BANK FRAUD AND ECONOMIC DEVELOPMENT OF NIGERIA

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Abstract

The study examines the impact of bank fraud on the economic development of Nigeria covering a period of seven (7) years from 2009 – 2015. Ex-post facto research design which is a quasi-experimental study was used to examine how the independent variable, present prior to the study, affects a dependent variable. Secondary data formed the source of data collection and relevance Data were obtained from the annual publications of the CBN and Nigeria Deposit Insurance Corporation (NDIC) for 2009 - 2015 financial years from top 10 Deposit Monetary Banks in Nigeria. Multiple regression analysis using Ordinary Least Square was used to determine the impact of bank fraud on economic development in Nigeria within the study period. Findings revealed that Total Amount Involved in fraud cases and Total Expected Loss positively and significantly impact on Nigerian GDP and Total Amount Involved in fraud cases and Total Expected Loss positively and significantly impact on Total Deposit Bank. Based on the findings it was recommended that The NDIC should remain committed to the implementation of the Sustainability Principles. Such as the current Sustainable Banking Desk which was set up in the Managing Director's Office and an Implementation Committee which was established to work with Sustainable Banking Champions to ensure continuous sensitization and awareness. Also, The enabling laws and regulations that past governments have established to curb the menace of bank fraud and other crimes should be noted, appreciated and implemented in order to protect and enhance the economic growth and development of Nigeria.

Keywords: bank fraud, Deposit Monetary Banks, Gross Domestic Product, Nigeria, NDIC

Introduction

Banks all over the world have through their unique position in an economy, contributed immensely to the economic growth and development of a nation (Umaru, 2005). The banking system formed the major corner stone of an economy. For any economy to develop and grow, the financial sector must be strong, solid, effective and efficient (Owolabi, 2010). Therefore, the existence of an effective banking industry is a panacea to growing any economy. However, in

Recent times, the very integrity and survivability of these laudable functions of banks have been deteriorated in view of incessant frauds and accounting scandals (Onwujiuba, 2013).

Financial institutions can be involved in financial crime in three ways: **as victim, as perpetrator, or as an instrument.** Under the first category, financial institutions can be subject to the different types of fraud including, misrepresentation of financial information, embezzlement, check and credit card fraud, securities fraud, insurance fraud, and pension fraud. Under the second (less common) category, financial institutions can commit different types of fraud on others, including, e.g., the sale of fraudulent financial products, self-dealing and misappropriation of client funds. In the third category are instances where financial institutions are used to keep or transfer funds, either wittingly or unwittingly, that are themselves the profits or proceeds of a crime, regardless of whether the crime is itself financial in nature. One of the most important examples of this third category is money laundering (Nuhu, 2004).

In Nigeria, Financial frauds have led to the collapse of many banks in the country (Nuhu, 2004). A total of 12,279 fraud cases were reported in 2015 representing an increase of 5.71 per cent over the 10,612 fraud cases reported in2014 (NDIC's annual report, 2016). The amount involved decreased significantly from #25.608 billion in 2014 to #18.021 billion in 2015 (Chiejina, 2016). According to Nigerian Deposit Insurance Corporation, there was an increase in the frequency of ATM/card-related fraud cases from 7,181 in 2014 to 8,039 in 2015, an increase of 11.95 per cent. Of the 12,279 fraud cases reported by Deposit Money Bank (DMB), 425 were attributed to insider abuse. The number of fraud cases perpetrated by workers had decreased from 465 in 2014 to 425 in 2015 (Chiejina, 2016). By implication, Frauds have equally led to the loss of confidence in our banks not only local but also the international business community. Letters of credit from Nigeria are held in suspect and in many cases disregarded out rightly. The Know Your Customer and Business (KYCB) principle is observed more in breach than compliance. There is hardly any Customer Due Diligence (CDD) before transactions are undertaken. This amounted for the "investment" of over $9 million stolen funds by a single individual in a first generation bank (Nuhu, 2004).

Efforts by past administrations to curb economic and financial crimes in Nigeria were either strangled due to inadequate enabling laws and regulations or neglected for apparent lack of commitment on the part of stakeholders to fight the menace. However, past government's effort to curb these crimes need to be noted and appreciated. The promulgation of the under-listed laws aimed at providing a legal framework to combat these crimes. The steps taken so far include the establishment of Money laundering Act of 1995, Advance Fee Fraud (otherwise known as 419) and Related Offences Act of 1995, Failed Bank (Recovery of Debts) and Financial Malpractices in Banks Act of 1996, Banks and other Financial Institutions Act of 1991, Miscellaneous Offences, Act 1985 and Foreign Exchange Act of 1995, in spite of the banking regulation and bank examination by the Central Bank of Nigeria (CBN), the supervisory role of the Nigeria Deposit Insurance Corporation.

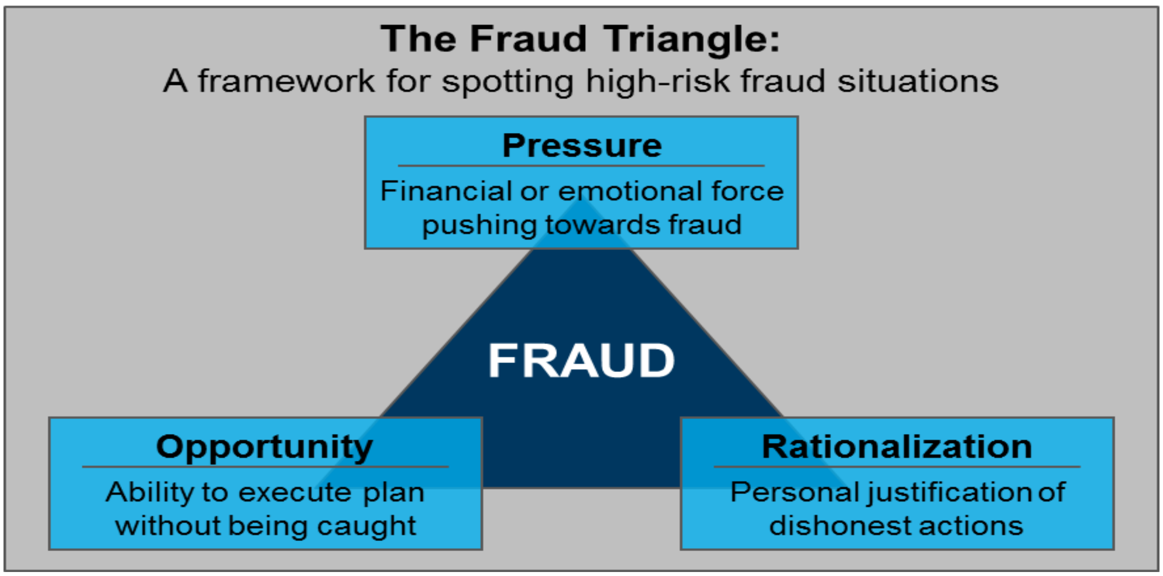
(NDIC), and the Chartered Institute of Bankers of Nigeria (CIBN), fraudulent activities still thrived in the economy unabated (**Uchenna C & Agbo J. (2013,** Nuhu, 2004). The impact of these on the economic development of Nigeria is alarming as examined by the then EFCC

Chairman Nuhu Ribadu. This study therefore aims at examining the effect of bank fraud on the economic development of Nigeria from 2009 – 2015.

Literature Review

Theoretical Framework

This study is premised on The Fraud Triangle Theory. The fraud triangle is a model for explaining the factors that cause someone to commit occupational fraud. According to the proponent of this theory Donald Cresses fraud is likely to occur given a combination of three factors, namely



Source: Brummell Group (2015) fraud triangle theory. Fraud consulting and reporting

1. Pressure (motivation)
2. Opportunity, and
3. Rationalization

The creation of the theory required Cresses to interview about 200 convicted embezzlers around the Midwest which he dubbed "trust violators." He was particularly interested in these people because they had entered the work place with no intention of stealing. After the interviews Cresses formed the following hypothesis:

Trusted Persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as trusted persons with their conceptions of themselves as users entrusted funds or property.

With this hypothesis Cresses created what is today known as the fraud triangle and the three fraud triangle components which consist of pressure, rationalization, and opportunity.

Most all abuse can be best explained by the fraud triangle unless the particular person entered the company with the intent of stealing in the first place.

Pressure: Pressure is the first leg of the fraud triangle. The pressure Cresses describes in his hypothesis is usually defined as a non-shareable financial problem. These financial problems are usually personal to that person, and they are too ashamed by the problem that they are unwilling to share with others. This is particularly disturbing when it is later understood that if the violator had talked about it others would have been willing to help.

Opportunity: The second leg of the fraud triangle is an opportunity that exists within a company for fraud to take place. Opportunities usually occur from a lack of internal controls within a company. Here the violator feels that he/she can take advantage of the situation without getting caught. Of course, there has to be a certain level of technical skill to be able to define an opportunity which is why several violators find opportunities within their own job function.

Rationalization: The third and final component of the fraud triangle is that of rationalization. Cresses found that many of the violators never felt that they were actually a criminal because they had rationalized to themselves that the misdeed was ok. In fact, many of the violators Cresses interviewed felt that they were justified and that the act was part of a general irresponsibility for which they were not completely accountable (Jim (2013).

This study therefore adopted this theory as its framework because the fraud triangle provides a useful framework for organizations to analyze their vulnerability to fraud and unethical behavior, and it provides a way to avoid being victimized. Almost universally, all three elements of the triangle must exist for an individual to act unethically. If a company can focus on preventing each factor, it can avoid creating fertile ground for bad behavior.

Conceptual Framework

In law, **fraud** is deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right. Fraud itself can be a civil wrong (i.e., a fraud victim may sue the fraud perpetrator to avoid the fraud and/or recover monetary compensation), a criminal wrong (i.e., a fraud perpetrator may be prosecuted and imprisoned by governmental authorities) or it may cause no loss of money, property or legal right but still be an element of another civil or criminal wrong (Law.com, 2016). The purpose of fraud may be monetary gain or other benefits, such as obtaining a driver's license or qualifying for a mortgage by way of false statements.

Bank fraud is the use of potentially illegal means to obtain money, assets, or other property owned or held by a financial institution, or to obtain money from depositors by fraudulently posing as a bank or other financial institution. In many instances, bank fraud is a criminal offence. While the specific elements of particular banking fraud laws vary depending on jurisdictions, the term bank fraud applies to actions that employ a scheme or artifice, as opposed to bank robbery or theft. For this reason, bank fraud is sometimes considered a white-collar crime.

Types of Bank Frauds and Forgeries

1. ATM/Card-Related Fraud, 2. Web-Based (Internet Banking) fraud, 3Fraudulent Transfer/ Withdrawal Of Deposit, 4. Suppression Of Customer Depose t, 5. Fraudulent Conversion Of Cheese, 6. Presentation Of Stolen Cheese, 7. Presentation Of Forged Cheese, 8. Outright Theft By Staff (cash defalcation), 9. Unauthorized Credits, 10. Outright theft by Outsiders/Customers, 11. Foreign Currencies Theft, 12. Diversion Of Bank charges (Commissions & Fees), 13. Lodgment of Stolen Warrants

Source: Bank Returns on Frauds and Forgeries (NDIC, 2014)

Fraudsters may seek access to facilities such as mailrooms, post offices, offices of a tax authority, a corporate payroll or a social or veterans' benefit office, which process cheese in large numbers. The fraudsters then may open bank accounts under assumed names and deposit the cheese, which they may first alter in order to appear legitimate, so that they can subsequently withdraw unauthorized funds. Alternatively, forgers gain unauthorized access to blank cheese books, and forge seemingly legitimate signatures on the cheese, also in order to illegally gain access to unauthorized funds.

Cheese kiting: Cheese kiting exploits a banking system known as "the float" wherein money is temporarily counted twice. When a cheese is deposited to an account at Bank X, the money is made available immediately in that account even though the corresponding amount of money is not immediately removed from the account at Bank Y at which the cheese is drawn. Thus both banks temporarily count the cheese amount as an asset until the cheese formally clears at Bank Y. The float serves a legitimate purpose in banking, but intentionally exploiting the float when funds at Bank Y are insufficient to cover the amount withdrawn from Bank X is a form of fraud.

Forgery and altered cheese: Fraudsters have altered cheese to change the name (in order to deposit cheese intended for payment to someone else) or the amount on the face of cheese, simple altering can change $100.00 into $100,000.00, although transactions of this value are subject to investigation as a precaution to prevent fraud as policy. Instead of tampering with a real cheese, fraudsters may alternatively attempt to forge a depositor's signature on a blank cheese or even print their own cheese drawn on accounts owned by others, non-existent accounts, etc. They would subsequently cash the fraudulent cheese through another bank and withdraw the money before the banks realize that the cheese was a fraud.

Accounting fraud: In order to hide serious financial problems, some businesses have been known to use fraudulent bookkeeping to overstate sales and income, inflate the worth of the company's assets, or state a profit when the company is operating at a loss. These tampered records are then used to seek investment in the company's bond or security issues or to make fraudulent loan applications in a final attempt to obtain more money to delay the inevitable collapse of an unprofitable or mismanaged firm. Examples of accounting frauds: Enron and WorldCom and Ocala Funding. These companies "cooked the books" in order to appear as though they had profits each quarter, when in fact they were deeply in debt.

Uninsured deposits: A bank soliciting public deposits may be uninsured or not licensed to operate at all. The objective is usually to solicit for deposits to this uninsured "bank", although some may also sell stock representing ownership of the "bank". Sometimes the names appear very official or very similar to those of legitimate banks. For instance, the unlicensed "Chase Trust Bank" of Washington D.C. appeared in 2002, bearing no affiliation to its seemingly apparent namesake; the real Chase Manhattan Bank [3] is based in New York. Accounting fraud has also been used to conceal other theft taking place within a company.

Fraudulent loans: One way to remove money from a bank is to take out a loan, a practice bankers would be more than willing to encourage if they knew that the money will be repaid in full with interest. A fraudulent loan, however, is one in which the borrower is a business entity controlled by a dishonest bank officer or an accomplice; the "borrower" then declares bankruptcy or vanishes and the money is gone. The borrower may even be a non-existent entity and the loan merely an artifice to conceal a theft of a large sum of money from the bank. This can also see as a component within mortgage fraud (Bell, 2010).[5]

Forged or fraudulent documents: Forged documents are often used to conceal other thefts; banks tend to count their money meticulously so every penny must be accounted for. A document claiming that a sum of money has been borrowed as a loan, withdrawn by an individual depositor or transferred or invested can therefore be valuable to someone who wishes to conceal the minor detail that the bank's money has in fact been stolen and is now gone.

Wire transfer fraud: Wire transfer networks such as the international SWIFT interbank fund transfer system are tempting as targets as a transfer, once made, is difficult or impossible to reverse. As these networks are used by banks to settle accounts with each other, rapid or overnight wire transfer of large amounts of money are commonplace; while banks have put checks and balances in place, there is the risk that insiders may attempt to use fraudulent or forged documents which claim to request a bank depositor's money be wired to another bank, often an offshore account in some distant foreign country.

Bill discounting fraud: Essentially a confidence trick, a fraudster uses a company at their disposal to gain confidence with a bank, by appearing as a genuine, profitable customer. To give the illusion of being a desired customer, the company regularly and repeatedly uses the bank to get payment from one or more of its customers. These payments are always made, as the customers in question are part of the fraud, actively paying any and all bills raised by the bank. After time, after the bank is happy with the company, the company requests that the bank settles its balance with the company before billing the customer. Again, business continues as normal for the fraudulent company, its fraudulent customers, and the unwitting bank. Only when the outstanding balance between the bank and the company is sufficiently large, the company takes the payment from the bank, and the company and its customers disappear, leaving no-one to pay the bills issued by the bank.

Booster cheese: A booster cheese is a fraudulent or bad cheese used to make a payment to a credit card account in order to "bust out" or raise the amount of available credit on otherwise-legitimate credit cards. The amount of the cheese is credited to the card account by the bank as soon as the payment is made, even though the cheese has not yet cleared. Before the bad cheese is discovered, the perpetrator goes on a spending spree or obtains cash advances until the newly-"raised" available limit on the card is reached. The original cheese then bounces, but by then it is already too late.

Stolen payment cards: Often, the first indication that a victim's wallet has been stolen is a phone call from a credit card issuer asking if the person has gone on a spending spree; the simplest form of this theft involves stealing the card itself and charging a number of high-ticket items to it in the first few minutes or hours before it is reported as stolen. A variant of this is to copy just the credit card numbers (instead of drawing attention by stealing the card itself) in order to use the numbers in online frauds.

Duplication or skimming of card information: This takes a number of forms, ranging from merchants copying clients' credit card numbers for use in later illegal activities or criminals using carbon copies from old mechanical card imprint machines to steal the info, to the use of tampered credit or debit card readers to copy the magnetic stripe from a payment card while a hidden camera captures the numbers on the face of the card.

ATM fraud: Some fraudsters have attached fraudulent card stripe readers to publicly accessible ATMs, to gain unauthorized access to the contents of the magnetic stripe, as well as hidden cameras to illegally record users' authorization codes. The data recorded by the cameras and fraudulent card stripe readers are subsequently used to produce duplicate cards that could then be used to make ATM withdrawals from the victims' accounts.

Empty ATM envelope deposits: A criminal overdraft can result due to the account holder making a worthless or misrepresented deposit at an automated teller machine in order to obtain more cash than present in the account or to prevent a check from being returned due to non-sufficient funds. United States banking law makes the first $100 immediately available and it may be possible for much more uncollected funds to be lost by the bank the following business day before this type of fraud is discovered. The crime could also be perpetrated against another person's account in an "account takeover" or with a counterfeit ATM card, or an account opened in another person's name as part of an identity theft scam. The emergence of ATM deposit technology that scans currency and checks without using an envelope may prevent this type of fraud in the future.

Empirical Review

Owolabi, (2010) studied Fraud and Fraudulent Practices in Nigeria Banking Industry**.** The article focused on the major causes of fraudulent practices in the Nigerian Banking Industry. A detailed analysis of major types of fraud was done to include presentation of forged cheese, granting of unauthorized loans and credit, posting of fictitious credits, fraudulent transfers/withdrawals, cheese and cash defalcation, loss of money to armed robbers and

Outright theft of money. The work also examined the level of employees' involvement in the fraudulent practices. The workers are categorized into supervisors and manager carrying the lead in number and amount of loss involved in this evil act; officers, Accountants and Executive Assistants, clerks and cashiers, Typists Technicians and stenographer, massagers, Drivers, Cleaners, Security and Temporary staff. The major concern is the level of involvement of temporary workers, if left unchecked it may became a big threat. There are 1283 staff that were involved in fraudulent act between 2002 to 2006 out of which managers and supervisors accounted for 485 (37.89%). Officers/Accountants and Executive Assistants also accounted for 431 (33.59%). This demonstrates that this two category of worker accounted for 916 out of a total of 1283 employees involved in fraudulent acts. This represents 71.39% of totals. By this, the banking industry should focus on the management and control of this category of workers. Also theories of fraud were analyzed, while several detectives, preventive and control measures were given. In conclusion there is an urgent need for the responsible agents of control to put adequate measure in place to block

Uchenna & Agbo (2013) examined Impact of Fraud and Fraudulent Practices on the Performance of Banks in Nigeria. The paper evaluated the impact of fraud and fraudulent practices on the performance of banks in Nigeria within the period 2001-2011. The main argument is that fraud and fraudulent activities have no effect on bank performance in Nigeria. The paper focused on the twenty-four (24) deposit money banks in Nigeria within the period. The paper employed evaluative research design to determine the nature, magnitude and economic consequences of fraud on banks in Nigeria. Secondary sources of data were utilized for the study. The relationships between fraud cases and other variables were estimated using Pearson Product Moment correlation. Multiple regression analysis was used to ascertain the impact of fraud and fraudulent practices on bank performance in Nigeria within the study period. The paper found that the percentage of mobilized funds lost to fraud was highest between 2001 and 2005. However, due to the stringent measures adopted by the regulatory bodies to tackle the menace of fraud and fraudulent activities, there was a significant decrease between 2006 and 2011. The paper concluded that fraud and fraudulent activities inflict severe financial difficulties on banks and their customers. They reduce the amount of money available for the development of the economy. The paper recommended that banks in Nigeria need to strengthen their internal control systems and the regulatory bodies should improve their supervisory role in order to check and curtail the incidence of fraud and fraudulent activities in the banking industry in Nigeria.

Eseoghene (2010) Studied **Bank Frauds in Nigeria: Underlying Causes, Effects and Possible Remedies.** The study sets out to find the common types of bank fraud that are frequently carried out in the banking system, the underlying causes, level of staff involvement, consequences and possible means of ameliorating the problem. A sample of 100 respondents taken in Benin City, capital of Edo State, Nigeria was studied by means of field survey tool of questionnaire and the response to rating scale questions were tested for significance using the "t-test". The analysis revealed that respondents did not view unofficial borrowing and foreign exchange malpractice as forms of bank fraud since they were common and an industry wide

Practice. It also revealed that there was an equal level of staff involvement in initiating and executing fraud, with the concealment of fraud coming last in their agenda. Also, among the factors hypothesized to encourage bank fraud; the major individual based factors were greed, infidelity and poverty, while organizational factors were inadequate staffing, poor internal controls, inadequate training and poor working conditions. Respondents also viewed greed, lack of personal ethics and weak corporate governance as managerial factors that help propagate frauds in banks. The unique contribution of this paper is its emphasis on building upon the methodology and findings of some previous studies in the area of bank fraud (in Nigeria), by conducting statistical test of significance which adds statistical validity and flavor to our findings.

Ikpefan, (2006) Examined Growth of Bank Frauds and the Impact in the Nigerian Banking Industry. In recent past, there has been upward movement of bank frauds in Nigeria. For instance, the figure rose to n8 309.83billion in 2004 as against n 3399.39 billion in 1994 representing an increase of over 350%. This no doubt has lowered the confidence of the public and bank customers and hence the need for this research. The banking system is the medium through which funds flow into and out of the country. Some factors were identified as causes of fraud and illegitimate acquisition of wealth. This study empirically tested if there is no significant relationship between deposits on the one hand, and the following explanatory variables-fraud, actual/expected loss and MLA between 1989 – 2004. The Ordinary Least Square method (OLS) was employed in the study. Furthermore, correlation coefficient, t-test, F-test and the standard error were used in testing the relationship between the variables formulated in the hypotheses. From the four tests carried on the fitted regression model, three of them show that the regression is very useful in explaining variability in deposits.

Gap in Knowledge

Judging from the literature and the empirical reviewed above, it is clear that studies have not been conducted to actually examine the impact of bank fraud on the economic development of Nigeria from 2009 to 2015. This is the gap in literature that this study aimed at filling.

Materials and Methods

The empirical investigation into the significant explanatory variables on the relationship between bank fraud and economic development in Nigeria is based on an ex-post facto. Ex-post facto research design is a quasi-experimental study examining how an independent variable, present prior to the study, affects a dependent variable (Kowalczyk, 2016).

Secondary data formed the source of data collection and relevance Data were obtained from the annual publications of the CBN and Nigeria Deposit Insurance Corporation (NDIC) for 2009 - 2015 financial years from top 10 Deposit Monetary Banks in Nigeria.

Multiple regression analysis using Ordinary Least Square was used to determine the impact of bank fraud on economic development in Nigeria within the study period.

Hypotheses:

Ho1: Total Amount Involved in frauds does not significantly impact on Nigeria Gross Deposit Product for 2009 - 2015

Ho2: Total Expected Loss does not significantly impact on Total Deposit of Banks for 2009 - 2015

Ho3: Total Expected Loss does not impact significantly on Nigeria Gross Deposit Product for 2009 - 2015

Ho4: Total Amount Involved in frauds do not impact significantly on Total Deposit of Banks for 2009 - 2015

The model is specified as:

Y = f(x)
Where Y is the dependent variable (economic development in Nigeria)
X is the independent variable (bank fraud).

Therefore;
$GDP = \alpha_0 + \alpha_1\ TAIF + \alpha_2\ TEL$ …………………………………… 1
$TDB = \alpha_0 + \alpha_1\ TAIF + \alpha_2\ TEL$ …………………………………… 2

Where;
a1, a2, = Regression coefficients
GDP = Gross Deposit Product
TDB = Total Deposit of Banks for 2009 - 2015
TAIF = Total Amount Involved in frauds for 2009 - 2015
TEL =Total Expected Loss in 2009 - 2015

Results and Discussion

The effect of fraud and fraudulent practices on the economic development in Nigeria is Not easily ascertainable. Whether fraud and fraudulent practices affect the economic development in Nigeria can be determined from the foregoing analyses.

Several types of fraudulent practices were reported in the Nigerian banking industry within the period of study. The study depends on the available data obtained from NDIC within the Period 2009 - 2015 which are complete.

Table 1
Returns of Insured DMBs on Frauds and Forgeries 2009 - 2015

Year	Total No. of Fraud Cases	Total Amount Involved (N'm)	Total Expected Loss (N'm)	Proportion of Expected Loss To Amount Involved (%)
2015	12,279	18,021	3.17	15.71
2014	10,612	25,608	6.19	24.18
2013	3,786	21,795	5.756	26.41
2012	3,380	17.97	4.52	43.7
2011	2,352	28.40	4.072	36.4
2010	1,532	21.0	11,679	54.85
2009	1,764	41.3	7,550	18.29

Source: NDIC (2014)

Table 1 above present the summary of returns on frauds and forgeries in 2009 - 2015. The report indicated that incidents of frauds and forgeries in the banking industry had continued to rise. A total of 12,279 fraud cases were reported, representing an increase of 15.71% over the 10,612 fraud cases reported in 2014. However, the amount involved decreased significantly by N7.59 billion or 29.63% from N25.608 billion in 2014 to N18.021 billion in 2015. Similarly, the actual loss suffered by the insured banks decreased by N3.02 billion or 48.79% from N6.19 billion in 2014 to N3.17 billion in 2015.

There were reported 10,612 fraud cases in 2014 compared with 3,786 cases reported in 2013, representing an increase of 182.77%. In the same vein, the amount involved increased by N3.81 billion or 17.5% from N21.80 billion in 2013 to N25.61 billion in 2014. Also the expected/actual loss increased from N5.76 billion in 2013 to N6.19 billion in 2014.

The DMBs reported 3,380 fraud cases involving the sum of ₦17.97 billion with expected/contingent loss of about ₦4.52 billion in 2012. The expected/contingent loss had increased by ₦455 million (10.9%) over ₦4.072 billion reported in 2011. Notwithstanding the 43.7% increase in the number of fraud cases from 2,352 in 2011 to 3,380 in 2012, the amount of fraud cases decreased by 36.4% from ₦28.40 billion in 2011 to ₦18.04 billion in 2012. There were a total of 1532 reported cases of attempted fraud and forgeries involving over #21.0 billion in 2010 compared with 1,764 reported cases in 2009 involving #41.3

Table 2
Key Macroeconomic Indicators

Macroeconomic Indicator	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Gross Domestic Product (N'billon at Current Market Price)	25,487.40	55,469.35	63,713.36	72,599.63	81,009.96	90,136.98	95,177.74
Total Deposit of Banks (N' billion)	9,989.80	10,837.14	12,330.00	14,386.00	16,771.59	17,996.00	17,510.00
Inflation (%)	12.0	11.8	10.8	12.1	8.7	8.0	9.6

* GDP figures from year 2009 – 2015 are rebased GDP figures
Source: National Bureau of Statistics, Bank returns to NDIC and CBN

From table 2 the total deposits of bank customers with the deposit Money Banks dropped by 5.6 per cent or #1.03tn from #18.54tn to #17.51tn. Nigeria inflation increased to 9.6% in December 2015 as annual GDP valve of Nigeria represents 0.78 percent of the World economy. GDP in Nigeria averaged 87.05 USD Billion from 1960 until 2015, reaching an all-time high of 568.51USD billion in 2014.

Table 3 hypotheses testing based on the model specified.

$GDP = \alpha_0 + \alpha_1$ TAIF + α_2 TEL ……………………………………… 1

Table 3

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	27693.332	22727.928		1.218	.290
	Total Amount Involved in	1.095	.927	.377	1.181	.303
	Total Expected Loss	3.254	1.762	.590	1.847	.138

a. Dependent Variable: Gross Domestic Product

Table 4.3 indicated that the Total Amount Involved in fraud cases (beta = .377, t= 1.181, sig. =.303) and Total Expected Loss (beta = .590, t= 1.847, sig. = .138) positively and significantly impact on Nigerian GDP from 2009 – 2015.

Table 4 hypotheses testing based on the model specified.

$TDB = \alpha_0 + \alpha_1$ TAIF + α_2 TEL ……………………………………… 2

Table 4

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9347.274	3151.773		2.966	.041
	Total Amount Involved in	.109	.129	.273	.851	.443
	Total Expected Loss	.504	.244	.662	2.063	.108

a. Dependent Variable: Total Deposit Bank

Table 4.4 revealed that the Total Amount Involved in fraud cases (beta = .273, t= .851, sig. =.443) and Total Expected Loss (beta = .662, t= 2.063, sig. = .108) positively and significantly impact on Total Deposit Bank from 2009 – 2015.

Summary of Findings, Conclusion and Recommendations

The study examines the impact of bank fraud on the economic development of Nigeria covering a period of seven (7) years from 2009 – 2015.

The results from the analysis revealed that;

1. Total Amount Involved in fraud cases and Total Expected Loss positively and significantly impact on Nigerian GDP from 2009 – 2015.
2. Total Amount Involved in fraud cases and Total Expected Loss positively and significantly impact on Total Deposit Bank from 2009 – 2015.

3. A total of 12,279 fraud cases were reported, representing an increase of 15.71% over the 10,612 fraud cases reported in 2014. However, the amount involved decreased significantly by N7.59 billion or 29.63% from N25.608 billion in 2014 to N18.021 billion in 2015. Similarly, the actual loss suffered by the insured banks decreased by N3.02 billion or 48.79% from N6.19 billion in 2014 to N3.17 billion in 2015.

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There were a total of 1532 reported cases of attempted fraud and forgeries involving over #21.0 billion in 2010 compared with 1,764 reported cases in 2009 involving #41.3

1. The total deposits of bank customers with the deposit Money Banks dropped by 5.6 per cent or #1.03tn from #18.54tn to #17.51tn. Nigeria inflation increased to 9.6% in December 2015 as annual GDP valve of Nigeria represents 0.78 percent of the World economy. GDP in Nigeria averaged 87.05 USD Billion from 1960 until 2015, reaching an all-time high of 568.51USD billion in 2014.

In conclusion, the significant drop in the incidences of fraud in the banking system was as a result of the successful deployment of various mobile payments system and vigorously enforced by the CBN in 2015 (Fatokun, 2016). Some of the various payment systems introduced by the CBN included the bank customers' Biometric Verification Numbers (BVN); fraud prevention strategies; Treasury Single Account (TSA); agency banking and electronic-dividend payment project with the Securities and Exchange Commission (SEC). the various system have helped significantly in protecting bank customers by addressing issues of identity theft and fraud exposure , thus strengthening the Nigerian banking system (Udo, 2016).

Based on the findings, I recommended that

1. The NDIC should remain committed to the implementation of the Sustainability Principles. Such as the current Sustainable Banking Desk which was set up in the Managing Director's Office and an Implementation Committee which was established to work with Sustainable Banking Champions to ensure continuous sensitization and awareness.
2. The enabling laws and regulations that past governments have established to curb the menace of bank fraud and other crimes should be noted, appreciated and implemented in order to protect and enhance the economic growth and development of Nigeria.

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