



## FORENSIC ACCOUNTING AND CORPORATE FRAUD IN DEPOSIT MONEY BANKS IN NIGERIA

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**ABSTRACT:** *This study examined forensic accounting and corporate fraud in Nigerian deposit money banks. The components of the study state that ten employees were randomly selected from ten banks, which represented all of the Deposit Money Banks in Ekiti State, Nigeria. As a result, a purposive sample technique was used to select the Head of Operations, Fund Transfer Officer, Resident Internal Control Officials, and Cash Officials. A self-structured questionnaire used to collect the required data from the respondents underwent a validity and reliability test. Using Cronbach Alpha, the study's dependability coefficient was 0.782, which was considered high. The collected data was examined using multiple regression. In deposit money banks, it was discovered that forensic observation, 0.339 ( $p=0.041<0.05$ ), 0.530 ( $p=0.001<0.05$ ), and 0.341 ( $p=0.013<0.05$ ) respectively, benefited from forensic interview, forensic interrogation, and forensic observation. Furthermore, a positive and significant effect on fraud detection and prevention in deposit money institutions was observed for forensic review, forensic inspection, and forensic documentation, to the tune of 0.291 ( $p=0.036<0.05$ ), 0.603 ( $p=0.000<0.05$ ), and 0.611 ( $p=0.00<0.05$ ), respectively. In terms of fraud detection and prevention, it has been shown that forensic litigation and investigation play a significant role in corporate fraud. Therefore, it was suggested that deposit money institutions use trained forensic accountants who are skilled in implementing the appropriate deterrent measures in order to stop fraud before it starts. This type of research could be expanded to include additional businesses from various industries.*

**KEYWORDS:** Corporate Fraud, Forensic Accounting, Fraud Prevention, Fraud Detection.



## INTRODUCTION

According to Abiola and Ndubike (2022), the prevalence of fraud worldwide, and in Nigeria specifically, has made forensic accountants indispensable. It appears that fraud is a necessary component of all organizations. It is a threat that has brought many reputable organizations to their knees. According to Okafor and Agbiogwu (2016), fraud is defined as any unlawful conduct that contravenes current laws and includes, but is not limited to, theft, open market manipulation, bribery, embezzlement, illicit oil bunkering, looting, and tax evasion. It is an act of taking advantage of others to line one's own wallet. The alarming rise in fraudulent activities in today's society is demonstrated by the numerous documented examples of bribery, corruption, and embezzlement. Mohammed (2022) also stated that financial fraud has assumed a central role in the worldwide financial flows between individuals, corporations, and governmental institutions.

Within the framework of this investigation, corporate fraud refers to the deliberate manipulation of account statements by an individual or group of individuals, as well as the concealment or alteration of information to make it seem legitimate. Fraud in a corporation can be perpetrated through hiding debt, falsifying accounting accounts, and neglecting to notify shareholders of executive bonuses and loans. Corporate fraud is sophisticated and thoroughly investigated by offenders, who include managers, legislators, and business owners. Corporate fraud affects more than just the shareholders; employees are also impacted by downsizing due to the incapacity to the other world over. There have been reports of numerous companies being victims of corporate fraud. For example, in the United States of America (USA), fraud led to the demise of businesses such as Adelphia Communications Corporation, Tyco International Ltd., Enron, WorldCom, and the Bernie Madoff scams at Lehman Brothers. The Parmalat problem in Italy and the HIH Insurance Ltd. incident in Australia were both connected to fraudulent tactics. Corporate fraud is also a problem in the United Kingdom (UK). In the UK, Bank of Credit and Commerce International (BCCI) and Polly Peck have had a big impact on a lot of investors. The BCCI charges, which are regarded as the biggest banking scandal, have piqued the interest of many stakeholders (BBC News, January 13, 2004). Assurance Bank Nigeria Limited, City Express Bank Limited, African Express Bank Plc, Lead Bank Plc, Trade Bank Plc, Metropolitan Bank Limited, Societe Generale Bank of Nigeria Plc., Gulf Bank of Nigeria Plc, Hallmark Bank Plc., Intercontinental Bank Plc, Oceanic Bank Ltd, Bank PHB, etc. had their licenses revoked by the Central Bank of Nigeria (CBN). It seems that fraudulent activity is connected to these bank failures. The rate of fraud in Nigeria's financial system, which includes electronic and mobile banking, is intolerable, claim Olaleye and Fashina (2019).

Government initiatives to reduce economic activity volatility and fraud were expected to lead to the creation of financial crime agencies, such as the Independent Corrupt Practices Commission (ICPC) Act of 2000 and the Economic and Financial Crimes Commission (EFCC) Act of 2004. The regular reporting of fraud instances, particularly in the banking sector, suggests that the government's efforts are ineffectual. In the financial sector, fraud in 2014, 2015, 2016, 2017, and 2018 totaled 38,926, 12,012, 8,683, 18,021 and 25,608. It is clear that there seems to be an increase in fraud every year.

Deposit Money Banks (DMBs) require operational activity transparency because the costs of institutional failure are too great for a country like Nigeria (particularly when considering the



multiplier effect of financial institution failure on the real sector of the economy). A company's failure affects not just its shareholders but also its suppliers, employees, clients, and the nation at large. As a result, a brand-new kind of accountant has emerged with the goal of expertly preventing corporate fraud. Accounting specialists in this industry combine their accounting competence with auditing and legal skills to avoid fraud. Olaoye and Adebayo (2019) cited Ramaswamy's view that forensic accounting is focused on study that can reveal.

There has undoubtedly been a lot of research done in this field. Studies like Owojori and Asaolu (2009), Kasum (2009), Okoye and Gbegi (2013), Okafor and Agbiogwu (2013), Oladejo and Oluwaseun (2015), Enofe, Agbonpolour and Edebiri (2015), Okoye (2016), Olaoye and Adebayo (2019), Safiyanu, Safiyanu and Armaya'u (2019), and Ojo-Agbodu et al. (2022) have all shown how important forensic accounting is to the detection and prevention of fraud. However, none of these studies were able to distinguish between investigative and litigation support services and forensic accounting. This study attempts to bridge this gap by looking into forensic accounting and corporate fraud in Nigerian Deposit Money Banks.

The intermittent increase in total fraud in Nigeria's banking industry serves as evidence of the study's applicability. The performance of the economy as a whole will be impacted by an increase in fraudulent activities in addition to the sector. Thus, it is imperative to look at measures to neutralize this threat. The rest of the paper is divided into four sections. Section 2 covers the literature review, Section 3 covers the study technique, Section 4 shows and discusses the analytical results, and Section 5 concludes the work.

## LITERATURE REVIEW

### Concept of Fraud

Diverse academics have provided diverse definitions of fraud, forgeries, and errors. Others characterized fraud as "false depiction, distorting someone's civil liberties for personal gain or exploitation of position." Williams (2005) described incentives, favoritism, bribery, political donations, fake pricing, and frauds of all kinds as forms of fraud. The strategies mentioned here are just a few of the techniques related to fiscal malfeasance. Fraud is described by Enofe, Agbonpolour, and Edebiri (2015) as the use of dishonesty designed to enhance one's own interests or cause forfeiture to a third person. Fraud is a broad category of felonies that includes information concealment, fraud, and manipulation. "Fraudulent Practice" describes an act or omission including falsification that desperately fools, or seeks to fool, a person in order to get financial advantage or escape a requirement. According to Kasum (2012), fraud is "false portrayal, misrepresenting someone, a fabrication of a statement or behavior with the intention of obtaining financial benefit. This suggests that the act of creating or maintaining a false impression in order to persuade someone to sign a contract is fraud.

Okoye (2016) defined fraud as the deliberate theft or exploitation of organizational resources in order to profit financially from one's position. It is therefore a theft, burglary, or embezzlement of company property. A number of actions taken to obtain resources for one's own or a company's benefit constitute fraud. Fraud does not always require the use of the threat of violence (International Standards for Professional Practice of Internal Auditing, 2002). In the context of banks, fraud is defined by Enofe, Olorunnuho, and Eboigbe (2013) as any



instance in which a person or group of people voluntarily carries out a plan to defraud a financial institution by making false claims or representations.

Safiyanu, Safiyanu, and Armaya'u (2019) describe fraud as a deliberate act of deception intended to gain an advantage. Fraud is an unethical practice that entails manipulating data and/or figures in order to benefit oneself. Adding to this, Olaoye and Adebayo (2019) contended that scammers' ultimate objective is to gain an unfair financial advantage, even though the planned benefits might not be immediate cash in hand. Chukwu (2011) offered evidence in favor of this definition, defining fraud as the intentional use of deceit to wrongfully acquire, abuse, or damage the assets of a business institution or organization. According to these definitions, deceit is criminal and its only objective is to reduce an organization's earnings.

As a result of DMBs continuing to produce financial products in tandem with technological advancement and the current difficult economic conditions, the number of attempted fraud and forgery cases recorded increased significantly to 37,817 incidents in 2018, up 38.92% from 26,182 cases reported in 2017, according to the Nigeria Deposit Insurance Corporation, NDIC, Annual Report, 2018. The number of fraud and forgery cases recorded in 2018 increased by 27.6%, 17.61%, and 24.18%, respectively, compared to the number of instances reported in 2016, 2015, and 2014. These figures represent the largest attempt that requires controlling concern (NDIC Annual Report, 2018).

### **Fraud Detection and Prevention**

Detection is the process of observing or identifying something or someone while they are acting. This suggests the act or process of realizing the existence of something hidden, according to Howard and Sheetz (2006). On the other hand, preventive measures are actions taken to reduce the possibility of an event or action (David, 2005). As mentioned before, fraud is the intentional fabrication of facts with the intention of deceiving or controlling a corporation (Coenen, 2005). This implies that the intent behind fraud is to fabricate a slip or maintain an already-existing slip in order to persuade a party to sign a contract.

Fraud prevention involves identifying and assessing a crime risk and implementing the necessary steps to reduce or eliminate it (Crstal & Arokiasamy, 2009). It clearly recognizes the proactive measures governments and other pertinent authorities have taken to keep the criminal justice system intact, prevent crime, and promote the rule of law. The first step in preventing crime is realizing that stopping fraud is a shared responsibility. It has nothing to do with the cops or colleges (Mani, 2013). The only people who can manage this social issue in an appropriate manner are forensic accountants. Everyone therefore bears a real responsibility for safety. Three things have to be in place for a crime to occur: opportunity, ability, and desire. Another term for this is the crime triangle.

The primary goal of fraud prevention and detection has always been to apprehend thieves. Although stopping fraud is still the major goal, cutting its expenses has become extremely important as well. According to Chukwu (2011), the following actions should be taken into account in order to identify or stop fraud: staff evaluation; finding indicators of potential fraud; internal auditing; internal check and control; external auditing; utilizing experts (such as document examiners and forensic auditors); and software tools that aid in fraud. Above all,



forensics is currently at the forefront of locating and preventing business fraud, according to Crumbley (2003).

Over time, fraud prevention and detection has proven to be an increasingly difficult undertaking because the auditors tasked with doing so seem to be less intelligent than the criminals. As a result, Enofe, Olorunnuho, and Eboigbe (2013) demonstrated that it might be difficult to both define and recognize fraud. In support of this, Albrecht (2005) argued that fraud is occasionally observed. The bulk of fraud indicators, he continued, are useful. The symptoms do not necessarily point to fraud because they could be the consequence of mistakes. Fraud is hard to prove because perpetrators have a safe sanctuary where they can avoid being discovered guilty by the law. This suggests that fraudulent defaulters are increasing in number as a result of the potential errors auditors may make.

More detailed and comprehensive knowledge of the techniques these defaulters use to commit fraud is necessary. Fraud cases will be hard to find and stop if the government does not stay involved and forensic accounting does not progress. Although it makes sense that an auditor's job does not only involve uncovering fraud, they still have to report fairly and honestly to protect the interests of the public and employees. When there is suspicious fraud in an organization, auditors may act as forensic accountants by adopting and applying forensic accounting techniques.

### **Forensic Accounting Concept**

In forensic science, the rules of man supersede the laws of nature. In court, a forensic scientist investigates and draws conclusions from facts and evidence. We will examine and understand economic and financial data because accounting is the relevant science in this context. Accounting, on the other hand, is the identification, measurement, and dissemination of financial facts to enable customers to make informed decisions. "Forensic accounting" has been defined differently by several authors. Degboro and Olofinsola (2017) defined forensic accounting as the process of resolving legal challenges through the application of accounting concepts, auditing techniques, and investigative strategies. A number of fortitude-related tasks and the collection of evidence to support the case in court are part of the forensic investigation.

According to Howard and Sheetz's (2006) definition of forensic accounting, financial matters are clearly understood, condensed, and presented in court. It comprises investigative accounting or fraud auditing, which blends forensic science with accounting. The application and implementation of financial skills, deductive reasoning, and an investigative approach to unresolved situations, carried out within the parameters and framework of the rules of evidence, are what Raymond, Nwakoby, and Okoye (2016) characterized as forensic accounting. Likewise, forensic accounting is a tripartite strategy that utilizes accounting, auditing, and investigative proficiency to bolster a court of law (Olola, 2016).

These viewpoints led to the conclusion that the subject of forensic accounting encompasses all acts that can be used to identify, track, investigate, and detain fraud or other related criminal behaviors. These days, forensic accounting is becoming more and more important in many businesses; its main goal is to find fraud. Presentations of forensic accounting statements and other documentations as proof of transactions or to bolster legal claims may be heard in court. This indicates that in order to better grasp their rights and limitations when doing forensic



accounting, forensic accountants must at the very least have a rudimentary awareness of the law.

### **Forensic Investigation**

Investigation is necessary for forensic accounting and auditing procedures; however, they are only employed in dubious situations. A forensic investigation is necessary when it becomes difficult to establish who is at fault, why the action was taken, and how much harm was done. It can be defined as a comprehensive confirmation and elucidation of any query pertaining to a transaction or an event, according to Williams (2015). It involves exploring and analyzing an event's specifics to find hidden, unique, or complex information about the occurrence.

To ascertain whether and why keeping the data produced a gap, as well as who is responsible for it, Kasum (2012) stated that conducting a thorough search and analysis of documents in accordance with established rules is necessary for conducting a fraud investigation. An investigation is the process of obtaining testimony and supporting documentation in response to a claim of improper behavior. Fraud is proven to occur and is supported by evidence found during an investigation. Fraud is thought to involve lying with the goal of deceiving. Fraud is a serious and expensive issue in today's society that not only causes money loss but also catastrophic injuries and fatalities.

Most fraud investigations start with a meeting between the investigator and the client. The investigator collects all relevant evidence and gives the detectives an explanation of the factors that led to the suspicion of fraud. A competent fraud investigator will use these crucial details to find more evidence and facts. The fraud detector uses a range of methods to investigate a case, such as asset searches, background checks, personnel, business, and surveillance investigations. The forensic investigation is primarily focused on financial transactions rather than the rest of the entity's activities because the ongoing leakage of organizational resources is the existing system's problem.

Identifying the conditions that could lead a qualified expert to suspect fraud is the first step in any fraud investigation. Once there are signs of fraud, the investigator develops a theory and looks for evidence to support it. Based on the information gathered, the original hypothesis can be confirmed or modified. Therefore, the evidence is the means by which a fact that is under dispute can be confirmed or refuted. This includes objects, documents, and testimonies. Fraud investigations are closely linked to white-collar crime investigations and involve observation, careful analysis of complex financial documents, questioning and interviewing of suspects, and surveillance.

In an investigation, questioning, interviewing, and observation are the primary techniques used to extract information from the accused or suspect. It is important to keep in mind, nonetheless, that the investigator (observer, interviewer, or interrogator) does not have the power of the court with competent jurisdiction if they find the suspect or accused guilty. It is his or her obligation to find evidence to support or contradict the behavior (Fred, John, Joseph, & Brian, 2004; Oyedokun, 2014). The Kinesic Interview method looks at a person's behavior to assess dishonesty. According to Oyedokun (2014), an interview is not a fast process. Even if the investigator has solid evidence that the suspect lied or committed the crime, he should not be charged if the investigator is unable to comprehend.



## Forensic Litigation

The global economy is plagued with fraud in every industry. The latest statistics show that fraud damages Nigeria's economy more than N193 billion a year. Due to the global nature of today's businesses and the noticeable increase in cybercrime, fraud is affecting more people than ever (Abayomi, 2014). Fraud is defined as when a company lies to its clients in order to benefit from it. Under Nigerian corporate law, those who have been defrauded may seek damages for their losses. However, fraud cases may present greater difficulties than other civil processes. They require the one seeking justice to investigate the reasons behind the alleged dishonest action. This requires diligence, perseverance, and proficiency in performing research (Hanks & Peterson, 2016).

In a matter involving ongoing or impending litigation, Abayomi (2014) claimed that forensic litigation support in commercial banks offers the assistance of nature. It deals with issues pertaining to the admissibility of monetary losses sustained by litigants. It also aids in resolving conflicts before a judge issues an order. Determining the amount of money damaged as a result of a contract violation would be a model assignment for litigation support. In terms of documentation, reporting, and litigation support services, forensic accountants are vital. It helps deter crime and unethical behavior in any field by providing a means of holding people accountable. It is less likely for those who handle resources in a fiduciary role to abuse their trust covertly (Mukoro, Yamusa).

While every business can fall victim to fraud, deposit money banks are more so. Many corporate enterprises experience fraud conflicts from time to time. The first step in preventing fraud and minimizing losses is to speak with an attorney. Business lawyers work to prevent fraud litigation and fraud dispute resolution through contract reviews and commercial agreements, forensic accounting and financial analysis to uncover deception, investigating business partners and former employees for signs of malfeasance, due diligence reviews, and examination of computer forensics related to possible business fraud.

## Theoretical Framework

The theoretical basis for this work is the fraud triangle hypothesis, which was actually developed in 1950 by American criminologist Donald Cressey. In accordance with the theory's definition of "fraud triangle," opportunity, pressure, and rationalization are all components of the triangle that a forensic accountant must find before a person is found guilty of committing fraud (Bassey, 2018). He continued by saying that in circumstances where there is a lack of management monitoring of the internal control system or when internal controls and audit systems are inadequate, personnel may take advantage of their position and authority to commit fraud. From this perspective, it follows that committing fraud is never an error. The boss or staff member would have given the employee the chance to conduct the fraud or they would have looked for it.

As to Bassey's (2018) findings, most employees—including managers—who engage in fraudulent activities do so due to their capacity to acquire resources and information that facilitate fraudulent operations. These opportunities occasionally may result from the fact that these employees actually need access to particular information and systems in order to perform their jobs well, which could provide a fraud risk. Bassey (2018) asserted that pressure is not just restricted to financial strain and that pressure can also cause an employee to commit fraud.



According to Lister (2007), there are three main types of pressure that lead people to commit fraud: pressure from management or the workplace due to ongoing compensation schemes, personal pressure to support one's lifestyle, and external pressure from outside sources, such as threats.

An employee's attempt to rationalize their fraudulent activities is classified as rationalization in the fraud triangle, according to Bassey's (2018) findings. For instance, an employee who has to pay for both his rent and his children's tuition could commit fraud and use the justification that he still owes money for several months' worth of salary to cover it. It may be argued that the idea that one should be compensated by the company where one works is one of the main reasons why fraud occurs in today's corporate world. When an employee does something wrong, they usually justify it with something like, "My company was doing this; my children were hungry; it's the devil's work."

Though it makes sense and is accurate in pointing out three possible places where fraud is likely to occur, this theory has been questioned and limited for a variety of reasons. Dorminey, Fleming, Kranacher, and Riley (2010) noted that while many auditory regulatory bodies endorsed and utilized Cressey's fraud triangle, the model has been criticized for failing to address the fraud problem on its own because two of the triangle's sides—pressure and rationalization—are hard to observe. The level of pressure placed on the person before the deception is unknown, as is the reason for their desire to perpetrate the crime. This hypothesis only provides three explanations for why individuals commit fraud: critics say that these three angles are not enough. One of these arguments led to the establishment of the fraud diamond theory which included a fourth side: capability.

As it highlights three crucial elements of deception, this hypothesis is relevant to the current research being conducted. Before committing fraud, someone is most usually under pressure—from friends, family, or other sources, perhaps. When pressure is applied, the person searches for opportunities to perform the act; this is done in conjunction with adequate planning and preparation. It is true that not all con artists wind up in jail, but those who do can usually justify their behavior with one or two arguments. The reason this hypothesis was chosen is that it is based on the triangle's three sides, which is true in most cases of fraud.

### **Empirical Review**

Several studies have shown that forensic accounting is an effective way to stop fraud in all kinds of businesses. Jahirul, Habibur, and Takdir (2011) studied the usefulness and effectiveness of forensic accounting as a method for spotting fraud and corruption in Bangladesh. To achieve its objectives, the study included primary and secondary data. In order to enhance the study's analytical, informative, and user-friendly aspects, the collected data were manually processed. The data analysis used descriptive statistics. The conclusion demonstrated that Bangladesh can combat fraud and corruption with the aid of forensic accounting. Okafor and Agbiogwu examined the impact of forensic accounting knowledge on bank management in a 2016 study. They found that there was a significant difference between the services provided by forensic accountants and external auditors, that having forensic accountants on staff at banks can help lower the number of fraud cases, and that having a basic understanding of forensics significantly decreased the number of fraud cases that occurred in the banking industry. They arrived at these conclusions using ANOVA as their method of data analysis.





A study by Zachariah, Masoyi, Ernest, and Gabriel (2014) looked at how well forensic auditing worked to cut down on fraud instances in Nigerian money deposit institutions. The study looked at the trends in fraud cases between 2001 and 2012, as well as the quantities and types of fraud that were most frequently committed, and also the losses that banks suffered. The study's descriptive analysis method of data analysis showed variations in the number of fraud cases and concluded that forensic auditing would eventually lower the number of fraud cases among Nigerian deposit banks; as a result, the government ought to enact regulations allowing forensic accountants to be included in the audit team.

Okoye and Gbegi (2013) looked into the use of forensic accounting as a fraud detection and prevention tool in Kogi State's public sector. To assess the hypotheses, the ANOVA approach was used. It has been demonstrated that forensic accounting significantly reduced the frequency of fraud in the public sector. Enofe, Okpako, and Atube examined the impact of forensic accounting on fraud detection in a 2013 study. They analyzed their data using the ordinary least squares method. The best parameter estimates from a single equation model were obtained using this strategy; yet it was predicated on some significant error term assumptions. In light of the results, their analysis indicated services give organizations the required instruments to determine fraudulent activities but do not curb fraudulent activities.

Onodi, Okafor, and Onyali (2015) looked into the impact of forensic investigative techniques on corporate fraud deterrence in Nigerian banks. Utilizing a survey research methodology, the study collected data from the primary source via interviews and questionnaires. Articles concerning fraud and forgeries in the banking sector served as the secondary sources. Among the statistical techniques used to analyze the data were descriptive statistics like percentages, mean scores, and frequency tables, as well as inferential statistics like regression analysis and Z-test. The results demonstrated a close relationship between forensic investigative methods and corporate fraud prevention. The results also showed that, while the bulk of Nigeria's audit and accounting staff were struggling, the prosecution of fraud typically required the skilled services of forensic investigators, from poor perception and knowledge of forensic investigative methods.

Raymond, Nwakoby, and Okoye (2016) looked into the effectiveness of forensic accounting in stopping fraudulent operations to maintain good corporate governance procedures in the Nigerian banking sector. Data was gathered through the use of questionnaires and the survey approach. Two hypotheses were created and put to the test utilizing the t-test statistical procedures in SPSS version 25. The study found, among other things, that forensic accounting is a helpful tool for handling financial crimes in the banking sector. Moreover, forensic audits are necessary to ensure corporate governance in company companies. A second study on the application of forensic accounting as a tool for fraud detection and prevention in Nigerian deposit money institutions was carried out by Olaoye and Adebayo (2019). The acquired data were subjected to a straightforward linear regression analysis. It was found that forensic accounting affected Ekiti State money deposit institutions' ability to identify and stop fraud.

Bassey (2018) looked into how fraud in microfinance institutions is managed and prevented through the use of forensic accounting services. The study employed a survey-based research design, collecting data from primary and secondary sources and analyzing it using ordinary least squares. The regression findings showed that all of the estimated coefficients of the regression parameter had negative signs. The analysis also proved the individual tests of the



independent variables were significant. It is found that forensic accounting considerably aids in the deterrent of criminal behavior and corruption in the selected microfinance institutions in Calabar, Cross River State.

Safiyanu, Safiyanu, and Armaya'u did a study in 2019 to look into how well forensic accounting investigations work in spotting financial crime. The study drew on past studies on forensic accounting and application techniques. The study of this research highlights how crucial forensic accounting services are for locating financial misconduct. The study also demonstrated that forensic accounting investigations facilitate the discovery of financial fraud and other fraudulent acts in Nigeria.a

In 2019, Asusu conducted a study on forensic audits, fraud prevention, and fraud reduction in Nigerian DMBs. Data were gathered for the study using a survey research design, questionnaires, in-person interviews, and document reviews. The sample consisted of 48 general managers, internal auditors, and operational managers from sixteen banks in Nigeria. The study's findings demonstrated a strong correlation between forensic investigation and auditing services and DMBs' internal control and cash management systems.

The effect of forensic accounting methods on fraud control in Nigerian public sector MDAs was assessed by Ewa (2022). The study looked at data mining, accounting ratios, and trend analysis tools for detecting or stopping fraudulent MDA activity. The study data were treated to the multiple regression analysis approach (OLS) using a survey research design. The study found that forensic accounting technology (data mining, accounting ratios, and trend analysis) considerably and favorably enhances an MDA's ability to detect and/or prevent fraud. The results of the investigation indicate that MDAs should invest more in their human resources to ensure that each MDA has reliable IT infrastructure and that its personnel are professionally skilled in information technology.

Ojo-Agboju et al. (2022) examined how forensic accounting influenced fraud detection and prevention in a few Deposit Money Banks (DMBs) in Nigeria. Using their survey design, Access Bank, First Bank, GT Bank, Union Bank, UBA, and Zenith Bank recruited 115 resident internal control officials, branch operation managers, and cash officers/head tellers as a sample for the study. The questionnaire was given to the participants using a straightforward, proportionate random sample approach. Their investigation, which employed basic linear regression, revealed a strong correlation between forensic accounting and fraud detection even if it had no effect on fraud prevention in the DMBs they mentioned. The investigation came to the conclusion that fraud in the DMB branch operations in Nigeria could not be stopped by forensic accounting.

Evidently, forensic accounting's critical role in fraud prevention and detection as a whole has been demonstrated by a substantial body of research in this field. However, none of these studies were able to distinguish between investigative and litigation support services and forensic accounting. This study attempts to bridge this gap by looking into forensic accounting and corporate fraud in Nigerian Deposit Money Banks.



## METHODOLOGY

This study, which employed survey-style descriptive research, comprised all deposit money banks represented in Ekiti State. From these ten banks—First Bank, UBA, Fidelity Bank, Zenith Bank, Union Bank, Polaris Bank, Sterling Bank, Wema Bank, Heritage Bank, and Access Bank—ten employees were selected at random. As a result, a purposive sample technique was used to select the Head of Operations, Fund Transfer Officer, Resident Internal Control Officials, and Cash Officials. The researcher has certain preferences for the study participants, which is why the purposeful sampling technique is considered appropriate. A self-structured questionnaire that was used to collect the required data from the respondents underwent a validity and reliability test. Using Cronbach Alpha, the study's dependability coefficient was 0.782, which was considered high. Utilizing multiple regression analysis, the collected data was examined. The two iterations of the regression model represented the intended objectives of the study. Fraud prevention and detection were integrated into the investigative service as a whole function in the first model, which was separated into forensic interview, forensic examination, and forensic observation. The second approach separated the provision of litigation services into three groups: documentation, forensic quantification, and forensic review. As a comprehensive function, it comprised fraud detection and prevention. The functional models were presented as follows:

$$\alpha_0 + \alpha_1 FI + \alpha_2 FE + \alpha_3 FO + U = FPD \dots 3.1$$

$$\alpha_0 + \alpha_1 FR + \alpha_2 FQ + \alpha_3 FD + U = FPD \dots 3.2$$

where: FPD, forensic examination, and forensic interview are the acronyms for fraud prevention and detection.

FR is for Forensic Review, FD refers for Forensic Documentation, and FoQ represents Forensic Quantification.

0 = Intercept

The coefficient of the independent variable is  $\alpha_1 \rightarrow \alpha_3$ .

U = adjusts for elements that are not available for computation or observation because of insufficient data and observes variables that are not included in the model.



## RESULTS AND DISCUSSION

### Test of Hypotheses

**Hypothesis 1:** There is no significant effect of forensic investigation services on Fraud Detection and Prevention in Deposit Money Banks.

**Table 4.1: Effect of Forensic Investigation Services on Fraud Detection and Prevention in Deposit Money Banks**

Variables	Coefficient	Std. Error	T-Statistic	Prob.
C	0.973	0.277	3.429	0.000
FI	0.530	0.158	3.362	0.001
FE	0.439	0.165	2.253	0.041
FO	0.341	0.136	2.499	0.013
R	0.565			
Adj. R-Square	0.306			
F-Statistics	25.405			
P-Value (F. Stat)	0.000114			

**Source: Data Analysis, 2024.** *FI is Forensic Interview, FE is Forensic Examination*

*FO is Forensic Observation.*

Regression research shows that the detection and prevention of fraud in deposit money institutions are considerably and favorably impacted by forensic observation, forensic interviewing, and forensic interrogation. 0.530 ( $p=0.001<0.05$ ), 0.339 ( $p=0.041<0.05$ ), and 0.341 ( $p=0.013<0.05$ ) are the impacts, in that order. The size of the coefficient indicates that for every 1% increase in forensic accounting observation, there will be a 34.1% increase in forensic accounting observations, a 33.9% increase in forensic accounting interrogations, and a 53% increase in fraud detection and prevention due to forensic accounting interviews. Consequently, the null hypothesis is rejected and the alternative hypothesis is accepted. Furthermore, the adjusted R-squared shows that 31% of the variability in these domains can be attributed to all the independent variables, with 69% of the variance in fraud detection and prevention being caused by other factors not included in this model. This indicates how well the model can explain things. This is further highlighted by the probability of the f-statistic being 0.000, which shows that the regression result is statistically significant because it is less than 5%, the significance level selected for this investigation.

**Hypothesis 2:** The effectiveness of legal support in preventing and detecting fraud in deposit money banks is negligible.

**Table 4.1: Effect of Forensic Accounting Litigation on Fraud Detection and Prevention in Deposit Money Banks**

Variables	Coefficient	Std Error	T-Statistic	Prob.
C	0.332	0.272	1.220	0.224
FR	0.291	0.138	2.109	0.036
FQ	0.603	0.146	4.143	0.000
FD	0.611	0.129	4.725	0.000



R	0.630
Adj. R-Square	0.386
F-Statistics	35.790
P-Value (F. Stat)	0.000114

**Source: Data Analysis, 2024.** *FR is Forensic Review, FQ is Forensic Quantification and FD is Forensic Documentation.*

Regression analysis shows that forensic review, forensic inspection, and forensic documentation have a positive and significant impact on fraud detection and prevention in deposit money institutions. The effects are 0.291 ( $p=0.036<0.05$ ), 0.603 ( $p=0.000<0.05$ ), and 0.611 ( $p=0.00<0.05$ ), respectively. The size of the coefficient indicates that for every 1% increase in forensic litigation report review, fraud detection and prevention will increase by 30%. Similarly, forensic examination will increase by 60%, and forensic documentation will increase by 61.1%. Consequently, the null hypothesis is disproved and the alternative hypothesis is accepted. Moreover, the adjusted R-square indicates that around 39% of the variations in fraud detection and prevention may be attributed to all the independent factors, with additional factors not taken into account in this model accounting for the remaining 61%. This indicates how well the model can explain things. This is further highlighted by the probability of the f-statistic being 0.000, which shows that the regression result is statistically significant because it is less than 5%, the significance level selected for this investigation.

### Discussion of Findings

A study has been conducted to investigate the impact of forensic accounting on fraud detection and prevention in deposit money banks. Table 4.1 shows that forensic observation, questioning, and interviewing have a favorable and significant influence on fraud detection and prevention in deposit money institutions. The discovery may have been made because deposit money institutions implemented forensic accounting investigative techniques. Because staff members are aware that any financial impropriety will be investigated and most likely discovered, these procedures serve as a deterrent to fraud in the future. This finding suggests that deposit money banks could benefit from using forensic accounting observations, questions, and interviews to help detect and prevent fraud. This outcome validates Ojo Agbodu et al.'s (2022) findings. They stated that the findings of the study indicated a strong correlation between forensic accounting and fraud detection but not between forensic accounting and fraud prevention in the DMBs mentioned. The study is in agreement with Ewa (2022), which looked into the impact of forensic accounting techniques on fraud control in Nigerian public sector MDAs. Furthermore, Asusu's (2019) study's findings demonstrated a strong correlation between the internal control and cash management systems of DMBs and the services of forensic investigation and auditing. Amahalu, Ezechukwu, and Obi (2017) claimed that by aggressively and completely looking into fraudulent behavior, forensic accounting helps to lower financial crimes. The authors suggested that forensic accounting tasks should be directed using a certain standard approach and procedure in order to effectively reduce the likelihood of fraudulent activities. Adebisi, Okike, and Yoko (2016) found in another study that forensic accounting plays a critical role in identifying and preventing fraud in Nigeria.

Table 4.2 further shows that the ability of deposit money institutions to identify and stop fraud is positively and considerably impacted by forensic review, forensic inspection, and forensic documentation. This could be explained by the fact that deposit money institutions were better



able to recognize and halt fraudulent behavior since they quickly adopted fraud litigation procedures. This conclusion suggests that deposit money institutions' efforts to detect and prevent fraud may increase on their own as a result of forensic litigation. This outcome supports the research by Olukowade and Balogun (2015), who found that audit committee members can benefit from forensic accounting services in their investigation on the roles of forensic accountants in preventing fraud to give them confidence on the internal audit report in order to execute their supervision responsibilities. Similarly, Enofe, Okpako, and Atube (2013) discovered that the degree of fraud is influenced by the adoption of forensic accounting services by organizations.

## CONCLUSION AND RECOMMENDATIONS

According to the study's findings, forensic accounting investigation methods are essential for locating and putting an end to fraud in deposit money banks. Similarly, the use of forensic accounting litigation techniques could help in locating and halting fraudulent behavior that takes place within the Deposit Money Bank. The findings imply that fraud investigations should be regularly carried out by forensic accountants in deposit money banks. This is because some forms of fraud, especially those driven more by financial or economic constraints than by habit, may be deterred just by the presence of forensic investigators. In Nigeria, banks typically just fire staff members who have committed fraud in order to save additional expenses. At first look, this seems sensible, but in the end, the bank will pay a high price for what other employees perceive to be a tolerance for fraud. Deposit money institutions would therefore be better suited to ensure that employees who have been accused of fraud are given the chance to face charges and punishments. This will demoralize other employees. Deposit money banks should employ qualified forensic accountants with expertise in implementing effective deterrence strategies in order to prevent fraud before it occurs. This type of research could be expanded to include additional businesses from various industries.

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