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Original Research Article

FORENSIC ACCOUNTING AND FRAUD MITIGATION IN THE NIGERIAN BANKING INDUSTRY

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Abstract

Fraud is an economic and social menace with multiplier adverse consequences on individuals, organizations and the society at large. Hence, the Fraud Box key Model (FBKM) was used as one of the palliative measures to eradicating and proffering a permanent solution to this monster called fraud. The aim of this study was to ascertain the effectiveness of forensic accounting as a corporate governance tool in reducing fraud and improving internal control systems in the Banking Industry. A Likert scale questionnaire was designed and used as the research instrument for data generation from respondents. 120 questionnaires were administered to bankers in Benin City using the judgmental sampling technique. Data obtained were analyzed using Binomial test. Findings from the study revealed that forensic accounting aside significantly reducing fraud in the banking industry, has helped to improve considerably the internal control systems of banks. It was recommended that the regulatory agencies and shareholders should strictly enforce forensic accounting of banks and ensure that both internal control and internal audit staff embrace this emerging trend. Similarly, accounting professional bodies and academic institutions should provide the required specialized courses to ensure that forensic accounting personnel are adequately trained. Bank employees should be duly sensitize on the dangers inherent in fraud and the imperative of morals. Finally, stakeholders should cooperate to ensure a fraud free banking industry.

Keywords: *Forensic accounting, Fraud, Fraud Box key model, Internal Audit internal control system.*
JEL Classification: *M410*

1.0 INTRODUCTION

Fraud is a global phenomenon that has been in existence for long and it increases day by day (Inaya & Isito, 2016). It is a source of worry in developing countries as it has assumed an alarming rate. The costs of fraud are passed on the society in form of increased customer inconvenience, opportunity costs, unnecessary high prices of goods and services, and criminal activities funded by the fraudulent gains (Ijeoma & Aronu, 2013). Fraud has been linked with human organization from recorded history but its extermination has been hard to pin down in most parts of human society and civilization.

Fraud is a generic category of criminal conduct that involve the use of dishonest or deceitful means in order to obtain some unjust advantage or gain over another (Okoye, Maimako, Jugu, & Jat, 2017). Banks are institutions that are involved in the business of financial intermediation and therefore mobilsation of deposits/savings from the surplus economic units to the deficit economic units often for investment purposes which promotes economic growth and development. The regulatory authorities in the Nigerian banking industry have continually formulated and implemented policies and reforms that will remove systemic and financial crises, reduction of fraud as well as strengthen the market mechanism. Fraud is a toxic virus that has characterized both private and public institutions globally. Fraud is the number one enemy of business growth the world over (Inaya & Isito, 2016). The banking industry does not operate in vacuum, fraudulent practices are perpetuated in the industry as well. The banking industry falls victim to fraudulent acts, suffers and bears the brunt (Olaoye & Dada, 2014).

The spate of fraud in the banking industry has lately become an embarrassment to the nation as apparent in the seeming inability of the law enforcement agents to successfully track down culprits (Idolor, 2010). Hence, there must be concerted efforts to ensure that fraud is eradicated or at least minimized in the industry.

Traditionally, auditor is to independently examine the books of accounts and the supporting documents in line with the relevant laws and standards as well as the terms of engagement in order to express opinion as to whether or not the financial statement shows a true and fair view of the entity’ transaction in the period under review. Similarly, management is to institute mechanism that will prevent and detect fraud. Hence, auditors are not expected to prevent or detect fraud. However, they can draw management's attention to weaknesses in the internal control system that will aid fraud and/or identify material misstatements in the books of accounts.

Modugu and Ayaduba (2013) defined Forensic accounting as the tripartite practice of utilizing accounting, auditing and investigative skills to assist in legal matters. Forensic accounting is the application of analytical, arithmetical, auditing and investigative skills acquired by an Accountant in evidence gathering and adjudication for legal matters, without causing harm or molestation to the culprit (Saidu, 2015). It is a sub-discipline in accounting which specializes in financial expertise, fraud knowledge, sound knowledge and understanding of business reality as well as the workings of the legal system. Proactive forensic accounting can be used to prevent fraud and reverse income leakages and ultimately restore confidence in accounting profession as well as save banks from these incessant frauds. Forensic auditing should be responsible for digging out frauds committed through application of auditing, accounting, and investigative techniques in order to come up with sufficient evidence that can be used in Court proceedings (Albrecht & Albrecht 2001).

The spate of fraud in the banking industry demands proactive measure by the accounting profession to proffer solution to this menace. The Forensic Accountant is able to provide litigation support and investigative accounting. Forensic accounting is currently said to be the panacea to fraud as the traditional audit seems to have failed in the wake of major scandals globally (Okoye & Gbegi, 2013). The general expectation is that forensic accounting will bridge this gap by preventing and detecting frauds as well as gather sufficient evidence to prosecute those behind this financial misfeasance that has characterized all sectors of the economy.

The general objective of this study is to investigate forensic accounting and fraud mitigation in the Nigerian Banking industry. Flowing from above, the specific objectives of the study are to: examine the effectiveness of forensic accounting in reducing fraud in Nigerian banking industry; examine whether forensic accounting improves bank's internal control.

2.0 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Conceptual Framework

Fraud can be described as inducing a course of action by deceit or other dishonest conduct, involving acts or omissions or the making of false statements, orally or in writing, with the object of obtaining money or other benefit from, or evading a liability to another (Okoye et al, 2017). Fraud is any practice that involves deceit or other dishonest means by which benefit is obtained from another. Fraud refers to anything calculated to deceive, whether by a single act or combination, or by suppression of the truth, or suggestion of what is false, whether it is by direct falsehood, by speech or silence, word of mouth, look or gesture (Saidu, 2015). Kantudu (2008), further elaborated that fraud is a generic term, and embraces all the multifarious means which human ingenuity can device, which are resorted to by one individual, to get an advantage over another by false representations. Examples of bank fraud are cheque kiting, accounting fraud (e.g. uninsured deposit and demand draft fraud, fraudulent loans disbursement, rogue traders, fraudulent loan applications, stolen cheques, forgery and altered cheques, wire transfer fraud, payment card fraud (booster cheques, stolen payment cards and duplication or skimming of card information), fraudulent financial statements, bill discounting fraud, identity theft or impersonation, forged or fraudulent documents, payroll fraud, phishing and internet fraud, fictitious bank inspector, prime bank fraud, money laundering, and so on.

There is plethora of forensic accounting definitions in the literature. Rezaee (2004) defined forensic accounting as the practice of rigorous data collection and analysis in the areas of litigation support consulting, expert witnessing and fraud examination. Dhar and Sakar (2010) viewed forensic accounting as the application of accounting concepts and techniques to legal problems. It often requires reporting and where fraud is established, the report is considered as evidence in the Court of law or in administrative proceedings. It involves accounting analysis admissible in court and forms the basis of discussion, debate and ultimately dispute resolution (Aburime, 2008). Adegbie and Fakile (2012) described forensic accounting as the application of investigative and analytical skills in a manner that meets standards required by courts of law. Manning (2002) also defined forensic accounting as the application of financial accounting and investigative skills, to a standard acceptable by the courts, to address issues in dispute in the context of civil and criminal litigation. Damilola and Olofinsola (2007) defined forensic accounting as the application of criminalities methods and integration of the accounting investigative activities and law procedures to detect and investigate financial crimes and related economic misdeeds.

Singleton and Singleton (2004) stated that according to some, forensic accounting is one of the oldest professions and it dates back to the Egyptians. The “eyes and ears” of the king was a person who basically served as a forensic Accountant for Pharaoh, watchful over inventories of grain, gold and other assets. From the above definitions it can be said that forensic auditor are financial experts which use and applies scientific knowledge to detect fraud and crime in legal matters, which may be criminal or civil disputes. Forensic Accounting services generally involves the application of special skills in auditing, accounting, quantitative methods, finance, specific areas of the law, information and computer technologies research and investigative skills to collate, analyze, and evaluate evidential matter which in the forensic area is called the evidence. From the above it could be said that forensic auditor possesses expertise skills and can be called to carry out investigation on financial matter which may be used in law court. Also, he can be called upon to act in the law court to give evidence on issues relating to financial fraud.

Bhasin (2007) noted that the objectives of forensic accounting include: assessment of damages caused by an auditor`s negligence, fact finding to see whether an embezzlement has taken place, in what amount, and whether criminal proceedings are to be initiated; collection of evidence in a criminal proceedings; and computation of asset values in a divorce proceedings. Manning (2005) noted earlier that the services of forensic accounting are utilized in areas such as accounting, antitrust, damages, analysis, valuation, and general consulting. Forensic accountants’ services can also be needed in royalty audits, personal injury claims, insurance claims, divorces, bankruptcy, fraudulent claims, construction, royalty audits, and tracking terrorism by investigating financial records.

Theoretical Framework

Several extant literatures on fraud theories exist, among these are the Fraud Triangle Theory (FTT), Fraud Diamond Theory (FDT), Fraud Box Key Model (FBKM), Differential Opportunity Theory (DOT), Theory of Concealment, Cultural Transmission/Differential Association Theory, Anomie Theory of deviant Behaviour and so on.

The Fraud Triangle Theory (FTT) is associated with Donald R. Cressey in his book titled "Other People's Money", published in 1953. The fraud triangle theory asserts that the commission of fraud is as a result of interaction between perceived pressures (often financial), perceived opportunity and rationalization. Hence, for fraud to occur, these three elements must be present. Pressure, which is a significant financial need or problem, is frequently what causes the act of fraud. Opportunity facilitates the ability to commit fraud, (Okoye et al, 2017). Rationalization connotes the justification of the fraud as consistent with the employees'/fraudsters' personal code of ethics.

The Fraud Diamond theory (FDT) which is an expanded version of the Fraud Triangle Theory was propounded by Wolfe and Hermanson in 2004. It added capacity as a fourth dimension to the earlier triangle. It believes that the presence of pressure, opportunity and rationalization alone cannot lead to fraud except the person/employee has the capacity to commit that fraud. They opined that Opportunity opens the doorway to fraud, and pressure and rationalization can draw a person towards fraud. However, for fraud to be committed, the person must have the capacity to recognize the open doorway as an opportunity and take advantage of it by walking through it (Okoye et al, 2017). Capacity is the possession of relevant traits or skills and ability to turn such opportunity to a reality. Hence, capacity connotes understanding of the internal control system and its lapses that could be exploited in planning and implementation of the fraud.

The Fraud Box Key Model (FBKM) was propounded by Okoye and Onodi in 2014 as the immediate response to the long endured lapses of FTT and FDT. It is an expanded version of the Fraud Diamond Theory. It added a fifth perspective which is corporate governance. FTT and FDT tend to bother on the reasons and ways of committing fraud without reliable corresponding response to how to stop the fraud. The FBKM believes that no matter how strong the pressure may be, no matter how accessible the opportunity may be and no matter the rationale and capacity of the intending fraudster may be, once there is effective corporate governance in place as a key, the whole intentions will amount to nothing (no room to execute the fraud).

Differential Opportunity Theory (DOT) according to Owolabi (2010) posits that everybody has the opportunity to commit fraud but such opportunity is guided by accessibility of the fraudsters to the accounts, premises, assets, computer system and so on; skills required to identify and use such opportunity; and availability of adequate time to plan and execute the fraud.

The Theory of Concealment opined that fraudsters intentionally introduce concealment, usually in form of disguise, alteration, confusion, delay, and so on, during or after the act in order to hide or assist in its omission. The fraudster does everything possible to hide the loss and evidence that will link him/her as the fraudster.

The Cultural Transmission/Differential Association Theory as propounded by Sutherland (1949). It states that deviant behaviour and the norm of conduct as well as cultural beliefs are product of the society that are learnt by people as members of a society or social group in a society (Okoye et al, 2017).

The Anomie Theory of deviant Behaviour is associated with Robert K. Merton in 1938. Anomie also called normative breakdown and some forms of human behaviour are as a result of a disjunction between 'culturally prescribed aspirations' of a society and 'socially structured avenues for actualising those aspirations' (Garfield, 1987). The gap between people's aspirations and their access to legitimate means of achieving it results to breakdown of values, at both societal and individual levels. The members of the society who do not have access to the culturally prescribed aspirations through legitimate means may resort to deviant behaviour such as aggressive criminal behavior, aggressive revolutionary political behaviour, and retreat into psychosomatic illness or ritualism. Deviations from accepted procedures are often first symptoms of fraud (Okoye et al, 2017).

The Fraud Box Key Model, which is an improvement on the fraud triangle and fraud diamond theories, does not only provide reasons and ways for fraud acts (the why and how), but also recommended corporate governance as a panacea to this menace. Corporate governance generally is the measures put in place to ensure that organizations are run (manage) in the interest of the owners and not just the managers. Ordinarily, it was generally believed that the external auditors' entrenchment in most corporate governance code was sufficient to protect the interest of the owners. However, the high rate of corporate failures has shown that there is a need to include forensic accounting in corporate governance to curb frauds and other criminal activities. Hence, can the fraud box key model actually curb fraud in the organization using forensic accounting as a proxy for corporate governance?

Empirical Review

Studies of the Nigerian public sector show that fraud occurrences can be reduced using forensic accounting skills (Igweonyia, 2016; Ozuomba, Ofor, & Okoye, 2016) and that the services of trained forensic accountant are required in order to reduce economic crimes and corruption (Okolie, 2014). Forensic Accountants play a role in litigation support services in the public sector and play a significant role in curbing crime and corrupt practices in any public sector through provision of mechanism to hold people accountable as well as minimizing cases of abuses without detection (Mukoro, Yamusa, & Aboyede, 2013). Government should concentrate in forensic accounting for observing and enquiry of alleged fraud incidents (Kamal & Tanim, 2016).

Previous studies have shown that fraud reduction is significantly and positively related to fraud investigation and detection through forensic accounting (Dada, Owolabi, & Okwu, 2013; Madumere & Onumah, 2016). Ehioghiren and Atu (2016) found that forensic accounting significantly influences fraud detection and control. Forensic accountants have significant higher levels of capability and competence (Knowledge, Skills and Task performance fraud risk assessment) than auditor in respect of fraud prevention, detection and response (Popoola, Ahmad, & Samsudin, 2016). The study confirms significant positive relationship of skill requirement on task performance, fraud risk assessment and Knowledge Requirement on Task performance fraud risk assessment. There is a significant positive association between forensic accounting and financial reporting (Madumere & Onumah, 2016). Forensic accounting skills have some significant impact on forensic audit and fraud investigations in Nigeria (Saidu, 2015). There is significant agreement amongst stakeholders on the effectiveness of forensic accounting in fraud control, financial

reporting and internal control quality (Modugu & Anyaduba, 2013).

Bassey and Ahonkhai (2017) found that forensic accounting and litigation supports do not have significant effect on fraud detection in Nigerian companies (banks).

Eyisi and Ezuwore (2014) concluded that forensic auditors have improved management accountability, strengthened external auditor's independence and assist audit committee members in carrying out their oversight function by providing them assurance on internal audit report. These have impacted positively on corporate governance, thereby reducing corporate failure and impoverishment of investors. Enofe, Ekpulu, and Ajala (2015) found that forensic accounting could be a valuable tool in strengthening corporate governance. They recommended that forensic accounting should be included in the corporate governance code.

Forensic accounting is an effective tool for combating economic financial crimes in banks and it enhances corporate governance in the banking industry (Adegbie & Fakile, 2012; Enofe, Utomwen, & Danjuma, 2015; Ezejiofor, Nwakoby, & Okoye, 2016). It reduces fraud in the banking industry (Agbaje & Adeniran, 2017). Forensic investigation and forensic litigation were statistically significant in explaining changes in financial performance of commercial banks in Nigeria as it has helped to mitigate financial irregularities (Odelabu, 2014). Accounting is significantly useful in fraud control and reduction in the Nigeria Banking Industry and positively influence banks performance (Oladejo & Oluwaseun, 2015). Application of forensic accounting services affects the level of fraudulent activities of banks and as such forensic accounting services provide banks with the necessary tools to deter fraudulent activities (Onuorah & Appah, 2012). Fraud prevention and fair view of the audited financial statement exhibited positive relationship with forensic accounting in the Nigerian banks (Enofe, Olorunnuho, & Okporua, 2016).

The application of forensic audit to tackle financial fraud in Nigerian DMBs is still at the infant stage (Adeniyi, 2016b). The use of forensic auditing in Nigerian banks through amendment of existing statutes, in such a way that forensic auditors are included in the audit team has been advocated, (Enofe et al, 2015; Zachariah, Masoyi, Ernest, & Gabriel, 2014). The Conventional accounting techniques are not in any way effective in curbing financial crimes (Enofe Enofe et al, 2015). Onyekwelu, Ugwu, and Nnamani (2016) added that fundamental qualitative characteristics of financial reporting and the enhancing qualitative characteristics can be significantly enhanced through Forensic Accounting. They therefore suggested that forensic accounting should be deeply entrenched to enhance the quality of financial statements and indeed the financial reporting system in Nigeria. Dada et al (2013) recommended that forensic accounting unit be established and experts should be employed to ensure proper investigation of cases of fraud to assist the courts in effective prosecution of persons accused of fraudulent practices. Kamal and Tanim (2016) encouraged paying special focus on forensic accounting to mitigate financial frauds in Bangladesh Public sector banks.

Hence, the following hypotheses of this study are stated below in the null form:

i. **H_{01}:** Forensic accounting does not significantly reduce fraud in Nigerian Banking Industry.

ii. **H_{02}:** Forensic accounting does not significantly improve internal control in Nigerian Banking Industry.

3.0 METHODOLOGY

The study adopted the quantitative and descriptive survey research, using questionnaire as the research instrument for the collection of primary data. Research design adopted ensures that data were collected from sample with the aim of testing the relationship or interactions among variables. That is, the investigation of opinion of large number of people and inferences drawn from it thereon. Prior studies on similar subject used on quantitative (Dada et al, 2013; Enofe Enofe et al, 2015; Ezejiofor et al, 2016; Modugu & Anyaduba, 2013).

The study population was staff of fifteen commercial banks in Benin City, Edo State, South-South Nigeria. The study used a well-structured Likert Scale questionnaire adapted from Kamal and Tanim (2016) and Modugu and Ayaduba (2013). The five-point Likert scale was used for the data collection in the following order: 5 for Strongly Agree (SA); 4 for Agree (AA); 3 for Indifference (ID); 2 for Disagree (DA); and 1 for strongly disagree(SD).The respondents were asked to indicate their degree of agreement or disagreement with the statements contained in the instrument. The instrument was validated by two experts, in the fields of accounting and forensic.

The questionnaire was administered to Business Managers, Heads of Operations, Relationship managers, Funds Transfer Officers, Resident Internal Control Officers, Heads of Customer service, and Cash Officers whom were selected using the judgmental sampling technique. The above officers were chosen as they are often the branch management team with better knowledge of the subject matter. The questionnaire was administered to 120 members of staff consisting eight officers each from the selected banks. All were correctly filled and returned, showing a return rate of 100%. The study employed the non-parametric statistical test. The non-parametric statistical analysis was adopted because it was the most suitable technique for the study. Additionally, the non-parametric statistical analysis was influenced by prior studies which have used the non-parametric tests Adegbie & Fakile, 2012; Kamal & Tanim, 2016; Modugu & Anyaduba, 2013; Saidu, 2015).

4.0 ESTIMATION RESULTS AND DISCUSSION OF FINDINGS

The researchers administered 120 copies of the questionnaire with a 100% return rate. Data generated from the research instrument form the basis for this analysis.

Table 1.Cronbach Reliability Statistics

Cronbach's Alpha	Number of Items
.796	10

Source: Field survey, 2017

The cronbach'sapha of 0.796 indicates a high level of internal consistency of the study scale. Hence, the items of the instrument have a high level of internal consistency.

Table 2: Forensic accounting and fraud in the Nigerian banking Sector

	Questions/Statements	Mean	Std. Deviation
1	Forensic accounting can be used as fraud prevention tool	4.3	0.90
2	Forensic accounting can be used as fraud detection tool	4.4	0.85
3	Forensic accounting can be used to detect suspicious transactions	4.4	0.80
4	Forensic accounting can be used to locate diverted funds or assets	4.3	0.90
5	Forensic accounting can be used to identify misappropriated assets	4.4	0.85
6	Forensic accounting's risk assessment process adequately covers risk of fraud	4.4	0.81

Source: Field survey, 2017

The respondents agreed that forensic accounting can be used to reduce fraud in the Nigeria banking Industry as the means of all the responses are above 4 (see Table 2). Similarly, the variations among responses were low as the highest is 0.90 which depicts consensus. This result Table 2) suggest that a strong conformity of the respondents on the significance of forensic accounting on fraud reduction in the Nigerian Banking Industry.

This result is materially in consonance with the findings of Modugu and Anyaduba in a study conducted in Nigeria (2013) and Kamal and Tanim (2016) in a study conducted in Bangladesh. Modugu and Anyaduba (2013) found 4.12 and 0.87, 3.21 and 1.10, 4.80 and 0.49, 4.06 and 0.45, and 4.46 and 0.56 as means and standard deviations for items 2, 3, 4, 5 and 6 respectively. While Kamal and Tanim (2016) found 4.15 and 0.722, 4.10 and 0.847, 3.96 and 0.749, 4.06 and 0.832, and 4.12 and 0.761 as means and standard deviations for items 2, 3, 4, 5 and 6 respectively. However, there seems to be greater consensus among respondents of Modugu and Anyaduba (2013) than among respondents of this study. The variability in responses of this study and that of Kamal and Tanim (2016) seem the same as shown by the standard deviations. The similarity in the variability may be due to that fact that this study and Kamal and Tanim (2016) were based on the banking industry.

Table 3: Forensic accounting and internal control in the Nigerian banking Sector

	Questions/Statements	Mean	Std. Deviation
7	Forensic accounting can be used in designing sound internal control system	4.3	0.78
8	Forensic accounting can be used in monitoring and evaluating internal control system	4.4	0.77
9	Forensic accounting can be used to enhance the quality of plans and policies for internal control.	4.4	0.70
10	Forensic accounting can be used for the effective operational efficiency of the organization.	4.4	0.77

Source: Field survey, 2017

The respondents agreed that forensic accounting can be used to improve internal control in the Nigeria banking Industry as the means of all the responses are above 4 (see table 3 above). Similarly, the respondents achieved higher unity is their affirmation on the internal control aspect as the variability was less than 0.80. Item has the lowest variation, there is greater consensus that forensic accounting can be used to evaluate internal control systems.

This result is materially in consonance with the findings of Modugu and Anyaduba (2013) and Kamal and Tanim (2016). Modugu and Anyaduba (2013) found 4.6 and 0.49, and 4.84 and 0.37 as means and standard deviations for items 7 and 8 respectively. While Kamal and Tanim (2016) found 4.10 and 0.815, 4.02 and 0.787, 3.98 and 0.993, and 3.93 and 0.947 as means and standard deviations for items 7, 8, 9 and 10 respectively. Again there is greater consensus among respondents of Modugu and Anyaduba (2013) than among respondents of this study. Similarly, the variability in responses of this study and that of Kamal and Tanim (2016) seem the same as shown by the standard deviations.

Table 4: Binomial test result of the effect of forensic accounting on fraud reduction and internal control in the Nigerian banking Sector

Hypotheses	Category	Frequency	Observed Proportion	Test Proportion	Asymp. Sign.	Result
H1: Fraud Reduction	Disagreed	17	0.14	0.5	0.000	Confirmed
	Agreed	103	0.86	0.5		
	Total	120	1.00			
H2: Internal Control	Disagreed	14	0.12	0.5	0.000	Confirmed
	Agreed	106	0.88	0.5		

	Total	120	1.00

Source: Field survey, 2017

The result shows significant agreement on the effectiveness of forensic accounting on fraud reduction in the Nigerian Banking Industry. As the observed proportion of 0.86 exceed the test proportion of 0.50, at 5% level of significance. We therefore reject the null hypothesis and accept the alternative hypothesis which is forensic accounting significantly reduces fraud in the Nigerian banking Industry.

Modugu and Anyaduba (2013) found observed proportion of 0.79 while Kamal and Tanim (2016) found 0.84 observed proportion. The increase in the popularity as well as the benefits associated with forensic accounting may have led to the increasing observed proportion overtime.

The result of hypothesis 2 shows significant agreement on the effectiveness of forensic accounting in improving internal control in Nigerian Banking Industry. As the observed proportion of 0.88 exceeds the test proportion of 0.50, at 5% level of significance. We therefore reject the null hypothesis and accept the alternative hypothesis which is forensic accounting significantly improves internal control in the Nigerian banking Industry.

Modugu and Anyaduba (2013) observed proportion of 0.70 while Kamal and Tanim (2016) found 0.91 observed proportion. This is obviously a general consensus that forensic accounting is capable of improving internal control systems.

5. CONCLUSION AND RECOMMENDATIONS

This study investigated the nexus of forensic accounting and fraud mitigation in the Nigerian Banking industry using descriptive statistics and binomial test. The result shows significant agreement on the effectiveness of forensic accounting on fraud reduction in the Nigerian Banking Industry. Similarly, we also found that there is significant agreement on the effectiveness of forensic accounting in improving internal control in Nigerian Banking Industry.

This study no doubt presents a developing economy perspective on the relationship between forensic accounting and fraud mitigation against the backdrop of high rate of fraud and bank failure in economy. Our study contribute to the body of knowledge: our finding of positive relationship between forensic accounting and fraud mitigation accentuates the Fraud Box Key Model which believes that effective corporate governance will curb fraud.

Why this study does not foreclose future researches in this tropical issue, our analysis presents interesting policy considerations. First, the positive relationship between forensic accounting and fraud reduction suggests that the inclusion of forensic accounting in the code of corporate governance practices will drastically reduce fraud in banks. Second, the positive relationship between forensic accounting and internal control system suggest that the engagement of competent forensic accountants will improve the internal control system of the banking industry. This analysis was for the Nigerian banking Industry only. Extending the study to other industries remains part of the future study

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