



# **Reports on Frauds and Forgeries in Nigerian Banks**

QUARTER 1, 2023

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# Overview

In Q4 2022, FITC received a total of sixty-nine (69) returns on cases of fraud and forgery from twenty-four (24) deposit money institutions<sup>1</sup>. Further breakdown shows that twenty-four (24) returns were received in January, while Twenty-Three (23) returns were received in February, and twenty-two (22) returns were received in March.

## Volume and Value of Fraud Cases

For the review of the frauds & forgeries cases in the first quarter of 2023, a total of twelve thousand five hundred fifty-three (12,553) cases were reported as against fourteen thousand, six hundred and nine (14,609) cases recorded in the previous quarter and this shows a 14.07 percent decrease. The numbers in Q1 2023 reveal that of all the fraud activities, mobile fraud, computer/web fraud and POS-related fraud were the top three frauds with the highest number of occurrences. This is consistent with the trend from the previous quarter. Appendices I and II present the various fraud activities that occurred throughout the period.

According to the data, there was a 79.44 per cent decrease in the total amount involved in fraud cases in Q1 2023 compared to the previous quarter. The sum decreased from N12.58 billion to N2.59 billion. There was a decrease from the N3.18 billion in Q4 2022 to N472 million in Q1 2023 in total amount lost to fraud and this is an 85.13 percent decrease. Appendix I (A) represents the amount involved and lost due to fraud activities between the two quarters.

There was a decrease of 8.08 per cent from 13,436 cases in Q4 2022 to 12,351 cases in Q1 2023.

However, staff involvement increased to 72 cases in Q1 2023 from 38 cases in Q4 2022 representing a 89.47 per cent increase. Also, there were a total of 124 unspecified cases and 6 collusion cases.

For Q1 2023 under review, an analysis of the magnitude-based ranking of fraud categories show that Mobile Fraud has the highest-ranking which accounts for N1.1 billion (42.72 per cent), and this is followed by the Computer/Web fraud category at N646 million (24.99 per cent). This was followed by POS Fraud at N450 million (17.41 per cent) and fraudulent withdrawals at N139 million (5.36 per cent). The amount alleged to be involved in, and the actual amount lost to, frauds and forgeries over the first quarter of 2023 are shown in Appendix II (A).

Data from the total amount lost to frauds in the first quarter of 2023 reveal that mobile fraud accounts for 34.07 per cent at N161 million followed by Computer/web fraud accounting for 27.69 per cent at N130 million and Fraudulent withdrawals representing 24.72 per cent at N116 million. Appendices II (B), (C), (D), (E), and (F) graphically represent the amount involved in, and the actual amount lost to, fraud and forgery operations throughout Q1 2023.

# Channels, Instruments and Personalities Involved in Perpetrating Fraud

For Q1 2023 under review, fraud activities were performed using a range of channels, including ATMs, Web, and Mobile Banking Platforms (including the USSD & e-Naira channel), Bank branches, and POS (Point of Sale) terminals. With regards to fraud instruments in Q1 2023, the highest instruments used for the fraud was cash and card while there was low frequency of usage of cheques in the fraud activities. Appendix III (A) show an analysis of frauds with regards to payment channels; it reveals that there was a decrease across all channels of fraud except for POS fraud. The ATM channel recorded a 38.61 per cent decrease from 404 cases in Q4 2022 to 248 cases in Q1 2023. Similarly, Mobile and Web channels recorded 9.78 per cent and 17.81 per cent decrease in the number of cases respectively. On the other hand, POS fraud increased by 19.51 per cent in Q1 2023 bringing the figures to 1985 cases from 1661 cases in the previous quarter.

Appendix III (B) represents a comparison between Q4 2022 and Q1 2023 with regards to amount involved and amount lost due to fraudulent activities. With regards to the volume of money involved, an increase was recorded in Mobile and POS fraud amounts. The amount involved in mobile fraud increased by 17.85 per cent from N938 million to N1.1 billion while POS fraud amount involved increased from N241 million to N450 million representing an 86.73 per cent increase. On the other hand, there was a decrease in the amount involved in Computer/web, ATM and bank branch frauds with Computer/web fraud recording a significant decrease of 96.90 per cent from N10.6 billion to N646 million. Amount involved in ATM fraud

decreased by 54.64 per cent from N52.3 million to N23.7 million.

For the amount lost by payment channel, the analysis shows that there was an increase in the amount lost to fraud for the ATM channel and Bank Branch channels. The amount lost via the ATM channel increased from N949 million to N1.6 billion (68.51%) while amount lost in bank branch increased by 43.86 per cent from 119.95 million to N172.56 million. On the other hand, the amount lost via the Web channel decreased by 95.38 per cent with a value of N130.8 million from N2.83 billion in the previous quarter. Similarly, Mobile and POS fraud channels decreased by 15.76 per cent and 43.86 per cent respectively.

Appendix IV (A) presents the Frauds and Forgeries through various instruments in Q1 2023. There was a decrease across board in the number of cases for all instruments of transactions. Cash fraud decreased by 7.28 per cent to 140 from 151 cases. Card frauds decreased from 11,566 cases to 9,817 cases (15.12 per cent). In like manner, cheque frauds decreased by 60.87 per cent from 29 cases to 9 cases.

Appendix IV(B) presents the data on the amount involved in cash, cheque, card and, slip frauds in Q1 2023. For the amount involved in cash fraud, there was a decrease 20.96 per cent, from N397 million to N313 million. Likewise, a decrease was recorded in the amount involved for cheque and card frauds. Cheque fraud showed a significant decline of 82.22 per cent as the amount involved dropped from

N193 million to N34 million. For card fraud, there was a 82.92 per cent increase bringing the figure from N11.8 billion to N2.02 billion.

An analysis of the amount lost through the various instruments of fraud in the first quarter of 2023 reveal that there was a significant decrease of 90.21 per cent in the amount lost through card fraud from N3.03 billion in Q4 2022 to N296 million in Q1 2023. Also, there was an increase of 35.89 per cent was noted for cash fraud from N120 million in the previous quarter to N163 million in Q1 2023.

For Q1 2022 deposit money institutions reported that the employment of fifteen (15) employees were terminated due to their involvement in fraudulent activities which represents a 25 per cent decrease from the value reported in Q4 2022, where twelve (12) bank staff had their employment terminated for the similar reasons.



## Summary and Conclusion

During the reviewed quarter, there was a considerable decrease in the total number of reported fraudulent cases. The amount involved and lost due to fraudulent activities within the Nigerian Banking system. There was a 14.07 per cent decrease in the total number of cases in comparison to the previous quarter. During the first quarter of 2023, there was a significant increase of 89.47 per cent (from 38 staff to 72 staff) in the participation of bank employees in fraudulent activities. Additionally, there was an 8.08 per cent decrease in outsider involvement in fraudulent activities, with the number decreasing from 13,436 outsiders in the previous quarter to 12,351 in Q1 2023.

Overall, there were twelve thousand five hundred fifty-three (12,553) reported cases in comparison to fourteen thousand, six hundred and nine (14,609) cases in the previous quarter, indicating a 14.07% reduction.



# Recommendation

Although there has been a decrease in the recorded cases of fraud, the prevailing incidents of fraudulent activities remain a significant concern. Therefore, it is crucial for Nigerian banks to establish robust internal control systems that can effectively detect and prevent fraudulent activities. Such systems can help to safeguard the interests of both the banks and their customers and promote trust in the banking sector. These systems also include implementing adequate segregation of duties, regularly reviewing and reconciling transactions, and limiting access to sensitive data.

Banks should invest in modern fraud detection technologies that can identify and flag suspicious transactions and patterns, such as machine learning algorithms and artificial intelligence (AI) tools.

Additionally, regular risk assessments can help identify potential vulnerabilities and threats to the banking system. This should include identifying emerging trends in fraud and updating risk management strategies accordingly. For an effective risk assessment procedure, there is a need to equip teams with risk assessment training programmes and refresher programmes such as those offered by FITC.

Moreover, it is crucial for Nigerian banks to collaborate closely with law enforcement agencies to investigate and prosecute cases of fraud. This entails sharing information on fraudulent activities, promptly reporting incidents, and providing assistance in investigations. By collaborating with law enforcement agencies, banks can help to bring fraudsters to justice and deter other potential offenders. This, in

turn, can promote a safer and more secure banking environment for all stakeholders.

The appendices below show summaries of the cases of Fraud and forgeries covered in this report. A comparison was done between the fourth Quarter of 2022 and the first Quarter of 2023, as well as between the first quarters of 2022 and 2023 on selected parameters.

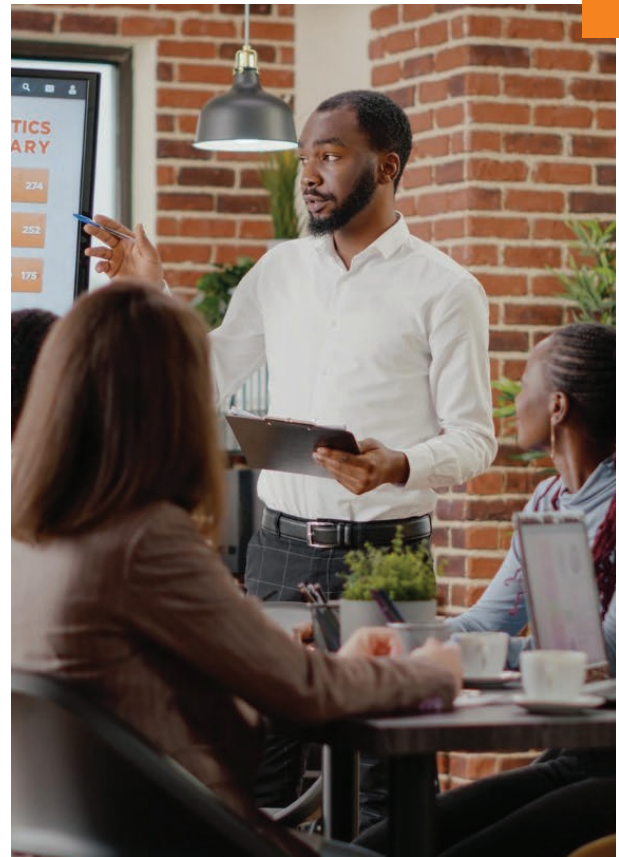
## Notes:

Note 1: Commercial, Merchant, and non-interest banks.

Note 2: Volume of fraud and forgeries.

Note 3: Value of fraud and forgeries.

Note 4: Consisting of Computer/Web fraud, PoS fraud, Mobile Payment fraud, and ATM fraud



# Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

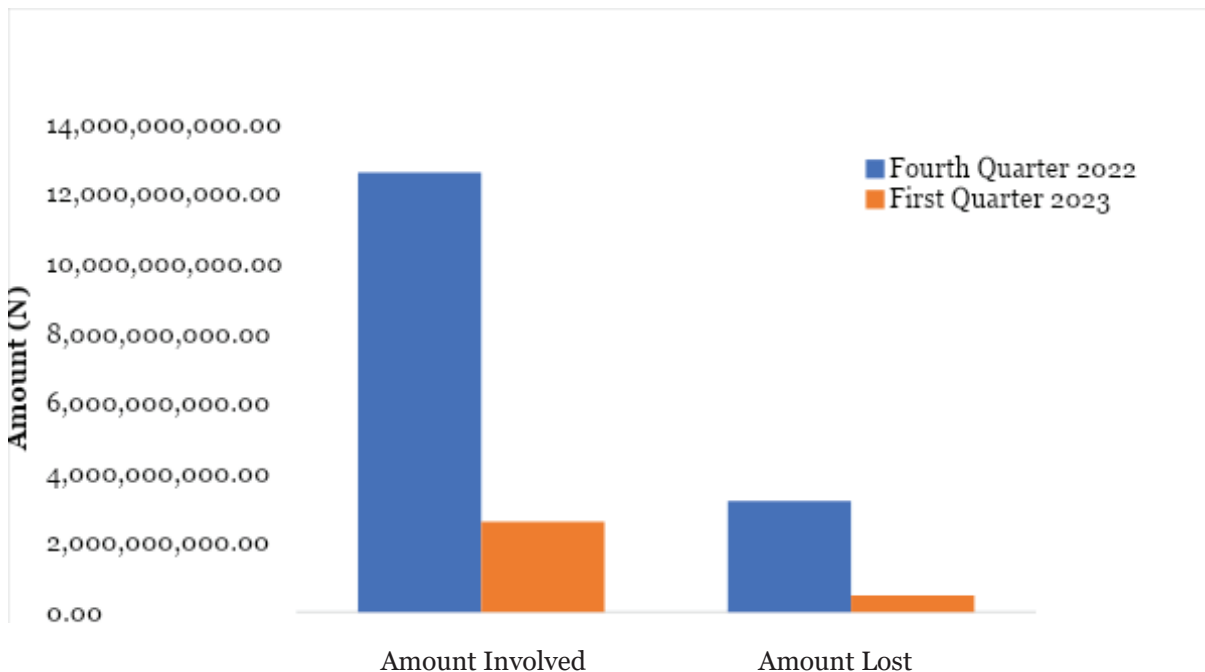
## Appendix I (A)

A Comparison of Fraud Activities between Fourth Quarter 2022 and First Quarter 2023

S/N	Variables	Fourth Quarter, 2022	First Quarter, 2023	Percentage (%) change
1	Total Cases Reported	14,609	12,553	(14.07)
2	Total Amount Involved	N12,585,384,456.45	N2,587,382,677.55	(79.44)
3	Total Amount lost	N3,176,094,977.75	N472,283,127.29	(85.13)
4	Outsider Involvement	13,436	12,351	(8.08)
5	Insider (Staff) Involvement	38	72	89.47
6	Appointments Terminated	12	15	25

## Appendix I (B)

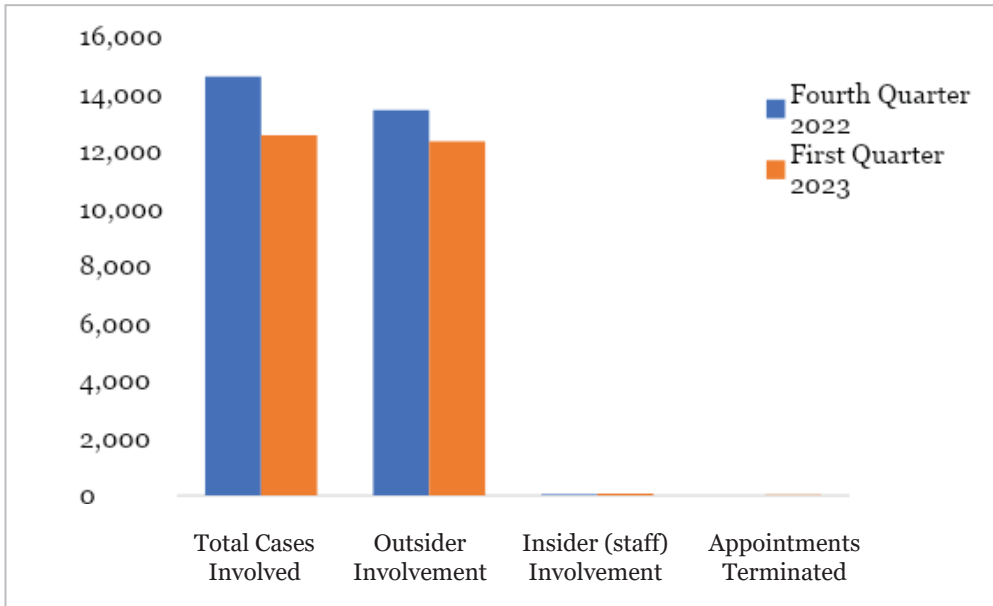
A Comparison of Amount Involved and Amount Lost to Frauds between Fourth Quarter 2022 and First Quarter 2023



## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

### Appendix I (C)

A Comparison of Fraud Activities between Fourth Quarter 2022 and First Quarter 2023



Note: The figures for insider involvement & appointments terminated are very small when compared to the figures for total cases reported and outsider involvement

### Appendix I (D)

A Comparison of Frauds Activities between First Quarter 2022 and First Quarter 2023

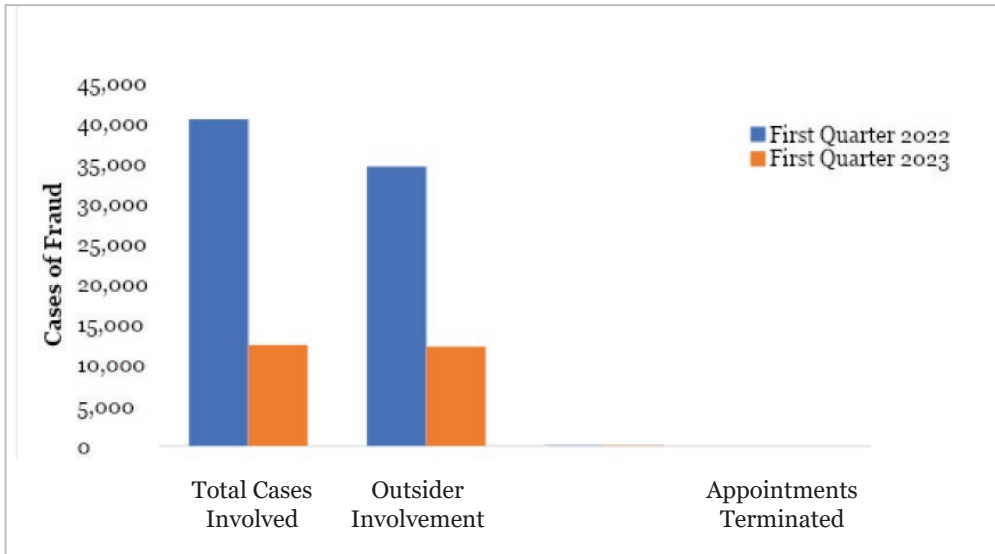
S/N	Variables	First Quarter 2022	First Quarter, 2023	Percentage (%) change
1	Total Cases Reported	40,522	12,553	(69.02)
2	Total Amount Involved	N14,653,505,790.67	N2,587,382,677.55	(82.34)
3	Total Amount lost	N1,540,684,616.97	N472,283,127.29	(69.35)
4	Outsider Involvement	34,677	12,351	(64.38)
5	Insider (Staff) Involvement	60	72	20
6	Appointments Terminated	10	5	(50)



# Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

## Appendix I (E)

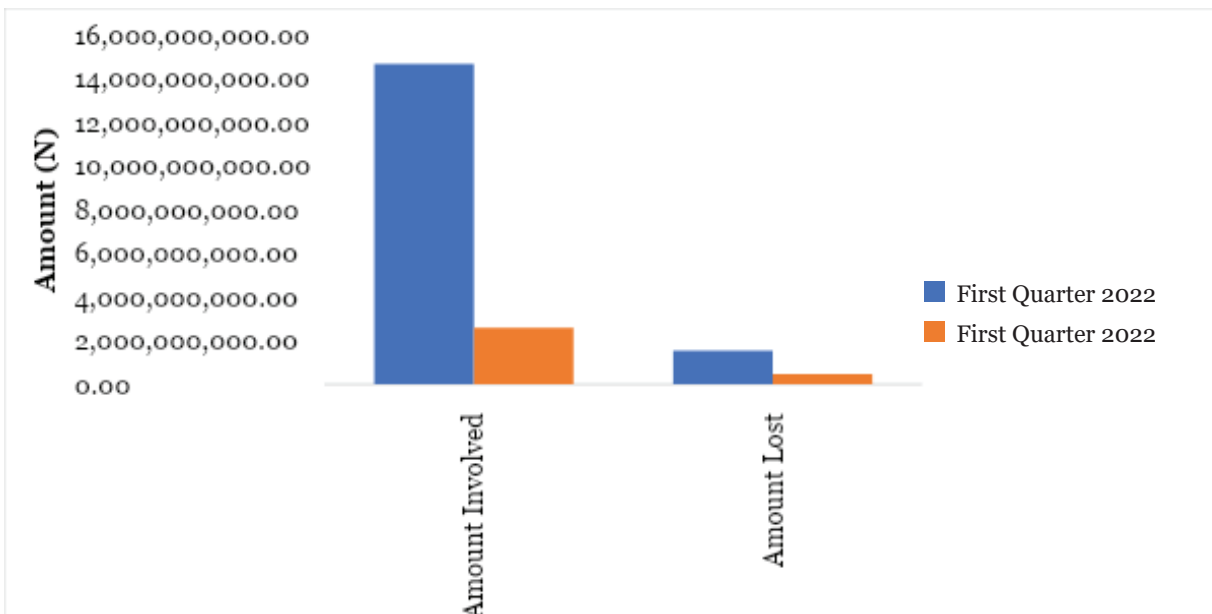
A Comparison of Frauds Activities between First Quarter 2022 and First Quarter, 2023



Note: The figures for insider involvement & appointments terminated are very small when compared to the figures for total cases reported and outsider involvement.

## Appendix I (F)

A Comparison of Amount Involved and Amount Lost to Frauds between First Quarter 2022 and First Quarter, 2023



# Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

## Appendix II (A)

### Frauds and Forgeries Activities in the First Quarter, 2023

Types of Fraud	Total Number of Cases Reported	Involving Bank Staff Only	Involving Outside Persons Only	Collusion	Not Specified	Amount Involved /Expected (₦)	Actual Loss (₦)	Expected Loss/ Amount Involved (%)
Teller Fraud	15 (0.12)	2 (2.78)	7 (0.06)	6 (100)	0 (0)	13,440,951.26 (0.52)	9,559,951.26 (2.02)	71.1
Falsification of Accounts: Current/Cheque, Savings/Deposits, Suspense Accounts	0 (0)	0 (0)	0 (0.)	0 (0)	0 (0)	0 (0)	0 (0)	0
Forged Cheques with Forged Signature	9 (0.07)	0 (0)	5 (0.04)	0 (0)	4 (3.31)	34,247,361.00 (1.32)	0 (0)	0
Printing of Bank Document Illegally	3 (0.02)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Clearing Fraud	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Computer/Web Fraud	5173 (41.21)	3 (4.17)	5166 (41.83)	0 (0)	4 (3.31)	646,566,768.45 (24.99)	130,779,850.74 (27.69)	20.2
Mobile Fraud	4982 (39.69)	0 (0)	4893 (39.62)	0 (0)	89 (73.55)	1,105,324,936.42 (47.72)	160,919,876.85 (34.07)	14.6
Foreign Exchange Fraud	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Cross Firing of Cheques and Kite Flying	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Theft of Cash	3 (0.02)	3 (4.17)	0 (0)	0 (0)	0 (0)	1,642,000.00 (0.06)	40,000.00 (0.01)	2.4

## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

Types of Fraud	Total Number of Cases Reported	Involving Bank Staff Only	Involving Outside Persons Only	Collusion	Not Specified	Amount Involved (N)	Actual/Expected Loss (N)	Expected Loss/Amount Involved (%)
Suppression of Entries: Cash/Cheques	13 (0.10)	10 (13.89)	3 (0.02)	0 (0)	0 (0)	91,515,669.00 (3.54)	15,955,148.00 (3.38)	17.4
Opening & Operating Fraudulent Loans & Accounts	1 (0.01)	1 (1.39)	7 (0)	0 (0)	0 (0)	25,340,009.00 (0.98)	20,340,009.00 (4.31)	80.3
Over-Invoicing of Service to the Bank	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Robberies (Armed)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Fictitious Bank Branches	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0.00
Miscellaneous and Other Types of Fraud	76 (0.61)	10 (13.89)	66 (0.53)	0 (0)	0 (0)	56,313,697.04 (2.18)	9,925,707.02 (2.1)	17.6
Fraudulent Withdrawals	45 (0.36)	43 (59.72)	2 (0.02)	0 (0)	0 (0)	138,734,117.25 (5.36)	116,735,035.69 (24.72)	84.1
ATM Withdrawals	248 (1.98)	0 (0)	225 (1.82)	0 (0)	23 (19.01)	23,710,231.91 (0.92)	1,600,000.00 (0.34)	6.7
PoS Fraud	1985 (15.81)	0 (0)	1,984 (16.06)	0 (0)	1 (0.83)	450,546,936.22 (17.41)	6,427,548.73 (1.36)	1.4
<b>Total</b>	<b>12,553</b>	<b>72</b>	<b>12,351</b>	<b>6</b>	<b>121</b>	<b>2,587,382,677.55</b>	<b>472,283,127.29</b>	<b>18.3</b>

Note: All figures in parenthesis ( ) indicate percentages

## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

### Appendix II (B)

Amount Involved in Frauds and Forgeries Activities (First Quarter, 2023)



### Appendix II (C)

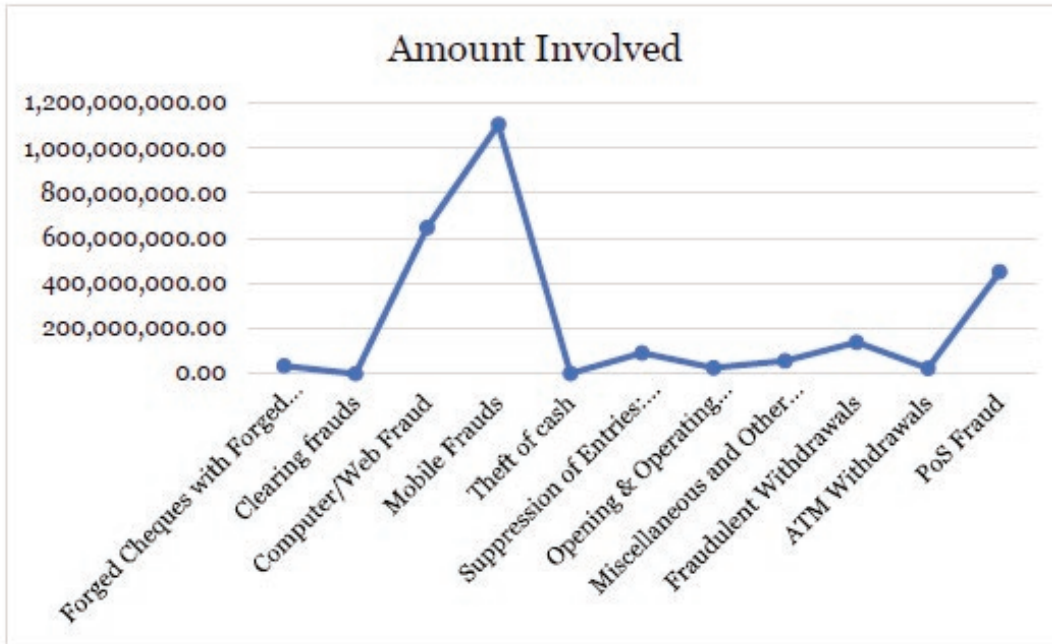
Amount Involved in Frauds and Forgeries Activities (First Quarter, 2023)



## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

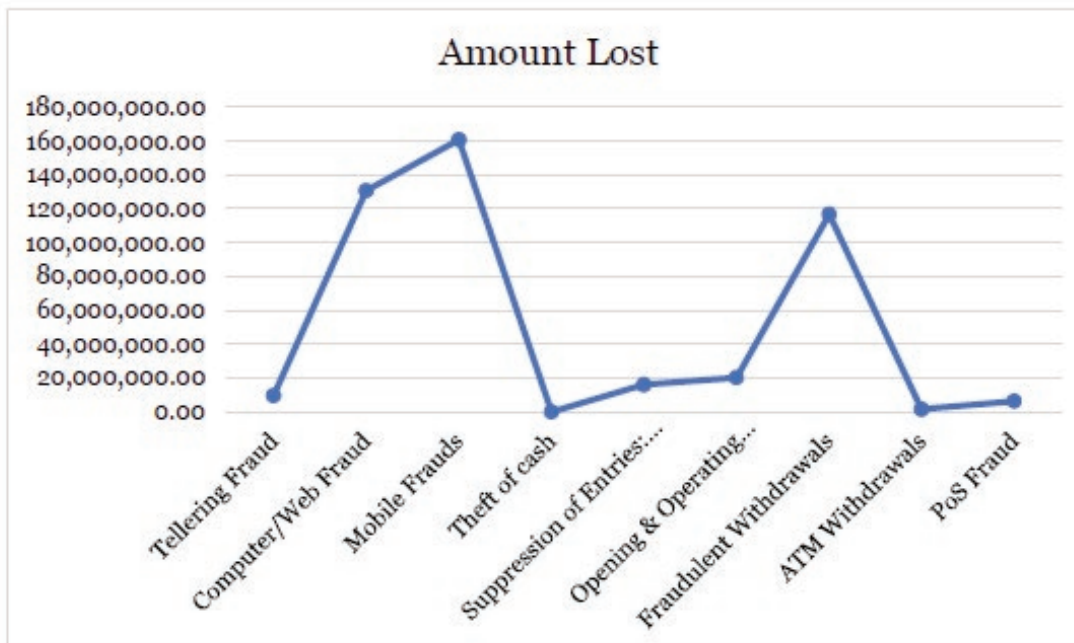
### Appendix II (D)

Percentage Distribution of Amount Involved in Frauds and Forgeries (First Quarter, 2023)



### Appendix II (E)

Percentage Distribution of Amount Lost to Frauds and Forgeries (First Quarter, 2023)

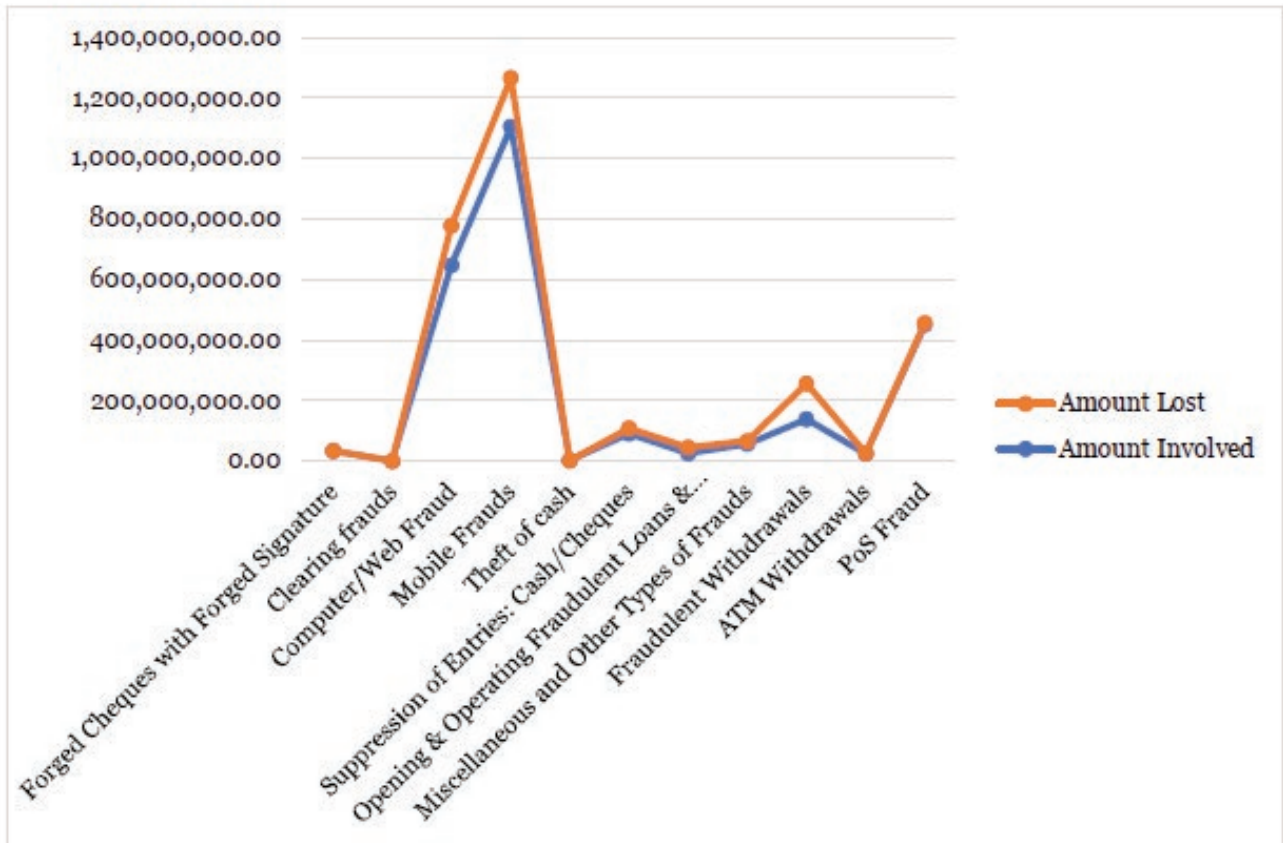




## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

### Appendix II (F)

Percentage Distribution of Amount Involved in and Amount Lost to Frauds and Forgeries (First Quarter, 2023)



## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

### Appendix III (A)

Frauds and Forgeries through various Payment Channels:  
A Comparison of Fourth Quarter 2022 and First Quarter 2023

S/N	Channels	Cases: Fourth Quarter, 2022	Cases: First Quarter, 2023	Percentage (%) change
1	Web	6294	5173	(17.81)
2	ATM	404	248	(38.61)
3	Bank Branch	174	162	(6.9)
4	Mobile	5522	4982	(9.78)
5	POS	1661	1985	(19.51)
6	Van	0	0	-
7	Agent	2	3	(50)
<b>Total</b>		<b>14,057</b>	<b>12,553</b>	<b>(10.70)</b>

## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

### Appendix III (B)

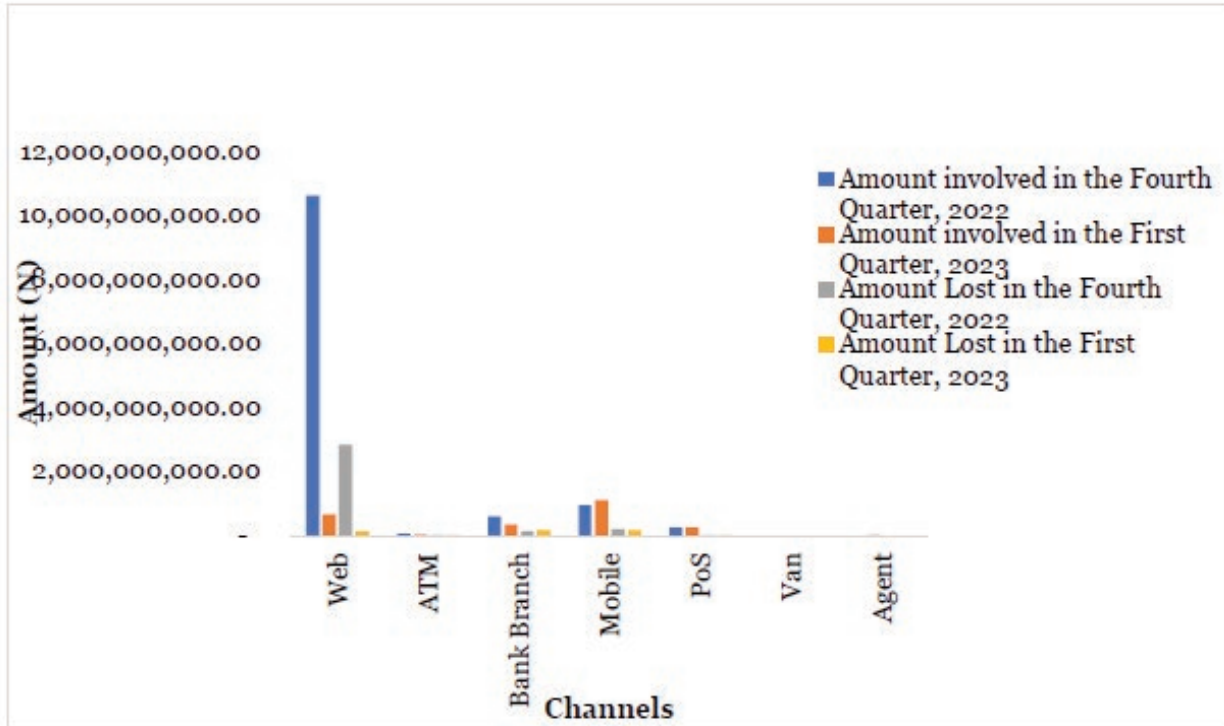
Amount Involved and Amount Lost to Fraud through various Payment Channels:  
A Comparison between Fourth Quarter 2022 and First Quarter 2023

S/N	Channels	Amount Involved, Fourth Quarter, 2022 (N)	Amount Involved, First Quarter, 2023 (N)	Percentage (%) Change	Amount Lost, Fourth Quarter, 2022 (N)	Amount Lost, First Quarter, 2023 (N)	Percentage (%) Change
1	Web	10,603,016,179.22	646,366,768.45	(93.90)	2,829,074,918.38	130,779,850.74	(95.38)
2	ATM	52,276,366.52	23,710,231.91	(54.64)	949,491.50	1,600,000.00	68.31
3	Bank Branch	589,295,552.53	361,233,804.55	(38.70)	119,949,610.95	172,555,850.97	43.86
4	Mobile	937,944,023.32	1,105,324,936.42	(17.85)	191,018,284.50	160,919,876.85	(15.76)
5	POS	241,283,568.06	450,546,936.22	(86.73)	10,131,248.48	6,427,548.73	(43.86)
6	Van	-	-	-	-	-	-
7	Agent	-	-	0	-	-	-
	<b>Total</b>	<b>12,585,384,456.45</b>	<b>2,587,382,677.55</b>	<b>30.84</b>	<b>3,621,727,636.04</b>	<b>472,283,127.29</b>	<b>12.30</b>

## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

### Appendix III (C)

Amount Involved and Amount Lost to Fraud through various Payment Channels:  
A Comparison between Fourth Quarter 2022 and First Quarter 2023



### Appendix IV (A)

Frauds and Forgeries through various Instruments:  
A Comparison between Fourth Quarter 2022 and First Quarter 2023

S/N	Instruments	Cases: Fourth Quarter 2022	Cases: First Quarter 2023	Percentage (%) change
1	Cash	151	140	(7.28)
2	Cheques	23	9	(60.87)
3	Cards	11,566	9,817	(15.12)
4	Slips	0	0	0
<b>Total</b>		<b>11,739</b>	<b>9,966</b>	<b>(15.10)</b>

## Appendices - Analysis of Fraud and Forgeries in the Nigerian Banking Industry

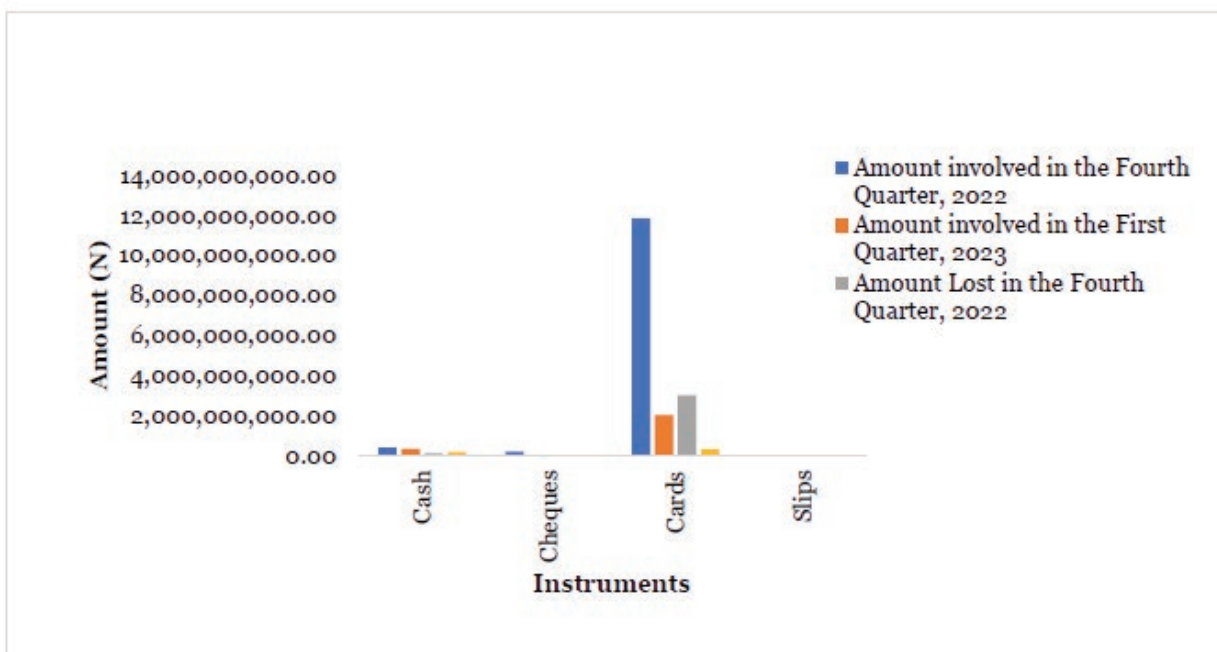
### Appendix IV(B)

Amount Involved and Amount Lost to Fraud through various Instruments of Transaction:  
A Comparison between Fourth Quarter 2022 and First Quarter 2023

S/N	Instruments	Amount Involved, Fourth Quarter, 2022 (N)	Amount Involved, First Quarter, 2023 (N)	Percentage (%) Change	Amount Lost, Fourth Quarter, 2022 (N)	Amount Lost, First Quarter, 2023 (N)	Percentage (%) Change
1	Cash	396,697,053	313,545,492	(20.96)	119,949,611	162,995,900	35.89
2	Cheques	192,598,500	34,247,361	(82.22)	0	0	0
3	Cards	11,814,520,117	2,021,441,873	(82.92)	3,028,115,037	296,536,166	(90.21)
4	Slips	-	-	(0)	0	0	0
	<b>Total</b>	<b>12,423,815,689.65</b>	<b>2,369,234,726.32</b>	<b>(80.93)</b>	<b>3,148,064,648.06</b>	<b>459,532,066.03</b>	<b>(85.40)</b>

### Appendix IV (C)

Amount Involved and Amount Lost to Fraud through various Instruments of Transaction:  
A Comparison between Fourth Quarter 2022 and First Quarter 2023





# Bridging The Knowledge Gap. Shaping The Future



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