They are joint stock establishments structured to conduct banking business; that includes the business of receiving deposits on current account, savings account or other similar accounts paying or collecting cheques drawn by or other business as the governor of the Central Bank of Nigeria may include as the functions of the commercial bank (Hassan 2000). Olokoyo (2006), described commercial banks as supermarkets of financial services. They are retail banks that take small amounts of deposits from many customers and operate a wide network of branches because of the nature of their business. In fact, commercial banks account for the bulk of total institutionalized savings within the system. The most important function of commercial banks is the acceptance of deposits, the provision of facilities for domestic and foreign remittance and granting of loans and advances to their customers. Idrisu, Julius and Kayode (2006), maintained that commercial banks are those banks which perform all kinds of banking functions such as accepting deposits, advancing loans, credit creation, and agency functions. They are also called joint stock banks because they are organized in the same manner as joint stock companies. Ogunbi and Ogunseye (2005), enumerated the functions of commercial banks facilitating business transactions through the use of cheques, performing ancillary services like the issuing of letters of credit, draft, transfers on behalf of their customers, bills drawn on the authority of letters of credit, discount bills, promissory notes, commercial banks assist in the acquisition of stocks, shares either in the primary or secondary markets with their investment banking units and assist the customers to trade in the capital market. Hence commercial bank can be defined as a financial unit of exchange and monetary transaction.

2.2.2 Employee

The Chartered Institute of Bankers of Nigeria (2014), argued that employee means an individual employed, appointed, engaged and recruited by any bank or other institutions within the banking industry in Nigeria. More so, Osinuga (2001 cited in Charles, Ifidion and Ayodeji 2008), defined employee as that person who is employed by another the employer who determines his wages, Salary, time of work and the kind of work to be done in an organization. Agboola (2014), maintained that an employee is a Person who is under contract to carry out daily routine tasks for an unknown period of time at a given monthly amount called salary. He stressed further that, is an individual who works part time or full time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties. On the whole, employee is an individual that works in an organization within a stipulated period for the purpose of remuneration.

2.2.3 Fraud

According to Singleton and Singleton (2006), fraud is a generic term which embraces all the multifarious means that human ingenuity can device, which are resorted to by one individual to get an advantage by false means or representation. Awe (2005), define fraud as the intentional alteration of records accompanied by the defalcation of asset in order to deceive a certain group of people for the benefit of the perpetrator. Although not all frauds are accompanied by the defalcation of asset, but the majority of frauds perpetrated by low and middle officers normally involve the defalcation of the asset. The association of certified fraud examiner (in Adeyemo, 2012) defines fraud as illegal acts characterized by deceit, concealment or violation of trust. Fraud is distinctive from any other term that looks like it such as forgery and errors in that, it shows a more affirmative action, evil in nature, such as purposefully and knowingly proceeding or acting dishonestly with a wicked motive to cheat or to deceive another.

Balogun, Selemogwe, & Akinfala (2013), believed that, fraudulent practices involve deliberate deception or intent to deceive and the thesaurus expansion of this act states that it contains acts that are false, dishonest, crooked, spurious, counterfeit and bogus. To Fadipe-Joseph and Titiloye (2012), fraudulent practices is any actions by which one person intends to gain a deceitful advantage over another. In other words, fraud is an act of commission, which is planned to cause unlawful gain to one person and criminal loss to the other, either by way of concealment of information or otherwise. Ezeogu (2007), posits that fraudulent practices are acts of deliberate deception with the intention of gaining some benefit. It is a type of corrupt practice which centers on the misrepresentation of facts and/or figures to gain benefits. The benefits desired may not be immediately financial. Fraudulent practices can be defined as deliberate actions geared towards deception for personal aggrandizement.

Akinyomi (2012), maintained that in legal terms, fraud is seen as the act of depriving a person underhandedly of something, which such a person would or might be entitled to, but for the perpetration of fraud. He noted further that fraud in its lexical meaning is an act of trickery which is intentionally practiced in order to gain illegitimate advantage. Therefore, for any action to constitute a fraud, there must be deceitful objective to benefit on the part of the perpetrator at the disadvantage of another person or group. Anugwom (2002 in Chukwu, 2011) defined financial fraud as the intentional use of deception of trick to unlawfully obtain, misuse of harm the assets of a bank or an organization. He went further to say that fraud means dishonesty, deceit, embezzlement, stealing, theft, pilfering, cheating or swindling. More so, fraud typically requires stealing and manipulation of accounts, frequently accompanied by covering up of the theft. It also involves the translation of the stolen resources or property into own resources or property.

According to the Institute Chattered Accountant of Nigeria study pack (2006), financial fraud consists of both the use of deception to obtain illegal financial advantage and intentional misrepresentation, affecting the financial statements by the one or more individual among

management, employees or third parties. Global Technology Audit Guide (2009), defined financial fraud as any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. They stressed further that financial frauds are perpetrated by parties and organizations to obtain money, property, or services, to avoid payment or loss of services; or to secure personal or business advantage. Ajala, Amuda & Arulogun (2013), defined financial fraud as an intentional misrepresentation of financial information by one or more individuals among management employees or third parties. They stressed further that, it is a deceitful and dishonest act, which involves taking a property unlawfully from its owner without his/ her knowledge, permission or consents or to misstate a situation knowingly or by negligence. Financial fraud can be seen as the intentional misrepresentation, concealment or omission of the truth for the purpose of an individual or an organization (such as a bank) which also include embezzlement, theft or any attempt to steal or unlawfully obtain or misuse the asset of the bank (Mahdi & Zhila, 2008).

The Association of Certified Fraud Examiner (2004), defined financial fraud as the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or asset. According to Agwu (2013), financial fraud is any illegal act characterized by deceit, concealment, or violation of trust or viewed as an illegal act involving the obtaining of something of value like wealth and resources through willful misrepresentation. Ojo (2008), concluded by stating that financial fraud arises when a person in a position of trust and responsibility digresses from some agreed standards, breaks the rules to advance his personal interest by enriching himself at the expense of the interest of the public (customers). Olaoye (2009), noted that financial fraud consists of both the use of deception to obtain an unjust or illegal financial advantage and intentional misinterpretation, affecting the financial statement by one or more individuals among management, employees or other parties.

According to Idowu (2009), financial fraud can be seen as the 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. Akinyomi (2012), maintained that in legal terms, financial fraud is seen as the act of depriving a person underhandedly of something in the form of money, which such a person would or might be entitled to, but for the perpetration of fraud. Aderibigbe and Dada (2007), define financial fraud as a deliberate deceit planned and executed with the intent to deprive another person of his property, resources or rights directly or indirectly, regardless of whether the perpetrator benefits from his/her actions.

Paul, Ikpefan & Odejimi (2014), defined financial fraud as a tricky and dishonest sharp practice carried out by an individual with the intent to gain undue advantage, be it monetary or material. They stressed further that Fraud is also a menace that has the capability of destroying financial institutions and harming the investor's perception about the banking sector of the affected country. Ojaide (2000), posits that financial frauds are acts of dishonesty, deceit, falsifications and manipulations perpetuated to gain undue monetary and non- monetary benefits. He further states that accounting, fraud and fraudulent practices are illegal acts involving misappropriation of assets (cash, stocks, book debts, fixed assets) manipulation and falsification of accounting books and records. Imam, Kumshe & Jajere (2015), maintained that financial fraud is the act of presenting a false financial information with the aim of cheating or having an undue financial advantage or benefit over the other. They stressed further that the victim usually suffers loss in the form of money or assets that are quantifiable in monetary terms.

Ihiagarajah (2008), sees bank fraud to any of a number of actions carried out by employee or staffs with the intent of defrauding a financial institution. Bank fraud is different from error, which refers to unintentional misstatements or omissions of amount or disclosures from an entity's accounting records or financial statements (Onochie, 2005 cited in Okoye & Gbegi, 2013). Ayozie (2013), maintained that, commercial bank frauds can be described as a conscious, premeditated

action in a person, workers or group of persons of a bank with the intention of altering the truth and or fact for selfish personal monetary gain. It involves the use of deceit and trick and sometimes highly intelligent cunning skill. The action usually takes the form of forgery, falsification of the documents and signatures. It also involves outright theft. More so employees and customers of banks engage in certain degrees of fraudulent practices throughout the world. Bank fraud refers to an act of dishonesty, deceit and imposture. It includes embezzlement, theft or an attempt to steal or unlawfully obtain, misuse or harm the asset of the bank (Ogunleye, 2000). Financial fraud can also mean embezzlement of monetary funds orchestrated through falsification of documents.

Agwu (2014), maintained that bank fraud encompasses a wide range of illicit practices and illegal acts involving intentional deception or misrepresentation. He stressed further that fraud impacts organizations like banks in several areas including financial, operational, and psychological. Fakunle (2006), defined bank fraud as the manipulation of records and accounts typically by the commercial bank staff with a view to benefiting in some direct and indirect ways. Bank fraud is any deliberate manipulation geared towards depriving an organization, individual or even any governmental institution of financial resources or non-financial resources, mainly for one's benefits, growth and development (Nipion, 2015). Benjamin (2001), defined bank fraud as simply conscience and premeditated action taken by a person, staffs or group of people to the truth or fact with a view to deriving selfish personal monetary gain. It involved the use of deceit and trick to forge or falsify documents and signature in order to steal. He contrived by highlighting incidences of where fraud will manifest, which among others, over unauthorized overdraft presentation of forged cheques, posting of fictitious credit, suppressions of cheques and a host of others. More so, bank fraud is the process of misappropriation of deposit usually perpetrated by employees of banks and external party. On the whole, fraud can be defined as theft and diversion of deposits within the commercial bank.

2.3 Forms of Fraud Committed by employees in Commercial Banks

This objective presents literature on types and forms of fraud committed by employees of commercial banks.

(a) Internal and External Fraud

According to Abiola and Oyewole (2013), classified fraud into internal fraud, external fraud and mixed fraud. Internal frauds are committed among the member staff of the bank, while external fraud is committed wholly by persons and organization external to the bank and lastly mixed fraud consist of staff of the bank and external parties, for instance signature of customers are forged by non-customers with the active connivance of staff who in most cases provide the specimen signature cards and where forgeries are not perfected, arrangements are made with staff to beat the signature verification process. Adeyemo (2012), highlighted outsider and insider fraud, which involves a collaboration of bank employees or staff and outsider or customers for the purpose of defrauding the bank. For any bank fraud to succeed, more often than not, there must be an insider who is providing information and other logistic support to the outsiders for easy access.

Ojo (2006), also described fraud typology as consisting of internal fraud, external fraud, internal/external fraud, syndicated fraud, corporate fraud, executive fraud, computer fraud, electricity failure aided fraud, good boy and good girl syndrome aided fraud, rotten leadership aided fraud, slow judicial aided fraud and survival politics induced aided fraud.

(b) Computer / Electronics Aided Fraud

Owolabi (2010), in his work on Fraud and fraudulent practices in Nigeria banking industry, identified computer aided fraud as the most common type of fraud within commercial banks. According to him, computer-aided fraud is a process involving all acts, involving the use of computer through deceit or dishonest manner or approach of depriving a person or corporation of their property without their consent. He stressed further that computer fraud can be perpetrated through input manipulation, file manipulation program

manipulation or operation manipulation, tampering with computer files, manipulation of input data, creating fictitious account, using password belonging to other staff, fixing of dummy applications and using master passwords. Owolabi (2010), maintained that E-banking also attracts varieties of fraud such as skimming, (counter fact card fraud) stolen card, fraudulent applications, never received issue, card data manipulation, ATM video, spam mails or denial service, Access swift fraud, money transfer frauds, Inter-Bank clearing frauds, Money Laundering Frauds, and Scam mails.

Ogechukwu (2013), posits that computer fraud has been the practice of most commercial banks, especially those of the new generation bank, and further added other ethical challenges which include; deceptive advertisement and opening of new branches, unhealthy competition and staff poaching among the commercial banks, late/non remittance of duty collections and vat, statement of financial position doctoring and foreign exchange malpractices. Olufunke (2010), divided fraud into traditional fraud and modern day computer fraud. He stressed further that traditional fraud includes bank robbery which has to do with collaboration between employees and arm robbers, false statement to a bank in order to obtain loans, misapplication or embezzlement of bank funds, false entries in a bank book and bank briberies, while modern day computer fraud includes privacy violations, phone tapping, software piracy and copyright violation. He concluded that these frauds are not executed by outsider alone because the majority of the perpetrators are reported to have an insider working with them. According to Akinyomi (2012), in his work on Examination of fraud in the Nigerian banking sector and its prevention in Lagos state, where he used T test to analysed Likert scale question found out that computer fraud had the highest t values; making it the highest perceived type of fraud currently affecting commercial banks.

(c) Management Fraud

Agwu (2014), argued that fraud encompasses a situation where the branch manager of a bank often initiated an application for an overdraft without the branch customers'

knowledge, being aware that the customer had a deposit, to be used as cash collateral. In fact customer service employee can perform unauthorized transactions from a customer's account by transferring amounts of money to his personal account (knowing that some of the customers were no longer alive). In the same report, sometimes real customer applies for a loan, the loan is approved, but the customer is refused by the branch and the bank employee steals the funds.

Ayozie (2013), identified management fraud as a type of fraud which is normally committed by the management staff of the banks, it comprises of the board of directors, chairman, directors, managing directors and general manager. This is an embarrassing unethical practice as funds are held in trust for the investors by top management. The victims of this fraud include the investors and creditors, and the medium for perpetrating this fraud is through the financial statement. Ifechukwu (2009), identified schemes that are generally associated with procurement and outsourcing functions include the use of fronts by employees and top management, conflict of interest, bid rigging, bid avoidance, individuals accepting delivery of items without authority, conspiring with suppliers, excess order, disguised purchases, false billing, non conforming materials, insider collaboration and management override. A few of these fraudulent schemes were perpetuated and sometimes discovered during routine and special audit exercises carried out in the bank.

Ogundeji (2005 as cited in Nwanze, 2006), gave the following types of bank fraud, executive, foreign exchange, domestic operations, reconciliation, money market and treasury, risk assets, information technology, financial control, clearing, fund transfer, teller operations and customer services related frauds. The Association of Certified Fraud Examiners (cited in Ayozie, 2013) opined that this fraud manifests itself through overstatement of assets and revenues or understatement of liabilities and expenses, but is normally carried out through five methods; concealed liabilities and expenses, fictitious

revenues, improper and or inadequate disclosure, Improper asset valuation, timing differences.

(d) Forgeries

Olatunji (2009), sees insider frauds in the commercial banks as involving falsification, lying, exceeding authority, violation of the bank employers policies embezzlement of the bank funds using in the form of cash or other assets. Also, Owho (2005), emphasized the following types of fraud, forgeries, theft and embezzlement, defalcation, suppression, fraudulent substitution, payment against unclear effects, unauthorized lending, lending to ghost borrowers, kite flying and cross Firing, unofficial borrowing, foreign exchange malpractices, impersonation, over invoicing, manipulation of voucher, fictitious contracts, fictitious accounts, over valuation/under valuation of properties, false declaration of cash shortages, fraudulent use of bank documents, falsification of status report, misuse of suspense account, duplication of cheque books, drafts, mail transfers, interception of clearing cheques, interception and switching of telex messages, inflation of statistical data, laundering, computer frauds, false proceeds of collection, robberies, teeming and lading, fake payment, claim of supernatural influence, and double pledging.

Also, Owolabi (2010), sees common fraud and clearing fraud as the kind of unethical behavior among staff within commercial bank. Common fraud is a classification that embodies various types of fraud that cut across most common departments in the banking industry. Mostly, they are categorized into: forgeries, clearing fraud, advance fee fraud, money transfer fraud, counterfeit securities, Cheque knitting, theft and embezzlement, robberies, defalcation and letter of credit fraud while clearing fraud involves the act of stealing, depriving, duping or exploiting an individual, organization or group of institutions through criminal manipulation of clearing instruments.

Kanu & Okafor (2013), revealed that, the most frequent type of fraud beleaguering the Nigerian banking industry is fraudulent withdrawals. This is closely followed by ATM withdrawals and forged cheques using forged signatures Secondly, the fraud type that impacted so much on bank deposits is clearing frauds. That is followed by forging cheques using forged signatures and miscellaneous frauds. While the fraud type that inflicted the highest amount of financial losses on bank deposits is miscellaneous frauds. This is followed by clearing frauds and armed robbery attacks.

(e) Unauthorized Transaction

Ayozie, (2012), identified unauthorized transaction as the most common type of fraud in commercial banks which involves undue access and tampering with the customers accounts, bank staffs engaging in unauthorised withdrawals from customers accounts, unauthorised overdrafts, unauthorised lodgements and operations of the account, fictitious charges, payment of cheques and other banking instruments of commercial bank personnel against customer accounts, and the operation of fictitious accounts, or operating the accounts of dead bank customers. Also, conversion of Cheques whereby the bank officials exploited the loopholes in the clearing system to divert funds into accounts other than that of the payee stated in the cheque. The clearing process which is only known to the bank workers, only confirms that the drawer's account is debited and funded. There was no control outside the collecting bank to ensure that they proceed and funds are credited into the right account.

Okororie (2005 in Ayozie, 2013), identified unauthorized fraud as the most common types of fraud in commercial banks and it take place in the following forms: suppression of clearing Instruments**: -** this is perpetrated by paying a cheque drawn on account with insufficient fund, the appropriate thing would have been to return such cheque, thus, the payment of such cheque is fraud due to suppression.

In general, there has been a certain degree of information on the nature of fraud ranging from insider and outsider fraud, forgeries, computer\electronic fraud, advanced fee fraud, unauthorized transaction and management fraud, which are most prevalence in commercial banks. However, an area that is seemingly left out is the nip bud fraud where a small fraction of cash will be deducted from customers account without his or her consent. Thus, this research tend to fill the knowledge gap by exploring how the nip bud fraud manifest itself in commercial banks within Kaduna metropolis.

2.4 Predisposing Factors of Fraud among Employees in Commercial Banks

This section reviewed literature that are related to predisposing factors that tend to encourage fraud among employees of commercial banks.

(a) Organizational and Environmental Factors

According to Oseni (2009), organizational and environmental factors often sustain frauds in most banks. Organizational factor includes: poor management control systems, ineffective operational procedure, lapses in the operating systems, lack of adequate exposure or training on the part of bank staff or elevating a staff beyond the level of his competence and poor security arrangement for documents which make it easier for fraud to penetrate into system of commercial banks. While environmental factors include uncontrollable factors beyond the active manipulation of bank management, the societal values in Nigeria, which emphasize materialism, including the insatiable list by workers and society at large for material gains. Similarly, Nweze (2008), grouped the major causes of bank fraud into two; institutional factors and environmental factors. Institutional factor includes inadequate infrastructure, exposing of sensitive document to indiscipline staff, poor security arrangement, poor salaries, frustration, poor management and inadequate supervision. While environmental factors include unemployment, high level of poverty, fear of negative publicity on the bank and poor societal value. Ayozie (2013), believed that

societal/external environmental causes of fraud are; slow and tortuous legal processes, delays in the prosecution of fraud cases, a frustrated party due to long adjournments and delays might likely abandon a case and this will lead to miscarriage of justice, non or late reporting of frauds to the police or supervisory bodies and societal emphasis on wealth and money as a symbol of achievement.

(b) Generic Factors

Ojo (2008), classified the causes of fraud and forgeries in commercial transaction, under the generic factors like endogenous or institutional factors and exogenous or environmental factor. Endogenous factors include Poor book-keeping by bank staff, overcrowding of office space encourage staffs to commit bank fraud, weak accounting and poor weak internal control system, ineffective/poor internal auditing system, inadequate supervision of subordinates by superiors, staff disregards for "Know your customer rule", poor data base management and information communication technology (ICT), helpless personnel policies and working conditions, poor salary and disparity in the wage structure between certain categories of staff with almost the same qualification e.g. HND and BSc graduates, general frustrations occasioned by management unfulfilled promises to the staff and the bank union members which influences the employee from abiding to laid down procedures. While exogenous factor include, genetic traits which are trans-generational (or inherited) attributes possessed by the staff, which propels them (him/her) to engage in bank frauds e.g. pathological kleptomaniacs.

Asukwo (2009), maintained that the immediate and remote causes of frauds in general include the following: greed, inadequate staffing, poor internal control, inadequate training, poor book keeping and genetic traits. Akindele (2011), also used primary data from questionnaires to investigate catalyst of fraud in the Nigerian banking sector, he discovered that a host of factors were responsible for fraud in the Nigerian banking sector; they include

lack of adequate training, poor communication gap and poor leadership skills which were responsible for high fraud occurrences in the Nigerian banking sector.

(c) Power Failure

Ojo (2008), maintained that incessant power failure results in a build-up of unbalanced postings and commercial banks' reluctance to report fraud and place a disclaimer on convicted ex-staff due to the perceived negative publicity often encourages more fraud among staff of commercial banks.

(d) Socio-economic Lapses

Adewunmi (2007), in his explanation of bank fraud, identify socioeconomic lapse in society such as the misplacement of societal values, the unquestioning attitude of society towards the sources of wealth, the rising societal expectations of bank staff and the subsequent desire of the staff to live up to such explanations as contributory factors of fraud.

(e) Delay in Payment of Salaries

According Akinwumi (2013), salaries, wages and other emolument of employees are their legal right, thus delaying of such payment may influence the worker to engage in fraud. Furthermore, Onibudo (2007), opined that inadequate compensation, salaries and fringe benefits that are accrual to bank staff, refusal to comply with laid-down procedures without any penalty or sanction, collusion between interacting agents charged with the responsibility of protecting the assets and other interest of the bank, Poor working conditions, poverty and infidelity of employees often encourage fraudulent behavior among staff within commercial bank.

Owolabi & Babalola (2011), in their study on the Effects of perceived inequality and perceived job insecurity on fraudulent intent of bank employees in Nigeria where variance were computed to test the effects of the perceived inequality and perceived insecurity on fraudulent intent, found that, when employee perceived that they are not fairly treated and also perceived that their job is not secured, the tendency to commit fraud increases. Employees generally have feelings and

psychological needs which they expect the employer to help fulfilled. When they perceived that those needs are under threat or they feel that the organization may not help in fulfilling these needs, it may result in employee directing their attention towards the fulfillment of such needs from other means including illegal ones. Idowu (2009), revealed that, so many factors contributed to the incidence of frauds in banks amongst which are poor management of policies and procedures, inadequate working conditions, bank staff staying longer on a particular job and staff feeling frustrated as a result of poor remunerations.

(f) Greed

Ogbunka (2002), identified the causes of fraud as follows: availability of opportunity to perpetrate frauds and forgeries, human greed, avarice, instability, increasing incidence of unemployment, job insecurity, increasing financial burden on individuals, societal expectations, inadequate training of manpower, poor/weak management control, monitoring, supervision and weak internal control system of the bank. Adewole (2002 cited in Fatoki, 2015) opines that any minor mistake by an individual which is not detected in time or at all makes such an individual to think that the success of such mistakes may be an advantage and may proceed to enact more mistakes; this time, deliberately so as to test the systems check and balance. He stressed that where a deliberate mistake is made and is successful, the individual takes benefit of it for selfish ends. He refers to this behavior as fraud, since it is now a deliberate act aimed at dishonestly enriching the individual. The next logical step for such an individual is definitely to continue with such errors until he eventually graduates to a fraudster. It can therefore be deduced that the genesis of fraud is traceable to the committing of minor, undetected mistakes, which are consequently capitalized upon by individuals intending to defraud. Akinyomi (2012), noted that greed is a major cause of fraud, added to the fact that the majority of the staff members considered their remuneration as adequate.

(g) Inadequate Staffing and Training

Adeyemo (2012), postulated that commercial bank frauds occur more and at a higher rate of recurrence among staff with little experience and knowledge in financial matters. The more experienced and knowledgeable a bank employee is, the less probability that frauds would pass such staff undetected unless with the active support of that staff. More so, unhealthy competition and staff poaching among the commercial bank, the continuing expansion of the banking system at a pace faster than the development of competent hands results in undue competition for available experienced employees/bank staff (Business Day, 2004 cited in Ayozie, 2013). This situation may lead to staff poaching, head hunting and excessive inducement in the area of remuneration and other perquisites like Jumbo housing grants/loans, upon engagement, signing on bonuses and foreign holiday trips for the workers and their families. This invariably leads to an excessive rise in the bank's operating costs and will increase the target of every staffs in the bank and of these staff may decide to cut corners just to meet the target which will manifest fraud in the commercial bank. Olufunke (2010), argued that the perpetrators are successful not just because of their know-how, but some banks make it easy by neglecting staff training and knowledge about computer security or not investing in the right technological equipments. According to Akinyomi (2012), in his work on Examination of fraud in the Nigerian banking sector and its prevention in Lagos state, where he used T test to analysed Likert scale question found out that the t-value indicates that overall, respondents agree that Greed, Inadequate Staffing, Poor Internal Control, Lack of Proper Staff Training, Poor Working Conditions, Poverty and Staff Infidelity acts are motivators towards committing fraud. There is however a high degree of consensus among them that greed is the highest motivation for committing fraud. Akindele (2010), conducted a research on the challenges of automated teller machine (ATM) usage and fraud occurrence in Nigeria banking industry. The study posits that lack of adequate training, communication gap, and poor leadership skills were the greatest causes of fraud in banks.

(h) Poor Management Policy

Zuraidah, Mohd and Yusarina (2015), investigated fraud schemes in the banking institutions and the preventive measure to avoid severe financial loss. The study was conducted among management levels in Malaysia banking institutions, with a focus on branch managers and assistants' managers who handles mortgage loan and hire purchase loan. The study finds out that perpetrators of fraud always have insight of the procedure and had taken advantage and capitalize on the process to penetrate and commit fraud.

Oluyemi (2005), revealed that fraud is on the increase because many owners and directors abused or misused their privileged positions or breached their fiduciary duties by engaging in self-serving activities. He stressed further that the abuses included the granting of unsecured credit facilities to owners, directors and related companies which in some cases were in excess of their banks' statutory lending limits, in violation of the provisions of the law. Furthermore, Business Day (2004 cited in Ayozie, 2013) reported that commercial banks have this problem of transparency and accountability. There are reported cases of deliberate rendition of inaccurate returns to the regulatory authorities like the State or Federal Ministries of finance and the Central Bank of Nigeria (CBN), with the intention and purpose of misleading them, and benefit from such deceit. Management overrides the internal control processes and also violates regulations just to favour inside party.

Agbo and Uchenna (2013), maintained that the increase in bank staff involvement in fraud, may be connected with the reluctance of management to report and prosecute cases by the affected banks. Olasanmi (2010), opine that because many fraud cases escape detection, it encourages many others to join in perpetuating it. The symptoms of poor internal controls increase the likelihood of frauds in bank branches. Internal control symptoms include a poor control environment, lack of segregation of duties, lack of physical safeguards, lack of independent checks and balances, lack of proper authorizations, lack of proper documents and records, the overriding of existing controls, and an inadequate accounting system (Agwu,

2013). Fatoki (2015), in his work on Strategies for Dealing with Fraud And Corruption: An Overview of Nigerian Banking Industry, where analysis of the data was done by using the simple arithmetic method of percentage, discovered that, there are number of lapses in the internal control system of the banks and most of the top management staff takes advantage of these lapses to perpetrate fraud and corruption. In fact, most fraudulent acts are perpetrated by employees who understand the internal operations at their workplace and take advantage of internal control weaknesses.

Agwu (2014), averred that the weakness of various structures within the financial institution sits squarely as an open sore to the daily slide in checks and balances and the application of stiff internal control measures expected of such an institution. He stressed further that the vulnerability of banks to fraud has been heightened by technological advancements in recent times. Ademola, Olusegun & Kehinde (2013), argued that weak corporate governance, particularly insider abuse and contravention of supervisory regulatory provisions and overbearing directors' interest in loans and advances or any credit facilities are major causes of the banking crisis, especially in a developing country like Nigeria. Political interference and ownership structure is another source of distress in the banking industry. The ownership structure of a bank has a direct bearing to its survival. The overbearing influence of particular director of the board and management of a bank could result in frequent boardroom crisis and the breakdown of internal controls precipitation to the banking crisis and may eventually lead to the failure of the bank (Kama, 2010). Paul *et al* (2014) argued that CBN policy were not very useful in effectively reducing fraud in the banking sector since it was exerting a mixed effect on fraud, as policy improved initially fraud occurrences shrank afterwards corroborators were probably beginning to find new ways to circumvent regulatory measures to perpetuate fraud.

More so, Ogidefa (2008), expressed that banking malpractices involves bank officials changing figures and manipulating computer balances. Thus bank managers are often involved in joint agreement with fraudsters who dupe foreign organizations and helping them in casting the money in order to be able to get their own shares. In a similar vein, cashiers in banks are usually involved in short-paying customers that withdraw huge amounts of money, mainly because of their selfish desire for money (Ogidefa, 2008). Meanwhile, Business Day (2004 cited in Ayozie, 2013) argued that credit facilities granted internally lead to fraud in commercial banks, this practice is made more virulent by concealment which the regulators might not detect early enough, until the health of the bank has been terminally impaired. There is also the practice of endless rollover of non-performing insider credit, which is at a very ridiculous lower rate of interest, to favour the perpetrators. Paul et al (2014), maintained that the spate of low commercial bank lending in the Nigerian banking industry and a host of other institutional and administrative deficiencies is probably responsible for high fraudulent occurrences in the Nigeria banking sector. They stressed further that high bank deposit is a common factor in many commercial banks in the fraud equation and assert that it is likely to be the a major cause of fraud occurrence in the Nigeria banking sector. Uket and Joseph (2012), found that, internal control policy design influences staff attitude towards fraud. Hence, a strong internal control mechanism will deter staffs from committing fraud while a weak internal control mechanism exposes the system to fraud and creates opportunity for staffs to commit fraud.

(i) Recapitalization

Ayozie (2013), maintained that meeting the commercial bank's capitalization requirement the central bank of Nigeria (CBN) does not accept borrowed funds for bank capitalization. Evidences abound in the recapitalised commercial bank's verification that the Director and promoters disguise borrowed funds, just to satisfy the requirements of recapitalisation. This manipulation will encourage tendencies of fraud among staff within commercial bank. Furthermore, Ayozie (2013), argued that over ambitious and unrealistic target setting for bank staff (Females in Particular), unrealistic profit and liability targeting by the commercial banks, thus these processes often

influence the staffs to boycott the ethics of “know your customer” which will finally result to fraudulent activity.

Ogechukwu (2013), argued that the challenges of regulations within commercial bank include granting of credit facilities internally, insider securities trading, unauthorized tampering with customers’ accounts. Other ethical challenges raised by him include meeting the commercial bank recapitalisation requirements, which he opined that the Central Bank of Nigeria (CBN) does not accept borrowed funds for bank recapitalization. This is evident in cases where Directors and Promoters disguise borrowed funds to meet and satisfy the recapitalization requirements. Also, the issue of over ambitious and unrealistic target settings for mostly female bank staff, unrealistic profit and liability targeting by commercial banks is a disturbing unethical challenge to confront squarely.

(j) Unethical Behaviour

Hill & Jones (2008), maintained that it is important to recognize that banks and business ethics are not divorced from personal ethics, which are the generally accepted principles of right and wrong governing the conduct of individuals. The personal ethical code that guides human behavior comes from a number of sources, which include parents, schools, religion, and the media. Thus, an individual with a strong sense of personal ethics is less likely to behave in an unethical manner in banking and business setting. They further noted that, many studies of unethical behavior in banking and business setting have come to the conclusion that the bank employee sometimes do not realize that they are behaving unethically, primarily because they simply fail to ask the relevant question: is this decision or action ethical? Instead, they apply a straightforward business calculus to what they perceive to be a business decision, forgetting that the decision may also have an important ethical dimension which may lead to fraud in the banking system (Hill & Jones, 2008).

A study by Johns and Saks (2005), shows that people with a high need for personal power might be prone to make unethical decisions, using this to further self-interest rather

than for the good of the organization as a whole. Another reason for unethical practice is a lack of formal education of the organizational workforce about the benefits of ethical values and the negative effects of unethical practice on the organization like banks in terms of loss of good image/reputation, and that of low patronage from customers. Sanusi (2003), also stated that the lack of transparency undermines the ethics of good corporate governance and the prospect for an effective contingency plan for managing systemic distress. Ayozie (2013), argued that the absence of moral values that has permeated every aspect of the Nigerian life has equally directly and indirectly affected the financial service industries and in this case the commercial bank.

(k) Inefficient Legal System

According to Oseni (2009), argued that ineffective supervision, evaluation and monitoring of banking operations by the monetary authorities and inefficient mechanisms necessary for detecting or prosecuting fraudsters with minimum delay, especially with the prevalence of an inefficient legal system and above all lack of effective punishments because fraudsters are most times not adequately punished for their actions due to the fact that the legal system is too slow to prosecute fraudsters.

Degboro and Olofinsola (2007), note that an important challenge to the application of forensic accounting in financial fraud control in Nigeria is that the law is not always up to date with the latest advancements in technology. Also, forensic accounting is seen as an expensive service that only big companies can afford. Thus, most companies prefer to settle the issue outside the court to avoid the expensive cost and the risk of bad publicity on their corporate image. In addition, forensic accounting is a new trend, particularly in developing economies. Hence, accountants with adequate technical know-how on forensic issues are hardly available. Adebisi (2009), maintained that most fraudulent cases are bail able offences, hence perpetrators in most cases get off the hook even when caught, mostly fraud

prosecution requires due process of the law because it involves a careful but very long investigation process before the culprits are brought to book, more so sometimes when suspects or known fraudsters are arrested, they are discharged by the court for want of evidence due to the fact that documents that look like clear evidence to a layman are inadequate before the law and lastly the rot in the law enforcement arm of the legal system i.e. police, judiciary etc, also assist fraudsters. In most cases, fraudsters settle their way out.

Razae (2002 as cited in Okoye & Gbegi, 2013) stated that, Professional Forensic Accountants react in response to criminal complaints, statements made in civil litigation, and rumours that come to the attention of authorities. Suspicion should perhaps refer to sings of cover up or disguise class action suits by shareholders may stimulate a forensic accounting investigation, but class-action suits only hurt the corporation, and let the offending CEO go free. Regular auditors, as have been seen, also tend to not make a good witness in court, and they sometime are more a hindrance than a help for law enforcement. There may be a need for the auditing and assurance professions to change their ways before new, emerging fields move in to fill the gap.

Josiah, Adeniran & Akpeti (2012), argued that despite the laid down rules governing the operation of the Nigerian banks, fraud may occur because responsibility for prevention is not allocated, dishonesty is accepted as inevitable, known cases go unpunished and the diseases spread; because security is thought too expensive or covered by fidelity bonds. Weak corporate governance was seen manifesting in the form of weak internal control systems, excessive risk taking, override of internal control measures, absence of or non-adherence to limits of authority, disregard for cannons of prudent lending, absence of risk management processes and insider abuses has influence fraudulent practices to remain a worrisome feature of the banking system (Soludo, 2004). The awareness level of bank employees regarding bank frauds is not very satisfactory, and majority of them does not

dispose favorable attitude towards stipulated bank procedures as they find difficulty in following them due to workload and pressure of competition (Agwu, 2014).

Most organizations have procedures to safeguard cash, yet those procedures are often ignored where cheques are concerned. Despite a reduction in cheque usage following the transition to electronic fund transfer payments, ATMs, Internet Banking services, Mobile Banking, etc, within the Nigerian financial institutions, misappropriation of cheque receipts and cheque payments remains a problem (NDIC, 2011). Ifechukwu (2009), identified breach of fiduciary duty as the challenges of regulation within commercial bank, according to him breach of fiduciary duty entails not abiding by the loyalty or the duty of care that exists in a fiduciary relationship by employees. The duty of loyalty requires of employees to act in the best interest of principal free of any self dealing, conflict of interest, or any other abuse for private gain.

Olasanmi (2010), maintained that banks as one of the victims of fraud contribute negatively in reducing frauds and forgeries by not prosecuting perpetrators for the fear of public image. This attitude encourages individual with inordinate ambition to defraud in financial institutions. Since affected bank may not prosecute erring staff, there may be no public knowledge of a staff that was terminated in a bank; such staff still finds his/her way into being employed at another financial institution. Just dismissing a staff who has stolen tripled his or her gratuity/ retirement allowance is counter justifiable. It is an impetus for stealing. As perpetrators escape detection, many others are encouraged to join in the act.

Agwu (2014), argued that fraud investigations are not like standard police-type investigations into criminal activity. This is because the majority of fraud investigations begins only with a mere suspicion that a fraud has occurred. In many cases, there is little initial evidence of that fraud, as the nature of most fraud is such that deception is involved in committing and then covering up the crime. Abiola and Oyewole (2013), argued that in most

cases, offenders do not view stealing from companies as harmful; they may think that the crime was victimless; and they do not view their theft as being devastating or costly to the business. They noted further that many frauds occur because the opportunity exists and the perpetrator does not believe he/she will be caught. In many cases the offender has little or no criminal self-concept and offenders view violations as part of their work.

(l) Computer Failure

Josiah, Adeniran & Akpeti (2012), argued that the main factors contributing to today's increased level of fraud include: Growing complexity of organizations, ever-increasing speed of modern commerce and computerization, history of inattention, understaffing of internal audit functions, acceptance of some level of fraud as the cost of doing business, outdated and ineffective internal controls, aggressive accounting practices and increasingly transient employees. Akindele (2011), revealed that, cases of employee dissatisfaction, negligence, carelessness of the customer, relaxed security controls, inadequate record keeping methods and lose security over high risk areas like computer files tend to induce fraud within banks.

From the above position, the literature reviewed has highlighted several factors like environmental factor, unethical behavior, inefficient legal system, week management, greed, poor salaries, inadequate staff training, greed, power failure, computer failure, socio-economic lapses and job insecurity as the major causes of fraud among staff within commercial bank. Notwithstanding the literatures did not say much about how peer influence tends to bring about the fraudulent practices among staff within the banking system. Thus, this study seeks to cover this gap with regard to predisposing factors of fraud among employee within commercial bank.

2.5 Negative Consequences of Fraud on the Effective Operation of Commercial Banks

This section reviewed literature on negative the consequences of fraud on the effective operation in commercial banks.

(a) Psychological Effect

According to Adebisi (2009), whenever there is a successful fraud incident, certain things happen in quick succession that will leave considerable social and psychological effects as well as painful memory or lasting scars on the organization, staff, government and the society at large. Furthermore, Gberevbie (2011), maintained that the consequences of unethical practice in the banking sector manifested, among others, public embarrassment in the arrest and prosecution of bank CEOs by the EFCC, seizure of their assets in terms of money, investments and properties, and negative perception of corruption on the bank chiefs and their family members in society.

Ajala, Amuda and Arulogun (2013), maintained that a good number of bank frauds never get reported to the appropriate authority, 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. Fatoki (2015), maintained that Banks are reluctant to report frauds and corrupt practice because it would seem like washing its dirty linen in the public. It has been known that victims are too embarrassed to come forward and admit they have been ripped off, they will rather prefer a secret solution to public prosecution. Eseogbene (2010), maintained that loss of customer confidence as the most important consequence of bank fraud. This is closely followed by loss of revenue and loss of patronage which came second and third with 229 and 232 points respectively. Loss of corporate image is fourth while facilities distress is fifth respectively.

(b) Economic Effect

Farujia (2009 cited in Nosa & Omokhudu, 2014), argued that the consequences of financial fraud on the Nigerian economy include microeconomic and macroeconomic effects. Microeconomic effect is a situation whereby the fraudsters create a company and pretend as if they are generating income from the company. In fact their decisions are not usually based on economic considerations and would offer products at prices below cost price, making the front companies to handle an unjustified competitive advantage and this leads to business closures/slit down when legitimate business competes with them. While the macroeconomic effect of fraud includes volatility in exchange rates and interest rates due to unanticipated transfers of funds, fall in asset price due to the disposition of laundered funds misallocation of resources in relative asset, commodity prices arising from money laundering activities, loss of confidence in the markets caused by insider trading, fraud and embezzlement.

More so, Ogidefa (2008), argued that certain effects of fraud include bankruptcy, inflation, economic crises, increased crime, unemployment and reduction of income per head of a country. Fraud often leads to bank distress and in return, it will bring about a down turn in the economy and made negative impact on virtually every segment of the Nigerian economy among which according to Adehla (2002), are loss of public confidence in financial system, loss of savings, loss of investment, increased unemployment alongside loss of jobs, loss of national productivity and output. Agbo and Uchenna (2013), found that the loss in funds affected the economy. It reduced the amount of money available to small or medium scale firms for developing the economy. The costs of fraud are always passed on to the society in the form of increased customer inconvenience, opportunity costs, unnecessary high prices of goods and services and lack of infrastructure. This is because fraud reduces the deposits of depositors and ultimately leads to the erosion of the capital base of banks. Samson & Ekundayo (2010), argued that the banking sector, which is seen as the economic arsenal of a country, if tampered with by fraudsters may result to bankruptcy. As a result of this, people unemployed are likely to commit a crime which in turn increases the crime rate in the country thus, income per head will reduce. In fact, this can result to hunger and starvation

because the wealth of the nation is in the hands of a few persons and the price of goods and services will increase. Imam, Kumshe & Jajere (2015), maintained that the victim suffers a loss in the form of money or assets that are quantifiable in monetary terms. Furthermore, it is devastating that its effect to the Economy of a nation can be paradigm either to Ebola or HIV. In fact the damage done by it inevitably affects both the employer and the employee, which in turn affects the general performance of the economy.

Nippion (2015), argued that base on another identified effect of fraud, which is inflation. It is very obvious that this has been a practical experience for an average Nigerian and even for foreign citizens resident in Nigeria. Inflationary trend has actually been a serious bane to Nigerian economy. Every day, the value of money keeps dropping, with a little amount of money that could have been used to purchase a large amount of goods or enjoy a number of services; the reverse has been the case. He stressed further that, fraudulent practices such as that of bank fraud can undermine economic development by encouraging and promoting distortions and inefficiency. In fact fraudulent practices usually lead to the diversion of the financial or even non-financial resources meant for a large group of people to be siphoned into the private pockets of only a very few individuals. Abayomi (2014), maintained that the multiplier effects of myriads of bank frauds affect all facets of life in the economic life of the nation Nigeria, its size has been on the alarming increase and its effect is like a wild fire leading to loss of customers' deposits, loss of shareholders fund, loss of customer confidence, increase in the cost of security and surveillance equipment, reduction in profit and increase in administrative costs. Okoye and Gbegi (2012), in their study on Forensic Accounting: A Tool for Fraud Detection and Prevention in the Public Sector. (A Study of Selected Ministries in Kogi State) where tables and percentage were used in the analysis of the data collected from the respondents, found that, fraud and related financial crimes have a significant effect on gross domestic product, thereby affecting the Nigerian

economy fraud and related financial crime has no significant effect on inflation. However, it has contributed in affecting the economy in a negative way.

(c) Financial Loss

Akindele (2011), maintained that Frauds in banks early lead to loss of monies that ordinarily belong to someone other than the banks. The loss results in some cases in reducing the level of resources available for use in the operations of the banks. In very bad cases where frauds occur with crippling frequency and in wholesomeness, the bank may be forced to close down as a result. Furthermore, Agbo and Uchenna (2013), believed that losses from fraud, which are absorbed by the equity capital of the bank, impair the banks financial health and constrain its ability to extend loans and advances for profitable operations. In extreme cases, rampant and large incidences of fraud could lead to a bank failure. According to Ayozie, (2013), loss of money lead to reduce the level of resources, which hampers the operation of the bank and this might lead to loss of patronage, another effect includes loss of confidence in banks by the customers. According to Gitau (2016), in his work on the Effect of Financial Fraud on the Performance of Commercial Banks: A Case Study of Tier 1 Banks In Nakuru Town, Kenya found out that the strong and positive Pearson correlation coefficients imply that financial fraud loss and liquidity ratios had a strong and significant influence of financial performance of commercial banks in Kenya for the period considered. Akinyomi (2012), in his work on Examination of fraud in the Nigerian banking sector and its prevention in Lagos state, where he used T test to analysed Likert scale question found out that respondents regard loss of revenue as the most important consequence of bank fraud. This is followed by loss of patronage and loss of customers' confidence which came second and third with and respectively. Loss of corporate image is fourth while facilitates distress is fifth respectively. Abdulraheem, Isiaka, & Muhammed (2012), examine the problem of fraud and its implications for bank performance in Nigeria through empirical analysis. The data were extracted from the Nigerian Deposit Insurance Corporation (NDIC) Annual Report from 2004 to 2009 while Pearson Correlation was employed in the evaluation of the data. The study revealed that Nigerian banks recorded the

highest fraud cases in 2008 and that, there is a significant relationship between total amount involved in fraud cases and banks profit. Abdulrasheed, Babaitu and Yinusa (2012) examined the impact of fraud on bank performance in Nigeria. Result of the study shows that, there is a significant relationship between banks profit and total amount of funds involved in fraud

(d) Liquidation

According, Zachariah, Masoyi, Ernest and Gabriel (2014) worked on the topic titled Application of forensic auditing in reducing fraud cases in Nigeria Money Deposit Banks. The study analysed the trend in fraud cases from 2001-2012. According to the authors, Nigerian banks over the past decades had suffered from the menace of frauds which resulted to distresses and liquidations which hamper the roles of banks in the economy. Abiola (2009), noted that, fraud can lead to a diminishing effect on the asset quality of banks. In fact, the problem is more dangerous when compounded by insider loan abuse which was the reason for the first generation of liquidated banks by NDIC. Abayomi (2014), believed that fraud is the major risk that attacks the structure and performance of firms especially its liquidity and profitability. He stressed further that fraud lead to loss of money, which belong to either the bank or customers. Such losses may be absorbed by the profit for the affected trading period and this consequently reduced the amount of profits, which would have been available for distribution to shareholders. Subsequently, this adversely affects shareholder wealth in the form of loss of return and capital. Losses from fraud which are absorbed to the equity capital of the bank impair the bank financial health and constrains its ability to extend loans and advances for profitable operation.

Ahmed, Madawaki and Usman (2014), argued that Fraudulent credits lead to large bad debt provisions which impair the capital adequacy. In every extreme case, fraud could lead to bank failures and eventual liquidation of the bank. Temitope (2014), Banking fraud is a problem to various stakeholders. First, it diminishes the profitability of a bank and this may lead to reduced firm value arising out of low dividends to shareholders. In the extreme case, it may threaten the

going concern of the commercial bank and this may impact negatively on shareholder wealth believed that as a result of banking fraud, some staff in the industry has either been dismissed, or has their appointment terminated or prematurely retired. This means that some experienced hands in the sectors are lost due to their involvement in frauds and forgeries. The employees may be affected by losing their job in case of winding up or liquidation of a bank due to fraud.

Akindele (2011), believed that Fraud in the industry has prevented many banks from achieving their goals. He further noted that some banks were just seen in the physical as the body and building they were already liquidated and many were already into distress. Similarly, bank frauds seriously endanger the organizational growth of a bank as it leads to bank distress (Ojo, 2008).

(e) Weak Management

Evidence from the NDIC Report (2008), reveals that some banks were still bedevilled with problems of fraud, which include weak board and management oversight; inaccurate financial reporting, poor book-keeping practices, nonperforming insider-related credits, declining asset quality and attendant large provisioning requirements, inadequate debt recovery, non-compliance with banking laws, and significant exposure to the capital market through share and margin loans. According to Alashi (2002), a bank is said to be in severe crisis when a bank is characterized by fraud coupled with weak management as reflected by the poor asset quality, insider abuse, inadequate internal controls, including unethical and unprofessional conduct, squabbles, and a high level of staff turnover, among others.

Gberevbie (2009), points out that development is a process that entails growth, and growth is more likely to be attained in an organization where effective leadership that emphasizes ethical practice in the norm. Therefore, an organization headed by leadership that is characterized by the unethical practice like fraud or corruption is not likely to experience development. This is so

because while skills, capacity and vision that may make for good leadership can be acquired and enhanced at work for organizational performance, this would be almost impossible without proper ethical practice in the organization. In other words, proper ethical practice without skills and other such variables can keep an organization going, but skills and other such variables without proper ethical practices cannot sustain the organization to achieve development.

Ifechukwu (2009), maintained that management override fraud occurs where contrary to what the procurement system has thrown up as the rightful winner of the bid, someone is picked contrary to recommendations, thus it eliminates fair competition in the procurement process to the benefit of a preferred bidder, un-reconcile accounts and poor store records. More so, Ifechuwu (2009), also argued that managers in both the public and private sector spend quality time managing their budget, not withstanding a good amount of this time is spent worrying about fraud and how to contain it. He stressed further that those leakages through inappropriate business transactions are known to negatively affect share prices, create shocks and collapse of the banking sector. Despite a reduction in cheque usage following the transition to electronic fund transfer payments, ATMs, Internet Banking services, Mobile Banking, etc, within the Nigerian financial institutions, misappropriation of cheque receipts and cheque payments remains a problem (NDIC, 2011).

(f) Loss of Job

Okon & Unugbro (2003), reported that many qualified and experienced staff in the industry had been dismissed or have their appointments terminated or being retired prematurely. This implies that some experienced and qualified hands in the sector are lost due to involvement in fraud and forgeries. Agwu (2014), opined that fraud cases might take its toll on staff turnovers, leading to loss of efficient and hard working employees of various cadres. This will by extension, lead to an increase in hiring, training as well as long years of fitting into and understanding the

system, in fact some bright persons might shy away from applying to the banks in order to protect their reputations.

(g) High Cost of Operation

Fraud increases the operation cost of a bank because of the added cost of installing necessary machinery for its prevention, detection and protection (Abdullahi, 2001). Furthermore, Olufunke (2010), maintained that a major challenge of the banking sector is keeping up to date with changes in technology to fight fraud, in spite of the fact that they keep increasing their expenditure on computer security; it seems not to be adequate to cope with the rate of changes in technology. Agbo & Uchenna (2013), maintained that fraud can increase the operating cost of a bank because of the added cost of installing the necessary machinery for its detection, prevention and protection of assets. Moreover, devoting valuable time to safeguarding its asset from fraudulent men distracts management. This unproductive diversion of resources 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 the bank.

(h) Depletion of Investors

Eseoghene (2010), in his work on Bank Frauds In Nigeria: Underlying Causes, Effects and Possible Remedies. Where questions in the questionnaire were analysed in tabular form with the aid of simple percentages. The results show that the respondents regard loss of customer confidence as the most important consequence of bank fraud. This is closely followed by loss of revenue and loss of patronage which came second and third with 229 and 232 points respectively. Loss of corporate image is fourth while facilities distress is fifth respectively. Sanusi (2010), posited that some banks even engaged in manipulating their books by colluding with other banks to artificially enhance financial positions and therefore

stock prices. Practices such as converting non-performing loans into commercial papers and bank acceptances and setting up off-balance sheet special purpose vehicles to hide losses were prevalent. Bank reports to the CBN and investors have often been inaccurate, incomplete and late, depriving the CBN of the right information to effectively supervise the industry and depriving investors of information required for making informed investment decisions. In addition, banks made public information on their operations on a highly selective basis and investors were unable to make informed decisions on the quality of bank earnings, the strength of their balance sheets or the risks in their businesses. Without accurate information, investors made ill-advised decisions regarding bank stocks, enticed by a speculative market bubble which was allegedly partly fuelled by the banks through the practice of margin lending.

Samson & Ekundayo (2010), maintained that investors are generally at risk, banks with high records of fraud cases will definitely perform poorly in the stock exchange market. Therefore, expansion will be difficult for such banks and consequently, the market value of their share will continue to drop, hence, investors and entrepreneurs are unable to secure the loan needed for further investment, and it is clear that investment is a function of savings and they positively correlated. They stressed further that, when savings is reduced, credit facilities and investment will be curtailed, and employment level will decrease thereby, reducing the personal income level of households and their general standard of living. Thus the aggregate demand will decline and the general economic activities will be slowed down.

On the whole, most of the studies as reviewed capture majorly psychological effect, economic effect, liquidation, loss of money, week management and depletion of investor as the impact of fraud among staff within commercial bank. However, an area that is seemingly neglected is the question of how the fraudulent practices are sabotaging the proposed cashless economy. Due to

the gravity of the effect of fraud on the cashless economy, this threat deserved an empirical research to fill this gap of knowledge.

2.7 Theoretical Framework

At the core of every social science research lies the imperative to provide a theoretical framework upon which a research is based or anchored. For the purpose of this study, Strain theory and Differential opportunity theory was adopted due to the fact that they have the capacity to explain the analyses of fraud among employee within commercial banks in Kaduna Metropolis.

Strain Theory

Strain theory is a sociology and criminology theory developed in 1957 by Robert K. Merton. The theory states that society puts pressure on individuals to achieve socially accepted goals, though they lack the means, this leads to strain which may lead the individuals to commit crimes. Strain may either be structural: this refers to the processes at the societal level, which filter down and affect how the individual perceives his or her needs (Merton,1957). Merton (1957), believed that socially accepted goals put pressure on people to conform. People are forced to work within the system or become members of a deviant subculture to achieve the desired goal. Merton's belief became the theory known as Strain Theory. Merton continued on to say when individuals are faced with a gap between their goals (usually finances/money related) and their current status, strain occurs. When faced with strain, people have five ways to adapt;

1. Conformity: pursuing cultural goals through socially approved means.
2. Innovation: using socially unapproved or unconventional means to obtain culturally approved goals. Example: dealing drugs or stealing to achieve financial security.
3. Ritualism: using the same socially approved means to achieve less elusive goals (more modest and humble).

4. Retreatism: to reject both the cultural goals and the means to obtain it, then find a way to escape it.
5. Rebellion: to reject the cultural goals and means, then work to replace them.

From the above position, employees of commercial bank tend to device fraudulent means in order to achieve cultural goal of the society. The reason is that employees attached more preference to big salaries, promotion and acquisition of properties which are pleasurable as against socially approve means like compliance to laid down rules, meeting of target and transparency which evolve round pains and perseverance. Hence the implication of achieving cultural goals by an employee without conforming to the socially approve means will increase fraudulent activities among employee within the commercial bank, which in the long run hindered the sustainability of the Nigerian banking sector. Strain theory was able to reveal that, cultural goals like promotion, monetary success and profligacy of employee tends to influence employee of commercial banks to embark on fraud through the negligence of the socially approved means. The theory also exposes how employees of commercial bank design fraudulent means of defrauding the bank in order to meet the cultural goal. The theory has been criticized for not paying much attention to factors like nepotism, impunity and high-handedness of the board of directors, which often dissuade an employee of commercial banks from upholding the socially approved means of achieving the cultural goal. Hence, the differential opportunity theory was introduced to evaluate the reasons why commercial banks executives tend to engage in fraudulent endeavour.

Differential Opportunity Theory

Differential opportunity theory is an extension of the works of both Merton and Sutherland. According to their theory of differential opportunity, working-class juveniles will choose one or another type of subcultural (gang) adjustment to their anomic situation depending on the availability of illegitimate opportunity structures in their neighbourhood. Borrowing from Merton's theme, Cloward and Ohlin (1960), viewed the pressure for joining delinquent subcultures as originating from discrepancies between culturally induced aspirations among lower class youths and available means

of achieving them through legitimate channels. In addition to legitimate channels, Cloward and Ohlin (1960), stressed the importance of available illegitimate opportunities, which may also be limited, depending on the neighbourhood. Neighbourhoods with highly organized rackets provide upward mobility in the illegal opportunity structure. Individuals occupy positions in both legitimate and illegitimate opportunity structures, both of which may be limited. Illegitimate opportunities are dependent on locally available criminal traditions. Cloward and Ohlin (1960), identified three types of illegitimate juvenile subcultures: criminal, conflict, and retreatist. The criminal subculture occurs in stable slum neighbourhoods in which a hierarchy of available criminal opportunities exist. Such a means of adaptation substitutes theft, extortion, and property offenses as the means of achieving success. Disorganized slums (ones undergoing invasion succession or turnover of ethnic groups) are characterized by a conflict subculture. Such groups, denied both legitimate and illegitimate sources of access to status, resort to violence, “defence of turf,” “bopping,” and/or “the rumble,” as a means of gaining a “bad rep” or prestige. The retreatist subculture is viewed by Cloward and Ohlin as made up of “double failures. Unable to succeed either in the legitimate or illegitimate opportunity structures, such individuals reject both the legitimate means and ends and simply drop out; lacking criminal opportunity, they seek status through “kicks” and “highs” of drug abuse. These subcultures become the individual’s reference group and primary source of self-esteem. According to this theory, delinquent gang members do not generally reject the societal goal of success, but lacking proper means to achieve it, seek other opportunities. From the above argument, both the bank executives and employees are committing fraud because of the opportunity they have as the custodian of deposit within commercial banks. In fact, the opportunity tends to bring about impunity within commercial banks where by executives and employees will internalized the euphoria of getting off the hook. The theory helped in exposing the fact that, executives of commercial banks also engage in fraudulent activities because of the available opportunity in terms of loopholes and leakages rather than limited means of achieving socially approved goals. However, the theory was

unable to see inadequate salary and job insecurity as part of the genesis of fraud among employees of commercial banks.

2.7 Research Hypotheses

1. **H_0** Respondents do not perceive any significant relationship between sex and types of fraud.

   H_1 Respondents perceive a significant relationship between sex and types of fraud.

2. **H_0** Respondents do not perceive any significant relationship between age and types of fraud.

   H_1 Respondents perceive a significant relationship between age and types of fraud.

3. **H_0** Respondents do not perceive any significant relationship between educational qualification and types of fraud.

   H_1 Respondents perceive a significant relationship between educational qualification and types of fraud.

4. **H_0** Respondents do not perceive any significant relationship between bank departments and types of fraud.

   H_1 Respondents perceive a significant relationship between bank departments and types of fraud.

5. **H_0** Respondents do not perceive any significant relationship between nature of employment and predisposing factors of fraud.

   H_1 Respondents perceive a significant relationship between nature of employment and predisposing factors of fraud.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the explanation of the methodology used in the study. More so, this chapter consists of the following sub-sections: location of the study, types and sources of data, sample size and sampling technique, method of data collection, method of data analysis and problems encountered in the field.

3.2 Location of the Study

Kaduna State was created in 1967 and is located in the northwestern Nigeria with its capital in Kaduna. The State is divided into 23 local government areas, of which four local government areas constitute Kaduna metropolis; i.e. Kaduna north, Kaduna south, part of Chikun and part of Igabi local government areas respectively. This research was carried out in the Kaduna metropolis of

Kaduna State, Nigeria. It has a population of 760,000 thousand (National Population Commission, 2006). The area has a mixed population, but the pre-dominant ethnic group is Hausa. The metropolis also has almost equal population of Muslims and Christians. Their main occupations are artisan, trading and civil service. Thus, the research was conducted in Kaduna metropolis because Kaduna metropolis is a commercial city which is blessed with financial institutions like CBN, commercial banks, microfinance banks, Islamic banks, other institution also include; the Nigeria bottling company, the Nigeria Breweries, the Seven Up bottling company PLC among others. Logically, Kaduna metropolis is suitable for this research due to the presence of big markets and business opportunities which has increased the financial transactions between banks and business owners. Finally, very few studies on fraud within commercial banks have been carried out in Kaduna metropolis (Pilot Survey, 2016).

3.3 Population of the Study

The target population of the study is comprised of all employees in the commercial banks in Kaduna Metropolis, which includes managers, banking officers and outsource staffs. Five (5) key informants were selected within commercial banks, they include two customers of commercial banks who are victims of fraud, a female marketing officer of First bank, a manager of Union bank and a customer service officer of keystone bank.

3.4 Types and Sources of Data

Type and sources of data used in this study comprises of both primary and secondary sources. The primary sources include all the data provided by respondents who filled the questionnaires and the responses from the key informants for the study. While the secondary sources of data consist of official statistic from EFCC, NDIC and CBN that are related to the problem under study.

3.5 Methods of Data Collection

For the purpose of this research, both the quantitative and qualitative method of data collection was used in the process of collecting data from the unit of analysis.

Survey method

Babbie (2013), maintained that survey include the use of a questionnaire specifically designed to elicit information that was useful for the analysis. In fact survey research is probably the best method for this research since the study is interested in collecting original data for describing a population too large to observe directly. Relevant data for this study was collected quantitatively through self administered survey questionnaires to respondents. The questionnaire comprises five sections (5) i.e A-E. Section A was on the socio-demographic characteristics of the respondents, section B was on the forms of fraud committed by employees within commercial banks, section C was on the predisposing factors of fraud among employees within commercial banks, section D was on the negative consequences of fraud on the operating system of commercial banks, while section E was on the remedial measures to fraud among employees within commercial banks in Kaduna metropolis. The questionnaires also consisted of open ended and close ended questions. The reason for the open ended questions was to allow the respondents to express their respective views on the subject matter, while the close ended questions was to enable the respondents to select among various options provided in the questionnaire.

Qualitative method

For qualitative method, In-depth Interview (IDI) guide was adopted for the study. The IDI comprises four topic guides. Under each guide there are questions that contain few numbers of probes. Five (5) key informants were interviewed from the area of study, which included two customers of commercial banks who ware victims of fraud, a female marketing officer of First bank, a manager of Union bank and a customer service officer of keystone

bank. The reason why these people were selected is due to their privilege knowledge of the problem and in order to get vital information on the problem under study.

3.6 Sample Size and Sampling Technique

For the purpose of this research, stratified sampling technique was adopted. Stratified sampling is a probability type of sampling, which involves dividing the population into separate strata on a characteristic assumed to be closely associated variables under study. Stratified sampling ensures that the sample is representative on the characteristic used to form the strata. The entire commercial banks within Kaduna metropolis were divided into two (2) groups, namely; Old generation banks and New generation banks. The old generation are four (4) in number which consist of First bank PLC with a total number of seven (7) branches, Union bank PLC has five (5) branches, United bank for Africa with six (6) branches and lastly Unity bank has five (5) branches. While the new generation banks are twelve (12) in number which include Guarantee trust bank plc with a total number of six (6) branches, Zenith bank plc with four (4) branches, Access bank plc with four (4) branches, Diamond bank plc with five (5) branches, Ecobank plc with five (5) branches, Fidelity bank plc with four (4) branches, First city monument bank plc with eight (8) branches, Keystone bank plc with five (5) branches, Mainstreet bank plc with (5) branches, Stanbic IBTC bank plc with five (5) branches, sterling bank plc which has five (5) branches and Heritage bank plc which has four (4) branches.

Hence the total branches of commercial banks (both new and old generation banks) in Kaduna metropolis are eighty three (83) and also the total employees in each branch is projected to twenty five (25) (Pilot survey, 2015). Thus, the overall employees of commercial banks in Kaduna metropolis is 2,075 (Pilot survey, 2015). Therefore, a sample of two hundred and twelve (212) employees was drawn from the population of employees of commercial banks in Kaduna metropolis and it represents 10% of the whole population of

employees within commercial banks in Kaduna metropolis. What informed the choice of this sample size is the ongoing retrenchment of workers in commercial banks, time consideration availability and discretion of the researcher. Fundamentally, the number selected was manageable which enable a successful execution of the study.

More so, proportionate stratified sampling, which is a probability sampling was employed to sample respondents from the selected departments. The reason for using proportionate stratified sampling is that it allowed equal representation of various units/departments being selected. A proportionate percentage was used across each stratum of the group above.

Formula:

$$\text{Proportionate Percentage} = \frac{\text{Sample Size}}{\text{Population}} \times 100\%$$

Sample size = 212

Selected population = 2,075

$$\frac{212}{2075} \times 100 = 10\%$$

Therefore, 10% will be used across the strata.

First bank PLC: $\frac{10}{100} \times 175 = 18$

Union bank PLC: $\frac{10}{100} \times 125 = 13$

United bank of Africa: $\frac{10}{100} \times 150 = 15$

Unity bank: $\frac{10}{100} \times 125 = 13$

Guaranty trust bank: $\frac{10}{100} \times 150 = 15$

Zenith bank: $\frac{10}{100} \times 100 = 10$

Access bank PLC: $\frac{10}{100} \times 100 = 10$

Diamond bank PLC: $\frac{10}{100} \times 125 = 13$

Ecobank PLC: $\frac{10}{100} \times 125 = 13$

Fidelity bamk plc: $\frac{10}{100} \times 100 = 10$

First monument bank plc: $\frac{10}{100} \times 200 = 20$

Keystone bank plc: $\frac{10}{100} \times 125 = 13$

Mainstreet bank plc: $\frac{10}{100} \times 125 = 13$

Stanbic IBTC bank plc: $\frac{10}{100} \times 125 = 13$

Sterling bank plc: $\frac{10}{100} \times 125 = 13$

Heritage bank plc: $\frac{10}{100} \times 100 = 10$

Table1: Sample Distribution of selected commercial bank in Kaduna metropolis

Old generation commercial banks	No of branches	No of employees	Sample number
First bank plc	(7) branches	175	18
Union bank plc	(5) branches	125	13
United bank for Africa	(6) branches	150	15
Unity bank	(5) branches	125	13
New generation commercial bank			
Guaranty trust bank	(6) branches	150	15
Zenith bank plc	(4) branches	100	10
Access bank plc	(4) branches	100	10
Diamond bank plc	(5) branches	125	13
Ecobank plc	(5) branches	125	13
Fidelity bank	(4) branches	100	10
First city monument bank plc	(8) branches	200	20
Keystone bank plc	(5) branches	125	13
Mainstreet bank plc	(5) branches	125	13
Stanbic IBTC bank plc	(5) branches	125	13
Sterling bank plc	(5) branches	125	13
Heritage bank	(4) branches	100	10
Total	83 branches	2,075	212

Again, purposive sampling technique was used to select two branches across each commercial banks in Kaduna metropolis. This method was adopted in order to curtailed issue of proximity between one branch and the other. Hence, questionnaire was distributed across various departments in each branch of the commercial banks through the help of customer care service units of various branches of commercial banks in Kaduna metropolis. While the customers who are victims of fraud in commercial banks, were selected from Union bank and Heritage bank. Their selection was based on the information available to the researcher during pilot survey that they were victims of employee fraud. Their participation will provide in-depth information on issues of fraud within commercial banks.

The in-depth interview consists of five (5) key informants, which was purposively selected within commercial banks in Kaduna metropolis. These key informants include two customers who are victims of fraud in a commercial bank, a manager of Union bank, a customer service officer from Keystone bank and a marketing officer at First bank. The main reason for chosen these areas and individuals (key informants) was to get adequate and relevant data that will represent the various elements of the population.

3.7 Methods of Data Analysis

The data collected from the field of study were analyzed using a simple frequency table, percentages and cross tabulation. These methods entailed clear and concise expression of analysis without rigorous calculations. In addition, the quantitative method of data was analyzed after editing the questionnaires to isolate as well as correcting the necessary mistakes through the use of coding sheet to insert the code numbers of response in numerical forms based on the information received from the field. The Statistical Package for Social Science (SPSS) version 22.0 was used to present the finding in tables, frequencies, simple percentages and cross tabulation.

The in-depth interview was transcribed verbatim from the tape recorder to a written format. The researcher critically overviewed the written format to remove the errors that occurred during the interview and during the process of transcription of the tape recorder into the written format. After the transcription of the tapes, the researcher thoroughly read both the transcribed documents and the field notes or hand written records with the solitary aim of getting the patterns and directions of the participants' or respondents' responses. In addition, important responses that have bearing with the research issue were carefully studied, as well as the nuances (non-verbal expression) of the respondents were not being left out in the analysis. After the separate analyses of both quantitative and qualitative had been done, the qualitative data was used to supplement the quantitative data. On the whole, the processes of triangulation were applied to accommodate the results from all the techniques used in this study.

3.8 Problems Encountered in the Field

Concerning the challenges encountered on the field, the study was faced with a high level of mistrust of the researcher by the respondents. In fact, some of the respondents thought the researcher is working undercover for Economic and Financial Crime Commission due to the sensitivity of the fraud in a commercial banks. Furthermore, respondents were not comfortable with the aspect of in-depth interview. This probably has something to do with the ongoing whistle blowing policy in Nigeria. More so, with the exception of credit and marketing departments of most branches of commercial banks in Kaduna metropolis, there was a general reluctance and often outright refusal to accept questionnaire. This could be as a result of the long hours of work in the commercial banks. Hence, a few questionnaires were left unreturned, out of 212 questionnaires administered, 191 were returned while 21 remained with some of the respondents. Meanwhile, the 191 questionnaires that were returned were used for the data analysis of the research work.

CHAPTER FOUR

ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

This chapter presents data derived from both quantitative and qualitative methods used in this study. A sample size of 212 survey questionnaire was distributed to respondents. Out of this number, one hundred and ninety one (191) questionnaires was returned and analyzed. Also, five in-depth interviews were employed for this study. There are six sections in this chapter, which include socio-demographic attributes of respondents, nature of fraud, causes of fraud, the negative consequences of fraud, solution to fraud, hypothesis testing and discussion of findings.

4.2 Socio-Demographic Attributes of Respondents

The table 2 below shows the demographic profile of respondents. This includes sex of respondents, age, name of banks, education, nature of employment, occupational position, banking department and years of working experience.

Table 2: Socio-Demographic Attributes of Respondents

Sex	**Frequency**	**Percentage**
Male	82	42.9
Female	109	57.1
	191	100
Age	**Frequency**	**Percentage**
20-25 years	79	41.4
26 – 30 years	74	38.7

30 years and above	38	19.9
	191	100
Educational Qualification	**Frequency**	**Percentage**
Secondary	11	5.8
Diploma	51	26.7
B.Sc./HND	94	49.2
Masters	35	18.3
	191	100.0
Name of bank	**Frequency**	**Percentage**
First Bank PLC	17	8.9
Union Bank PLC	9	4.7
United Bank For Africa PLC	16	8.4
Unity Bank PLC	12	6.3
Guarantee Trust Bank PLC	14	7.3
Zenith Bank PLC	9	4.7
Access Bank PLC	9	4.7
Diamond Bank PLC	12	6.3
Eco Bank PLC	12	6.3
Fidelity Bank PLC	9	4.7
First Monument Bank PLC	18	9.4
Key Stone Bank PLC	12	6.3
Mainstreet Bank PLC	11	5.8
Stanbic IBTC Bank PLC	11	5.8
Sterling Bank PLC	11	5.8
Heritage Bank PLC	9	4.7
	191	**100**
Nature of employment	**Frequency**	**Percentage**
Contract Staff	124	64.9
Permanent Staff	67	35.1
	191	100.0
Occupational position	**Frequency**	**Percentage**
Manager	20	10.5
Assistant Manager	25	13.1
Senior Banking Officer	30	15.7
Banking Officer	29	15.2
Executive Trainee	35	18.3
Outsource Staff	52	27.2
	191	**100.0**
Banking Department	**Frequency**	**Percentage**
Credit and Marketing	48	25.1
Operation and Services	35	18.3
Internal Control	33	17.3

Information Technology	41	21.5
Customers Services	34	17.8
	191	**100.0**
Years of working Experience	**Frequency**	**Percentage**
Less than 1 year	24	12.6
1 - 5 years	105	55.0
6 - 10 years	35	18.3
11 years and above	27	14.1
	191	**100.0**

From table 2, 42.9% of the respondents were males while 57.1% were females; signifying that there were more female respondents than male. This shows that there are more female employees in the marketing department, and this department constitutes the highest number of employees within commercial banks. The age distribution of the respondents shows that the majority of the respondents were between the ages of 20-25 years (41.4%). This indicates that most of the respondents who took part in the research were within the working age population. Also, the distribution of respondents by their educational status revealed that (49.2%) of them had BSc or HND, (26.7%) were Diploma holdesr, (18.3%) of the respondents had a masters degree while, (5.8%) were secondary school graduates. This signifies that BSc and HND holders were the majority of employees of commercial banks because of the fact that BSC and HND holders are expected to have adequate training and experience needed in commercial banks.

Furthermore, the nature of employment of the respondents indicates that the majority of the respondents, 64.9%were contract staff, while, 35.1% were permanent staff. This is because private organization often employs more contract staff because of experience and to minimize overhead cost in order to maximize profit. In respect to occupational position, 72.8% (139) which is the majority of the employees of commercial banks were not outsourced staff, while only 27.2% (52) were outsourced staff. This is because commercial banks cannot rely solely on internal service provider, but also they need to outsource for external service provider in the area of ICT

maintenance, facilities management and logistics. Regarding banking department, majority of the respondents belong to Credit and Marketing department. This is because the Credit and Marketing department developed some excitement during the field work which shows they were willing to fill the questionnaire. More so, they were less preoccupied with office work than other departments. It was also revealed that, majority of the respondents 55.0% has 1-5 years working experience, 18.3% were with 6-10 years of working experience, 12.6% has less than a year working experience while, 14.1% were with 11 years or more working experience. This may be due to the recession, which has lead to ongoing retrenchment of employees and forceful resignation of senior employees of commercial banks.

4.3 Forms of Fraud in Commercial Banks

This section focuses on the views of respondents as regards the nature, frequency and types of fraud among employees of commercial banks in Kaduna metropolis.

Table 3: Views of Respondents on the Frequency of Fraud among Employees of Commercial Banks

Frequency	Frequency	Percentage
Very frequent (thrice in a month)	31	16.2
Frequent (one in a month)	92	48.2
Not frequent (one in six month)	68	35.6
Total	191	100.0

Respondents were asked about the frequent nature of fraud within commercial banks. 48.2% of the respondents pointed out that fraud is frequent while 16.2% said fraud is very frequent. This

shows the existence of the fraud within commercial banks and that employees are aware of it as attested to by 64.4% of the total respondents. In fact, evidence from IDI confirmed the frequency of the fraud in commercial banks. According to all the respondents, fraud has almost become a normal and common problem as everyday one case or more cases of fraud are reported in the newspaper or to NDIC and EFCC. In a more picturesque manner, a respondent from IDI said:

> *Fraud is quite high and from my experience in Nigeria out of ten branches, one or two definitely record one or two fraud cases within a month. In fact you can hit the bank from anywhere it can be done in one branch, especially during this computer age, I can sit here and hit the head office and other branches. I can also sit in Lagos and get the password of a staff or bank in Sokoto and divert their money which means fraud has no boundary* (customer service officer, 2017).

Table 4: Views of Respondents on the Forms of Fraud

ITEMS	**Strongly Agree n(%)**	**Agree n(%)**	**Neutral n (%)**	**Disagree n(%)**	**Strongly Disagree n(%)**	**TOTAL n (%)**
1.Fraud is associated with Unauthorized transaction	86 (45.0)	54 (28.3)	22 (11.5)	16 (8.4)	13 (6.8)	191 (100)
2. Fraud is associated with falsification and forgeries	62 (32.5)	28 (14.7)	50 (26.2)	43 (22.5)	8 (4.2)	191 (100)
3. Fraud is associated with management impunity	49 (25.7)	51 (26.7)	10 (5.2)	74 (38.7)	7 (3.7)	191 (100)

4. Fraud is associated with computer manipulation	43 (22.2)	39 (20.4)	28 (14.7)	52 (27.2)	29 (15.2)	191 (100)
5. Fraud is associated with insider and outsider collaboration	53 (28.3)	47 (24.6)	17 (8.9)	69 (36.1)	4 (2.1)	191 (100)
6. Fraud is associated with nip budding of deposit	62 (32.5)	53 (27.7)	8 (4.2)	39 (20.4)	27 (14.1)	191 (100)

The table above indicates that 73.3% of the respondents either strongly agreed or agreed that unauthorized transaction is associated with fraud. While 15.2% of the respondents either strongly disagreed or disagreed that fraud is associated with unauthorized transaction. This clearly describes non approval nature of the fraud by the majority of the respondents. Additional evidence from IDI aligned with the above agreement. Majority of the respondents, employees of commercial banks often carry out transactions that are against the will of customers and the bank. A female marketer describes the exact nature of unauthorized transactions:

> *I think unauthorized transaction is a situation where a staff often debit or goes to debit customers account without approval and sometimes staff often debit a general ledger account there is what we call prove and reconcile on the daily bases which means the account should be zero but even when money are kept in the account you cannot remove it until after two working days a week and even a year before you can withdraw the money for the customers therefore the bank need to continuously proving the account on daily bases depending on the bank policy because employees can debit the account to credit themselves, cronies and associate.*
>
> .

On the falsification and forgery forms of fraud, 47.2% of the respondents either strongly agreed or agreed that fraud is associated with falsification of promo and advertisement in commercial banks. While 26.7% either strongly disagreed or disagreed that fraud is associated with falsification of promo and advertisement in commercial banks. The implication of this misleading advertisement is to create an avenue for marketing staff to defraud the customers even when the promo does not cover the state they are operating. Evidence from IDI disagrees with the above position when the majority of the respondents saw falsification as misappropriation of customer's money. According to a key informant:

> *As for me falsification often arise where an account officer goes to market and collect cash from customers who don't like coming to the bank instead of depositing the money in the customer's account he divert the cash spend that one and goes to another customers collect his own money to pay the first customers that is using peters money to pay paul and it goes on like that.* (IDI with Bank Manager, 2017)

Furthermore, the study found out that 52.4% of the respondents either strongly agreed or agreed that fraud is associated with management impunity. While 42.4% either strongly disagreed or disagreed that fraud is associated with management impunity. This is because, sometimes it is the management that determine who breaks the law and who gets caught for fraudulent practices in commercial banks. Evidence from IDI disagrees with the above position when the majority of the key informant maintained that managers often exhibit some level of high handedness and abuse of office in defrauding banks. A respondent said:

> *Look most commercial bank managers often abuse their office to engage in fraudulent foreign exchange dealing by selling forex to customers without the customers prior knowledge of the deal talk less of applying for such transaction or selling to ghost customers that does not operate forex transaction in fact they do this through dubious documentations to support the opening of foreign exchange accounts in the bank.*(IDI with Female Marketer, 2017)

On computer and electronic fraud, 42.6 % of the respondents either strongly agreed or agreed that fraud is associated with computer manipulation. While 42.4% either strongly disagreed or disagreed that fraud is associated with computer manipulation. This is because banking sector is moving toward e-banking and the monetary agencies are doing their best to compel commercial banks to embrace e-banking. Data cited from in-depth interview has a contrary opinion to the above position when the majority of the key informants believed that fraud is associated with computer manipulation. One of the key informants opined that:

> *Well, due to cashless society we have e-banking and every bank is encouraged to go e-banking now that there is sanction if you try to make use of cash beyond a particular limit and most of this gadget like ATM and POS are vulnerable to fraud depending on the types of security the bank can put in place* (IDI with Customer Service Officer, 2017)

With regard to internal and external fraud, 59.9 % of the respondents either strongly agreed or agreed that fraud is associated with internal and external collaboration. While 38.2% strongly disagreed or disagreed that fraud is associated with internal and external collaboration. This is because most commercial banks want to protect their image before their customers. Evidence from IDI disagrees with the above position when majority of the key informants maintained that fraud is associated with internal and external collaboration. According to one of the key informant opined that:

> *In terms of tactics, fraud has to do with internal and external collaboration having somebody inside to check a particular account that is dormant, not active or having an insider that change a particular phone number where by the account owner will not be able to get an alert in that case fraud can easily be perpetuated.*(IDI with a Customer Service Officer, 2017)

Concerning nip bud fraud, 60.2% of the respondents either strongly agreed or agreed that fraud is associated with nip bud fraud. While 34.5% either strongly disagreed or disagreed that

fraud is associated with nip bud fraud. This is because most customers don't care when a small fraction of money is deducted from their account. Additional evidence from IDI confirmed above position when the majority of the respondents stated that nip bud fraud is rampant in commercial banks because it involves deduction of a small amount of money from customers account. One of the key informant said:

> *By and large nip bud fraud is a type of fraud that happen in the bank, this type of fraud is also known as suppression of cash whereby a customer comes to bank to deposit cash and the employee reduce little fraction of the money and most times employee often remove small amount like two naira across thousands of account in there banks but then it run into millions of naira.*(A Bank Manager, 2017)

Table 5: Types of Fraud in Commercial Banks

Type of Fraud	Frequency	Percentage
Computer/electronic fraud, Nip bud fraud Internal and external collaborated fraud.	93	48.7
Unauthorized transaction, forgeries and advanced fee fraud	59	30.9
Management fraud	39	20.4
Total	191	100.0

Regarding table 5 above, 48.7% constituting majority of the respondents pointed out that computer fraud, nip bud fraud as well as internal and external fraud are the most common types of fraud practiced in commercial banks. This is because electronic fraud often involve internal and external collaboration whereby huge amount is diverted or sometimes it involves a small amount of money across several accounts operated in the bank. Report from the interview shows that the majority of the respondents had a similar opinion that electronic fraud is on the increase as a result of the e-banking in commercial banks. One of the key informants said:

Key logger is the advance stage and major type of fraud where staff in collusion with outsider or insider with outsider there is a devise in form of flash when inserted in the central processing unit it copy all what you do on the system and the guys will know all the password through that means of various transaction they have use the devise to hit a lot of bank in Nigeria in fact four years ago union bank lost two point five billion naira hence for this to happen you need an insider to slot the device in the system(IDI with a Bank Manager, 2017)

4.4 Predisposing factors of Fraud among Employees of Commercial Banks

This section presents causes of fraud among employees of commercial banks in Kaduna metropolis.

Table 6: Predisposing Factors of Fraud among Employees of Commercial banks

Predisposing factor of fraud	Frequency	Percentage
Inadequate salaries, greed and unethical behavior	92	48.2
Computer failure and Power failure	22	11.5
Environmental influence, Socio-economic factor, Generic factor and Peer influence	40	20.9
Inadequate staffing , Poor management policy, Inefficient legal system and Recapitalization	37	19.4
Total	**191**	**100,0**

Concerning table 6 above, 48.2% of the respondents see inadequate salaries, greed and unethical behavior as the predisposing factors of employees engagement in fraudulent activities within commercial banks. This is because greedy employees that exhibit unethical behavior tend to seize any opportunity available to defraud commercial banks. Additional evidence from IDI confirmed above position when the majority of the respondents stated that pressure, rationalization and poor welfare package are the genesis of fraud among employees of commercial banks. One of the key informant stated that:

Pressure, rationalization and poor welfare package are the factors that triggered staffs to engage in fraud. For instance, pressure from the family, pressure to impress friends and societal pressure always lead staffs to commit fraud to impress the public. Also, staffs often rationalised fraudulent behavior, especially when they realised that their colleague commit fraud and nothing has happen to the staff, they only arrested the staff for some days and the staff is enjoying the money. Sometimes, fraud has to do with opening and loopholes in the banks. Again when the welfare package is not good enough, it makes employees to think of stealing from others to help themselves(IDI with Customer Service Officer, 2017)

Table 7: Most Important Predisposing Factor of Fraud among Employees of Commercial Banks

Most predisposing factor of fraud	Frequency	Percentage
Inadequate salaries	50	26.2
Greed and unethical behavior	42	21.9
Computer failure and power failure	22	11.5
Environmental influence Socio-economic factor, Generic factor and Peer influence	40	20.9
Inadequate staffing and Poor management policy	14	7.3
Inefficient legal system	12	6.3
Recapitalization	11	5.8
Total	**191**	**100.0**

Concerning table 7, 26.2% of the respondents sees inadequate salaries as the most predisposing factors why employees often engage in fraudulent activities within commercial banks, this is closely followed by 21.9% who attributed the causes of fraud to greed and unethical behavior, 20.9% sees environmental influence as the causes of fraud among employees, while others mentioned inadequate staffing/poor management policy, inefficient legal system and recapitalization as the genesis of fraud among employees of commercial banks. This is because most employees want to impress the public by living big and their salaries and allowances do not commensurate with their standard of living. Additional accounts from majority of the IDI respondents supported the above views; they maintained that their salaries are not enough

considering their effort to meet stated target, punctuality and long hours of work. One of the key informants who is a female marketer opined that:

> *The major issue is about inadequate salaries because for a staff not to be paid well they can rationalize their action of fraud couple with fact that those staff that do labourer job in the bank are out source staff who are paid fourty thousand naira and bank don't care about their plight so is easier for to get fraudulent staff from this group but then bank needs to factor in that all staff cannot be paid two hundred thousand naira every month so they need to outsource for staff.*

However, a particular respondent did not see inadequate salaries as the most important reason why employees often engaged in fraud. The respondent maintained that poor internal control and negligence is the most important reason why employees often engage in fraudulent activities in commercial banks. One of the key informants who is a manager opined that:

> *Poor management policy is one of the major factor that bring about fraud in commercial bank especially when there is no routine check for instance when a single person is in charge of volt meanwhile it is only in one month that auditor comes to check the excesses of the staff eventually the staff can compromise at any time if care is not taken.*

4.5 Negative Consequences of Fraud among Employees on the Commercial Banks

This section presents negative consequences of fraud among employee of commercial banks in Kaduna metropolis.

Table 8: Views of Respondents on the Negative Consequences of Fraud on the Operating System of Commercial Banks

Major negative consequences of fraud	Frequency	Percentage
Unrealistic cashless economy, Economic effect and Depletion	67	35.1

of investor		
Profit and financial loss, liquidation of commercial banks and High cost of operation	87	45.5
Job loss and psychological effects	37	19.4
Total	**191**	**100.0**

Table 8 clearly shows that 45.5% of the respondents see profit and financial loss, liquidation of commercial banks and high cost of operation as the consequences of fraud in commercial banks. This indicate that fraud often brings about loss of money, which often increases liabilities and decreases the asset of commercial banks. Evidence from IDI revealed that the majority of the respondents has similar opinion that, fraud often lead to financial loss, weak management and high cost of operation. One of the key informants narrated that:

> *The consequences of fraud cut across loss of profit, weak management and high cost of operation. For instance, a particular fraud can alter the balance book of that year i.e a bank that make two billion a year and lost that same amount to fraud at ones. Instead of making profit, it bring about a deficit*(IDI with a Customer Care Service Officer, 2017)

Table 9: Views of Respondents on the Major Negative Consequence of Fraud on the Operating System of Commercial Banks

Negative consequences of fraud	**Frequency**	**Percentage**
Unrealistic cashless economy	35	18.3
Economic effect	15	7.9
Depletion of investors	16	8.3
Profit and financial loss, Liquidation of commercial banks	63	32.9

High cost of operation	24	12.6
Job loss	20	10.5
Psychological effects	17	8.9
Total	191	100.0

The table 9 above, clearly shows that 32.9% of the respondents sees profit and financial loss, liquidation of commercial banks as the major consequences of fraud, 18.3% selected unrealistic cashless economy as the effect of fraud, 12.6% mentioned high cost of operation as consequences of fraud in commercial banks. While others indicated job loss, psychological effect, economic effect and depletion of investors as negative implication of fraud in commercial banks. This signifies that majority of those banks that liquidated in Nigeria often engage in fraudulent practices that drastically reduced their annual profit meant to run their day to day activities in years to come. Report from the interview shows that the majority of the respondents had a similar opinion that electronic fraud is on the increase as a result of the e-banking in commercial banks. One of the key informant opined that:

> *Fraud has no positive consequences on bank but negative consequences on bank and it can even make some bank go down for ever and never come back again because if some if someone can embark on electronic fraud on certain amount yes it will lead to liquidation because the money defrauded is either from capital base or customers money and if the bank is not liquid there is no how they can continue with their day to day activities*(IDI with a Bank Manager, 2017)

Table 10: Negative Consequences of Fraud on Employees of Commercial Banks

Negative Consequences of Fraud on Employees	**Frequency**	**Percentage**
Job loss	96	50.3
Seizure of properties	60	31.4

Stigmatization	24	12.6
Imprisonment	8	4.2
Total	191	100.0

The table 10 above shows that 50.3% of the respondents mentioned job loss as the major negative consequences of fraud on the employees of commercial banks. This is because commercial banks often sacked employees that engaged in fraudulent practices in order to protect their integrity. The above position was supported by the majority of the IDI respondents that most employees caught for fraud have lost their job in commercial banks. One of the key informant who is a manager opined that:

> *For the employees they will lose their source of livelihood due to the termination of their appointment. Psychologically, it affect other employees too because they will realize that their job is not guaranteed even when they are not fraudulent. For instance, a staff that fails to detect any fraudulent transaction perpetuated by other fraudulent employees can be sacked for negligence.*

Table 11: Negative Consequences of Fraud on Customers of Commercial Banks

Negative Consequences of Fraud on Customers	**Frequency**	**Percentage**
Financial loss	104	54.5
Loss of confidence	75	39.3
Total	191	100.0

The table 11 above shows that 54.5% of the respondents sees financial loss as the major negative consequences of fraud on the customers of commercial banks. This is because fraudulent practices are monetary in nature and can consume huge amount money, including customer's

deposit in the banks. However, evidence from IDI revealed that the majority of the respondents has a contrary opinion that loss of confidence is the major negative consequences of fraud on customers. One of the key informant opined that:

> *Honestly, it has negative effect on my business because of the delay in refunding my money back to my account. I expect the bank to call me immediately but they fail to call me until after two month. Eventually they returned the money but I became discouraged about their mode of operation. In fact, I have to close my account immediately, even my neighbour that was operating the same bank, I adviced her to close the account immediately* (IDI with a Victim of Fraud, 2017)

4.6 Coping Strategies and Remedial Measures to Fraud among Employees of Commercial Banks

This section presents the coping strategies and remedial measures for fraud as recommended by the respondents. In other words, what the respondents feel should be done in order to tackle the problem of fraud among employees of commercial banks in Kaduna metropolis.

In terms of coping strategies adopted by commercial banks to mitigate the consequences of fraud, majority of the respondents maintained that commercial banks often embarked on reduction of overhead cost, downsizing of staffs, merging of commercial banks and replacement of boards and directors by Central Bank of Nigeria. One of the key informants noted that:

> *The strategies employed by commercial banks to mitigate the consequences of fraud is the reduction of their overhead cost, in doing that they try to downsize by sacking of staffs that are redundant and also reduce their expenses on big advert. In fact, it normally goes down to issue of stationeries in the banks, because sometimes the cost of stationary even if is 100 naira across several branches can run to huge amount of money at the end of the year. Merging of banks is another strategy used by commercial banks to stay alive, for instance a bigger bank can swallow banks that are under distress as a result of fraud. Central bank also play a vital role in preventing banks from nose diving, for instance CBN steped in when sky bank was*

liquidating, by sacking the whole board of directors and managing directors and replaced them with competent ones.(IDI with a Bank Manager, 2017)

Table12:Views of Respondents on the Measures to be taken by the Management of Commercial Banks to Reduce Fraud

Measures	Frequency	Percentage
Financial motivation	51	26.7
Promotion	31	16.2
Active internal control system	43	22.5
Exemplary leadership	23	12.0
Internal audit	23	12.0
Multiple check	20	10.5
Total	191	100.0

Regarding the measures to be taken by management, 26.7 % of the respondents considered financial motivation as a panacea to end fraud; 22.5 % favoured active internal control; 16.2% supported promotion of employees; 12 % suggested exemplary leadership; 12% also supported internal audit while 10.5 % suggested multiple check and balances. The implication of the above suggestions is that when employees are financially motivated the less the tendency for them to engage in fraudulent practices. Report from the interview shows that majority of the respondents had a similar opinion that financial motivation can reduce fraudulent practices, if the banks can factor in the high cost living of employee that often influence employees to engage in fraudulent activities in the commercial banks. However, one of the respondents who is a manager has a supported active internal control, where he maintained that fraud can only be stamped out of commercial banks through active internal control. In his word:

Well fraud can be easily eradicated if management should ensure effective internal control through effective internal control of leakages in the system will be blocked although you cannot eliminate fraud completely in commercial banks but with upright internal control fraud will be drastically reduced from the system.

Table 13: Views of Respondents on the Measures to be taken by Human Resources Department of Commercial banks to Reduce Fraud

Measures by human resource department	**Frequency**	**Percentage**
Background check for employees	84	44.0
Periodic training of employees	63	33.0
Transfer of staff	33	17.3
Total	191	100.0

Concerning measures to be taken by human resource department to eradicate fraud in commercial banks as shown in above table 13 above, 44% of the respondents suggested background check for employees, 33% supported periodic training of employees while, 17.3 favoured transfer of staff. This signifies that majority of the respondents sees background check for employees as the panacea to end fraud in commercial banks because early detection of employee with criminal record may reduce fraudulent practices among employees within commercial banks. The above position was supported by evidence from IDI when majority of the respondents maintained that the banks should make sure they recruit staff of integrity and control should put in place mechanism that will make sure that staff are well checked and make sure they work with rules and regulation of that bank.

Table 14: Views of Respondents on the Measures to be taken by Information Technology Department of Commercial bank to Reduce Fraud

Suggested measures for information technology department	Frequency	Percentage
Periodic update of technology	87	45.5
Protection of sensitive software	59	30.9
Surveillance through forensic gadget	43	22.5
Total	191	100.0

Regarding the measures to be taken by the information technology department in tackling fraud, 45.5% of the respondents in table 4 above suggested periodic update of technology, 30.9 favoured protection of sensitive software while, 22.5% supported surveillance through forensic gadget. This is because, for effective and efficient usage of ICT within commercial banks, it must undergo a periodic update. Report from the interview shows that majority of the respondent had a similar opinion that electronic fraud can be reduce via periodic upgrade of ICT system in commercial bank. One of the key informants who is a manager opined that:

> *Frankly speaking computer gadget and ATM machines are very difficult to secure because code and password can be leaked due to problems of confidentiality but most importantly bank should upgrade their network connection in a way that anytime electronic fraud is going on in a branch it will be easily detected and blocked by the headquarters of the bank*.

Table 15: Views of Respondents on the Measures to be taken by Customer Service Unit of Commercial banks to Reduce Fraud

Measures to be taken by customer services unit	Frequency	Percentage
Orientation of customers	68	35.6
Know your customer policy	41	21.5
Good customer relation	72	37.7
Total	191	100.0

Concerning measures to be taken by customer service unit in eradicating fraud in commercial banks, 37.7% of the respondents as indicated on table 15 suggested good customer relation, 35.6% supported orientation of customers while, 21.5 favoured know your customer policy. This shows that majority of the respondents view good customer relation as a preventive measures for fraudulent diversion of customers deposits in commercial banks because customers believed to be right all the time; hence, the customer unit needs to be proactive on fraudulent transaction reported by either the customers or the public. The above assertion was supported by evidence from IDI when majority of the respondents maintained that good customer relation within commercial bank may reduce the tendency of which customers can be defrauded. According to one of the key informant who is a victim of fraud opined that:

> *The problem I have with the bank is negligence and mostly banks don't like listening to complain from we the customers because I complained to my bank that have not been seeing alert they keep telling me to come today come tomorrow and that was how left the bank for another bank therefore I will advice the bank to listen to our complain*
>
> *and fix it as soon as possible.*

Table 16: Measures to be taken by the Government to Reduce Fraud in Commercial Banks

Measures to be taken by government	Frequency	Percentage

Formulation and strengthening of banking policy	87	45.5
Investment in commercial banks	44	23.0
Competent hands should be appointed to monetary agencies	33	17.3
Creation of job	18	9.4
Total	191	100.0

Regarding the measures to be taken by the government in eradicating fraud in commercial banks, 45.5% of the respondents as indicated on table 16 suggested formulation and strengthening of banking policy, 23% favoured investment in commercial banks, 17.3% supported competent hand should be appointed to monetary agencies while, 9.4% suggested creation of job. This depicts that majority of the respondents selected formulation and strengthening of banking policy as a way of ameliorating fraud in commercial because federal monitory bodies have been overstretched and cannot properly discharge their responsibilities across states and local government areas. Report from the interview shows that majority of the respondent believed that formulation of policy by the government can tackle fraud in commercial bank. According to one of the key informant who is a customer service officer:

> *The government has done a great job through treasury single account so state government should follow suit because the government account that are idle in the bank where staff of bank and government official normally feed fat from them has been stamped out of the commercial bank.*

Table 17: Views of the Respondents on the Measures to be taken by Monetary Regulatory Body to Reduce Fraud in Commercial Banks

Measures to be taken by monetary regulatory body	Frequency	Percentage
External audit of commercial banks	73	38.2
Implementation of monetary policy	45	23.6
Periodic review of monetary policy	41	21.5
Supervision and enforcement of sanction	26	13.6
Total	191	100.0

Concerning measures to be taken by monetary regulatory body to eradicate fraud in commercial banks, 38.2 of the respondents as shown in table 17 suggested external audit of commercial bank, 23.6 % favoured implementation of monetary policy, 21.5 % supported periodic review of monetary policy while 13.6 % considered supervision and enforcement of sanction. This is because external audit will expose loopholes in the commercial banking system without any preference. However evidence from IDI revealed that majority of the respondents has contrary opinion. According to one of the key informant who is a customer service officer opined that:

> *Central bank should step up their game and make sure they make use of all resources available to create a well secured organization where adequate sanction will be given to fraudulent staff of commercial banks*.

Table 18: Views of Respondents on the Measures to be taken by the Judiciary to Reduce Fraud in Commercial Banks

Measures to be taken by judiciary	Frequency	Percentage
Quick justice dispensation	106	55.5
Effective punishment	79	41.4

Total	191	100.0

Regarding measures to be taken by judiciary to eradicate fraud in commercial banks in table 4.15, 55.5% of the respondents suggested quick justice dispensation while, 41.1 % supported effective punishment. This is due to prevalence of delayed justice in the Nigeria court of law; hence quick justice system may drastically reduce fraud in the banking sector. However, evidence from IDI reveal that majority of the respondents has contrary opinion that the judiciary should make sure they promote good law and give good judgment whereby somebody that is faulty should not be given kudos while the person expected to be given kudos will not be punished.

Table 19: Views of Respondents on the Measures to be taken by Law Enforcement Agencies to Reduce Fraud in Commercial Banks.

Measures to be taken by law enforcement agencies	**Frequency**	**Percentage**
Forensic investigation	114	59.7
Arrest and prosecution	67	35.1
Total	191	100.0

In respect of table 19 4.16, 59.7% of the respondents considered forensic investigation as the measures law enforcement agencies can take to eradicate fraud in commercial banks through interpretation of close circuit television and using trace expert to trace finger prints of fraudulent employees while, 35.1% suggested arrest and prosecution as the measures law enforcement agencies can take to eradicate fraud in commercial bank. This is because contemporary fraud often involve computer manipulation. By implication it will reduce the chances for the bank to be defrauded by its employees and external accomplices. However, evidence from IDI reveal that majority of the respondents have contrary opinion that the police refrain from collecting bribe from

the plaintiff and accused during prosecution. According to one of the key informant who is a customer service officer opined that:

> *Law enforcement agency is big EFFC are doing well while police need to step up because they have not been doing well in fact the police always ask for settlement from the accused and the plaintiff and this always bring set back to fraud cases.*

Table 20: Views of Respondents on the Measures to be taken by Customers in term of Risk Management

Measures to be taken by customers	**Frequency**	**Percentage**
Avoiding misleading advertisement	27	14.1
Verification of bank transactions	27	14.1
Insurance	64	33.5
Lodging of complaints to banks	37	19.4
Protection of account details	36	18.8
Total	191	100.0

Concerning measures to be taken by customers in term of risk management in preventing fraudulent diversion of their money in commercial banks as suggested in table 20, 33.5 % of the respondents considered account insurance, 19.4% supported lodging of complains to banks, 18.8% suggested protection of account details, 14.1% mentioned avoiding misleading advertisement while, 14.1% favoured verification of bank transaction. This is because Nigeria deposit insurance company have been providing compensation to customers for financial loss. However, evidence from IDI revealed that most of the respondents has contrary opinion that customers account can only be

protected through dealings with reliable employees. According to one of the key informant who is a victim of fraud:

> *we the customers should make sure that we protect our account profiles and be more careful when they are giving money to bank agent to deposit for us and we should follow it up and get a teller from them to be use as evidence that they actually deposit money to to our account.*

Table 21: Views of Respondents on the Measures to be taken by Customers in terms of Legal tussle

Measures to be taken by customers in terms of legal tussle	**Frequency**	**Percentage**
Equity between bank and customers	72	37.7
Customers protection in court cases	42	22.0
Strict adherence to law	67	35.1
Total	191	100.0

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Regarding measures to be taken by customers in terms of legal tussle in preventing fraudulent diversion of their money in commercial banks, 37.7% of the respondents suggested equity between commercial banks and customers in the dispensation of justice, 35.1% supported strict adherence to law while, 22% considered customers protection in court cases. This shows that majority of the respondents view equity because commercial banks will prefer settling fraudulent diversion of customer's money outside the court in order not to jeopardize public confidence on the banking sector. Evidence from IDI reveal that majority of the respondents supported that bank should rectify customers complains without delay and by implication the problem will be solved without going to court. However one of the respondents who is a customer service officer has a contrary opinion. In his word:

Customers should also be transparent because there are instances where money will be mistakenly transfer to the account of customer and they will horridly withdraw the money and fail to return the money but when it is the customers money that was defrauded the customer will complain bitterly and may file a case in court therefore customers and bank must be honest in their dealings in banks.

4.6: Testing of Hypotheses

This section present cross tabulation of variables in order to ascertain the relationship.

Hypothesis 1

H_0 Respondents do not perceive any significant relationship between sex and types of fraud.

H_1 Respondents perceive a significant relationship between sex and types of fraud.

Table 22: Sex by Types of Fraud among Employees in Commercial Banks

Sex	**Types of fraud**			**Total**
	Computer/electronic fraud, Internal and external collaborated fraud, Nip bud fraud	Unauthorized transaction, forgeries, advanced fee fraud	Management fraud	
Male	38 (0.9%)	23 (0.2%)	21 (1.1%)	82
Female	55 (0.1%)	36 (0.2%)	18 (0.8%)	109
Total	93	59	39	191

D.F = 2

Alpha level = 0.05

Calculated chi-square value (X^2) = 2.42

Table chi-square value (X^2) =5.991

Table 19 indicates that at degree of freedom of 2 and alpha level of 0.05, the calculated chi-square (X^2) value of 2.42 is less than the table chi-square (X^2) value of 5.991. Therefore, the alternate

hypothesis is rejected while the null hypothesis is accepted. Hence, from the point of view of the respondents there is no significant relationship between sex and types of fraud committed by employees of commercial banks.

Hypothesis 2

H_0 Respondents do not perceive any significant relationship between age and types of fraud.

H_1 Respondents perceive a significant relationship between age and types of fraud.

Table 23: Age by Types of Fraud among Employees in Commercial Banks

Age	**Types of fraud**			**Total**
	Computer/electronic fraud, Internal and external collaborated fraud, Nip bud fraud	Unauthorized transaction, forgeries, advanced fee fraud	Management fraud	
20-25 years	43 (0.5%)	22 (0.2%)	14 (0.3%)	79
26-30 years	30 (1.0%)	30 (2.2%)	14 (0.1%)	74
30 years and above	20 (0.1%)	7 (1.9%)	11 (1.4%)	38
Total	93	59	39	191

D.F = 4

Alpha level = 0.05

Calculated chi-square value (X^2) = 7.73

Table chi-square value (X^2) =9.49

Table 20 indicates that at the degree of freedom of 4 and alpha level of 0.05, the calculated chi-square (X^2) value of 7.73 is less than the table chi-square (X^2) value of 9.488. Therefore, the alternate hypothesis is rejected while the null hypothesis is accepted. Hence, from the point of view of the respondents there is no significant relationship between age and types of fraud committed by employees of commercial banks.

Hypothesis 3

H_0 Respondents do not perceive any significant relationship between educational qualification and types of fraud.

H_1 Respondents perceive a significant relationship between educational qualification and types of fraud.

Table 24: Highest Educational Qualification by Types of Fraud among Employees in Commercial Banks

	Types of fraud	**Total**

Highest Educational Qualification	Computer/electronic fraud, Internal and external collaborated fraud, Nip bud fraud	Unauthorized transaction, forgeries, advanced fee fraud	Management fraud	
Secondary	6 (0.1%)	4 (0.1%)	1 (0.7%)	11
Diploma	24 (0.02%)	17 (0.1%)	10 (0.01%)	51
B.Sc/ HND	47 (0.03%)	29 (0.3%)	18 (0.1%)	94
Masters	16 (0.1%)	9 (0.3%)	10 (1.1%)	35
Total	93	59	39	191

D.F = 6

Alpha level = 0.05

Calculated chi-square value (X^2) = 2.88

Table chi-square value (X^2) =12.59

Table 21 indicates that at degree of freedom of 6 and alpha level of 0.05, the calculated chi-square (X^2) value of 2.88 is less than the table chi-square (X^2) value of 12.59. Therefore, the alternate hypothesis is rejected while the null hypothesis is accepted. Hence, from the point view of the respondents there is no significant relationship between highest educational qualification and types of fraud committed by employees of commercial banks.

Hypothesis 4

H_0 Respondents do not perceive any significant relationship between bank departments and types of fraud.

H_1 Respondents perceive a significant relationship between bank departments and types of fraud.

Table 25: Bank Departments by Types of fraud among Employees in Commercial Banks

Bank departments	Type of fraud			**Total**
	Computer/electronic fraud, Internal and external collaborated fraud, Nip bud fraud	Unauthorized transaction, forgeries, advanced fee fraud	Management fraud	
Credit and Marketing	8(4.4%)	16(3.3%)	9(0.8%)	33
Operation and Services	14(0.5%)	13(0.4%)	8(0.1%)	35
Internal Control	26(0.3%)	12(0.5%)	10(4.1%)	41
Information Technology	27(2.8%)	10(0.6%)	4(2.3%)	48
Customers Services	18(0.2%)	8(0.6%)	8(0.2%)	34
Total	93	59	39	191

D.F = 8

Alpha level = 0.05

Calculated chi-square value (X^2) = 20.66

Critical chi-square value (X^2) =15.51

Table 22 indicates that at degree of freedom of 8 and alpha level of 0.05, the calculated chi-square (X^2) value of 20.66 is greater than the critical chi-square (X^2) value of 15.51. Therefore, the null hypothesis is rejected and the alternate is accepted. Therefore, from the point view of the respondents there is a significant relationship between banking department and types of fraud practiced among employees of commercial banks from the point of view of the respondents. Evidence from the table supported this decision as majority 4.28% believed that the internal control can abuse their position to engage in management fraud within commercial banks.

Hypothesis 5:

H_0 Respondents do not perceive any significant relationship between nature of employment and predisposing factors of fraud.

H_1: Respondents perceive a significant relationship between nature of employment and predisposing factors of fraud.

Table 26: Nature of Employment and Predisposing Factors of Fraud among Employees in Commercial Banks

Predisposing factors of fraud	Nature of employment		Total
	Contract staff	Permanent staff	
Inadequate salaries	29 (0.4%)	21 (2.4%)	50
Greed and unethical behavior	32 (0.8%)	10 (0.7%)	42
Computer failure and power failure	21 (3.1%)	1 (1.5%)	22
Environmental influence, Socio-economic factor,	28 (0.2%)	12 (5.8%)	40

Generic factor, and Peer influence			
Inadequate staffing and Poor management policy	9 (0.2%)	5 (0.3%)	14
Inefficient legal system	2 (0.1%)	10 (8.0%)	12
Recapitalization	3 (4.3%)	8 (4.3%)	11
Total	124	67	191

D.f = 6

Alpha level = 0.05

Calculated chi-square value (X^2) = 32.1

Table chi-square value (X^2) =12.59

Table 23 shows that at the degree of freedom of 3 and alpha level of 0.05, the calculated chi-square (X^2) value of 32.1 is greater than the critical chi-square (X^2) value of 12.59. Therefore, the null hypothesis is hereby rejected and the alternate is accepted. Thus, from the point view of the respondents there is a significant relationship between nature of employment and predisposing factors of fraud among employees of commercial banks.

4.7 Discussion of Findings

Data gathered from the field through the administration of questionnaires and in-depth interview were quite revealing. Responses gotten from the field indicate that majority of the respondents and key informants are aware of fraud among employees of commercial banks in Kaduna metropolis.

On the forms of fraud, the findings revealed that fraud is frequent among employees of commercial banks in Kaduna metropolis and most of the employees agreed with the view that fraud is associated with unauthorized transaction. This is in congruence with the findings of Ayozie (2012), in his work on the current ethical challenges in the Nigerian commercial banking sector where he

identified the unauthorized transaction as the most common type of fraud in commercial banks. This involves undue access and tampering with the customers accounts, bank staffs engaging in unauthorized withdrawals from customers' accounts, unauthorized overdrafts, unauthorized lodgements and operations of the account, fictitious charges, payment of cheques and other banking instruments of commercial banks personnel against customer's account, and the operation of fictitious accounts, or operating the accounts of dead bank customers.

Based on the predisposing factors of fraud among employees of commercial banks in Kaduna metropolis, the result shows that 92(48.2%) of the respondents sees inadequate salaries as the most important reason why employees often engage in fraudulent activities within commercial banks. This is similar to the contribution of Owolabi & Babalola (2011), in their study on the effects of perceived inequality and perceived job insecurity on fraudulent intent of bank employees. They found that, when employees perceived that they are not fairly treated and also perceived that their job is not secured, the tendency to commit fraud increases. Employees generally have feelings and psychological needs which they expect the employer to help fulfill. When they perceived that those needs are under threat or they feel that the organization may not help in fulfilling these needs, it may result in employee directing their attention towards the fulfillment of such needs from other means including illegal ones.

With regard to the negative consequences of fraud on the effective operation of commercial banks, findings shows that 87 (45.5%) of the respondents sees profit and financial loss, liquidation of commercial banks as the major negative consequences of fraud in commercial banks. This finding is contrary to Okoye and Gbegi (2012), in their study on evaluation of the effects of fraud and related financial crimes on the Nigerian economy where they found out that fraud and related financial crime have a significant effect on gross domestic product thereby affecting the Nigerian economy. Fraud and related financial crimes have no significant effect on inflation. However, it has contributed in affecting the economy in a negative way.

More so, on the coping strategies employed by commercial banks to ameliorate the danger of fraud on commercial banks, majority of the respondents revealed that reduction of overhead cost, merging of banks, downsizing of staffs and abstinence from big advert are the measures imbibed by commercial banks to maintain their liquidity. This is similar to the contribution of Ahmed, Madawaki & Usman (2014) in their study where they maintained that establishment of cost standards is one the major coping strategies adopted by commercial banks to ameliorate liquidation. This is because costs standard ensures that variances are determined, investigated and explained. In fact, cost control assists a bank to manage frauds and various irregularities and thus enhance their profit performance.

On the final objective, findings revealed that the problem of fraud is on the increase and hence the study aggregated the respondents suggested panacea of fraud among employees of commercial banks. The majority of the respondents suggested that management should implement financial motivation and Background check for employees of commercial banks. This is similar to the findings of Ayozie (2012), in his work on the current ethical challenges in the Nigerian commercial banking sector where he recommended that financial motivation and mentoring should be encouraged. The senior staff must constantly encourage the junior workers, and motivate them financially to learn on the job and adhere strictly to strong ethical values. This will reduce the get rich quick syndrome of the younger staffs in particular. Furthermore, respondent considered that information technology department should engage in a periodic update of technology in commercial banks. More so, customer relation officer was advised to embrace good customer relation in the commercial bank. With respect to the measures to be taken by government in eradicating fraud, the majority of the respondents recommended formulation and strengthening of banking policy as the panacea of fraud. In view of the measures to be taken by the central bank of Nigeria in solving problem of fraud, the majority of the respondents considered external audit as a way of tackling fraud in commercial banks. Base on the role of the judiciary in curbing the problem of fraud, the majority of the respondent maintained that quick justice dispensation will deterred employees from engaging in

fraudulent activities. Regarding the role of law enforcement agency, the majority of the respondent believed that forensic investigation will reduce fraudulent practices among employees in commercial banks. In terms of risk management by customers, the majority of the respondents maintained that customers should insure their account so to reduce the level damage as a result of fraudulent diversion of money in commercial banks. This is in line with Ademola et al (2013), in their study on Bank Distress in Nigeria and the Nigeria Deposit Insurance Corporation Intervention suggested that depositors should file their rightful claims as at when due in case of banking failure. This will assist the insurance corporation to process their claims and pay them on time. Considering the role of legal adviser in handling fraudulent cases, the majority of respondents prescribes that counsels should serve as an intermediary between banks and customers.

In respect to hypothesis test, findings revealed that there is no significant relationship between socio-demographic attributes like sex, age and highest educational qualification as against the types of fraud committed by employees of commercial banks. However, it was discovered that there is a significant relationship between banking department and types of fraud committed by employees of commercial banks, because most fraudulent activities in commercial banks are peculiar to the banking department due to the fact that fraudulent practices depends on compromise, negligence and vulnerability various departments in a commercial bank. Also, there is a significant relationship between nature of employment and causes of fraud among employees in commercial banks, because the goals of employees of commercial banks are to fulfill their psychological needs and self actualizations needs which are often challenged by termination of appointment. Hence, fraudulent means become the alternative route to fulfill their motives as employees of commercial banks

Theoretically, the findings on the sociological analysis of fraud, particularly on the causes of fraud among employees of commercial banks can be explained by the adopted strain theory of Robert K Merton. This is because; the study generally revealed that inadequate salaries, greed and unethical behavior are the most important reasons why employees often engage in fraudulent

activities within commercial banks. For instance, if the salary of employees is not enough to meet their standard of living, they are likely to design fraudulent means to meet up with this demand. Note that, strain theory states that society puts pressure on individuals to achieve socially accepted goals though they lack the means, this leads to strain which may influence the individuals to commit crimes. In this regard, inadequate salaries for employees cannot meet up with the socially approved goal, hence employees often designed fraudulent means to cater for the societal demand and this fraudulent means has distorted the progress of commercial banks in the study area.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This is the last chapter of the research work which seeks to present the summary of the work, conclusion, recommendations proffered as well as the contribution to knowledge.

5.2 Summary of Major Findings

This research is entitled "A Sociological Analysis of Fraud among Employees of Selected Commercial Banks in Kaduna Metropolis". It was consciously designed to achieve the following objectives: to identify the forms of fraud committed by employees of commercial banks in Kaduna metropolis, to examine the predisposing factors of fraud among employees of commercial banks in Kaduna metropolis, to find out the negative consequences of fraud on the effective operation of commercial banks Kaduna metropolis and to suggest solutions to fraud among employees of commercial banks in Kaduna metropolis**.** Relevant literature was reviewed and strain theory was used to dissect the issues surrounding fraud among employees of commercial banks. The theory

states that society puts pressure on individuals to achieve socially accepted goals, though they lack the means, this leads to strain which may lead the individuals to commit crimes.

Both the quantitative and qualitative sampling method was used in the process of collecting data from the unit of analysis. On the forms of fraud, the findings show that fraud is frequent, and most of the employees agreed with the view that fraud is associated with unauthorized transaction. Base on the predisposing factors of fraud among employee of commercial banks in Kaduna metropolis. The result sees inadequate salaries, greed and unethical behavior as the most important reasons why employees often engage in fraudulent activities within commercial banks. With regard to the negative consequences of fraud on the effective operation of commercial banks, findings view profit and financial loss, liquidation of commercial banks and high cost of operation as the major negative consequences of fraud in commercial banks. With respect to solutions to fraud, the majority of the respondents suggested financial motivation, background check for employees and periodic update for ICT as the panacea to fraud among employees of commercial banks.

5.3 Conclusion

Fraud has been on the increase since the global crisis all over in the world as well as in Nigeria. The vulnerability of banks to fraud has been heightened by the emergence of electronic banking. Most fraudulent acts are perpetrated by employees due to inadequate salaries, greed and unethical behavior. The negative consequences of fraud on the operating system of commercial banks in Nigeria are enormous, ranging from liquidation, financial loss and high cost of operation. In common with any crime prevention strategy, the key to minimizing the risk of fraud lies in understanding the tactics and why it occurs. Combating fraud among employees should therefore be a three approach. Firstly, financial motivation, secondly, ensuring that the opportunities do not arise and, thirdly, ensuring that the fraudulent employees and external accomplices believe that they will be caught and that the potential rewards do not make the consequences of being caught worthwhile. This is

necessary not just for the preventive measures of banks, but for ensuring the sustainability of the overall financial system and restoring confidence among various stakeholders in the Nigerian commercial banks.

5.4 Recommendations

Based on the findings of this study, the suggested recommendations to fraud among employees of commercial banks has to do with long term approaches that will ensure the sustainability of the commercial banks and the short term approaches which will nip in the bud the menace of fraud before it escalated and distort the systemic operation of commercial banks.

Short Term Recommendations

1. The customer care unit must embrace good customer relationship by treating customer complaints as a matter of urgency which will enable quick rectification of any fraudulent transaction of their account deposit.

2. All cases of fraud detected within commercial banks, immediately must be reported to the relevant law enforcement agency in order to carry out forensic investigation that will enable proper prosecution of fraudulent employees and accomplices.

3. The judicial process must be reinforced in the media outlet to encourage speedy hearing of fraud cases, and the publication of such cases and shaming will act as a deterrent to other employees, who might wish to engage in fraud.

4. The legal bodies which oversees the relationship between the customers and the commercial banks must verify the truth, decency and legality of financial advertisements before proceeding to court of law for proper hearing and judgment.

Long Term Recommendations

1. Treasury single account must be on the concurrent list, which must be strengthened in order to eradicate idle account and deposit of federal and state ministries, department and agencies in commercial banks. This will go a long way in blocking the chances of employees of commercial bank and civil servant from feeding fat from government account that are existing secretly in the commercial banks.

2. Commercial banks managers must uphold financial welfare package strategy for employees that will cater for their housing and health bills. This will reduce the pressure of the high cost of living that often influence employees to engage in fraudulent practices so as to meet up this societal demand.

3. The Nigeria Deposit Insurance Company must develop customer's awareness and consolidation platform that will encourage customers of commercial banks to insure their account in order to reduce the risk of any fraudulent eventualities.

4. The central bank of Nigeria must formulate a sustainable audit system which will quickly detect the liquidity of various commercial banks, especially those in serious financial crises arising from fraudulent practices in commercial banks before nose diving into liquidation.

5. The human resource department of commercial banks must ensure that in processes of recruiting, strong ethical orientation, training and most importantly thorough background checks of the employee's qualifications and personalities must be prioritized. Hence, human resource department should collect current and relevant references about the staff and their background should be constantly updated.

6. Commercial banks must also create more ICT awareness/knowledge for their employees by providing free and regular ICT training for them. And most importantly periodic update of ICT should be encouraged within commercial banks in order to meet up with global ICT advancements and

challenges. This will probably reduce electronic fraud within commercial banks in Kaduna metropolis.

5.5 Contributions to Knowledge

1. This study revealed the major types of fraud in commercial banks, which include Nip bud fraud, computer/electronic fraud and internal/external collaborated fraud. The study further revealed that the tactics and the modus operandi exhibited by fraudulent employees toward fraudulent engagement depend on the vulnerability of the cash deposit, access to sensitive information and the condition of the internal control within commercial banks.

2. This study discovered that inadequate salaries is the genesis of fraud among employees in commercial banks. The study further discovered that the complexity within the judiciary, which has to with delay tactics, corruption and ineffective punishment of fraudulent employees often encouraged the reoccurrence of fraud among employees in commercial banks.

3. This study found that, the majority of the bank customers and depositors are yet to register their deposit account with the Nigeria deposit insurance corporation. In fact, customers and depositors are not aware of the impact of Nigeria deposit insurance cooperation in ameliorating the eventualities of fraudulent diversion of deposit in commercial banks. Hence, the study suggested that customers should uphold the deposit insurance scheme as the preventive and coping strategies to mitigate financial loss of bank deposit within commercial banks.

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APPENDIX I

QUESTIONNAIRE

Dear respondent,

I am a post graduate student of sociology department, Ahmadu Bello University Zaria. I am conducting a research on the **A SOCIOLOGICAL ANALYSIS OF FRAUD AMONG EMPLOYEES OF SELECTED COMMERCIAL BANKS IN KADUNA METROPOLIS.** This is in partial fulfillment of the requirement for the award of Masters of Science (M.sc) degree in sociology. Any information given would be treated in utmost confidentiality and for academic purpose.

SECTION A: SOCIO-DEMOGRAPHIC CHARACTERISTICS

1. **Sex** (a) Male [ ] (b) Female [ ]
2. **Age** (a) 20-25 years [ ] (b) 26-30 years [ ] (c) Over 30 years [ ]
3. **Highest Educational Qualification**

   (a) Secondary [ ](b) Diploma[ ](c) B.sc/ HND [ ](d)Masters[ ]
4. **Name of bank** .....
5. **Nature of employment**

   (a) Contract staffs [ ] (b) permanent staff[ ] (c) Others specify…….
6. **Occupational position**

   (a) Manager (b) Assistant manager (c) Senior banking officer (d) Banking officer (e) Others (specify) ……
7. **Which department do you belong in your bank**

(a) Credit and marketing (b) Operation and services (c) Internal control

(d) Information technology (e) Customer services

8. **Years of working experience**

(a) Less than 1 year (b) 1 – 5 years (c) 6 – 10 (d) 11 and above

SECTION C: FORMS OF FRAUD AMONG EMPLOYEES OF COMMERCIAL BANKS

9. How frequent is cases of fraud in commercial banks ?

   (a)Very frequent [Thrice in a month]

   (b) Frequent [Ones in a month]

   (c) Not frequent [Ones in six month]

10. Please give reason to answer in question above 9 above.....

.....

S/N	Items	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
11	Fraud is associated with unauthorized transaction					
12	Fraud is associated with falsification					
13	Fraud is associated with management impunity					
14	Fraud is associated with computer manipulation					
15	Fraud is associated with insider and outsider collaboration					
16	Fraud is associated with suppressing small fraction of cash or deposit					
17	Others Specify					

18. What is the type of fraud commonly embarked upon among employees in your banks?

(tick as many as you can)

(a) Computer/electronic fraud (b) Unauthorized transaction (c) Internal and external collaborated fraud (d) Nip bud fraud (e) Management fraud (f) Forgeries (g) Others (specify).....

.....

SECTION C: PREDISPOSING FACTORS OF FRAUD AMONG EMPLOYEES OF COMMERCIAL BANKS

19. What are the predisposing factors of fraud among employees of commercial banks? (tick as many as you can)

(a) Inadequate salaries (b) Greed (c) Computer failure (d) Power failure (e) Socio-economic lapses (f) Generic Factor (g) Environmental influence (h) Peer influence (i) Inadequate staffing and training (j) Poor management policy (k) Unethical behaviour (l) Inefficient legal system (m) Recapitalization (n) Others (specify).....

.....

20. What is the most predisposing factor of fraud among employees of commercial banks?

(a) Inadequate salaries (b) Greed (c) Computer failure (d) Power failure (e) Socio-economic lapses (f) Generic Factor (g) Environmental influence (h) Peer influence (i) Inadequate staffing and training (j) Poor management policy (k) Unethical behaviour (l) Inefficient legal system (m) Recapitalization.

21. What are the factors hindering the effectiveness of rule and regulation which promote fraud in commercial banks? (tick as many as you can)

(a) Ineffective supervision (b) Ineffective punishment (c) Unethical behavior(d)Non reporting of fraud case (e) Others (specify)..... ..

SECTION D: NEGATIVE CONCEQUENCES OF FRAUD ON THE OPERATING SYSTEM OF THE COMMERCIAL BANKS

22. What are the negative consequences of fraud among employees within commercial banks ? (tick as many as you can)

(a) Unrealistic cashless economy (b) Profit and financial lost (c) Liquidation of commercial banks (d) Weak management (e) Job loss (f) Psychological effect (g) Economic effect (h) High cost of operation (i) Depletion of investors (j) Others specify.....

.....

23. What is the major negative consequence of fraud among employees within commercial banks?

(a) Unrealistic cashless economy (b) Profit and financial lost (c) Liquidation of commercial banks (d) Weak management (e) Job loss (f) Psychological effect (g) Economic effect (h) High cost of operation (i) Depletion of investors.

24. What are the negative consequences of fraud among employees of commercial banks on the following options?

(a) Banks.....

.....

(c) Employees.....

.....

(a) Customers and investors.....

.....

(d) Others (specify).....

.....

SECTION E: REMEDIAL MEASURES TO FRAUD AMONG EMPLOYEE OF COMMERCIAL BANKS

25. What measures can the commercial banks take to eradicate fraud from their day to day activities?

(a) Management cadre.....

(b) Human resources department.....

(c) Information technology department.....

(d) Customer services unit.....

(e)Others (specify).....

26. What can the appropriate authority in term of policy do to forestalling effectiveness of the rules and regulation guiding the operations of the commercial banks?

(a) Government.....

(b) Monetary regulatory body.....

(c) Law enforcement agency.....

(d) Judiciary.....

(e) Others (specify).....

27. What can the customers do to prevent their money from being diverted by fraud in the commercial banks?

(a) Risk management.....

(b) Legal tussle .....

(c) Others(specify.....

APPENDIX II

IN-DEPTH INTERVIEW GUIDE FOR EMPLOYEES

OF COMMERCIAL BANKS

FORMS OF FRAUD AMONG EMPLOYEE OF COMMERCIAL BANKS

1. What are your views on fraud cases among employees in commercial banks

Probes

a. Tactics

b. Frequencies

c. Scope

2. what are the forms of fraud practiced by employees of commercial banks

3. What is the type of fraud practiced by employees in commercial banks?

Probes

(a) Computer/electronic fraud

(b) Unauthorized transaction

(c) Internal and external collaborated fraud

(d) Nip bud fraud

(e) Management fraud

(f) Forgeries

(g) Advance fee fraud

(h) Others (specify) ……

PREDISPOSING FACTORS OF FRAUD AMONG EMPLOYEES IN COMMERCIAL BANKS

4. In your own opinion what do you think is the predisposing factors of fraud among employees of commercial banks?

Probe

a. Peer influence among employees within commercial banks

b. Inadequate salaries for employees within commercial banks

c. Environmental influence on employees within commercial banks
d. Poor management policy within commercial banks
e. Greed among employee of commercial banks
f. Computer failure within commercial banks
g. Power failure within commercial banks
h. Socio-economic lapses
i. Generic Factor
j. Inadequate staffing and training of employee of commercial banks
k. Unethical behaviour among employee of commercial banks
l. Inefficient legal system

m. Recapitalization policy of commercial banks
n. Others (specify) ……

5. In your own opinion what do you think is the most predisposing factor of fraud among employees of commercial banks?

6. What are the factors hindering the effectiveness of rule and regulation that promote fraud in commercial banks

Probes

a. Non reporting of fraud cases in commercial banks
b. Ineffective supervision of commercial banks
c. Ineffective regulations in commercial banks
e. Ineffective legal system and punishment
f. Others (specify) ……

NEGATIVE CONSEQUENCES OF FRAUD ON THE OPERATION OF THE COMMERCIAL BANKS

7. What are the negative consequences of fraud on the effective operation of the commercial banks?

Probes

a. Liquidation of commercial banks
b. Retrenchment of employees within commercial banks
c. Unrealistic cashless economy
d. Profit and financial lost
e. Weak management
f. Psychological effect
g. Economic effect
h. High cost of operation
i. Depletion of investors
j. Others (specify).....

8. What is the major negative consequence of fraud on the effective operation of the commercial banks?

9. How does the consequence of fraud affect the following actors in commercial banks?

a. Banks
b. Employees
c. Customers/Investors

COPING STRATEGIES AND REMEDIAL MEASURES TO FRAUD AMONG EMPLOYEES OF COMMERCIAL BANKS

10. What are the coping strategies adopted by commercial banks to ameliorate the consequences of fraud on the operating system of commercial banks?

11. What do you think will be the role of the following in terms of policy in the fight against fraud

probes

a. Management and Shareholders
b. Employees of commercial banks
c. Customers of commercial banks
d. Central bank of Nigeria
e. Government
f. Law enforcement agencies
g. Judiciary

APPENDIX III

IN-DEPTH INTERVIEW GUIDE FOR CUSTOMERS WHO ARE

VICTIMS OF FRAUD OF COMMERCIAL BANKS

FORMS OF FRAUD AMONG EMPLOYEES OF COMMERCIAL BANKS

1. What are your views on fraud cases among employees in commercial banks

Probes

a. What is the tactics used by employee of commercial bank to defraud your bank account
b. How frequent is fraud among employees of commercial banks in Kaduna metropolis

2. What are the forms of fraud used by employee to defraud your deposit in commercial bank?

PREDISPOSING FACTORS OF FRAUD AMONG EMPLOYEES IN COMMERCIAL BANKS

3. In your own opinion what do you think is the predisposing factor of fraud among employees of commercial banks?

Probe

a. Peer influence among employees within commercial banks

b. Inadequate salaries for employees within commercial banks

c. Environmental influence on employees within commercial banks

d. Poor management policy within commercial banks

e. Greed among employee of commercial banks

f. Computer failure within commercial banks

g. Power failure within commercial banks

h. Socio-economic lapses

i. Generic Factor

j. Inadequate staffing and training of employee of commercial banks

k. Unethical behaviour among employee of commercial banks

l. Inefficient legal system

m. Recapitalization policy of commercial banks

o. Others (specify) ……

4. What are the factors that expose customers account to employee fraud in commercial banks

Probes

a. Customers negligent in handling sensitive account details
b. Failure to report strange text messages to commercial banks
c. Poor customer relation in commercial banks
d. Poor internal control in commercial banks
e. Others (specify) ……

NEGATIVE CONSEQUENCES OF FRAUD ON THE OPERATION OF THE COMMERCIAL BANKS

5. What are the negative consequences of fraud on the effective operation of the commercial banks?

Probes

a. Liquidation of commercial banks
b. Retrenchment of employees within commercial banks
c. Unrealistic cashless economy
d. Profit and financial lost
e. Weak management
f. Psychological effect
g. Economic effect
h. High cost of operation
i. Depletion of investors
j. Others (specify).....

5. How does the consequences of fraud affect the following actors in commercial banks

Probes

a. Commercial Banks
b. Employees
c. Customers

REMEDIAL MEASURES TO FRAUD AMONG EMPLOYEE OF COMMERCIAL BANKS

7. What do you think will be the role of the following in terms of policy in the fight against fraud

probes

a. Management and shareholders
b. Employees of commercial banks
c. Customers of commercial banks
d. Central bank of Nigeria
e. Government
f. Law enforcement agencies
g. Judiciary