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# AN EMPIRICAL STUDY ON FRAUD PREVENTION AND DETECTION TECHNIQUES IN THE NIGERIAN BANKING INDUSTRY.

BY

OKEKE CHARLES ONYEBUCHI

UNN/MBA/OP/0554

A PROJECT REPORT SUBMITTED TO

THE DEPARTMENT OF FINANCE & BANKING,

IN PARTIAL FULFILMENT OF THE REQUIREMENTS

FOR THE AWARD OF MASTERS DEGREE IN

BANKING & FINANCE [MBA]

DEPARTMENT OF FINANCE / BANKING

FACULTY OF BUSINESS ADMINISTRATION

UNIVERSITY OF NIGERIA, EUNGU CAMPUS.

JANUARY, 2002

## ABSTRACT

A country's banking system is the backbone of its economy. Banks are able to perform this role through their functions of financial intermediation, provision of payment mechanism and assistance in the implementation of monetary policies.

The failure of banks and the constant distress that has characterized the Nigerian banking sector is a national problem and a source of concern to all.

Banking business thrives on confidence, customer's goodwill and trust. These three elements cannot be present in a business environment with reasonable level of fraud. Fraud in the Nigerian banking system has become a hydra-headed monster, which is increasingly threatening to supplant not only the industry, but also the Nigerian society.

This study therefore, studied the whole phenomenon of bank failure in Nigeria and singled out fraud as a major factor. The research is aimed at evolving a more effective and efficient fraud prevention and detection techniques for Nigerian banks.

In case of the primary approach, a comprehensively structured questionnaire was developed and administered to the respondents, some of the respondents were equally interviewed. The secondary data collection utilized library research [text books, corporate annual reports, journals and unpublished lectures]. The questionnaire is attached as Appendix A at the end of the work. The method of statistical analysis includes the use of tables, percentage analysis and logical deductions, while Chi-square was used in testing the hypothesis.

The main findings were that fraud prevention and detection techniques in Nigerian banks lack operational adequacy and sufficient regular review in the light of changes in the world of technology and sophistication. It was also ascertained that most of the frauds committed against banks have some element of bank staff involvement. The conclusion was that fraud prevention and detection in Nigerian banking needs regular review and improvement, especially as method adopted by fraudsters continually change and with regard to changes in the world of technology and sophistication.