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THE ROLE OF MANAGEMENT IN FRAUD DETECTION AND CONTROL IN BANKING INDUSTRY IN ENUGU METROPOLIS

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ABSTRACT

This study is on fraud in Banks. The particular topic is The Role of Management in fraud detection and control in Banking Industry in Enugu Metropolis.

The research revealed that the rate of fraud in the banks is on the increase, that banks in Enugu metropolis recorded about 162 frauds within 1990 - 1994.

Fraud brings huge financial loses to banks, about N3,571 was recorded within this period. this loses does not affect the banks only but also affect the customers of the banks.

It is also that relatively the inexperienced staff of banks who have less than five years of working experince tend to commit fraud than workers wih more years of banking experience. The more experience staff of banks are likely to defraud the bank of larger sum of money say N50,000 and above.

An examination into the causes of fraud in the banks indicate that poor management of bank workers is the most significant cause of fraud in the banks. Other significant causes include staff negligence, lack of effective deterrent punishment etc.

In examining the fraud control measures, management supervision was ranked as a very significant measures, other significant measures include ensuring regular balancing of account, good employment policy etc.

Certain hypothesis were postulated and tested as follows:-

(i) That the role of management in the banking industry affect fraud detection and control.

(ii) That relatively inexperienced staff of a bank are more likely to commit fraud.

(iii) That more experienced staff of banks when involved in fraud steal larger sums of money eg. a total of N50,000 and above.

The recommendation include:

Banks should evaluate their internal control from time to time, so as to identify weaknesses, and correction made without delay. Bank management should ensure they and their staff are well trained, they should live by example that is they should be disciplined before they can discipline others.