Accounting Ethics and Professionalism on Fraud Management: Nigerian Experience

Abiola Idowu
Department of Management and Accounting, Faculty of Management Sciences, Ladoke Akintola University of Technology, Ogbomoso, Oyo State, Nigeria

Adeokun Taiwo O.
Department of Management and Accounting, Faculty of Management Sciences, Ladoke Akintola University of Technology, Ogbomoso, Oyo State, Nigeria

Abstract

This paper examined effects of Accounting Ethics and professionalism on fraud management in some selected Nigerian Deposit Money Banks. The relationship between ethical standards and fraud management were evaluated and the relationship between professional standards and fraud management were also critically examined. Data were analyzed using both descriptive such as tables, frequency distribution and percentages, and inferential statistical tool such as Multiple Regression Analysis (MRA). It can be deduced that variables such as Integrity (Int) and Honesty (Hon) indicated with 0.0028*, Behaviour (Be) with Honesty (Hon) 0.00325*, competence (Com) with Honesty (Hon) 0.003** and Behaviour (Be) indicated with 0.233*. Had significant effects on fraud management. Furthermore, the correlation coefficient between (EP/ICT), (ETSa) and Competence (Com) indicated with 0.0123* showed that accounting ethics and professionalism assist fraud management in NDGBs in some extent. Accepted because of the p – value (0.0000***) (3 asterisks) of alternative hypothesis which is less than 0.05 and rejected the null hypothesis. Likewise, correlation relationship between Educational qualification (Eq) Family background (Fb) Age (Ag) and Marital Status (Ms) with values 0.0542, 0.0451, 0.0641, professional qualification (Pq) with Fb, Ag, Ms and Eq with values 0.0347, 0.02110, 0.0112 and 0.0432 with p – values (0.0000) depicts level of intelligence that workers take advantage of to committing fraud. The amount of fraudulent crimes are much higher with employees or workers who had received good education which implies, the higher the level of education, the higher the numbers of fraud. Workers with intelligent quotient (IQ) always tamper, challenge and try to hack into the internal control structure and security system of the companies. Alternative hypothesis was accepted and rejected null hypothesis.

Keywords: Accounting ethics; Professionalism; Fraud; Fraud reduction and detection; Fraud management.

1. Introduction

Okoduwa (2007) defined ethics as moral principles that control or influences a person's behavior with synonyms for the word ethics which include principles, standards, values, morals, ideas, beliefs, codes, etc. An insight into the nature of ethics may be defined as a term standing for honesty, respect, compassion, fairness, loyalty, love, dependability, courage and good citizenship. Suffice it to say that ethics has its roots in the good virtues of ideal/standard behavior to be practiced exhibited by everybody always.

Ajayi (2007) also posited that ethics is the study of the general nature of morals and of specific moral choices; moral philosophy and the rules or standards governing the conduct of the members of a profession or an organization. Ethics may further be explained to mean an inquiry into the nature and grounds of morality which is taken to mean moral judgments, standards and rules of conduct.

Ethics was also defined by Esezobor (2010) as "relating to the rules and ethos that guards conduct and relationship in a given calling. Such rules, which hinge on morality, could be written or implied from practice".

Ethics are moral codes, principles and conventionalities inherently implied in the practice of any organization, community or profession. It also comprises of the standards expected of people at the individual, corporate or community levels. According to Unegbu (2002) business ethics can be both a normative and a descriptive discipline for corporate practices or as an academic discipline or a career specialization. The field is primarily normative in academia and descriptive approaches are employed to it. Professional ethics however is the combination of ethics and professionalism for standard norms and best practices that anchors honesty, integrity, competence, transparency, accountability among others.

Ajayi (2007) stated that ethics originated from the Greek work "ethos" over a long time and a lot of philosophical concepts have also been developed alongside it. It could be said that it is as old as human existence with primitive tendencies and no accurate records/documentation made on it. Therefore, the value system of an organization or profession is synonymous with their organizational/professional culture which will be a system of shared values of its members in terms of integrity, trust, honesty, confidence, transparency, accountability, fairness, equity among other things. No wonder, more emphasis are being placed on good value system/ethics and
professionalism so as to overcome the persistent poor corporate governance, moral decadence, distress and organizational failures happening all over the world.

He further clarified that profession needs to meet the following FIVE basic requirements:

a) The acquisition of knowledge and skills which can be through some system of education and training with which the necessary level of technical competence is not reached until a prescribed period of practical experience is completed in addition;

b) The establishment of a set of recognized ethical norms shared and applied by the members of the profession. Usually, these norms defined what's proper or improper behaviour in providing a professional service for clients.

c) The institutionalization of self-control where members of the profession self-regulate themselves, by strictly complying with the profession's behavioral norms while serving their customers. The corollary, of course, is the defiance of the collective interests of members in dealing with the larger environment;

d) The concept of service and social interest whereby the professional, put in their service at the disposal of clients at an agreed remuneration. Real professional subordinates their own self-interest to those of their customers

e) A scenario where there is an effective community or environmental enforcement of their professional codes as well as the appropriate sanctions for non-compliance.

Esezobor (2010) defined professionalism as the standard of competence and technical skill expected in an occupation. It can only be expected in an occupation and can only be achieved by conscious development of skill, attitude and knowledge through the process of training.

1.1. Research Question

(i) what are the extents that accounting ethics and professionalism assist fraud management in selected Nigerian DMBs?
(ii) what are the socio – economic factors influencing ethical and professional attitudes of workers in Nigerian DMBs?
(iii) what are the effects of compliance effectiveness with accounting ethics and professionalism on fraud management in the selected Nigerian DMBs?
(iv) what are the relationships between fraud occurrence and fraud management practices in selected Nigerian DMBs?

1.2. Conceptual Framework

Accounting Ethics and Professionalism in the banking industry is the legal responsibility of the Central Bank of Nigeria (CBN) on one hand, and self control by the Chartered Institute of Bankers of Nigeria (CIBN) through the instrument known as the Bankers' Committee on the other hand. Therefore, the issue of ethics was in fact the cornerstone of the CBN Governors address at the 2001 Annual Dinner of the Institute in recognition of the criticality and importance of accounting ethics and professionalism in the industry. The institute is responsible for training, educating and imparting banking knowledge on Nigerians to become professionals. It engages in organizing seminars, workshops, conferences and partners in educating people through the Financial Institutions Training Centre (FITC), Central Bank, Bankers Committee, Universities and Polytechnics all over Nigeria. It operates a directorate system with FOUR directorates namely Education and Consultancy, Research and Development, Membership and Finance/Administration. The Institute has a President/Chairman in Council and the National Executive Council (NEC) for the general administration of the professional body.

The institute’s major objective is to train and enhance manpower development in the banking sector as well as advise, consult with policymakers on national economic issues and promotion of the banking system in Nigeria. According to Oyedokun et al. (2011), the institute has been creditibly performing the following functions since its inception.

a) It promotes banking education in Nigeria with a view to helping the banking and finance personnel to acquire modern banking knowledge and techniques to prepare them for higher responsibilities in banks. This is done through standard examinations held and conducted by it (foundation and professional examinations of CIBN). The institute’s Act No. 5 of 2007, Section 3 (a) empowers it in determining what standards, knowledge and skills to be attained by persons seeking to become registered members of the banking profession. In fact, Sanusi (2007) opined that to be called a professional banker; one must be registered with CIBN.

b) It enhances manpower development of the banking sector through the organization of seminars, workshops, public lectures, symposia, continuing professional development lectures for top and middle level management staff of banks. The institute is equally involved in publications of journal named “The Nigerian Banker”, textbooks and magazines in banking and finance generally.

c) It engages in conduct of research into banking theory and practice with emphasis on the local content and tackles their member's professional problem through counseling, mediation and monitoring of their performance through the Disciplinary Committee of the Institute.

d) It facilitates good rapport between bankers and policy makers on latest development globally on banking and finance most especially through the Bankers’ Forum, the Annual Delegate Conference and it operates zoning system for members (Associates, Fellows, and Honoraries) Ogunjemi (2007).
e) It disseminates banking knowledge and information to the general public and liaises with the government in promoting and regulating the banking sector in Nigeria. They hold annual dinner where members and non-members, business sectors interact and share ideas of national interest on finance matters.

f) Lastly, the institute engages in ethical/moral development of their members by establishing professional code of conduct, ensuring its observance and compliance, disciplining and sanctioning of erring members through the establishment of Ethics

Disciplinary Committee by the Bankers Committee since 2001. It is on record that many disputes involving colossal amount of money had been settled among banks through this method (715 cases settled out of 975 as at 2010). However in some cases the committee could be regarded as a toothless bull-dog due to its poor legality in terms of sanctions, penalties and personalities involved. Equally, the institute is seriously campaigning against all the unethical malpractices of bankers and much publicity is being accorded it nowadays especially in the areas of gift and gratification, abuse of office, unauthorized lending, poor corporate governance, frauds and fraudulent malpractices among others. Esezobor (2010) However, ethics training for the professionals should be improved upon by the institute.

Some of the malpractices regarded as unethical and unprofessional in the banking and finance industry ranges from:

- Fraud and forgeries, cheque and signature forgery;
- Falsification of account;
- Cash pilferage or outright cash theft from customers deposits;
- Foreign exchange and letters of credit malpractices;
- Clearing irregularities e.g. suppression of vouchers;
- Account opening malpractices e.g. (source of funds declaration, NDLEA Act);
- Advance fee fraud (419);
- Unauthorized lending and securitization as regards documentation, approvals, security);
- Computer fraud, cheque kitting and ATM fraud;
- Window dressing or sexual harassment of ladies in offices;
- All other acts that are against trust, confidence, honesty, integrity, transparency, competence, loyalty, moral principles such as issuance of dud cheques, collusion, truancy, illegal use and acquisition of bank's properties, etc.

From the foregoing, Omokhuale (2002) summed up that there is the need for honesty, transparency and professionalism on the part of all practitioners in the conduct of businesses but to eschew insider abuses, malpractices, insider dealing and self-serving disposition.

1.3. Accounting Ethics and Professionalism in the Banking Sector

Accounting ethics and professionalism represent one way or approach through which the ethical infractions in the banking and finance institutions are resolved. It is either established by the official regulatory agencies, individual banks or self-regulating organizations of the industry so as to fashion out some behaviors regarded as ethical/standard expected of bankers, clients and the banking public to control their business relationship.

Oluyinka (2002) once stated that the control of ethics and professionalism in the banking industry is the legal responsibility of the Central Bank of Nigeria (CBN) on one hand, and self control by the Chartered Institute of Bankers of Nigeria (CIBN) through the instrument known as the Bankers' Committee on the other hand. Therefore, the issue of ethics was in fact the cornerstone of the CBN Governors address at the 2001 Annual Dinner of the Institute in recognition of the criticality and importance of ethics and professionalism in the industry. This also elicited discussions and activities at various levels to sensitize and instill discipline in the profession and a sub-committee was established by the Bankers' Committee to identify practices considered unethical for the industry, to develop an acceptable code of ethics and professionalism and put in place effective machinery for enforcing compliance with the code.

Ekundayo (1996) also reinstated that the Chartered Institute of Bankers of Nigeria (CIBN) as a professional body remains the undisputable mega force that has had the greatest impact on the standardization of banking practice in Nigeria and the most visible forum for promoting ethics among banking practitioners within the country. He stated further that the institute exists to determine and uphold the highest standards of professional practice in accordance with Section I(Ia) of the institute's Act. This statement corroborates the enactment of Part II (3) of CBN Act 12 (1990) that the Institute should have staff register to foster and monitor ethical standards, professionalism and self regulation in the banking and financial service industry.

The governing principles of the code of ethics and the professional code of conduct for bankers from the CIBN emphasized:

(i) Integrity, probity and moral conduct of members;
(ii) Honesty and no false dissemination or misleading information;
(iii) Professional competence in terms of training, qualification and education to meet current demands of the profession;
(iv) Areas of conflict of interest harmonized with the provisions of the employers' and the institutes' professional code of conduct put in place in the industry.
(v) Professional Discipline of Members: The institute shall have disciplinary tribunal charged with the responsibility of considering and determining any case referred to it by the investigating panel established which would comprise of a Chairman and other members to hear professional misconduct, how to convict, appeals, enforcement of codes, handling of complaints and the striking out of the names of convicts from the institute's register where applicable.
The code also provides for what the Institute constitutes as unethical practices and sanctions for infractions of the provisions. Some of the unethical/unprofessional conducts outlined are conflict of interest, abuse of trust, full disclosure, misuse of information, insider abuse, offer and acceptance of gratifications, non-conformity with standards and guidelines, associating with people of doubtful character, aiding and abetting (Adelabu, 2008).

1.4. Fraud Management

Banks management and the Government have instituted and recommended several measures aimed at curbing the social malice. In spite of these concerted efforts, frauds have been on the increase. If not in number, than in size of amounts involved. It’s continued occurrence has been attributed to the fact that some of the measures put in place or planned to be put in place by both management and Government have not been religiously implemented. However, the single most significant factor responsible for the continued occurrence of the crime is the fact that as one of the practices of the society, that is it is inherent in the human nature “fraud will exist as long as society exists”. (Nwankwo, 1991). Thus, since it cannot be eradicated completely, it can only be controlled or minimized. Such controls which have been recognized to be effective have to be undertaken via the sequence of identification, prevention and detection.

Fraud identification should precede any preventive measure as the success of any measure will be largely dependent on the knowledge of the nature and type as well as the frequency of fraud. Such insight should not be localized or restricted but widened to the entire society. The most prevalent fraudulent practices in the society besides the knowledge of the types and frequencies, the knowledge of the motive(s) for the commission of such acts should be gained, the possibility of the fraud occurring in the bank should also be conceived, especially in the light of the nature and size of it’s operations and the existence of the controls. Such realizations would undoubtedly make banks plan for the inevitable fraud (Nwankwo, 1991). Frauds cannot be eradicated. It is true that all thieves do not think alike so every fraud has its own unique approach, hence, there may be no unique approach to forestall frauds. But the good thing about moves to forestall frauds is that the red flags of forgery beam the light for those with knowledge. How to follow up. The following could manage frauds

i. Effective, efficient and functional internal check and control
ii. An accounting system which is sound in principles and effective in practice too.
iii. Institute obvious deterrents
iv. Appropriate general personnel policies geared towards rewarding performance and stuff punishment meted out to poor negligent performances to serve as a deterrent too others.
v. A close watch in the life- style of staff so as to be able to make special enquires when there is a dramatic change- exhibiting affluence or indigence
vi. Provision of guarantors, referees and bonds
vii. Security measures should be visible and effective to show that the chance of fraudsters being caught is very big
viii. Segregation of duties to ensure that no one person starts and completes a task or entry particularly sensitive ones.

Fraud management is central to fraud prevention, as when fraudsters know their fraudulent acts will be detected with ease, they will think twice before acting. (Nwankwo, 1991) rightly recognizes this by making reference to the statement that “the best deterrent is the certainty of detection”. Like prevention, several measures and controls can be and are been put in place as well as suggested by the banks’ management, Government and to some extent, professional bodies. On the part of the general system of controls or in the form of a special internal audit or both. Banks have put to use the following to detect frauds that have been committed or are about to be committed.

- Regular balancing and reconciliation of accounts at branch and Head Office levels.
- Regular call- over of completed transactions
- Constant checking of cashier’s etc.

The role or function of internal audit in detecting fraud is crucial besides it’s normal function of ascertaining that proper recording of transactions that are in line with established policies and procedures, the internal audit is charge with the responsibility of investigating mal- practices like fraud.

1.5. Research Objectives

The primary objective of this research work is to ascertain whether there is effect of accounting ethics and professionalism on fraud management in some selected NDMBs or not.

1.6. Specific Objectives are

(i) ascertained the extent that accounting ethics and professionalism assist fraud management in some selected Nigerian DMBs
(ii) determined socio – economic factors that influence ethical and professional attitudes of workers in selected Nigerian DMBs.
(iii) examined the effects of compliance effectiveness with accounting ethics and professionalism on fraud management in selected Nigerian DMBs.
(iv) analysed the relationship between fraud occurrence and fraud management practices in Nigerian DMBs.
(v)
1.7. Research Hypotheses

$H_0$: There is no extent to which accounting ethics and professionalism assist fraud management in Nigerian Deposit Money Banks.

$H_1$: There is no relationship between socio – economic factors that influence ethical and professional attitudes of workers in selected Nigerian DMBs.

2. Methodology

Descriptive statistical tools were used for data analysis. This includes tables, frequency distribution and percentages. To test for hypothesis I, we used the accounting ethics such as general integrity, competence, honesty, behaviour and accountability and professionalism variables are educational training and skills acquisition, equipment procurement and information and communication technology while in hypothesis II family background, age professional qualification, educational qualification motivational packages among others were used. Inferential statistical tool used in testing the hypotheses to know the level of significance between the independent variables and dependent variables was Multiple Regression Analysis (MRA). This test was done from the information obtained from the respondents through the use of well designed and structured questionnaire of one hundred and two (112) out of one hundred and twenty (140) questionnaires given out. Multiple Regression Analysis model used was given below:

$$FM_{it} = \alpha_0 + \sum_{t=1}^{n} \alpha_{it} + e_{it} \quad \text{(i)}$$

$$FM_k = f (\text{Professional and Ethics Index}_k)$$

$$PEI_t = \frac{\text{No of Staff Involved in Fraud}}{\text{Total No of Staff}} \times 100$$

Index of staff integrity = \frac{\text{Total number of Staff}}{\text{No of staff Not involved in Fraud}} \times 100 = EPI_{it} = \frac{\text{NoSPI}}{\text{TNospi}} \times 100$$

Where:

FM$_{it}$: Fraud Management in bank i in year t, Int$_{it}$: Integrity of workers of bank i in year t, Mv$_{it}$: Moral Values of workers of bank i in year t, Be$_{it}$: Behaviours of workers of bank i in year t, ETSa$_{it}$: Educational Trainings and Skills acquisition of workers of bank i in year t, Acc$_{it}$: Accountability of worker of bank i in year t, Lq$_{it}$: Level of quality service provided by the bank i in year t, Hon$_{it}$: Honesty of worker of bank i in year t, NoP$_{it}$: Number of Qualified Trained Staff in bank i in year t, ETSa$_{it}$: Equipment Procurement / ICT in bank i in year t, ETSa$_{it}$: Educational Trainings and Skills acquisition of workers of bank i in year t, Acc$_{it}$: Accountability of worker of bank i in year t, Lq$_{it}$: Level of quality service provided by the bank i in year t, Hon$_{it}$: Honesty of worker of bank i in year t, NoP$_{it}$: Number of Qualified Trained Staff in bank i in year t, ETSa$_{it}$: Equipment Procurement / ICT in bank i in year t

3. Analysis and Discussion

A summary distribution of accounting ethics and professionalism combined to professional ethics and its index (Professional and Ethics Index – PEI) are expected to have important implication on fraud management in NDMBs. Esezobor (2010) explained that the combination effect of accounting ethics and professionalism is Professional ethics which involve nexus of written and unwritten norms anchored by Integrity (Int.), Honesty (Hon.), Behaviour (Be.), Competence (Com.) and Accountability (Acc.). Also, professional ethics index as the intervening variables are determined by the total number of staff involved in fraud in a particular bank and a particular year divided by total number of workers in such bank multiplied by hundred (showing percentage of indices) on each of the variables from years 2007 – 2016. Appendix 1 showed the effects of accounting ethics and professionalism variables on professional ethics index (PEI) in NDMBs.

Display of 1% of one these variables by staff of the bank reduces fraudulent and corruptible activities as shown from the indices on the table by 9%, and this in turn creates an increase chance or opportunity in fraud management in NDMBs. This implies that, display of accounting ethics and professionalism by workers at the place of work will reduce fraudulent activities thus increase chance for fraud management in NDMBs as shown on the table. In the year 2007 Staff Integrity Index (SII) was 25% and amount of money involved in fraud during this year was very high compare to 2008 (34%), 2010 (38%), 2011 (35%), 2012 (32%), 2014 (33%) and 201 (31%) where amount of money involved in these years was low. Ditto for Staff Honesty Index (SHI), Staff Accountability Index (SAI), Staff Behaviour Index (SBI), and Staff Competence Index (SCI).

Conversely, there exist a relationship between Professional and Ethics Index (PEI) and Fraud Management (FM); when there is 1% increase in display of SHI, SAI, SBI and SCI there will be 9% decrease or negation on fraudulent activities and 1% increase in SHI, SAI, SBI and SCI will increase Fraud Management (FM) by 9%. This is in line with Transparency International Corruptible Perception Index (TICPI) (2011) where Nigeria was ranked 143 out of 183 Countries based on the prevalence of fraudulent and corruptible practices and thus concluded that reliability and transparency principles related to truthfulness, candor, openness and stewardship, pursuit of
excellence, accountability, dignity and objectivity among others assisted in reducing fraud, detection, corruptible practices and fraud management.

Table 4.2 showed Pearson Chi Square Analysis of the extent that accounting ethics (AE) and professionalism (P) assist Fraud Management (FM) in NDMBs. A display of integrity (Int) assist fraud management (FM) by 1.12%, t = 2.15 and P > /t/ = 0.0003** indicated significant effects of integrity (int.) on fraud management in NDMBs, this affirms organization benefits from its own experience that emanate from complex set of practices, systems and relationships which link organization’s vision, mission, values and integrity to desired outcome and results. Honesty (Hon.) is another important variable in AE and P which helps in fraud management, indication from the display of honesty assist fraud management by 0.23%, t = 3.19 and P > /t/ = 0.0012*, implies the existence of an organization sometimes deduced from the goodwill such organization has created through its workers.

The longer the years of workers in such organization, the longer the number of years such organization spent rendering critical services to people and this has a strong influence on its ability to sustain social values through being honest in NDMBs. Accountability (Acc) also has important role it plays on FM this is indicated by 0.08%, t = 2.21 and P > /t/ = 0.0000*** this is interpreted as organization with combination of different elements tightly interwoven into a virtuous cycle of performance and amplification of individual’s contributory element that proffer solutions to problems as they occur in day-to-day business operations which is only possible through accountability indicated by 0.24% t = 1.11 and P > /t/ = 0.0001* indicate strong significant effect of FM in NDMBs. Likewise, Number of Qualified Trained Staff (NQTS) increases FM by 1.31%, t = 2.12 and P > /t/ = 0.0004* which indicate positive significant effects on FM NDMBs. Educational Training and skills Acquisition (ETSa) increases chance of FM by 0.21%, t = 1.19 and P > /t/ = 0.1321 provides strong effect on FM in NDMBs. Level of quality services (Lqs) is another important indicator on FM in NDMBs. This is because it increases the chance of FM by 0.34%, t = 3.16 and P > /t/ = 0.0001* indicated statistical significant effects on FM in NDMBs. Competence (Com) increases the chance of FM in NDMBs indicated by 0.471%, t = 2.17 and P > /t/ = 0.0042 and lastly EP/ICT increases by 0.8% t = 3.18 and P > /t/ = 0.0000**

Table 4.3 showed the correlation results which further affirmed the extent to which accounting ethics and professionalism assist fraud management in NDMBs which is shown through the coefficient of determination of R – squared (R²) = 0.58912 (59) and Adjusted R² =0.6000 (60%), F – statistics = 26.81 and Prob. > F = 0.0000*** confirmed the strong significant extent that accounting ethics and professionalism assist fraud management in NDMBs. Then, we accept alternative hypothesis that accounting ethics and professionalism assist fraud management to some extent in NDMBs and reject null hypothesis.

Table 4.4 and 4.5 showed the regression and fixed effect results of the extent that accounting ethics and professionalism assist FM in NDMBs. From the table, it can be deduced that integrity (Int) had significant relationship with Honesty (Hon) which is indicated with 0.0028*, likewise, Behaviour (Be) had significant relationship with Honesty (Hon) which is indicated with 0.00325*, competence (Com) had positive significant relationship with Honesty (Hon) indicated with 0.003*, with Behaviour (Be) indicated with 0.233*. Furthermore, the correlation coefficient between Education, training and skills Acquisition (ETSa) indicated 0.022** with Behaviour (Be) and 0.321* competence (Com), ETSa is positively correlated with integrity (Int) indicated with 0.0218*, Honesty (Hon) indicated with 0.2122, Behaviour (Be) indicated with 0.431, with competence (Com) indicated with 0.0123* and lastly with EP/ICT indicated with 0.234*.

Therefore, hypothesis formulated to ascertain the extent that accounting ethics and professionalism assist fraud management in NDMBs is accepted because of the p – value (0.0000*** (3 asterisks)) of alternative hypothesis which is less than 0.05 and rejected the null hypothesis. Therefore, there is extent that accounting ethics and professionalism assist fraud management in NDMBs. This is in line with Essebor (2010), Sang (2014), Odozi (2006) and Dorminey et al. (2011) explained that EP/ICT combined with ETSa have strong relationship with fraud management. We therefore, reject null hypothesis and accept alternative hypothesis that accounting ethics and professionalism assist fraud management in NDMBs to some extent.

Table 4.2. Hypothesis 1: Pearson Chi – Square analysis table showing results of the extent that accounting ethics and professionalism assist FM in NDMBs

<table>
<thead>
<tr>
<th>S/N</th>
<th>Relationship</th>
<th>Pearson Chi –Square value</th>
<th>Pr. (Value)</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Int. vs FM</td>
<td>92.8762</td>
<td>0.0000***</td>
<td>Significant</td>
</tr>
<tr>
<td>2.</td>
<td>Acc. vs FM</td>
<td>101.6783</td>
<td>0.0000***</td>
<td>Significant</td>
</tr>
<tr>
<td>3.</td>
<td>Hon. vs FM</td>
<td>75.9314</td>
<td>0.0000***</td>
<td>Significant</td>
</tr>
<tr>
<td>4.</td>
<td>Be. vs FM</td>
<td>93.1193</td>
<td>0.0003**</td>
<td>Significant</td>
</tr>
<tr>
<td>5.</td>
<td>Mv. vs FM</td>
<td>78.9718</td>
<td>0.0004**</td>
<td>Significant</td>
</tr>
<tr>
<td>6.</td>
<td>Com. vs FM</td>
<td>121.9831</td>
<td>0.0005**</td>
<td>Significant</td>
</tr>
<tr>
<td>7.</td>
<td>NoQTs. vs FM</td>
<td>132.8614</td>
<td>0.0000***</td>
<td>Significant</td>
</tr>
<tr>
<td>8.</td>
<td>ETSa. vs FM</td>
<td>132.7864</td>
<td>0.0002**</td>
<td>Significant</td>
</tr>
<tr>
<td>9.</td>
<td>Lqs. vs FM</td>
<td>10.88645</td>
<td>0.0000***</td>
<td>Significant</td>
</tr>
<tr>
<td>10.</td>
<td>EP/ICT vs FM</td>
<td>80.67896</td>
<td>0.0003**</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Author’s Computation, 2018. Predictors: (constant term) Integrity, Competence, Honesty, Accountability, NoQTs, ETSa. Lqs., EPI/ICT. ***Significant level of P (<0.05) i.e. 5%
Tables 4.6, 4.7, 4.8, and 4.9 showed Pearson Chi Square Analysis, Correlation results and Fixed Effects of the relationship between socio-economic factors and attitude of workers causing the act in NDMBS. Depicted from the tables, there are strong and significant relationship between the variables mentioned in the analysis and FM. Putting family background (Fb) aside, Age (Ag) Marital Status (Ms), Educational qualification (Eq), Professional qualification (Pq) and Motivational Packages (Mp) with coefficient estimates of 0.0323, 0.0333, 0.0542, 0.0347 and 0.0635 respectively have significant effects on FM. All the explanatory variable showed that older people are more likely to commit fraud so as to liberate the themselves from penury; likewise, workers of any age could attempt to commit fraud, but the number and the amount of fraud are higher with older people. The fraud that the other people commit is twenty – eight percent (28%) higher than the one commit by young people. Furthermore, correlation among Marital Status (Ms), Family Background (Fb) and Age (Ag) with values 0.0333*** and 0.0422** indicate attempts of workers who are married are higher than that of unmarried people while, married workers have children and wife (wives) to cater for;
unmarried workers have none to cater for and thus attempts to commit fraud influence their ethical and professional standards.

Also, correlation relationship between Educational qualification (Eq) Family background (Fb) Age (Ag) and Marital Status (Ms) with values 0.0542, 0.0451, 0.0641, professional qualification (Pq) with Fb, Ag, Ms and Eq with values 0.0347, 0.02110, 0.0112 and 0.0432 depicts level of intelligence that workers take advantage of to committing fraud. The amount of fraudulent crimes are much higher with employees or workers who had received good education which implies, the higher the level of education, the higher the numbers of fraud. Workers with intelligent quotient (IQ) always tamper, challenge and try to hack into the internal control structure and security system of the companies.

Finally, correlation relationship between motivational package (Mp), Family background (Fb), Age (Ag), Marital Status (Ms), Educational qualification (Eq) and professional qualification (Pq) from all indications explained it all from the values depicted from 0.0635, 0.0416**, 0.453, 0.0321** and 0.0671 respectively indicated that there are many motivators from fraud ranging from financial need, debts, poor credit, drug or gambling addition and family pressure. Workers discuss emotional motives among themselves and attempt fraud to make organization pay for perceived inequalities. Also, most motivations for fraud are related to greed always lead to unethical behaviours which influence their attitudes to committing fraud.

Therefore, hypothesis formulated to determine the relationship between socio-economic factors and attitude of workers causing the act in NDMBs is accepted because of the p – value (0.0000*** (3 asterisks) of alternative hypothesis which is less than 0.05 and rejected the null hypothesis. Therefore, there is strong relationship between socio-economic factors and attitude of workers causing the act in NDMBs. This is in line with Ozkul and Pamackul (2012) who came up with features of people who commit fraud and that those features should serve as guide for fraud management.

**Table 4.6. Hypothesis 2: Pearson chi – square analysis table of relationship between Socio – Economic factors and attitude of workers on Fraud Management in selected NDMBs**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Relationship</th>
<th>Pearson Chi –Square value</th>
<th>Pr. (Value)</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Fb vs FM</td>
<td>81.8291</td>
<td>0.0001**</td>
<td>Significant</td>
</tr>
<tr>
<td>2.</td>
<td>Ag vs FM</td>
<td>100.0934</td>
<td>0.0000***</td>
<td>Significant</td>
</tr>
<tr>
<td>3.</td>
<td>Ms vs FM</td>
<td>87.0921</td>
<td>0.0000***</td>
<td>Significant</td>
</tr>
<tr>
<td>4.</td>
<td>Eq vs FM</td>
<td>97.9818</td>
<td>0.0003**</td>
<td>Significant</td>
</tr>
<tr>
<td>5.</td>
<td>Pq vs FM</td>
<td>122.022</td>
<td>0.0002**</td>
<td>Significant</td>
</tr>
<tr>
<td>6.</td>
<td>Mp vs FM</td>
<td>12.422</td>
<td>0.0000***</td>
<td>Significant</td>
</tr>
</tbody>
</table>

*Source: Author’s Computation, 2018. Predictors: (constant term) Family background, Age, Marital Status, Educational Qualification, Professional Qualification and Motivational Package. ***Significant level of P (<0.05) i.e. 5%*

**Table 4.7. Correlation Results Analysis showing the relationship between Socio-Economic factors and attitude of workers on Fraud Management (FM) in NDMBs**

<table>
<thead>
<tr>
<th>Fb</th>
<th>Ag</th>
<th>Ms</th>
<th>Eq</th>
<th>Pq</th>
<th>Mp</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0000</td>
<td>0.0323</td>
<td>0.0013***</td>
<td>0.0542***</td>
<td>-0.0347</td>
<td>0.0635</td>
</tr>
<tr>
<td>1.0000</td>
<td>0.0422***</td>
<td>-0.0451</td>
<td>0.0210***</td>
<td>-0.0415</td>
<td>0.543</td>
</tr>
<tr>
<td>1.0000</td>
<td>0.0641</td>
<td>0.0112**</td>
<td>0.0432***</td>
<td>0.0321</td>
<td>0.0671</td>
</tr>
<tr>
<td>1.0000</td>
<td>1.0000</td>
<td>1.0000</td>
<td>1.0000</td>
<td>1.0000</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

*Source: Author’s Computation, 2018. Predictors: (constant term) Family background, Age, Marital Status, Educational Qualification, Professional Qualification and Motivational Package. ***Significant level of P (<0.05) i.e. 5%*

**Table 4.8. Regression Analysis showing the relationship between Socio – Economic factors and attitude of workers on Fraud Management (FM) in NDMBs**

<table>
<thead>
<tr>
<th>Model</th>
<th>No of Obs. Frequency</th>
<th>R – Square</th>
<th>Adjusted R – Square</th>
<th>Root MSE</th>
<th>Pr.(Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>114</td>
<td>0.5586</td>
<td>0.5613</td>
<td>0.1645</td>
<td>0.0000***</td>
</tr>
</tbody>
</table>

*Source: Author’s Computation, 2018. Predictors: (constant term) Family background, Age, Marital Status, Educational Qualification, Professional Qualification and Motivational Package. ***Significant level of P (<0.05) i.e. 5%*
4. Conclusions and Recommendations

This research has shown that fraud has been an upward trend in the banking industry despite the control measures claimed to have been operated in the individual banks. Members of staff of any banking establishment must of necessity develop certain sterling qualities to be able to combat frauds effectively. That is their integrity, honesty, competence, behaviour and accountability should not be doubted and they should be seen to possess very high degree of objectivity. Therefore, the success of any effort to combat bank fraud depends to a large extent on the quality of its leadership, in that they should execute any plan aimed at sampling out frauds and workers with different levels of skills and talent must work together under effective leadership. As we know, fraud being an integral part of human nature and existence, just as the complexities of man is, this study therefore evidently points out the causes, types as well as the methods to it's effects. For instance, the variety of causes uncovered indicate that no particular class effectors can be used to explicitly explain a particularly fraudulent behaviour precisely, as in many cases, a combination of many is essential for the successful execution and sustenance of a fraudulent act, such as the personal motive for getting rich quick aided by the opportunity presented by lapses of professional ethics, or the mode of the society which is receptive to over-night riches without questions.

Similarly, related to the above is the fact that fraud will be difficult to eradicate completely. It is not surprising therefore that while several hundreds of bank executives and other staff are being incarcerated and imprisoned for fraud, others are busy planning and executing it; this is evident in the sharp rise in fraudulent acts in 2007 - 2016 as seen earlier because of low index of staff integrity, honesty, competence, behaviour and accountability while several thousands are being dismissed on account of fraud, others who read the reports are coming up with newer, more sophisticated ideas to commit the very crime as well as the ever-tightening measures being instituted by banks are being over- ridden daily, sometimes even by those who instituted them. Fraud at best of my knowledge cannot be totally eradicated, but can be minimized. However, this study does not claim to have been exhaustive, given the research design, and particularly the limitations the researcher faced, the researcher would not be surprised if subsequent studies confirmed or disproved them. This is the challenge therefore before future researchers, including more focused studies in the various aspects of the important subject, such as accounting ethics and professionalism, socio-economic factors, compliance effectiveness with rules and regulations and fraud management practices undertaken in the study.

The recommendations are as follows:

4.1. Adequate Training of Staff

Staff deserves to be trained continuously to broaden their banking knowledge. This will enable them acquire some know-how on how to identify and prevent fraudulent practices. Inexperienced staff must not be exposed to work in sensitive areas in the bank. The Nigerian Institute of Bankers must therefore ensure that bankers are given continuous professional training. Banks should strengthen their management control systems especially regular auditing and inspection, enforce annual leave, dual control of sensitive areas, limit of authority, segregation of duties which should be clearly spelt out in the operational manual is to be religiously adhered to and disciplinary measures adopted promptly without fear or favour.

4.2. Motivational Packages

Banks should strive to remunerate their workers adequately to enable them to meet at least their basic needs, ensuring that they pay competitive wages and salaries. These should serve as appropriate motivator, alongside other welfare issues as due promotion, given a sense of belonging and fair and just treatment to all staff to prevent some from being segregated or alienated. Bank’s management should exhibit exemplary leadership and conducts that do not encourage fraudulent activities. This is because where there is a fraudulent management in existence; it would be difficult to prevent the other staff from participating equally in frauds.

4.3. Job Security

Workers should be guaranteed the security of their jobs as well as well-articulated benefits upon retirement; otherwise they may resort to the quicker way-out-fraud. Where workers can be or are fired at the slightest mistake and without any chance of hearing and redress, they are prone to revisiting such on the bank. It becomes more
serious when erstwhile employees feel they have been unfairly treated, relative to other with respect to termination of employment. The core operating staff should be the centre of focus of supervision, careful and adequate monitoring especially clerks and cashiers or teller; and immediate staff such as supervisors and accountants that are prone to collude with others to commit fraud. Besides, these categories of staff should be adequately trained so as not to commit mistakes that they or others can easily exploit.

4.4. Disciplinary Proceedings

Penalties for fraudulent practices in banks and other institutions should be made tougher than as currently the case, if they are meant to deter others. A situation where Managing Directors and other staff of banks are given less than 5 years imprisonment with options of fines as a fallout of the failed Banks Tribunal’s judgments for engaging in fraud involving millions of depositors’ money while petty thieves and armed robbers receive life sentence and sometimes capital punishment certainly does not augur well for the much talked about war against bank fraud. Pueto and Pueto (2010) in the law court said in Latin words when some perpetrators were apprehended that “Nemo dat quod non habet”, "ignoranta juris non excusat” meaning “you should not take what is not yours, if you did, you would be punished severely according to the law, because ignorant of law is of no excuse.

4.5. Control Environment

The principal weapons for fraudsters should be subjected to intense scrutiny to detect forgeries, with all mandates and specimen signatures under secure custody and control of staff of unquestionable integrity. Banks recruitment (selection) and employment policy should emphasize experience and people with academic and professional qualifications in relevant fields i.e. accounting, management and other related disciplines, and not just any field as is currently the case with most banks. Appointment into sensitive positions particularly should be based on merit, adequate experience and basic qualification.

4.6. Increased Supervision and Monitoring by Regulatory Agencies

The Central Bank of Nigeria, the Nigerian Deposit Insurance Corporation, the Securities and Exchange Commission, the Corporate Affairs Commission, the NDLEA and other relevant supervisory and regulatory bodies should ensure they genuinely increase their roles sanctioning erring banks were appropriate. The NDIC and CBN particularly, should not only implement all the empowering laws, but ensure that their staff or units who help banks’ staff to perpetrate frauds and conceal same be disciplined-sacked and handed over for prosecution.

4.7. Separate Evaluations

Proper credit analysis, including confirming the existence of the credit applicants, strict enforcement of credit limits by top-most management who should lead by examples by refusing credit to friends and relatives adjudged unqualified by credit analyst, loans and advances should be adequately secured (i.e. adequately covered with collateral) with due ascertainment of all securities provided at the land registry. Disbursement of approved loans should strictly be in accordance with the conditions of approval, and follow up for proper utilization of facilities necessitated, not to leave the officer in doubt as to the genuineness of the application and his real identity.

4.8. Adequate Inspection and Observation

Ensuring that all entries are adequately supported by source documents must be appropriately authorized and approved by the respective different staff before being posted into the day to day transactions. Besides the banks ensuring that they take up required fidelity bond coverage for staff, the NDIC should strive to enforce the provisions of the NDIC Decree requiring it. When banks pay heavy premiums they would tend to tighten their control measures.

4.9. Implementation of Relevant Legislation

Government on their own part should ensure that the relevant implementation agencies do carry out their duties with minimum interference from executive arms. Banking laws relating to fraudulent and other illegal acts should be implemented to the letter, devoid of favouritisms or selectivity as was alleged in the implementation of the Failed Bank Decree.

4.10. Information and Communication (Whistle Blowing Policy)

All the relevant government agencies, especially those enforcing the laws concerning economic particularly and other crimes do so without bias or favour. The courts should speed up the justice dispensing acts to ensure that fraudsters are promptly convicted to prevent others from indulging also in fraud. The police and other investigating agencies should be made to be conversant with banking procedures and practices so that investigations and prosecutions of suspects are handled properly. Beside, the police should be well enumerated so as to minimize the tendency to receive bribes from suspects thereby doing no good to the system and encouraging other to engage in criminal acts. On their part, bank management should co-operate with the police and other agencies in their investigations and prosecutions of suspects.
References


