AN ANALYSIS OF A COMPUTERISED SYSTEM AS AN EFFECTIVE STRANTEGY FOR FRAUD MINIMISATION IN NIGERIAN BANKS
(A CASE OF UNITED BANK FOR AFRICA PLC)

BY

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BEING A PROJECT SUMMITTED TO THE POST GRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINSTRATION (MBA) OF AHMADU BELLO UNIVERSITY, ZARIA

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DECLARATION

I hereby declare that this research project is the result of my personal efforts and a product of my research findings and has never been submitted to Ahmadu Bello University, Zaria, Nigeria or to any other institution of higher learning for the award of any degree.

All books articles, journals and all works made use of have been duly acknowledged in the Bibliography section of this research.

I therefore, assume responsibility for all mistakes and / or errors.

________________________ ________________________

Auta Christiana ***Date***

CERTIFICATION

This is to certify that this project titled "An Analysis of a computerized system as an effective strategy for fraud minimization in Nigerian Banks" (a Case Study of United Bank for Africa Plc). By Auta Christina meets the regulations governing the award of the degree of master of Business Administration (MBA) of Ahmadu Bello University, Zaria, and its therefore approved for its contribution to knowledge, and literacy presentation.

____________________ *Mrs. M.S. Akanet* *Chairman Supervisory Committee*	____________ Signature	____________ Date
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____________________ External Examiner	____________ Signature	____________ Date
____________________ Dean, Postgraduate	____________ Signature	____________ Date

DEDICATION

This project is dedicated to my mother Mrs. Catherine Z. Auta

ACKNOWLEDGEMENT

All praise be to the father, for His guidance, love protection and for sustaining me through at the period of my MBA programme may always protect and see me through all my endeavours.

My gratitude goes to my parents Mr. and Mrs. Zechariah Auta, from whom I learnt that only the fittest survive. My Daddy, whom always want the best for me, and my Mummy, who taught me how to strive in all conditions and be resilient. I really appreciate your love and care.

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ABSTRACT

Banks play a very significant role and are a key infrastructure of the financial sector of any economy. The efficiency of the banking sector in a way determines the reliability of the economy.

The banking business is replete with lots of risks. Of all the risks faced by banks, fraud risks are the most pervasive and most destabilizing to banks. Fraud results in the largest source of losses to banks in Nigeria and also the largest single cause of bank failures.

Because of the magnitude of these losses and the level of their impact on banking operations is the only main reason for this research study. Recently, the incidence of frauds has got the attention of all and sundry and has been the focus of the government’s attention. Therefore, the study aimed at examining how computers can be used for detecting fraud in the banks operations especially towards enhancing fraud minimization in Nigeria using UBA Plc. as a case study.

Together, the data for this study, both interviews and questionnaire methods were used. And the data collected was analyzed using simple statistic techniques of percentages, averages, etc. the information generated was used in formulating recommendations that are intended to help banks appreciate the use of computers in their banking operations as deliberate effective measures towards minimizing or preventing fraud in bank operations in the banking industry in Nigeria.

It is hope that when such measures are implemented will enhance banks stability survival and more profitability in Nigeria.

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CHAPTER ONE

1.1 OVERVIEW OF THE STUDY

Fraud can be described as a conscious premeditated action of a person or a group of persons 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 and known-how. The action usually takes the form of forgery, falsification of documents and authorizing signatures of employees' as well as customers engaging in fraudulent practices in the banking sector. The existence of frauds in our banks is not uncommon or unexpected phenomenon, because of all the problems confronting the Nigerian banking industry.

The level of frauds in the banking industry of the Nigerian economy has assumed epidemic dimensions causing devastating effects. Which leads to loss of assets and denting of image.

Thus losses resulting from frauds will reduce the resources of the bank thereby reduce level of resources crippling the operations of the bank affected and in some cases the bank may be forced to close down its banking operation for lack of adequate funds. When such a situation arises, it will led to loss of confidence in the affected and also reduced customers patronage.

Therefore, if banks are to be well protected, they must build basic defense, pattern into their everyday operations, through the computerization of its activities or operations.

Also, banking distress occurs when a bank or some banks in the system experience ililiquidility or insolvency resulting in a situation where depositors fear the loss of their deposits and a consequent break down of contractual obligations. While a bank is said to be illiquid when it could no longer meet its liabilities as they mature for payment, it is said to be insolvent when the value of its realizable assets is less than the total value of its liabilities (a case of "Negative net worth"). These could lead to bank runs as depositors lose confidence in the system and seek to avoid capital loss. The uncertainty generated as a result of distress in banking institutions, if left unchecked, often raises real interest rates, creates higher costs of transactions and disrupts the payment mechanism with the attendant economic consequence.

Those factors examined here lead some banks into financial distress character by poor asset quality, uliquidity, under capitalization and insolvency. For example on July 6th 2004 the Central Bank of Nigeria (CBN) Governor Professor Charles Soludo announced the re-capitalization reforms that included among other provisions that existing banks must have N25 billion capital asset by

December 31, 2005. this reform will make some banks either to be acquired by bigger and stronger banks or fold up its activities.

In summary, computerization as an effective strategy can be used for minimization of fraudulent activities in the Nigerian Banking Sector.

1.2 STATEMENT OF THE PROBLEM

The Nigerian Banking Industry seemed to be one of the most profitable within the Nigerian Economy. However, the banks in the course of proving their banking services face the risks of loosing their money through fraudulent practices thereby destabilizing its operation. Therefore, fraudulent practices is one of the largest source of losing money by banks in Nigeria and it is also the largest single causes of bank failure because of its magnitude of impact on banks operation.

The magnitude of this problem and its implications in the banking sector has inspired this research study in the Nigerian banking sector with aim of examining how computerization can help minimize this devastating problem.

Therefore, the basic problem of this study is how to prevent or minimize fraud in banks in Nigeria.

1.3 OBJECTIVE OF THE STUDY

The main aim of this research work is to examine how computer can be used for the minimization of fraud in the Nigerian banking sector.

Objective of this study focus on the following areas:

1. To identify the causes of fraud in banks
2. To identify the various types of fraud in banks
3. To determine the effects of fraud on the business of banking
4. To examine the extent of which computers can be used to minimize fraud in Nigeria.
5. To examine other measures and techniques that can be used for fraud prevention.
6. To assess the effectiveness and efficiency of using computerization to minimize fraud in banking sector.
7. To make suggestions and recommendation as to how computer and other measure can be used to prevent fraud.

1.4 SCOPE OF THE STUDY

This study is based mainly on UBA Plc. as a case study; it covers mainly the activities of fraud practices in banks and various strategies used by those who perpetrate such practice. The study focused to gather data from management and staff of UBA Plc.

And finally, it examines the extent to which computers are used in UBA Plc. especially with the aim for minimizing fraud in the banks operations.

1.5 RESEARCH METHODOLOGY

The data used for this research was obtained from primary and secondary sources. The primary sources were used gathering primary data through the use of personal interviews with some management and staff of the bank. The secondary sources include published lectures. Central Bank of Nigeria's Publications such as Bullion, Nigeria Deposit Insurance Corporation Quarterly Reports, Business Journals, Articles etc.

1.6 LIMITATION OF THE STUDY

This section discusses the limitation encountered during the course of the study. These limitations were as follows:

1. The use of computer soft wares in banks is a current issue; therefore, getting materials was not easy. So, current journals of UBA like the FLEXCUBE series, which is not easy to get.
2. Finally, financial constrains also played a part in limiting certain aspects of the research work.

1.7 SIGNIFICANCE OF THE STUDY

The importance of this study to banks like UBA is indispensable. The ability to ensure that frauds are properly managed in banks cannot be overemphasized. Also the study would aid banks to realize and to appreciate what computerization contribution can do in preventing fraud.

Also the study will help to achieve the following:

a. Help management of bank on how to effectively plan, and make decisions for the general smooth running of the bank using computers.
b. The result of this study (findings) shall enable users especially the banks to reappraise its own management and to review it methods of operations for a more result-oriented approach in attempting to minimize fraud-using computer.
c. The study aimed at helping management towards the effective computerization of their banking operations to reduce error and frauds.
d. The future researchers on this topic would find this study as basis for further research effort or studies.

1.8 DEFINITION OF TERMS

This section attempts to define some key terms used in this research work.

EFFECTIVENESS: The accomplishment of a desired objective, goals or action.

EFFICIENCY: The accomplishment of an objective, goals or action within the minimum resources.

DATA: Is a symbolic representation of facts about people, places etc. which are raw or undesired in their present form and need to be transferred into a refined or desired form.

SYSTEM: The word generally refers to interrelated items that work together as a unit.

SOFTWARE: This means a collection of programme that are made to work together for a specific purpose.

PROGRAMME: A set of instructions given to a computer.

PROGRAMMING: The process of giving these instructions to the computer is called computer programming.

BASIC: (beginner all purpose symbolic instruction code) is the most popular language for personal computers.

COMPUTERIZATION: This is eliminating manual aspect of the work or operation through the use of computer based on accounting system.

FRAUD: Any deliberate attempt in whatever form (spoken, written, physical designed) to deprive a legitimate owner of his/her assets, properties or rights.

CHEQUE: A bill of exchange drawn on a bankers and payable on demand.

PROSECUTION: An act of starting legal proceeding against a fraudster.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter gives an insight of the genesis of banking in Nigeria. It also analyzed bank fraud in terms of how it is committed by bank staff, customers or others, operating independently or in collision with others in or outside the bank. It also examined the effects of frauds in banks and how it can be prevented and controlled to enhance efficient and effective profitable banking operations in Nigeria.

2.2 BANKING AND FRAUD PRACTICES IN BANKING OPERATION IN NIGERIA

In 1982 and 1984, the African Banking Corporation (ABC) and the British Bank for West Africa (BBWA) now First Banking were established and the former was to be taken over by the later. Actually, the year 1982 can be regarded as the year banking activities started in Nigeria. The ABC was saddled with the responsibility of distributing Bank of England notes for the British Treasury in Nigeria.

Eighteen years after, Barclays Bank came into the scene although, before the Barclays Bank, a bank called Anglo African Banking (AAB) was established in 1899 but failed again, the Barclays Bank DCO (Dominion Colonial Overseas) now Union Bank was set up to provide Banking services for the British Commercial interest and colonial administrators in West Africa.

In 1949, the British and French Bank now United Bank for Africa was established. Between 1945 and 1947, four indigenous Banks.

Were established but only two of these banks namely Agbonmagbe Bank (now Wema Bank) and African Continental Bank survived?

According to Central Bank of Nigeria report, between 1947 and 1952 many banks were registered but unfortunately, only about ten (10) survived. The reason for their failure could be traced to fraudulent practices, inadequate capital and bad management. Also, there was no banking regulation to specify the code of conduct banking activities within these periods.

The origin of fraud is very difficult to trace. However, in the case of fraud perpetration, Adekanye (1996) 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 mistake may be taken advantage of and may proceed to enact more mistake; this time, deliberately so as to test the system's check and balance. When we consider the banking system as a whole, the problems of bank fraud are traceable to the inadequacies inherent in our present banking system.

2.3 **THE HISTORICAL DEVELOPMENT OF COMPUTERS IN NIGERIA**

AKINBOMI [1991] Defines a computer as "any device or machine capable of accepting and storing data whenever required".

Williams [1981] defines a computer as a "data processor that can program substaritial computation, including numerous arithmetic and logical operations without the intervention by a human operator during the runs".

To Gaily (1972) Defines " Computer as a machine that accepts inputs data, process the data and provide as output the result of the processing".

The history of computer could be traced as far back as the 15th and 16th centuries. *Blaise Pascal* invented the first adding machine in 1642 at the age of 19 to assist his father's arithmetic problems as a tax collector in Normandy. The First Electronic Digital Computer was invented in 1964 at the University of Pennsylvania, it was made up of 18,000 vacuum tubes, 70,000 resistors, 10,000 capacitors and 6,000 switches and occupies the space of two car garage. It worked for short periods because its tubes kept burning out and was built to calculate artillery-firing tables. It could perform 5,000 additions or subtracts per second.

The ideas developed by Charles Babbage (1791-1871), became the forerunner of modern computers to the extent that some writers called him the " Grand Father Of Modern Computers". He was a Mathematician and Engineer, who combined mechanical arithmetic with automatic control by a sequence of stored commands.

The first analogue computer, a mechanically operated device was developed in 1925 by Dr. Vannevar Bush and others at Massachusetts Institute of Technology.

A decade later, same group developed another computer with Improved capacity, Dr. George R Stibiz at Bell Telephone Laboratories began work on the Bell model 1 in 1937. It was semi-automatic. The first general purpose computer called mark 1 capable of automatically performing a long sequence of arithmetic and logic operations was developed by Professor Howard Gatken t Harvard University and built by the IBM corporation. It was designed to follow automatically a series of instructions punched in paper tapes ¾ inch wide. All machine operations were performed electronically by wheel counters and relays Mark 1 was solely developed for scientific work when a long series of computer mathematical equation and problems had to be solved.

However, subsequent computer were all electronic in nature and these electronic break through were eventually grouped into a 4 (four) generations.

1. **FIRST GENERATION COMPUTERS**

In 1975, an electronic company founded by Eckert and Mauchley score the credit as the first firm to offer a business computer commercially. It was able to secure a contact to develop the UNIAC (Universal Automatic Computer). This period formed the first generation of computers, which is characterized by the following.

- ❖ The use of magnetic core for primary storage
- ❖ Buffering a method that save as a temporary storage
- ❖ Sequential accesses processing here magnetic tapes, files were used for secondary storage or online computer file.
- ❖ Machine language, this is a language designed by computer engineer for coding individual programmes. Examples are UNNACI, UNNAC 1103, and IBM700 Series.

2. **THE SECONDA GENERATION COMPUTERS**

The mid 1950s brought an invention that revolutionized not only the computer industry alone, but the entire world of electronics. It allowed minimization and portability of the formally large permanent devices like radio, television and computers. The second assembly language was introduced with the use of abbreviations to represent machine language for instance, if the machine language operation code for add is 25 the symbolic representation might be add.

Examples of second generation computers are ibm1401, 1440, NCR815 and Honey Well 800.

3. **THIRD GENERATION COMPUTERS**

The major break through in the evolution of computers in the third generation include:

- Internal Circuit: invention of integrated circuit made it possible for all elements of a circuit (transistor, resistors and diode) to be placed on a single chip. This device made computer smaller, faster and lighter than their predecessors. But more impotently, the minimization of its components reduces the electrical tine within the circuits, thereby increasing internal operation.

- Real Time and Time – Sharing: data transmission and communication devices were developed for sending and receiving data from both local and remote processing centers. Time – sharing programmes are hundreds in the memory.

4. **Forth Generation Computers**

They are the computers in use presently and contain more sophisticated micro – electronic devices. This is the age of micros that is the development of microscopic integrated circuit, micro programming, faster memories and micro storage, improved soft ware and improved input and output device which included optional audio response terminal and graphic display terminals.

Data are stored in small chips instead of magnetic core Memories, which had been in use since 1946. The speed of these type of computer is 240,000 microseconds.

2.3 THE CLASSIFICATION OF COMPUTERS

Thee are several criteria by which a computer may be classified. These are:

* Classification according to type
* Classification according to purpose
* Classification according to capacity

CLASSIFICATION ACCORDING TO TYPE

a. **Digital Computer:** This is to called because it functions by taking discrete numbers and performing mathematical calculations on them and is the type used in commercial data processing.

b. **Analogue Computer:** This type of computer measures physical magnitude such as temperature, pressure, etc. examples of analogue computers are slide rule and car speedometer. Generally, analogue computers are used for scientific and engineering purposes.

c. **Hybrid Computers**: these are computers that combine the features both analogue and digital computers. They are capable of operating on discrete values as well as continue variables.

These types of computers are found in space aircraft and msisbles.

CLASSIFICATION ACCORDING TO PURPOSE:

Special Purpose: These are the computers designed for particular jobs to solve problems of restricted nature. Examples are computers designed for air traffic control or weapons guidance system.

General Purpose: Computers are designed to solve a wide variety of problems are called general – Purpose computers. Within the limitations imposed by their particular

CLASSIFICATION ACCORDING TO CAPACITY:

Microcomputers: These are computers realized on a small number of silicon chips they are usually the smallest in size by means of memory (data storage facility) capacity.

Mini Computers: These are middle range computers between the smallest (micro) computers and the biggest (mainframe) computers.

Main Frame Computers: These are computers having wide range of memory facilities. These computers usually occupy larger space areas than either mini or micro.

The modern electronic computer has 5 (five) basic components (or units) namely:

1. Input Unit

2. Memory Unit
3. Arithmetic/Logic Unit (ALU)
4. Control Unit
5. Output Unit

1. **<u>Input Unit:</u>** The input Unit feeds information or data into the memory or central processing unit (CPU) of the computer. It is necessary to present data to the computer in a way, which provide easy conversion into its own electronic pulse based form.

2. **<u>Memory Unit:</u>** The memory unit is a collection of numerous storage locations analogous to the main pigeonhole of an office. The main memory of the computer is made up of circuits that can represent only two slates. The two slates are when the current is flowing through the circuit and when there is no flow of current. It is the memory unit of the central processing unit (CPU), which is the place where the computer programmes and data are stored during processing.

3. **<u>Arithmetic/Logic Unit:</u>** This is where the arithmetic and logical operations are performed as directed by the control unit in accordance with the computer instructions.

4. **<u>Control Unit:</u>** The control unit supervises all other inputs of the computer. The control unit selects the appropriate input

output device and causes data to flow between this device and the memory unit.

5. **<u>Output Unit:</u>** This device retrieves data from the central processing unit (CPU) example of output device is the printer.

The computer has 2 (two) parts namely. Hardware and software. Onuigbo (1973); describes software as "a name given to set of instructions or programmes which are designed to fulfill a wide range of commonly encountered computer requirements". In fact, computer without software is just like a car without engine. As such, the soft were without the hardware is useless. There are two types of software namely:-

1. System Software and
2. Application Software

<u>System Software:</u> These entail the collection of programmes, which contributes to the control and performance of the computer system. This software is usually written by computer manufacturers. System software can be differentiated into: Translators, Operating System, and Data Base Management System.

<u>Translator:</u> These are programmes, which convert statements written in one language into another language. There are three types of translator.

a. Assemblers

b. Compilers

c. Interpreters

<u>Assemblers:</u> These are manufacturers' specially written programmes, which the computer uses to produce a machine language from a program written in symbolic language.

<u>Compilers:</u> These are system programmes loaded into a computer to translate source programmes written in high level language (high level languages are developed to help programmes focus their attention on the task to be performed example of high level language are COBOL, BASIC and FORTRAN etc) into object program usually a machine language (Machine Language consist of binary number ie. zero and ones). A compiler translates an entire programme before executing it.

<u>Interpreters:</u> These like the compilers are used for the translation of high-level language programmes, but the interpreters deal with the source programme. That is, one instruction at a time, completing, translating and executing each instruction before it goes to the next.

Operating System (OS):

These are set of control programmes that are these are the set of control programmes that are used to regulate the operations of the computer. These programmes take over the operations of the computer to the extent of being able to allow the number of programmes to be run on the computer without human intervention. The following are some of the functions of the operating system.

* To identify errors and carry out corrective routines.
* To manipulate data
* To start/stop/interrupt
* To communicate with the operator

Data Base Management System (DBMS)

Data Base Management System are soft ware systems which construct, expand and maintain the database. They also provide the interface between the user and the database. Data as used here, refers to a collection of information, which support the operations of the organization. The data in a database must also be:-

* Substantially non-redundant (i.e. without duplication)
* Independent
* Usable by all programmes and users.

Application Software: This is a group of programmes written either by the computer manufacturers, software specialists or in some cases the users. most application programme can only work if used in conjunction with the appropriate system programme. Software consists of:

* User Application Programme
* Application Package

User Application Programme: These are written by the user in order to perform specific job for the user. Projects cost of capital is the minimum acceptable rate of return of funds committed to the project. The minimum acceptable rate or the required rate of return is a compensation for the time and risk in the user. Such programmes are written in a variety of programming languages such as BASIC, COBOL, and PASCAL etc.

Application Package: these are generally programmes for solving business problems many users have the same type of problem to be solved by a computer and thus manufacturers and specialist software writers have written standard programmes to solve these problems and sell them to the many users who want them. Packages can be obtained for a variety of application including payroll, job costing,. Network analyses, word processor etc. examples of the packages specially directed at the microcomputer are WordStar, Lotus 123 and SUPERCALC (spreadsheet for routine such as budgeting).

Computer Hardware: Computer Hardware is the various mechanical, electrical electronics and magnetic parts of a computer. Examples of the computer hardware are: Keyboards, the Visual Display Unit (VDU), the Printer, Mouse, Hard disk Drive etc. the hardware components of a computer system consist of a system of internal electronics and mechanical devices.

2.5 THE APPLICATION OF COMPUTER SKILLS IN BANKING OPERATION

Banking is one of the first commercial systems to use computerized input forms in dealing with customers, such as the MICR characters pre-printed into Cheques. By preprinting the Cheques serial number, the bank branch sorting code and the Customers Account Number, while the amount on the Cheques remain to be added. MICR is particularly suitable for Cheques because of the large amount of handling involved. All Cheques transactions have to pass through clearing banks where Branch Cashier sorts them allowing the Cheques to be related to indicate account numbers. The advantage of using MICR is that MICR character are not affected by marks made across them, whereas folds or marks can cause optical character recognition (OCR) documents to bemissed. The production of MICR documents acquires special magnetic ink and greater accuracy, and is more costly.

In addition to processing individual Cheques, the banks also process standing orders and direct debts for customers and to credit the customers account with credit transfer. For example, when dealing with the payment of wages. Banks may provide customers with cash cards to enable them obtain cash from machines called "cash Dispensers" situated inside and outside branches of the bank. The cast card has a magnetic stripe, which contained details of the customer account number and an identity number, these are invisible to human eye. When the card is put into the cash dispenser machine, the customer has to key in the identify number corresponding to the one held in the magnetic stripes on the card. If the amount requested does not exceed the limit allowed, and there is sufficient money in the account is debited, which are printed out by some machines. This is a major use of the computers in effective fraud minimization.

In addition, the electronic funds transfer is the situation where by customers present a bank card, and the account of such customer is automatically debited through the online system, linking the store where the customer is using the card to the bank’s computer.

The need to cope with the increased numbers of customers and massive data associated with this need, makes the user of computers imperative. This is because a computer is capable of processing large volume of data, performing arithmetical and logical functions at increased speed. This technology enables the various departments in the banks to perform their functions in order to enhance their comparative positions in the market.

2.6 FRAUD AND CAUSES OF FRAU IN BANKS IN NIGERIA.

There is a genuine fear that the increasing waves of banks fraudulent practices are causing a lot of havoc in our financial system in Nigeria. This is because the banks fraud has eaten deep into every aspect of the banking system to the extent that many banks have lost the confidence of their customers.

Oxford advanced learner’s dictionary of current English defines fraud as “a Criminal Deception”. According to Udok (1992) fraud is concerned with the activities of those who seek to divert to their pockets the fruits of others hard work.

According to Professor O. Nwaukwo, fraud occurs when a person in a position of trust and responsibility, in defiance of prescribed norms, breaks the rules to advance his personal interests at the expense of the public interests he had been encrusted to guard and promote.

CAUSES OF FRAUDS IN BANKS IN NIGERIA

The causes of frauds in banks can be grouped into 2 (two) major causes:

1. Organizational / Institutional and
2. Environmental / Societal

These are factors or causes that can be traced to the internal environment of the organization. They are to a large extent, factors within the control of the management of the bank. And these include:

1. Poor Management Control System: This is often manifested in various ways. Lack of adequate supervision is a manifestation of poor management. For example ineffective operational procedures, poor supervision and control systems, lapses in the operational systems and methods. Experience has shown that banks with poor Management record have higher incidence of fraud than banks with efficient Management. Poor Management in terms of inadequate control, incompetence, bad training, poor delegation of authority, and corruption create an environment for frauds to flourish.

There are four types of mismanagement which, as quoted by Alashi (2002) under the health of our bank; include:

a. **Technical Mismanagement** (involving inadequate and poor polices and strategic planning, weak and ineffective internal control systems and mismatching of assets and liabilities).

b. **Cosmetic Mismanagement** (it consists of hiding facts to time and stay afloat such as employing "SWAP" or back-to- back" transaction to boost liquidity; it is usually a derivative of technical mismanagement).

c. **Desperate Management** (is a condition where bankers see themselves in danger and try to speculate either through continual liability rollover-inter bank taking or paying above the market interest rates for deposits).

d. Fraud is the extortion of loans by management under suspicious circumstances and wanton violation of credit policies.

2. **Inexperienced And Poor Quality Management and Staff**

This could arise from lack of adequate exposure or training on the part of bank staff or elevating a staff beyond the level of his competence, as is the case with most new generation banks in Nigeria. Inexperienced staffs are liable to commit unintentional fraud by failing prey to the trap set up for them by fraudsters. The inexperienced operator too will be unlikely to smell the rat and take the necessary precautionary measures to nib the fraud in the bud or set the detection process in motion.

3. **Weakness In The Internal Control Measures**:

Lack of or poor application of internal control mechanism create an environment for fraudulently inclined staff and other outsiders to commit frauds.

4. **Staff Negligence and Indiscipline:**

In some circumstances, staff negligence could give rise to the perpetration of fraudulent activities in banks. Negligence can be a product of several factors, such as bad supervision, lack of technical knowledge, apathy, pressure and lack of cognitive experience.

5. **Use Of Sophisticated Accounting System:**

With Sophisticated Accounting System, fraudulent staff could easily omit entries, substitute improper calculations and posting, manipulate documents, substitute fictitious documents and alter genuine ones.

6. **Poor Security Arrangement:**

Poor Security Arrangements for poorly designed gives room for fraud. Also for security documents and financial instruments that are poorly secured, fraudsters could exploit these weaknesses and perpetrate fraud.

7. **Frustration:**

Frustration occurs whenever an individual is unable to satisfy his needs. When people are poorly paid and they are unable to meet their personal physiological and social needs, they are tempted to fraudulently convert some of their banks money into their own use.

8. **Inadequate Staffing:**

Inadequate Staffing like understanding creates room for fraud for example when the staff is over stretched, he will be unable to work at the appropriate level of efficiency because the high volume of job is not relative to the available hands.

a. Poor designed organizational structure, poor delegation and undefined organizational structure.

b. **Environmental / Social Factors:**

These are factors that emanate from the external environment of the bank, which create the tendency for frauds to occur. These factors are

Uncontrollable and are thus beyond the active manipulation of bank management. These factors include:

i. **Our Value System:**

The manner in which some people *"Worship"* wealthy people in our society, without caring about the sources of their wealth, and the societal expectation from banks and the subsequent desire to live up to such expectations are contributory factors as catalysts for bank frauds. For example, a Bank Clerk is sometimes referred to as a Bank Manager by a praise singer and friends are of as result such a person will want to make philanthropic contributions to reward praise singer and cater for the needs of friends and relations as if the person is actually in the status of a manager. In most cases they do this by defrauding the bank.

ii. **Lack of Effective Punishment:**

Delays in prosecuting fraudsters and lack of heavy punishment are factors that encourage the unabating perpetration of bank frauds in Nigerian Financial System. For instance, its much easier to send some one who steals a goat to prison than to prosecute a Bank Manager who steals N100 million.

iii. **Fear of Negative Publicity:**

The failure of banks to report fraud cases to the relevant authorities are because of fear of negative publicity against their banks encourages fraudsters to defraud banks. They believe that the affected banks will not prosecute them.

iv. **Economic Down – Turn in Nigeria:**

For the past years. Nigerian economy has witness an unprecedented devaluation of its currency and excessive biting inflation. Consequently, both political and economy situations declined from bad to worse with graduates roaming the street in search of employment workers take home salary does not take them home safely while purchasing power tends to decline drastically with concomitant reduction in the standard of living. These ugly situations push some bank staff to commit fraud.

v. Ineffective or inefficient mechanisms necessary for detecting or prosecuting fraudsters with minimum delay, especially with the prevalence of an inefficient legal system.

2.7 TYPES OF FRAUD AND THEIR EFFECTS ON BANK

The following are types of fraud found in Nigeria banks.

a. **Advance free fraud**

This may involve an agent approaching a bank with an offer to access large funds below market interest rate often for long term. The purported source of such funds is not specifically identified as the only way to have access to it is through the agent who must receive a fee commission in advance. As soon as the agent collects the fee the disappears and the loan never come through. This particular type of fraud is popularly known as (419) in Nigeria.

b. **Cheques Kite Flying:**

Cheques Kite Flying involves the unauthorized use by depositors of uncollected funds in their accounts. Uncollected funds refers to Cheques judgment accepted by a bank for which it cannot fully guarantee collect ability until the institution on which such Cheques is drawn has determined that fund is available to cover the telm. Kitting is defined as the method whereby a depositor utilizes the time required for a Cheques to clear or to obtain an unauthorized loan without any interest charge.

c. **Computer Fraud:**

In recent times computer fraud is not only zooming up in value but becoming more sophisticated. It can take the form of corruption of the programme or application package and even breaking into the system by a remote sensor. Diskettes can also be stolen and the information therein copied or destroyed.

The computer related frauds in the banking system occur mainly through the collaborations of experience bank staff that have the requisite expertise to forge or doctor the computer input, in order to perpetrate fraud. Some times wrong data is fed in to the computer and this result in the computer producing wrong balance or crediting a document of fictitious account with funds, which are later withdrawn by an outside accomplice or bank staff.

The following are the most common computer frauds.

i. **Hacking Fraud**: This occurs when programmes are transferred from one computer to another so as to cause obstructions as a means of transferring money out. This type of fraud causes damaged to the computer disks.

ii. **Salami Fraud**: Salami is the name of a type of food in some European Countries, which is usually sliced in small pieces. This name was chosen as a result of the ways in which this type of fraud is being carries out. It slices off little amount of money at a time. The sum of money may be little but as it is repeated, it provides large amount of money to the fraudsters.

iii. **<u>Trojan Horse Fraud</u>:** A programmer may defraud a bank if he gains control into a special section. For instance, a programmer can create condition that whenever a particular name is seen, certain transfer should be made. This kind of computer fraud is committed with sole intention of transferring money from one account to another.

iv. **<u>Time Bomb Fraud</u>:** This type of fraud occurs when a programmer gains access to the source code of a banking application. He could create a condition that if a particular name fails to appear on the payroll, it means that the staff has been transferred and as a result, his salary could be diverted.

v. **<u>Account Fraud</u>:** Experience has shown that accounts, which provide fertile ground for bank frauds, include:

a. ***Fictitious Accounts:*** Bank staff open and operate Fictitious Accounts. They normally do this with fraudulent motives such as kite flying, unauthorized lending and diversion of foreign exchange.

b. ***Account Opening Fraud:*** This includes the deposit and subsequent cashing of fraudulent Cheques. It usually occurs when a person not know to a bank opens a transaction in account with false identification, unknown to the bank.

c. ***Ledger Manipulation:*** This frau occurs when an employee of a bank inflates the balance in the account of a particular customer. The employee will then inform the customer who will quietly withdraw this money.

d. ***Unreconciled Account***: According to Olufidipe (1994) startling frauds have been perpetrated through Unreconciled accounts such as:

- Central Bank Clearing Account
- Local Banks Clearing Account
- Interbank/Head Office Account

e. ***Manipulating of Suspense Account***: suspense accounts can be manipulated in the following ways:

- Unauthorized entries into the accounts
- Manipulation of outstanding items, in the accounts
- Lack of tracing and reversing items on the accounts

TELEX FRAUD

Telex Fraud occurs when among authentic messages, which are to be tested and sent by banks telex; officials spurious telex messages are introduced. Test keys are manipulated usually with the collusion of NITEL officials; the messages after duly tested are transmitted abroad. As a result of fake messages, money is paid to a factitious account abroad through a correspondent bank and later cashed by the overseas collaborators.

The correspondent bank without notice of fraud, would credit the fictitious account after decoding the telex message.

DIPLOMATIC FRAUD

Diplomatic Fraud involves the tapping of the account numbers of diplomatic missions by (C.B.N.) Central Bank of Nigeria associate, this enabling massive transfer of Nigerian Embassy funds to the personal accounts of syndicates worldwide, obviously with a strong inside in Nigeria and fully connected with the Central Bank of Nigeria.

MONEY LAUNDERING FRAUD

This is the means of concealing the existence, source, or use of illegal obtained money by converting the cash into untraceable transactions in banks. The cash is disguised to make the income appear legitimate.

LOANED FRAUD

Loaned Fraud occurs when credit is extended to non-borrowing customers or to borrowing customers who had exceeded his credit ceiling. The fraudulent aspect of this class is that there is intent to conceal it from the Head Office (inspectorate) staff on routine check to deceive them with seemingly true but falsified statements, documents etc.

COUNTERFEIT SECURITIES

Like Counterfeiting of money, counterfeiting of commercial financial instruments is one of the oldest forms of crimes. This refers to reproducing good quality forged instruments or documents. The documents may be total counterfeits, or maybe genuine documents that are forged, or altered as to amounts, pay out data, payee or terms of payment. Modern photographic and printing equipment has greatly aided perpetrators of this crime.

CHEQUE FRAUD

Cheques fraud is the commonest source of loss to the banks and their customers. The most common of Cheques frauds involves Cheques that are stolen, forged, counterfeited or altered.

CLEARING FRAUD

Most clearing frauds hinge on supervision of an instrument so that at the expiration of the clearing period applicable to the instrument, good for payment. Misrouting of clearing Cheques can also assist fraudsters complete a clearing fraud.

EFFECTS OF FRAUD ON BABKS

The incidence of frauds in banks brings to question the bedrock of the professions trust and honesty. The question now is whether banks are trust worthy enough to safeguard the interest of their customers. The incidence of frauds in banks is a breach of the banking profession ethics especially in a situation when the perpetrators are bankers. The ethics of the profession require banks to protect the interest of their customers and serve them effectively. Banking is a profession that is regarded with the qualities of high integrity, probity, honesty and professional competence, but fraud with its rapid occurrence in banks is threatening to blur the image of banks. Any bank that is reported of being rocked by fraud is regarded as incompetent, unreliable and bad. Such banks experiences a reduction in patronage among other damaging consequences which include the following:

a. **Loss of Monies in the Banking Sector**

Frauds deplete shareholders funds and lead to loss of money belonging to either the bank or to customers. This loss reduces the level of the banks available resources, which could hamper the operations of the banks and could force a closedown if the FREQUENCY and size of the fraud is high.

b. **Loss of Trained Experience Staff**

Although compared to the total number of bank employees nationwide, those involved in fraudulent cases may seem insignificant, but what attracts attention and generates greater concern is the categories orb rant of staff involved in frauds in banks.

More of the middle and senior or management staff are increasing being attracted by the lure of frauds and as a result of this serious crime some staff in the industry are laid off. This means that some experienced and trained hands in the banking industry are lost due to their involvement in fraud, which has an effect on the Nigerian Banking System.

c. **Bank Failure**

In very severe cases where frauds occur with crippling FEQUENCY, and the bank may be forced to close down as a result.

d. **Bank Run**

The Nigeria banking system is structured after the branching system, which is characterized by one bank having a Head Office and a network of branches spread out throughout the country, and even abroad. Unlike the unit banking system is practiced in the United State where banking trend to be localized, each bank maintaining a strictly limited area. The collapse of one bank can cause a run-only on the banks within the same community. However, in Nigeria as a result of the branch banking, the failure of one bank may send negative signals to the entire industry, which result in a run on the other banks throughout the industry.

e. **Erode Public Confidence in the Banking System**

Fraud in the banking industry brings about loss of confidence in our banks by the customers and this brings set back on the efforts aimed at making profit and promoting and improving banking habit. For example some people prefer to keep their money at home than keeping them in the bank.

f. **Destroys the economy**

Fraud can destroy the economy of a nation and its sovereignty. We are all living witnesses to how sovereignty was called into question and its international trade threatened, when a foreign power issued an ultimatum to its (Nigerian) national assembly to pass a bill on financial malpractice. Had the national assembly failed to pass the bill, the country would have faced international sanctions.

2.8a. COMPUTER APPLICATION AND FRAUD CONTROL IN NIGERIAN

As the potential of the computer are gradually recognized, the work of the computer is also gradually going beyond data processing; it is becoming an integrating force in business. The computers now commonly used to collect data on cost and physical properties of wares of organizations for analysis, with this function, the organization enjoys the most profitable combination and size of operation. It's also used to estimate market for each hence estimating market for the organization or firm. Some large organizations now use the computer to keep accounts instead of the old method of keeping ledgers. Initially this method presented problems to auditors but now they are being especially trained to undertake a computer audit. There special programmers written specially for the purpose of auditing computerized accounts. One of such programmes is called auditioned" is produced by international computes limited. Computer application is increasingly gaining ground in the field of management. The major contribution or use of computer to Management is the provision of a wider range of information more quickly and more accurately than was possible before.

In organizational, managers need several types of information in order to make decisions.

Information needed for manager's decision making, which can be computerized include manpower planning, sales, forecasting, discounted cash flow, analysis of data such as sales, cost etc. operational research and mathematical models.

Tremendous use of computer is also being made in the area of communications. Its application is observed in such cases as telephone systems where electronic programmed telephone system is used, telex, electronic mainly.

Computers with terminals and records on tapes are increasingly replacing cash registers. They are used to record information, especially such concerning the organizations sales.

The use of computer is also made in keeping up-to-date inventory by recording customers and items identification at the time of sale and also for stock control, which makes it easy for incoming orders to be processed against the maters stock file to keep it up-to-date.

Another area where computer is very useful is in area of human resource development systems are essentially personnel accounting systems that maintain comprehensive data on applicants and employees.

The use of computer is also prominent in the area of budgeting. Each year manager's fiscal year. To help on this task, the budget system provides each manager with information on past line-time expenditures (salaries, office equipment etc.) based on this Information and projected budget requirements, each manager can make request against projected revenues and generates an exception report showing those line items that exceed the projected funding levels. The budget items are reviewed and the process repeated until the coming years budget is established. This application is obviously of importance of the various tiers of government in the country that has the goal of transparency and efficient management of financial transaction.

FRAUD CONTROL MEASURES IN BANKS

The prevention and control of fraud and fraudulent practices in a bank is very important for the stability and growth of the bank. Some of the measures are:

1. **Management Control Systems**

   The first basic strategy open to bank management for controlling fraud is the installation of effective management control systems. Management control systems consist of mechanisms evolved by a bank to foster organizational efficiency and growth. They involve the processes set up to plan and control the activities and operations of the bank. These entail a good control process and also a feed back mechanism such that a bank is able to monitor all aspects of the operations and ensure the achievement of the goals of the bank. It calls for measuring and evaluating the departmental performances both in terms of resources use, the output and productivity.

Management control systems essentially lead to cost controls, effectiveness in the programming of activities and in the utilization of human and material resources. It assists in the establishment of standards and the measurement of performance and calls for concerted efforts to ensure that the bank is moving towards its targets. It assists in early detection of fraud that may be occurred especially in the process of operationalizing the various task of the bank.

Management Control Process

The control process in any bank encompasses financial controls, personnel controls, accounting controls, credit controls, cost controls:

a. Financial Controls

These controls ensure that the institution's financial resources are sourced very efficiently and utilized effectively in the achievement of the banks goods of profit ability and liquidity. They entails the maintenance of cash limits, specification of signing powers, special security devices (e.g. franking machines) for sensitive instruments, use of special instruments (certified cheque, payment vouchers etc) dual controls for cash and instruments, maintenance of vaults registers, cash movement registers etc. additionally, the financial controls specify the methods of effective cash transfer for customers and the procedures.

b. Personnel Controls

These controls seek to assist the bank recruit and maintain high quality staff. They ensure that there is in place proper recruitment procedures, proper postings and placement, good job description, defined authority and responsibility levels, job rotation, annual vacations, training programmes and proper remuneration and compensation packages and finally proper disengagement procedures.

c. Accounting Controls

This involves establishing accounting systems and the mode of accounting information in a bank. Specifically, accounting controls of such critical issues as account classifications, data validation, posting of accounting transactions, balancing of accounts at regular intervals, call-over of posted entries, signatories to the vouchers, authentication and approvals, maintenance of budgets, standards, and forecasts, regular variance, analysis, period, rendition of returns and statistics and regular inter-branch reconciliation's

d. Cost Control

These seek to control cost through the establishment of cost standards. These ensure that variances are determined, investigated and explained. Cost controls assist a bank to check fraud and various malpractices and thus enhance their profit performance.

e. Credit Controls

These controls affect the pre and post approval conditions of a credit, including issues relating to the monitoring of the credit to ensure that it remains qualitatively satisfactory during the tenure of the facility. The controls specify conditions for booking of credits, the authorization, the security package, perfection of securities, disbursement, monitoring of the facilities, credit limits, pricing, repayments etc. the controls also specify the methods of discouraging and negative trends in the facility, issues related to credit returns including the methods for the classification of the facilities. It also ensures tat fraudulent credits are prevented, that there is a proper risk selection.

f. Administrative Controls

These control systems assist in reducing fraud, which emanates from administrative lapses. They involves such critical issues like security devices/text keys, regiscope cameras, fire/burglary alarms franking machines etc. security personnel, segregation of duties, logs and registers for various activities, access rights to documents and data, restriction devices to information, archival systems and controls.

g. Process Controls

These involve electronic data processing control devices that seek to protect and preserve data in the systems. They specify the methods of effecting input validation and also the methods of having output. The process control will ensure data security and is important for the prevention of fraud.

2. THE BUDGETING CONTROL PROCESS

According to the Association of Costs and Risk Accountants, budgetary control is the establishment of budgets, relating the responsibilities of the executive to the requirements of a policy, and the continuous comparison or actual with budgeted results either to secure by individual action the objective of that policy or provide a basis for its revision.

Budgetary control is a system of controlling costs and coordinating the departments and establishing responsibilities, comparing actual performance with the budgeted and acting upon results to achieve maximum profitability. It is particularly of relevance in preventing fraud and fraudulent activities of the staff.

3. BANK AUDITING

Another important mechanism for fraud control are auditing and investigations. After the transactions of a bank have been properly recorded in the financial records and reported upon, there is a need to conduct an audit of these financial records and investigate all the lapses, the causes of the lapses and the cause of various observed in the records. There are two objectives of an audit, the primary objectives, which is to produce reports by the auditor detailing his opinion of truth and fairness of financial statements so that any person reading and using them can have faith in them. The secondary objective is to detect errors and fraud, prevent fraud by the deterrent and moral effect of the audit.

4. INTERNAL AUDIT AS A CONTROL MEASURE

The international Federation of Accounts (1984), defined internal audit as an element of the internal control set up by the management of an enterprise to examine, evaluate and report on accounting and other controls and operations of the organization.

Internal audit assists bank management in the effective discharge of their duties through furnishing then with an objective analysis, appraisal, recommendations and pertinent comments concerning the activities of the bank. It also provide easy signal and prompt correction of deviations from guidelines; regulations and Plans, designed to realize set objectives; alerting management on acts of frauds and errors, which if it left undetected early enough could frustrate operations and results could lead to losses for the bank.

5. INFORMATION TECHNOLOGY AS A MEASURE OF CONTROL

Information technology is defined as the automation of processes, using computers, telecommunication software and ancillary equipment. Information technology is important and useful to the audit planning process, since it sustains efficient operations. This is because of the ease of storage and retrieval of information. It also sustains reduced cost of operations and ease in the production of reports and information system. It also ensures the security and protection of information.

6. EFFICIENT SUPERVISION OF OPERATIONS

Lack of adequate supervision and control of banking operations have been identified as key factors that sustain frauds in banks. It involves crosschecking all the facts sent in for approval, physical inspection at regular intervals and being present at the banking halls to cross-check the data and information received and monitoring the trend of operations.

7. JOB ROTATION

One strategy that ensures the prevention of fraud is job rotation. Jobs must be rotated amongst the staff constantly. This is to avoid situations where a staff stays too long in a position and thus manifests inefficiencies. He could also master the operations so perfectly that he is able to identify the loopholes in the operational procedures to fraudulent practices.

2.8b. COMPUTER APPLICATION AND FRAUD CONTROL IN NIGERAI BANKS

Below are examples of Banks in Nigeria that have been using computers to enhance the minimization of fraud.

2.8.1 FIRST BANK OF NIGERIA

First Bank of Nigeria Plc. is a bank that uses computer for its operations. This computerization helps the bank in fraud detection and thus reduces the incidence of fraud in the bank. For example in Kaduna, a branch of first bank has a case of a man who presented a cheque for N850,000.00 draw in his favour to one of the bank's customers for payment over the counter. Though the payment did not ordinarily require confirmation, being that the amount was below N1million, the faded means of instrument made the teller refers the cheque to the cash officer. A through investigation using the computer to the compare the signatures on the system and on the cheque revealed some discrepancies.

2.8.2 ZENITH INTERNATIONAL BANK

Attempted fraud with the use of stone cheque Zenith Bank is also a bank that I computerized. Transactions are recorded in the systems with all their details i.e date, cheque numbers, names, signatures etc. and this operation helps the bank in minimizing fraudulent practices. For example, on 11/05/2005 at Coker, one Mr.

Uche Ahukanna present a cheque number 65 for N18,500.00 this Drawn on a customer of Isolo branch. The beneficiary identified himself with an international passport No. A2378653.

During the teller processing, it was discovered that cheque No. 65 presented for payment did not comply with customer's mandate and that the last cheque number used on the system before that withdrawal was cheque number 32. The unused cheque range of 33 to 64 put the teller on enquiry.

2.8.3 STANDARD TRUST BANK

Standard Trust bank is a bank that renders online bank services to its customers (i.e a system whereby other branches/banks are linked up with telecommunication system (network) that a customer can withdraw/cash his cheque in any branch of his choice), because of this, the bank makes sure that all its operations are seriously secured and monitored.

Computerization of the bank's operation helps the bank a great deal to minimize the incidences of fraud and its detection. The mandate of every customer is computed into the system with the customer's picture scanned into the system to detect fraudsters. For examine in Abuja branch of the bank, a man who claimed to have lost his cheque book during an armed robbery rampage two days earlier in a night bus on his way to Abuja fro Aba, approached a teller in the bank and presented a forge police report starting his account number branch name. But when the mandate of the account was sent from Aba branch the picture scanned on the system did not comply with the cashier.

2.9 SUMMARY

The bank is a financial institution which accepts deposits or saving from customers and make out payment when required. Because of these activities fraudsters take advantage of it to defraud banks.

Frauds are these successfully carried out because of a combination of reasons. An important reason is improper performance of duty. This could involve failure to properly scrutinize cheque and other payment instruments, lack of proper call-over and examination of vouchers, non adherence to rules and regulations etc. the perpetration of fraud has negative consequences for both the bank and the individual. For instance, any successfully perpetrated fraud results in the loss of shareholders funds by the bank. This is an unpleasant development that must be curtailed if the bank is to remain profitable.

CHAPTER THREE

HISTORICAL BACKGROUND OF UNITED BANK FOR AFRICA PLC (UBA)

3.1 INTRODUCTION

This chapter presented the historical of UBA Plc. organizational structure, various operations of the bank and their responsibilities.

In addition, this chapter also examined the management problems as relating to fraud activities and also the prospects of the bank in Nigeria.

3.2 THE HISTORICAL BEGINNING OF UBA PLC

The United Bank for Africa Plc. (UBA) has its antecedents in the British and French Bank Lt. The British and French Bank itself, metamorphosed from BNCI Paris (Banque Nationale Pour Le Commerce Et L'industrie) established in 1932.

UBA Plc was incorporated on February 23rd 1961 and was the first of the international banks operating in Nigeria at the time to be registered under Nigeria law. The bank has 221 braches and cash offices in Major commercial centers, state capitals and federal territory with two offshore branches in New York and Grand Cayman Island. UBA Plc. retains the unique status of being the first Nigerian bank with a presence in the United States of America. The New York branch acts as one of UBA's overseas correspondents other major correspondent banks are Bankers Trust (UBA) and Banque Nationale de Paris (UK and France).

The bank undertook a voluntary public issus in 1970, the first such public issue to be undertaken by a bank in Nigeria. The bank becomes a private entity in 1994 with the full divestment of the government's 46% share holding.

UBA Plc. is one of the biggest and most liquid banks in Nigeria. The strong retail franchises of UBA enable it to assess low cost and stable retail deposit in major markets and commercial centers throughout the federation.

The strategy of the bank is to combine the strength of a large founding base and assess to low and cost and stable deposit with customer responsiveness and quality service delivery. UBA operates across the spectrum of the commercial corporate, commercial, consumer and financial institution market's and as such has a diversified profile and sustainable base of earning.

Recognizing technology as a criteria for success in achieving supervisor customer service UBA has invested heavily in communications systems, software and hardware to gain competitive.

3.3 MISSION AND OBJECTIVE OF UBA PLC.

To provide first class service to its customers, delivered by well-trained and highly motivated people, aided by the best technology, while generating superior returns to its shareholders, and positively impacting the communities served. To be the undisputed, leading and dominant full services bank in Nigeria.

3.4 THE GENERAL OPERATIONS AND PRODUCTS OF THE BANK

The affairs of the Bank are administered by a board of Directors Comprising a non-executive chairman and 14 other directors of whom 4 are executive including the managing director and chief executive officer. The Board meets at least 4 times a year to conduct the affairs of the Bank. In addition, the Board currently has 6 committees to consider in more details, various aspects of the Board's responsibilities.

* The finance and general-purpose committee recommends strategic initiatives to the Board and reviews human resources deployment at the more senior levels of the bank.

* The ethics and corporate governance committee ensures best practice in corporate governance, ethics and compliance with all applicable laws and regulations.

* The executive management committee ensures implementation of strategy and operational management of the bank.

  The products of the bank include:

* The government and public affairs commission ensures good relationship with the public and stakeholders.

* The nomination and evaluation committee reviews executive performance, compensation and succession planning.

* Risk management committee considers and approves the credit and risk management policies of the bank.

The products of the bank include:

Traditional products such as current and savings accounts provide corporate, commercial, consumer and international banking, trade services, cash management, treasury and capital market services and products. Trust services, pension management and administration, as well as asset management services are provided through a subsidiary company, UBA capital and Trust Lrd. Stock broking issuing houses, underwriting security registration and custodial services are provided through UBA securities Ltd.

Apart from these, the bank has developed a number of technology driven products for the convenience of its customers.

These include:

* Telephone banking which is a modern on line quick serve facility using a telephone to make account balance enquiry, ascertain transaction details, obtain sta6tement by fax and e-mail, confirm/stop cheque, make cheque book requisition and inter-account transfers.

* Easy card which allows card holding customers of any of its online branches to operate their accounts from any automated teller machine (ATM) location irrespective of where their

accounts are domiciled, anytime of the day or night, seven days a week.

* Money Gram (a money transfer product)
* Value card (smart card) a card payment system by which the bank connects its corporate clients' businesses with those of their front offices customers.

SECTOR PROFILE OF UNITED BANK FOR AFRICA PLC

UBA Plc, is structured into (5) five sectors each overseen by an Executive Director.

CORPORATE BANKING SUBSECTOR

This sector manages relationship with clients who have formed management structures and a turnover in excess of N1.0bn per annum. Industry group comprising multinationals, energy national corporate and corporate finance, structures the sub sector.

KEY ACHIEVEMENTS

Development of electronic banking capacity for the bank, value card successfully launched as part of the consortium of Nigerian banks pioneering this smart card technology in Nigeria.

CONSUMER BANKING SUBSECTOR

Manages product aimed at stimulating growth in the consumer end of the market. Some of these products are Money Gram (a money transfer product), easy card (check guarantee card), value card, (smart card) and save for school (savings account product).

COMMERCIAL BANKING AND PUBLIC SECTOR

Manages client relationship in the middle market with customers, who have structured business with a turnover of less than N1bn annum, where the businesses are entrepreneurial or family managed. Geographical areas comprising Lagos, North and South structure the sector.

Key achievements.

Substantial success in liability generation.

CREDIT RISK MANAGEMENT AND CONTROL SECTOR

This sector manages the bank loan portfolio ensuring review, documentation and approval of facilities the sector also ensures compliances with regulatory requirements and the bank credit policies. The sector comprises of credit administration. Corporate, treasury and consumer credit assessment, commercial and public sector credit assessment and credit policy and control. The sector is also responsible for the administration of the New York Branch.

THE MANAGEMENT SERVICES SECTOR

The sector consists of human resources management and training, industrial relations, medical services, classified asset management. Legal services and registers department.

The five (5) sectors report to the managing director, who also directly oversees financial control, strategic management, general administration, corporate affairs and properties, the company secretariat, inspection and treasury division. Together these divisions are responsible for planning, decision and information support adequacy of control and compliance, performance measurement, financial and management reporting. The treasury division is charged with management of the bank's interest, funding and exchange rate risk, as well as trading of foreign currencies.

Key achievements trained a quite number of staff in local and international courses. These courses include service excellence, banking basics, Accounting courses, etc the sector also implements new performance management system. Upgrade of the registrar's software to meet new capital market standards, commencement of a presentation and corporate image study for the bank, commencement of the branch-refurbishing programme.

3.5 THE GENERAL MANAGEMENT AND CONTROL OF THE BANKS OPERATION

UBA Plc is committed to best corporate governance practices. The bank recognizes that high corporate governance standards are a sine quo non-for effective management and control of business.

In furtherance of this commitment to high ethical conduct, the bank institutionalizes a process of regularly reviewing its processes and practices to align them with the legislative and best practices change in the global corporate governance environment.

The affairs of the bank are administered by a board of directors comprising a non-executive chairman and 14 other directors of whom an are executive including the managing director and chief executive officer.

In keeping with the broad picture and specific requirements of the code, the Board has always taken its responsibilities seriously. Consequently, the bank's top-end is organized in such a way that directors are able to maintain a close watch on activities of the Bank. To facilitate and ensure process transparency, the board meets at least 4 times a years to conduct the affairs of the bank.

As regards fraud, the bank has qualified Auditors (both external and internal) who look into the accounts of bank.

In addition, UBA Plc, is regulated and supervised by the central bank of Nigeria (CBN) and the Nigeria deposit insurance corporation (NDIC). Certain aspects of the bank's activities are also regulated by the Nigeria Drug Law Enforcement Agency (NDLEA) The securities and Exchange Commission and the Economic and Financial Crimes Commission (EFCC).

3.6 MANAGEMENT PROBLEMS OF THE BANK WITH REGARDS TO FRAUD ACTIVITIES

Despite the measures adopted by the bank for fraud detection and control, there are still incidences of fraud practices in the bank sometimes it is perpetrated by outsiders and sometimes by the staff of the bank or with the connivance of the staff with outsiders.

The incidence of fraud becomes a problem to the management especially when the perpetrators are to be dismissed from work and those staff members are competent and experienced staff this posses a serious problem to the bank because the strength of the bank may be affected.

3.7 PROSPECTS OF THE BANK

UBA Plc hopes to provide first class service to its customers, delivered by well trained and highly motivated people, aided by the best technology, while generating superior returns to its shareholders, and positively impacting on the communities served. To achieve this, the bank has adopted appropriate information and communication technology (ICT) to enhance organizational productivity and the efficiency of its competitive advantage to the bank and to improve its operations and ability to serve its customers better. It also intend to keep to the bearest minimum all non-income earning assets that deplete its profit as a result of huge prudential provisions.

3.8 SUMMARY

United Bank for Africa Plc (UBA) is a public limited company incorporated and licensed to do the business of banking under the laws of Nigeria. UBA, with its subsidiaries, is one of the leading and oldest financial services groups in Nigeria and sub-saharan Africa. Its shareholders include individuals, institutions and leading international banks.

With over, 221 outlets across Nigeria as well as two outlets in New York and Grand Cayman island, the banks well positioned to serve the financial needs of medium and small – scale industries as well as individuals through its well trained competent and highly efficient personnel.

CHAPTER FOUR

4.0 RESEARCH METHODOLOGY

4.1 INTRODUCTION

Research methodology is a means of introducing the methods of data collection etc. the central focus of the research is to collect data on the impact of computerization as an effective strategy for fraud minimization in the Nigerian banking sector. To achieve this purpose United Bank of Africa Plc. Has been selected as a case study.

4.2 METHODS OF DATA COLLECTION

In every research data is collected, processed and analyzed to draw out the desired information. This information is the outcome of the research, which may be the solutions to the problem of the research study.

Before a certain research method is chosen, consideration must have been made on the problem at hand and the environment of such problem. In this study, the methods employed for the collection of data include: primary and secondary sources.

4.2.1 PRIMARY SOURCES OF DATA COLLECTION

These sources were used for collecting primary data for the specific purpose of investigation at hand. It involves contacting the sources relating to the problems and rooting out the causes and all other information needed perhaps directly from where it is related to the problem. In this study the primary data was obtained through use of the following:

a. Questionnaires

A questionnaire is a research instrument that involves carefully designed questions for respondents to answer. In order to obtain reasonable data, the researcher used structured questions. Respondents were required to tick the correct answers. The important feature of a structured questionnaire is that it sets limits or exerts some measures. However, the respondents are not allowed to express themselves more than the alternative responses provided.

b. Interviews

Primary data was collected, through the instrumentality of interviews. This method is to supplement the questionnaire method in guaranteeing the provision of adequate data therefore, areas not adequately taking care of by the questionnaire were effectively collected during the interviews.

During the interviews, the structured questions form of interview and the unstructured form were both used. In the structured form of interview, the interviewer had predetermined set of questions, which were asked during the interview sessions. On the other hand, the unstructured interview, the interviewer had not predetermined set of questions. The interviews were conducted on an informal basis.

4.2.2 SECONDARY SOURCES

A great deal of data was collected through secondary sources of data. The data collected were used to supplement those obtained from the primary sources. The sources include available text books, journals, newspapers, magazines, seminar papers, the Nigerian Deposit Insurance Corporation (NDIC) annual and quarterly reports etc.

4.3 DATA COLLECTION PROCEDURES

The researcher in the Administration offices personally collected some of the data. Before the interview was conducted, several trips were made to the bank to obtain approval from the bank manager. Also data were also gathered through telephone conversations with some of the respondents who were far from the researcher even through the method is very costly and time consuming.

4.4 SAMPLING AND SMAPLING METHODS

Sampling is the selection of a portion of population, which represents whole.

The non-profitability sampling was used this research study and the sampling methods used are:

Purposive sampling: in this sampling technique the researcher purposely chose subjects, which in the researcher opinion are considered to be relevant to the research problem.

Snow ball sampling

In this type of sampling the researcher began the research with few respondents who were available to the researcher. The researcher subsequently asked the respondents to recommend other persons who met the criteria of the research and who were willing to participate in the research data generation.

4.5 DESCRIPTION OF POPULATION

The target population of this research is the case study, which is United bank for Africa Plc. Specifically the management and the internal control and audit unit of the banks. The sample size used is 40 staff.

4.6 METHOD USED IN ANALYZING DATA COLLECTION

This includes methods and steps used in the analysis of the data collected.

The methods used for analyzing data gathered for the research work include the following:

Tabulation:

For easy data analysis of the research work. Tabulation was employed as s technique of data presentation to make it easy for readers to understand what has been presented.

Percentage:

This technique was used because it is a simple tool used in analyzing information it allows for quantitative information to be analyzed in a very simple manner for easy comparison. This method was used for the purpose of comparing and grouping population with similar reactions to questions.

4.7 SUMMARY

The data used in this research were collected through questionnaires and interview. The data presented and analyzed to obtain the findings. These sources of data collection were meant to augment the data gathered from secondary source. A total of 50 questionnaires were administered but only 40 were returned.

The data collected were presented in tabular form and the findings were briefly discussed and recommendation made on them.

CHAPTER FIVE

5.0 DATA PRESENTATION, ANALYSIS AND FINDINGS

5.1 INTRODUCTION

This chapter contains data collected from United Bank for Africa Plc (UBA) questionnaires were administered to the internal auditors, at the head office of the bank in Lagos. Katsina branch, Port Harcourt and Zaria main branch. Also interview in addition were conducted in Zaria and Katsina branches of the bank. A total of 50 questionnaires were administered, but only 40 were retrieved.

5.2 DATA PRESENTATION AND ANALYSIS

SECTION A: PERSONAL DATA

RESPONDENTS EDUCATIONAL QUALIFICATION

TABLE 5.2.1

EDUCATION QUALIFICATION	FREQUENCY	PERCENTAGE
WASC/GCE/O'LEVEL	0	0
OND/HSC/GCE A'LEVEL	5	12.5
BSC/HND	20	50
MSC/MBA/PHD	10	25
PROFESSIONAL QUALIFICATION	5	12.5
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

As shown on table 5.2.1, none of the respondents have qualification below first degree or its equivalent; all the respondents have a minimum of first degree or its equivalents. This evidently sows that the respondents are competent capable of answering the research questions intelligently, for good decision-making.

TABLE 5.2.2

RESPONDENTS WORKING EXPERIENCE IN THE BANKING SECTOR

WORKING EXPERIENCE	FREQUENCY	PERCENTAGE
Below 5 years	2	5
5 – 10 years	10	25
11 – 15 years	25	62.5
16 – 20 years	2	5
21 – and above	1	2.5
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

The above table (5.2.2), 62.5% of the respondents have working experience of between 11 years and 15 years. While 25% have over 5 years working experience in the banking sector. This confirm the fact that respondents have good working experience in the industry and that they have acquired their skills over a reasonable period of time. As result of their experiences respondents can speak with authority on banking related issue and subject.

TABLE 5.2.3

RESPONDENTS EMPLOYMENT STATUS

EMPLOYMENT STATUS	FREQUENCY	PERCENTAGE
Assistant general Manager	10	25
Principal Manager	11	27.5
Senior Manager	0	0
Manager	5	12.5
Assistant Manager	4	10
Officer	10	25
Supervisors	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

This table shows that 52.5% of the respondents are management staff of the bank while officer/manager grades constitute 47.5% of the respondents.

TABLE 5.2.4

COMPUTERIZATION ACTIVITIES IN THE BANK

4. When did your bank introduce computer software in its operations?

OPTION	FREQUENCY	PERCENTAGE
5 Years and below	0	0
10 years and above	40	100
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, it can be said that computer software application was introduce more than 10 years ago in the bank showing that the bank embraced computerization long time ago.

TABLE 5.2.5

5. COMPUTERIZATION BRINGS ABOUT:

OPTION	FREQUENCY	PERCENTAGE
a. Speed, accuracy and efficiency in banking operations	19	47.5
b. Increase in computer fraud	1	2.5
c. Minimize fraud cases in banks	20	50
d. None of the above	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 47.5% of the respondents agreed that computerization brings about speed, accuracy and efficiency in banking operations, while 50% said it minimizes fraud cases in bank while 2.5% said it gives room for fraudsters. This shows that computerization of banks operation will stand as a check to fraudulent practices.

TABLE 5.2.6

6. WHAT BENEFIT DOES THE BANK DERIVE FORM THE USE OF COMPUTERS

OPTION	FREQUENCY	PERCENTAGE
Ability to serve increasing transaction volumes	20	50
Elimination of duplicates entry	5	12.5
Simplification and standardization of documents and procedures	5	12.5
Elimination of errors and fraud minimization	8	20
Reduction in employee number	2	5
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the above, 50% of the respondents say the use of computer is by banks enhances the ability to service increasing transactions volumes, 12.5% agree that it leads to elimination of duplicate entries, another 20% believe it eliminates errors and minimizes fraud, 12.5% accept that it brings about simplification and standardization of documents and procedures while 5% say that it leads to a reduction in employee number by doing the work that employees ought to do. Therefore it can be deducted that computerization in banks stands a chance of preventing fraud.

TABLE 5.2.7

7. In what area in the computer application most useful to the bank?

OPTION	FREQUENCY	PERCENTAGE
Speed	25	62.5
Accuracy	10	25
Efficiency	3	7.5
Fraud Detection	2	5
None of the above	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 62.5% of the respondents believe that computer application in banks bring about speed in its transactions thereby increases its efficiency while 5% say it leads to fraud detection. This confirms the fact that the importance of computerization cannot be overemphasized.

TABLE 5.2.8

8. How can a computerized banking operation prevent or minimize fraud?

RESPONSES	FREQUENCY	PERCENTAGE
Employing computer literates	2	5
Employing competent staff	10	25
Use of obsolesce and faulty computers	0	0
Installing security devices in its systems	28	70
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the above 5% of the respondents agreed that by employing computer literates fraud can be prevented or minimized through a computerized banking operation 55% say by employing competent staff, 70% agree on installing security devices in its systems, while nobody agreed on the use of obsolete gadgets in banks will help in fraud minimization.

TABLE 5.2.9

9. What are the causes of fraud in banking?

RESPONSES	FREQUENCY	PERCENTAGE
Banking experience of staff	5	12.5
Inadequate staff training	2	5
Poor management i.e lack of supervision, understaffing etc.	7	17.5
Poor salaries and working condition	2	5
Poor security for documents	5	12.5
Lapses in the management control system	15	37.5
Use of sophisticated accounting machine e.g computers	3	7.5
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 12.5% of the respondents agree that banking experience of staff determines the cases of fraud in banks, 5% attribute inadequate staff training, 17.5% said poor management i.e lack of supervision, understaffing, etc. 5% agree on poor salaries and working conditions, 12.5% agree on poor security for documents, 2.5% said frustration, 37.5% agreed lapses in the management control system, 7.5% say use of sophisticated accounting machines e.g computers.

TABLE 5.2.10

10. Can computer be regarded as a problem solver in banking operation?

RESPONSES	FREQUENCY	PERCENTAGE
Yes	35	87.5
No		12.5
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above 87.5% of the respondents say that a computer can be regarded as a problem solver in banking operations while 12.5% it is not a problem solver. This confirms that fact that even though frauds are sometimes perpetrated through computer, it still dictates and prevents fraudulent activities in banks.

TABLE 5.2.11

11. What is your view of the future of computerization of banking services?

RESPONSES	FREQUENCY	PERCENTAGE
Very bright	40	100
Bright	0	0
Good	0	0
Fair	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, all the respondents agree with the view that the future of computerization of banking services is very bright because of its tremendous contribution to the banking system.

TABLE 5.2.12

12. Why the application of computers in UBA?

RESPONSES	FREQUENCY	PERCENTAGE
To reduce wasting time of customers	8	20
To give fraudsters opportunity	0	0
To increase speed, accuracy flexibility and efficiency in banking services	12	30
To improve the cumbersome and clumsy security checks procedures	20	50
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 20% of the respondents believe that application of computers in UBA is to reduce wasting time of customers, 30% agree that it is to increase, speed, accuracy and flexibility and efficiency in banking services, 50% say is to improve the cumbersome and clumsy security checks procedures, and nobody believes it is to give fraudsters opportunity to perpetrating fraud.

TABLE 5.2.13

13. What are the measures taken when fraud occurs in your bank?

RESPONSES	FREQUENCY	PERCENTAGE
Improve security gadgets	30	75
Dismiss the perpetrators	2	5
Maintain adequate documentation of operations	8	20
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the above table, 75% of the respondents say that improving security gadgets are measures to take when fraud occurs in the bank, in order to avoid recurrence. 5% agree to dismiss the perpetrators, while 20% say maintain adequate documentation of operation. This shows that when security gadgets are well secured, fraudsters will not have the opportunity of perpetrating fraud.

TABLE 5.2.14

14. What caliber of personnel do you employ to manage your computers?

RESPONSES	FREQUENCY	PERCENTAGE
Highly skilled	40	100
Skilled	0	0
Unskilled	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the above table, all the respondents say highly skilled personnel are employed to manage the computers in the bank so as to ensure a smooth and efficient operation.

TABLE 5.1.15

15. What is the magnitude of fraud in your bank before the introduction of computers in it operations?

RESPONSES	FREQUENCY	PERCENTAGE
Very high	35	87.5
High	5	12.5
Very low	0	0
Low	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 87.5% of the respondents agree that the magnitude of fraud in the bank before the introduction of computers in its operation was very high, 12.5% say it was high, while no body say it was low or very low.

TABLE 5.2.16

16. What is the magnitude of fraud in your bank after the introduction of computers?

RESPONSES	FREQUENCY	PERCENTAGE
Very high	0	0
High	0	0
Very low	5	12.5
Low	35	87.5
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the above, nobody agreed that the magnitude of fraud in the bank after the introduction of computers in its operations were very high nor high at all, 12.5% said it was very low while 87.5%

agreed it's low. This attest to the fact that computerization in banks is a problem solver.

TABLE 5.2.17

17. What are the problems you had as regards to fraud before the introduction of computers?

RESPONSES	FREQUENCY	PERCENTAGE
Loss of monies to fraudsters	25	62.5
Loss of prestige and reputation	15	37.5
Increase in customers	0	37,5
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the above table, 62.5% of the respondents regard to loss of monies to fraudsters as the problems the bank had as regards to fraud before the introduction of computers. 37.5% attribute loos of prestige and reputation while nobody agreed to increase in customers.

TABLE 5.2.18

18 What are problems you have with regards to fraud after the introduction of computers?

RESPONSES	FREQUENCY	PERCENTAGE
Loss of monies to fraudsters	0	0
Loss of prestige and reputation	0	0
Increase in customers	0	0
TOTAL	**0**	**0**

SOURCE: Administered questionnaire 2005

From the above table, it can be said that computerization of banking operation has no negative consequences to the bank.

TABLE 5.2.19

19. What were your internal methods of control as regards to fraud before the computer introduction?

RESPONSES	FREQUENCY	PERCENTAGE
Use of internal auditors	21	52.5
Use of external auditors	19	47.5
None of the above	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

As a remedy to the problem of fraud in banks, 52.5% of the respondents agrees that the use of internal auditors were the internal methods of control as regards fraud before the introduction of computers. 47.5% believe it's the use of external auditors.

TABLE 5.2.20

20. What are your methods of internal control as regards to fraud after the introduction of computers?

RESPONSES	FREQUENCY	PERCENTAGE
Use of external auditors	10	25
Use of internal auditors	20	50
Supervision by police	10	25
None of the above	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 25% of the respondents agree that the use of external auditors are the internal methods of control as regards fraud after computer introduction, 50% said internal auditors while 25% believe in supervision by the police. This is so because the bank uses various methods to ensure that fraud is eliminated.

TABLE 5.2.21

21. What is the pattern of reporting and control I your organization before the introduction of computers?

RESPONSES	FREQUENCY	PERCENTAGE
Top – down	40	100
Bottom – up approach	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, all of the respondents agree with the top-down pattern of reporting and control in the bank before the introduction of computer while no one agrees with the bottom-up approach.

TABLE 5.2.22

22. What is your pattern of reporting and control in your organization after the introduction of computers?

RESPONSES	FREQUENCY	PERCENTAGE
Top – down	40	100
Bottom – up approach	0	0
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, all respondents agreed with the top-down pattern of reporting and control in the bank after the introduction of computers, no one agrees with the bottom – up approach. This is so because every staff has a boss he/she is answerable to.

TABLE 5.2.23

23. Who are those principally involved in bank fraud?

RESPONSES	FREQUENCY	PERCENTAGE
Bank staff	10	25
Bank customers	20	50%
None customers	10	25%
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 25% of the respondents agree that bank staff are the once principally involved in bank fraud, 50% agreed on Bank customers, while 25% said non-customers are those principally involved in bank fraud.

TABLE 5.2.24

24. What percentage of the budgeted annual running cost of a bank is spent on prevention and detection of fraud?

RESPONSES	FREQUENCY	PERCENTAGE
50%	10	25
40%	2	5
70%	28	70
Total	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 25% of the respondents agreed that 50% of the budgeted annual running cost of a bank is spent on prevention and detection of fraud, 5% say 40%, while 70% agreed on 70%. This shows that the bank is security conscious and on its toes to check fraudulent practices.

TABLE 5.2.25

25. Why are banks generally skeptical about reporting cases of fraud to the general public?

RESPONSES	FREQUENCY	PERCENTAGE
Scandalous nature of fraud	5	12.5
Protection of their corporate image	35	87.5
Total	**40**	**100**

SOURCE: Administered questionnaire 2005

The table above shows that 12.5% of the respondents believe that scandalous nature of frauds make it difficult for banks to raise alarm whenever there is any case of fraud while 87.5% are of the opinion that banks have their corporate image to protect and thus would like to keep it to themselves so as not to scare away their customers.

TABLE 5.2.26

26. In your opinion what are the prospects for the use of computers in UBA?

RESPONSES	FREQUENCY	PERCENTAGE
Computerization will facilitate and accuracy in the banks operation	15	37.5
Easy transaction of business	7	17.5
Improved customers service	8	20
Easy recognition of customers signature	5	12.5
Increase in computer fraud	0	0
Elimination of staff overtime	5	12.5
TOTAL	**40**	**100**

SOURCE: Administered questionnaire 2005

From the table above, 37.5% of the respondents are of the opinion that the prospects for the use of computer in UBA are that computerization will facilitate bank operations and accuracy in the banks' services/operations, 17.5% said easy transaction of business, 20% agreed on improved customers services, 12.5% said easy fraud while 87.5% are of the Recognition of customer's signature, 12.5% believe in elimination of staff volume, while nobody agreed with increase in computer fraud.

5.3 FRAUD PRACTICES IN UBA PLC

UBA like other banks have series of fraud cases (successful and attempted). These are some of the incidences of fraud in the bank.

1. Fraudulent Withdrawal of Customer Cheque

On January, 12, 2004, at Oro branch a cheque of N70,000.00 was presented in the bank for payment. The account is domiciled in Kaduna and the customer denied issuing the cheque. The fraudster identified himself with a driver's license and the teller paid the cheque after verifying the signature.

Upon enquiry, it was observed that the signature on the cheque was clearly different from that on the mandate card.

The customer also informed the bank that the used cheque was neatly removed from his chequebook.

2. Theft of Cash Pick-up of N6,500,00.00

On 23/04/2004, a customer complained that the total sum of N6.5 million representing various cash deposits was not credited to their account investigation showed that some cash picked up from the customer's premises between November 2002 and March 2004 were systematically misappropriated.

Note counters usually pick cash from the customer's premises, process and credit them without any of the customer's staff witnessing the cash count. Cash was usually picked using polythene bags and later transferred into boxes, keys of which are kept by the note counters.

It was observed that the customer's staff failed to sign off the cash pick-up register for some lodgments and at the point of bringing the cash boxes into the branch; nobody opens them to confirm the deposits therein. The note counters cashed in on these lapses to fraudulently divert cash totaling about N6.5 million.

The note counters sometimes raise fresh deposit slips for less than amounts collected, and in other instances they stamp sign and release customer's copy to their staff without collecting physical cash or recording the cash in the pick-up register.

The cash handling registers, which would have forestalled and disclosed possible fraudulent practices, were not put to any meaningful use.

The vault administrator abdicated his responsibilities to the supervisory note counter and it was discovered that the cash officer and head teller were deeply involved in various over practices like borrowing money from boxed cash and teaming and laden with customers' funds.

3. Fraudulent withdrawal with a cloned cheque

Disappearance of N200,000.00 at Kaduna Branch.

On 8/4/2004, a customer called at the branch to complain that a cash deposit of N200,000.00 into his account domiciled at another branch had not been credited. He came with the copy of his deposit slip as evidence of the cash lodgment.

Investigation showed that it was a case of cash/deposit slip suppression and theft. The cash was duly recorded in the security register. Note counters register and the adoption register and signed off by the vault administrator. However, the cash was later treated as a late deposit. It is an accepted practice for note counters to keep the LD cash in their first vault area with the copies of the slips attached to each lodgment.

During the merging of late deposits, the note counter would come to the vault area to as certain each deposit with the attached deposit slip. If okey, the packets are made up to bundles and the pieces are put in a box for makeup.

The note counters then cash the tickets of LDS and record the deposits in the LD register. The vault Administrator would thereafter check the total physical cash with the cast of the tickets before moving the entire cash to the innermost vault are.

Cash officer hardly calls over the security register to individual customer accounts on the excuse of having too much work to do.

4. MISSING BOXED CASH OF N371,905.00

On 8/03/2004 at Ilorin branch, one Mr. Abel, a staff of Inno ventures (sub-dealer of a customer, Mr. Umeh) brought in cash of N371,905.00 for lodgment into Udeh's account. The cash was duly registered, sealed up and kept in the vault alongside other sealed/boxed cash. However, it was declared missing two days later when the customer called at the branch to witness the cash count. The branch has average of thirty (30) to (50) boxed cahs warehouse for customers at any point in time. In some cases the branch does not use metal boxes to warehouse box cash instead the cash is wrapped in nylons/bags and secured with paper tapes. This practice was borne out of insufficient metal boxes.

On the same day, at about 5.22pm, another depositor, Mr Ebere acting on behalf of Mr. Ani James, brought in cash of N622,210.00 for lodgment into the same account. This was not recorded in the boxed cash register due to the cash officer's instruction that cash received late should not be recorded. In addition, no boxed cash certificate was issued to him.

On Tuesday 9th March 2004, Ebere called at the branch and witnessed the court of his cash of N622,210.00. He later admitted that a note count in the branch released the cash to him and also asked him to sign on the space boxed cash of N371,905.00.

On Wednesday 10th March 2004, Mr. Abel called at the branch with his boxed cash certificate to witness the cash he brought on 8/03/2004 of N371,905.00 but It was discovered that the money had disappeared.

It is believed that somebody capitalized on the fact that the N371,905.00 had been signed for on the register to sneaked the cash out of the bank, on the wild assumption that the theft would not be noticed.

5. FRAUDULENT WITHDRAWAL FROM CUSTOMER'S ACCOUNT AT KATSINA BRANCH

On January 02,2004 at Katsina branch of the bank, a customer's account, which was dormant since June, 6,2003 was reactivated. The customers subsequently made a lodgment of N100,000.00 into the account on the same day. On February 05, 2004, the customer came to the branch with his statement of account for January 2004 alleging that a fraudulent withdrawal of N80,000,000.00 was made on his account he claimed not to have issued the used cheque for the withdrawal, though he discovered that the cheque leave was neatly turn out from his cheque book.

The teller who paid the cheque on January 5th 2004 (the next working day after the account was reactivated and the cash lodgment of N100,000.00 made), said that the unidentified young man presented the cheque in favour of Jimoh Adekunle Moshood (the sole signatory of the account) for payment along with genuine drivers license of Jimoh Adekunle Moshood and with an instruction at the back of the cheque leaf "please attend to him with ID". The customer admitted that the driver's license belongs to him but declined having any knowledge of the withdrawal. He also informed us thath other people usually have access to his car.

A closer look at the signature on the affected cheque showed a clear difference from the signature scanned into the system, through the teller claimed he verified the signature.

6. ATTEMPTED TO CASH A FORGED CHEQUE AT ABUJA BRANCH.

On 14/01/2004, one Henry Nwabuoku called at the Abuja branch and presented a cheque for N250,000.00 in his name drawn on one of banks, customer's account. The paying teller noticed some irregularities in the signature on the cheque and insisted on reconfirming the instrument. The fraudster, apparently sensing trouble, hurriedly left the banking hall without the cheque and means of identification he presented.

5. 4 COMPUTERIZATION AND ITS APPLICATION IN UBA PLC

Computerization is eliminating the manual operation through the use of computer based accounting system.

The use of computer in UBA Plc. Started in earnest in 1976 with mainframe to computer payroll. The philosophy adopted was that of centralization of computer services being the best alternative, as at the time, in view of available infrastructural facilities computer hardware and software resources. Seven branches were in initially computerized at Lagos.

In the year 1992, all urban branches were computerized, with exception of rural areas, which was a result of infrastructure. All efforts were concentrated on payroll personal share registration, inter-branch accounting system and computerization of Branches in Lagos banking sector with a centralized branch accounting system (BI) due to proximity.

UBA Plc. has four different computer applications for the banking operations. These include:

1. Branch accounting system (BI)
2. Micro banking operation support system micro Boss
3. Peat Banker and
4. Brains-branch accounting information system

BRANCH ACCOUNTING SYSTEM (BI)

Branch Accounting System is a batch processing banking application development by a French consulting firm, which has been in use since 1984. This application is found in most branches in Lagos area of the bank. International Business Machine, (IBM) 370 were the first application system later used for the branch accounting system.

With centralized system, computing power is usually concentrated in a well-equipped mainframe computer generally known as data (information) processing centre. This centre is currently located on the 5th floor of Raymond House, Head office building in Lagos.

The centre comprises of Computer Operation Division (COD) and Computer System Division (CSD). The centre is well equipped with IBM 434 and 4381 main frame computers and peripherals, which consists of magnetic tape drives and discs drives also at the center a PDP 11934 mini computer configuration data are either captured at the source (Branch) or sent a to central capturing unit. The captured data are usually recorded on computer input media (files – tapes, diskettes, discs, cassettes etc) or are either transmitted via communication lines or physically delivered to the main centre for further processing. It is either processed during the day, over the night or whenever required.

Branch Accounting System, BI, in use in UBA Plc. Data such as banking accounting entries and administrative information are captured or collected after a days job through the disk packed by the branches concerned and are processed at the centre processing unit.

The capture data by the branch on DPD 11/24 mini computer configurations installed are in each branch. Each branch sends its data file (recorded on disks) to Head office at close of business for overnight processing and collect reports (print outs) early in the morning of the next working day. Mainframe and mini computers have the following advantages over microcomputers.

1. Mainframes are bulky which has a great file storage, and memory capacity and can cope with all the largest data processing problems. Both of them are useful for the banks batch-processing branch accounting system.

2. Mini Computer is the medium version of mainframe.

3. It has high performance and ability to readily integrate into already existing system.

Mainframe and mini computers have some shortcomings.

When installing main frames you need to prepare the site, provide for a large space and ensure that the environment is dust-proof and conducive enough, and ensure a specific temperature level. This type of computers is only for banks where large data are processed and other big establishment.

ADVANTAGES OF MICRO COMPUTERS

a. Not exorbitant

b. Cheap software package arising out of the large volume of sales.
c. Easy to use
d. User – friendly – memo driven programme means that there is no need to employ specialist staff; general clerical staff can operate the computer.
e. Bring EDP (Electronic Data processing) within the budget of even the very smallest organizations.
f. Allows a large organization to implement distributed processing within each department processing its own independent processing facilities.

DISADVANTAGES OF MICRO COMPUTER

a. Limited file storage and memory capacity
b. Smaller system often lack language other than Basic
c. Purchased software is often of poor quality.
d. Too often purchased by non-specialist who are too easily convinced by sales men.
e. Can lead to several departments duplicating the same procedure.

Peat Bankers

This is punched by package on-line batch processing in use at the corporate branch of the bank. Since 1989 peat Banker involves processing at branch level.

It is pertinent to known that input and output can be transmitted to and from the main computer Centre via communication lines (on-line facilities). This is the communication of information from an information source to an information destination as a basis of control and decision – making. The way data or information is communicated is very diverse and dependent upon circumstances.

The reader will quite agree with the researcher that Nigeria communication facilities as at today cannot effectively support an efficient banking (information) transmission system.

BRAINS

Brains – (Branch Accounting Information System). This is developed by the bank in-house, modern online real-time banking application. Pilot implementation done in one branch with a plan to Generalize to all branches of the bank shall replace all other banking applications. For more efficient and satisfaction of customers.

An on-line and real-time banking is now developed. This type of system operates on the basis of conversational or interactive processing. A control system, which must be capable of responding to events, as they occur in order to optimize the operation efficiency to which it relates.

5. 5 RESEARCH FINDINGS

Fraud is so persuasive and so in grained in the fabric of the society that it can not be completely eradicated as long as society exist, fraud will exist in one form or the other. As part of the society the banking industry will always experience fraud as in other sectors of the society.

In the course of the research, the following are the findings:

i. That poor management in terms of inadequate supervision, inadequate control and favouritism are the most significant causes of fraud.

ii. Lack of effective internal control system and poor recruitment procedures forms part of the factors that aid the incidence of fraud in the banking industry.

iii. Lukewarm attitude of our law enforcement agents, the snail paced and mild punishment meted out to fraudsters are itself fraud inducing.

iv. Lack of effective security system in our banks was also identified as a factor leading most of the fraudulent practices in our banks.

v. The needed moral justification of the average Nigerians are some of the factors fueling the incidences of fraud in our banks.

Vi. That lack of corporation among members of security agents and the staff of the bank especially in the area of status inquiry and information and investigation are also contributive factors to bank fraud.

5. 6 DISCUSSION ON RESEARCH FINDINGS

i. Banks with poor management record high incidences of all sorts of fraud than banks with effective management. Poor management gives rise to poor supervision of staff and neglect of staff. When staff feels neglected, they get frustrated and this in turn breeds fraudulent practices in banks. Poor management can be attributed to incompetence on the part of the management. All these give room for fraudsters to perpetrate their acts because there is inadequate control of the banks operations.

   When these are not checked on time could lead to liquidation of the bank, which will obviously make the customers face a hectic time. This is not healthy for the workers and the proprietors of the bank who may end up loosing their stake in the economy.

ii. The internal audit/inspection departments are not taken seriously by top management. The unit is staffed by disfavoured members of staff and very often by those deemed to be non performers, the operational environment is poor, the reports are not taken seriously very often, investigations are ordered by bank management and carried out with the sole aim of taming or punishing recalcitrant and stubborn managers or sectional heads. Unfavouable reports on favoured staff are tinkered with to protect such staff. Control reports on the fraudulent action of the top bank management never see the light of the day. Inspection reports, indicating the bank as a corporate entity are often tinkered with by the chief inspectors/internal auditors in all these instances, it is apparent that the internal audit process is not given the attention it deserves. Lack of effective internal control system in a bank causes problem to the bank in the sense that there will be no fair and truthful auditing of the bank's operations and monitoring of its sensitive activities. On the other hand poor recruitment procedures results in recruiting persons with questionable character and untruthful. When all these are not properly handled, fraud could easily be perpetrated and this could lead to the distress in the bank.

iii. The judicial system in Nigeria has been infiltrated by the same virus that is eating up the rest of the society, this is a very unfortunate situation because if the only legal means of seeking redress is blocked, the individual in the society will be by and large lack the much needed mutual trust and take laws into their hands, this also encouraged the criminals to continue in their ways of life. We all know that when an officer is not well punished for offence, others look at this as a precedent. When these fraudsters are not prosecuted accordingly, it goes on and on thereby destroying the banks reputation in which, customers' confidence in the bank could be totally eroded leading to serious reduction in patronage, reduction in the level of resources available to run its operations, which reduces the banks ability to make profit.

iv. In banks where security arrangement for valuable documents are weak, poor and vulnerable, it is easy for fraudsters to have their way without detection and this will give way for recurrence of the fraudulent instances.

v. Misplacement of societal values, the unquestioning attitude of society towards the source of wealth, the rising societal expectations from bank staff and the subsequent desire by the staff to live to such expectation is also contributory factors to fraud. The persistence of this attitude will make the economy obviously experience a sharp turn of events from bad to worse, because the instances of fraud will be in increase so as to enable the perpetrators meet up with the expectations of the society.

vi. Fraudsters most times make head way because some bank officials and security men do not report cases of attempted or successful fraud cases to the relevant authorities may be because they are familiar with the perpetrators or do not want embarrassment for them and in respect to this, the fight for fraud by the government will be defeated thereby jeopardizing their efforts and there will be slow pace of growth in the banking sector and in turn the pace of growth in the economy will be seriously down because of lack of funding for otherwise viable projects. In the same vein, extensive trade and industrialization will be slowed down if not made impossible due to the simple fact that resources to be used judiciously have been embezzled and therefore scarcity of resources will hinder trade and industrialization of the country.

CHAPTER SIX

6.0 SUMMARY, CONCLUSION AND RECOMMENDATION

6.1 SUMMARY

This research report consists of six chapters. In chapter one, an overview of the study was given, given also were, statement of the problem, objectives of the study scope of the study, research methodology, limitations of the study, significance of the study and also the definition of terms used in the study.

Chapter two, contains a review of related literature. The chapter examines the historical development of computerization and its classification. Also, fraud and its causes, types and effects on banks operation and performance were also discussed.

In chapter 3 (three), an overview of United Bank for Africa (UBA) Plc. In terms of it's organizational at structure and its general operation and products. The chapter also discussed the existence of fraud and its management and problems that arise with regards to fraud. The chapter also discussed prospects of the bank.

Chapter 4 (four) presented the research methodology, which showed the methods of data collection, data collection procedures, sampling techniques used in analyzing the sample used as well as the techniques used in analysis of data.

Chapter five (5) contains the data presented and its analysis also the existence of fraud practices in UBA was discussed, computerization, its benefits and strategies were also examined. Lastly the research findings were identified and their implications were discussed.

Chapter six (6) contains the summary, conclusion, and recommendation on the whole research project work.

6. 2 CONCLUSION

It is understandable based on the research findings of study that the impact of computerization as a strategy for fraud control in United Bank for Africa Plc. Cannot be overemphasized.

The introduction of computer has brought about revolutions, which is having tremendous transformed effects on the business of banking and most business. Banking has become highly information based and because of its inter-section link it appears to be reaping most of the benefits of the new revolution as can be seen by its application to all areas of banking business.

Information technology has widened the horizon of banking practices and changed the nature and economics of banking especially in the area of fraud minimization as well as the competitive environment in which banks operate.

The main objectives of banks are to generate superior returns to its shareholders, serving the credit need of the nation and impacting on the community in which they operate. The lending functions of commercial banks is the most important function in the sub-sector, and through lending, banks provide necessary lubricants to oil the wheels of the nations economy, Since lending forms one of the fundamental and basic functions of banks, so they are vulnerable to risk. Therefore efficient and effective management of its computer need to be more courteous so as to ensure the survival and attainment of its corporate objectives.

Infact, in order to avoid any ugly situation that might lead to distress, Banks face the tasks of ensuring the efficient and effective management and utilization of its computers. The use of various software (BRAINS, FLEXCUBE, FINACULE, GLOBUSE) by banks in Nigeria has seriously helped in reducing to the bearest minimum, the incidences of fraud.

It is established that in UBA, the general applications of computers has really enhanced the effective control on the bank resources, thereby resulting in providing satisfactory services to customers.

Nevertheless, the application of computer in banks operations has helped in effective and efficient transactions and processing banks service, while at the same time providing instant reconciliation to ensure errors free operations.

Considering the volume of risk associated with banking transactions, computer is inevitable for effective management of such risks. Presently it is rather unimaginable to hear that any Nigerian bank is operating without computers as this have become the driving force of innovations in the banking industry.

Conclusively, no matter the control measures adopted by banks, the government and the supervisory authorities (NDIC and CBN) to minimize or eradicate fraud there is need for bank workers to become more disciplined patriotic and accountable as good members of Nigerian society.

6.3 RECOMMENDATION

The following are the recommendations for the research findings:

i. Professionalism should be encouraged in banking system. The maintenance of a code of conduct should be sustained and enforced.

ii. Banks should ensure effective system of internal controls. Chief Inspector of commercial banks should endeavour to work hand in hand with the police during investigation.

iii. For an effective fraud control in banks, strict laws against fraud and forgeries in banks and other related financial crimes to punish the perpetrators is recommended so as to ensure quick prosecution of bank fraud.

iv. Staff members should have limited access to sensitive machines and instruments like chequebooks, banker's cheque embossing machines, traveler's cheque and official stamps. Data security should be ensured at all time.

v. Nigerians should be contented with what they have and imbibe the fear of God.

vi. Staff involved in the sensitive computer operation and other machine involves in the movement of cash or processing of transaction should be watchful and report any case of fraud. Also, security men should ensure that only people who have genuine business to transact in the bank are allowed into the banking hall.

vii. Prevention and detection of fraud should be a collaborative effort between banks, their customers, the public and the government alongside relevant agencies.

viii. Jobs at the banks should be constantly rotated. Job rotation prevents defalcation and fraud.

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APPENDICES

DEPARTMENT OF BUSINESS ADMINISTRATION AHMADU BELLO UNIVERSITY ZARIA

Dear Respondent

I am a postgraduate student in the above named department and institution. I am carrying out a study on (an analysis of a Computerized System as an Effective Strategy for Fraud Minimization in Nigerian Banks, A case study of United Bank foe Africa Plc.)

I shall be grateful if you will be kind enough to answer the following questions.

All information provided will be treated with strict confidence and will be used only for academic purpose. As this research programme is for the partial fulfillment of the requirement for the award of Masters in Business Administration (MEA) degree, your cooperation in responding to the question will be highly appreciated.

Thank you.
Auta Christiana

QUESTIONNAIRE

Please tick where necessary

SECTION A: PERSONAL DATA

1. Educational Qualification
   a. WASC/GCE O level [ ]
   b. OND/HSC/GCE A level [ ]
   c. B.Sc/HND [ ]
   d. Professional Qualification [ ]
2. Work Experience in the banking sector
   a. Below 5 years [ ]
   b. 5 – 10 [ ]
   c. 11 – 15 [ ]
   d. 16 – 20 [ ]
   e. 21 and above [ ]
3. Employment Status
   a. AGM [ ]
   b. Principal Manager [ ]
   c. Senior Manager [ ]
   d. Manager [ ]
   e. Assistant Manager [ ]
   f. Officer [ ]
   g. Supervisor [ ]

COMPUTERIZATION ACTIVITIES IN THE BANK

4. When did your bank introduce computer software in its operations?
   a. 5 Years and below [ ]
   b. 10 years and above [ ]
5. Computerization in banks bring about:
   a. Speed, accuracy and efficiency in banking operation [ ]
   b. Increase in computer fraud [ ]
   c. Minimize fraud cases in banks [ ]
   d. None of the above [ ]
6. What benefit does the bank derive from the use of computers?
   a. Ability to service increasing transaction volumes [ ]
   b. Elimination of duplicates entry [ ]
   c. Simplification and standardization of documents and procedures. [ ]
   d. Elimination of errors and fraud minimization [ ]
   e. Reduction in employees number [ ]
7. In what area is the computer application most useful to the bank?
   a. Speed [ ]
   b. Accuracy [ ]
   c. Efficiency [ ]
   d. Fraud detection [ ]
   e. None of the above [ ]
8. How can a computerized banking operation prevent or minimize fraud?

a. Employing Computer literates [ ]

b. Employing competent staff [ ]

c. Use of obsolesce and fault computers [ ]

d. Installing security devices in its systems [ ]

SECTION C MANAGEMENT

9. What are the cases of fraud in banks?

a. Banking experience of staff [ ]

b. Inadequate staff training [ ]

c. Poor management i.e lack of supervision, under staffing etc. [ ]

d. Poor salaries and working condition [ ]

e. Poor Security for documents [ ]

f. Frustration [ ]

g. Lapses in the management control system [ ]

h. Use of sophisticated accounting machines e.g computers [ ]

10. Can computer be regarded as a problem solver in banking operation?

a. Yes [ ] b. No [ ]

11. What is your view of the future of computerization of banking services?

a. Very bright [ ] b. Bright [ ] c. Good [ ] d. Fair [ ]

12. Why the application of computers in UBA?

a. To reduce waiting time of customers [ ]

b. To give fraudsters opportunity [ ]

c. To increase speed, accuracy, flexibility and efficiency in banking services [ ]

d. To improve the cumbersome and clumsy security checks procedures [ ]

13. What are the measures taken when fraud occurs in your bank?

    a. Improve security gadgets [ ]

    b. Dismiss the perpetrators [ ]

    c. Maintain adequate documentation of operation [ ]

14. What caliber of personnel do you employ to manage you computers in the bank?

    a. Highly skilled [ ] b. Skilled [ ] c. Unskilled [ ]

15. What is the magnitude of fraud in your bank before the introduction of computers in its operations?

    a. Very high [ ] b. High [ ] c. very low [ ] d. Low [ ]

16. What is the magnitude of fraud in your bank after the introduction of computers in its operations?

a. Very high [ ] b. High [ ] c. very low [ ] d. Low [ ]

17 What are the problems you had as regards to fraud before the introduction of computers?

    a. Loss of monies to fraudsters [ ]

    b. Loss of prestige and reputation [ ]

    c. Increase in customers [ ]

18. What are the problems you have as regards fraud after the introduction of computers?

    a. Loss of monies to fraudsters [ ]

    b. Loss of prestige and reputation [ ]

c. Increase in customers [ ]

19. What were your internal methods of control as regards to fraud before computer introduction?
    a. Use of internal auditors [ ]
    b. Use of external auditors [ ]
    c. None of the above [ ]

20. What are your internal methods of control as regards fraud after computer introduction?
    a. Use of external auditors [ ]
    b. Use of internal auditors [ ]
    c. Supervision by police [ ]
    d. None of the above [ ]

21. What was the pattern of reporting and control in your organization before the introduction of computers?
    a. Top-down [ ] b. Bottom-up approach [ ]

22. What is your pattern of reporting and control in your organization after the introduction of computers?
    a. Top-down [ ] b. Bottom-up approach [ ]

23. Who tare those principally involved in bank fraud?
    a. Bank Staff [ ]
    b. Bank customers [ ]
    c. Non customers [ ]

24 What percentage of the budgeted annual running cost of a bank is spent on prevention and detection of fraud?
    a. 50% [ ] b. 40% [ ] c. 70% [ ]

25. Why are banks generally skeptical about reporting cases of fraud to the general public?

    a. Scandalous nature of fraud [ ]

    b. Protection of their corporate image [ ]

26. In your opinion what are the prospects for the use of computer in UBA?

a. Computerization will facilitate speed and accuracy in the bank's services/operations [ ]

b. Easy transaction of businesses [ ]

c. Improved customers service [ ]

d. Easy recognition of customers signature [ ]

e. Increase in computer fraud [ ]

f. Elimination of staff overtime [ ]