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FRAUD AND FORGERY IN A CASHLESS ECONOMY: HOW EFFECTIVE ARE THE INTERNAL CONTROLS OF DEPOSIT MONEY BANKS IN NIGERIA?

Abstract:

The purpose of this study is to understand the extent to which the internal control system employed by Nigerian Deposit Money Banks are able to curb fraud and forgery in the cashless economy we live in. The study comprises the entire population of deposit money banks under the supervision of CBN (Central Bank of Nigeria). Annual reports and publications by CBN for the period 2004-2016 were analyzed using trend analysis and OLS (Ordinary least square) regression was employed as the estimation technique in the study. The study finds that while there is an upward trend in VOCBT (Volume of Electronic Card Based Transactions), VACBT (Value of Electronic Card Based Transactions) and VORAFF (Volume of Reported Attempted Fraud and Forgeries), there is a sideways trend in VARAFF (Value of Reported Attempted Fraud and Forgeries), VASFF (Value of Successful Fraud and Forgeries) and FR (Failure Rates of Internal Controls employed Nigerian Deposit Money Banks). The research also found that there is a significant positive relationship between VORAFF and VOCBT.

Keywords:

Cashless Economy, Internal Controls, Fraud, Forgery, Electronic Card Based Transactions.

JEL Classification: M40, M40, M40