



# Report on Frauds and Forgeries in Nigerian Banks

Quarter 1, 2022



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### 1. Overview

FITC received sixty-five (65) returns on cases of fraud and forgery from twenty-two (22) deposit money institutions<sup>1</sup> in the first quarter of 2022. Twenty-two (22) returns were received in January 2022, Twenty-two (22) returns were received in February 2022, and another Twenty-one (21) returns were received in March 2022, according to an assessment of these returns.

### 2. Volume and Value of Fraud Cases

A total of forty thousand, five hundred and twenty-two (40,522) incidents of Frauds and Forgeries were recorded in the first quarter of 2022, compared to twenty-six thousand, five hundred and sixty-six (26,566) recorded cases<sup>2</sup> in the fourth quarter of 2021, representing a 52.53 percent increase between the periods. The data shows that of the types of fraud recorded during the periods, computer/web fraud, mobile banking fraud, and ATM withdrawals fraud had the highest occurrences. Appendices I and II show the fraud activities that occurred throughout the period. An analysis of the quarter under review, show that the total sum reported to be involved in fraud cases increased greatly by 165.62 percent, from N5.51 billion in the fourth quarter of 2021 to N14.65 billion in Q1 2022. Similarly, the amount lost due to fraud incidences increased by 93.39 percent from N788.5 million in the fourth quarter of 2021 to N1.54 billion in the first quarter of 2022. This increase recorded in the amount involved in and lost to frauds during the quarter under review might be attributed to the increased incidences of compromised customers details.

A review of the magnitude-based ranking of fraud categories, show

that Computer/Web Fraud ranks highest at N10.57 billion (72.18 percent), followed by the Mobile Fraud category at 1.48 billion (10.08 percent). This was followed by ATM Withdrawal and Teller frauds, with N676.2 million (4.61 percent) and N521 million (3.56 percent), respectively. The amount alleged to be involved in, and the actual amount lost to, frauds and forgeries over the period under review is represented in tabular form in Appendix II (A).

A look at the total amount lost to frauds in the quarter under review, reveal that Computer/Web Fraud accounts for 70.51 percent (N1.07 billion), followed by Mobile Fraud accounting for 17.58 percent (N270.92 million) and Fraudulent withdrawals at 3.14 percent (N48.37 million). Appendices II (B), (C), (D), (E), and (F) graphically represent the amount involved in, and actual amount lost to, fraud and forgery operations throughout the study period under review.

### 3. Channels, Instruments and Personalities Involved in Perpetrating Fraud

Fraudulent activities during the first quarter of 2022 were carried out using a range of channels, including ATMs, Web and Mobile Banking Platforms, Bank branches, and POS (Point of Sale) terminals. Cards and cash recorded the highest frequency for instruments used to carry out fraudulent activities in Q1 2022, while cheques and slips account for a lower frequency of the amounts involved in and lost to frauds. Appendix III (A) provides an assessment of frauds with regards to payment channels, demonstrating that the volume of fraud associated with online, mobile channel, and POS decreased while there was a rise in frauds via ATMs and bank branches.

Appendix III (B) statistics reveal that, an increase was recorded in the amounts involved in web and mobile fraud channels from N1.02 billion to N10.57 billion (938.10%) and from N603.3 million to N1.48 billion (144.88%) respectively. Also, the amount involved for POS fraud increased from N124.9 million to N224.4 million (79.68%). Fraud recorded through bank branches decreased by 36.17% bringing it down from N2.56 billion to N1.6 billion. Further analysis shows that a decrease of 16.23% was also recorded for ATM fraud bringing it to N807.2 million N676.2 million in the previous quarter. Worthy of note in Q1 2022 is the occurrence of Cash in Transit fraud involving N25 million which has not taken place recently.

In view of the returns by payment channel, the trend shows that the amount lost to fraud via Web channel increased appreciably from N21.5 million to N1.07 billion. In like manner, POS fraud had a notable increase from N3.01 million to N20.15 million. On the other hand, a reduction in amount lost recorded for the bank branch, ATM, and mobile channels of fraud. Amount lost due to mobile fraud decreased by 51.09 percent from N553.9 million to N270.92 million. A decline of 3.78% and 28.79% was also noted for bank branch and ATM frauds bringing to N103.5 million and N43.02 million from 107.5 million and 60.4 million respectively. A total amount of N25 million was lost through the Cash in Transit (van) channel of fraud.

Appendix IV (A) shows that overall, the number of cases involved in the three instruments of transactions (cheques, cards, and cash) increased in the first quarter of 2022. Card and cheque frauds increased significantly by 62.28% and 65.38%, respectively, with the number of cases rising to 34,839 and 43, from

21,469 and 26. However, the number of cases related with cash fraud decreased by 27.20% from 3,166 to 2,305.

Appendix IV (B) reveals the data on the amount involved in cash, cheques, and cards fraud in Q1 2022. There was a 40.67% decrease in the amount involved in cash fraud from N2.32 billion to N1.38 billion. An increase of 6.67% and 407.20% was recorded for both cheque and card frauds bringing to N255.5 million and N12.95 billion from N239.6 million and N2.55 billion.

A slight decrease of 5.36% was recorded in the actual amount lost in cash fraud from N107.5 million to N101.8 million in Q1 2022. Furthermore, the records show a 119.8% increase in the actual amount lost for card fraud from N635 million in the previous quarter to N1.4 billion in the quarter on review. However, there was no loss recorded for cheque frauds. Appendices III (C) and IV (C) are visual data representations on the routes and instruments utilized to commit fraud in the first quarter of 2022.

For the first quarter of 2022, deposit money institutions reported that the services of Ten (10) employees were terminated owing to their involvement in fraud-related activities which represents a 100 percent increase from the previous quarter, where five (5) bank workers were dismissed for same reasons. In comparing this with the corresponding quarter of 2021, the number of staff who were dismissed owing to fraud-related incidences was two (2), representing a 80 percent increase.

**4. Summary and Conclusion** From the report of Fraud & Forgeries within the Nigerian Banking system in Q1 2022, there was an increase in the volume of cases recorded. Consequently, there

**4. Summary and Conclusion** was a significant was shown in the total amount involved in the actual or expected amount lost to fraudulent activities. Q1 2022 fraud and forgeries report from the banks reveal that a couple of frauds were carried out using the E-naira which is new in the industry. Unlike before, banks were liable for a few certain fraud types such as ATM withdrawal fraud since the amount withdrawn from the ATM during the fraud exceeded the limit which exists for ATMs. The trend also shows that customers are consistently liable for greater percentage of frauds because compromise of details or misuse of the different service platforms.

Overall, the number of recorded fraud cases increased by 52.53 percent to 40,522 from 26,566. In like manner, amount involved in fraud increased by 165.62 percent from N5.51 billion in the fourth quarter of 2021 to N14.65 billion. Furthermore, the real amount lost owing to fraud events increased by 93.39 percent from N788.5 million in the fourth quarter of 2021 to N1.54 billion in the first quarter of 2022.

#### 5. Recommendations

Given the overall increase in fraudulent activities within the Nigerian banking system, banks are urged to further strengthen the security and internal control measures of their electronic platforms. This is necessary because the highest amount lost due to fraud forgeries were perpetuated via the web/internet, mobile banking, and ATM platforms. In addition to this, continuous education, and awareness on the need to protect personal banking details should be carried out by the banks for their customers across all strata of society especially the grassroots employing methods that they would relate to.

Furthermore, on the increase noted in staff involvement of fraudulent

activities, banks should invest more in carrying out integrity tests before employing their core staff. Also, given the involvement of outsourced staff in fraud banks must conduct further integrity assessments on the outsourced staff they receive from outsourcing companies. A different approach such as improving the compensation and benefits of both the core and outsourced staff might be a good measure in mitigating the involvement of staff members in fraudulent activities. Banks should also provide formal training and fraud awareness programmes for their staff to facilitate fraud identification and prevention within the bank branches and through other payment channels of their institutions.

Finally, given the constant changes experienced within the financial sector, banks are encouraged to carry out regular fraud risk assessment, this could be quarterly or biannually. This fraud risk assessment will help the banks stay proactive as well as adapt quickly to changes within the financial ecosystem thereby reducing liability to fraud incidences. The fraud risk assessment is best carried out by someone within the bank that looks at fraud issues on a regular basis.

*The appendices below show summaries of the cases of Frauds and forgeries covered in this report. A comparison was done between the Fourth quarter of 2021 and first Quarter of 2022, as well as between the First quarters of 2021 and 2022 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.

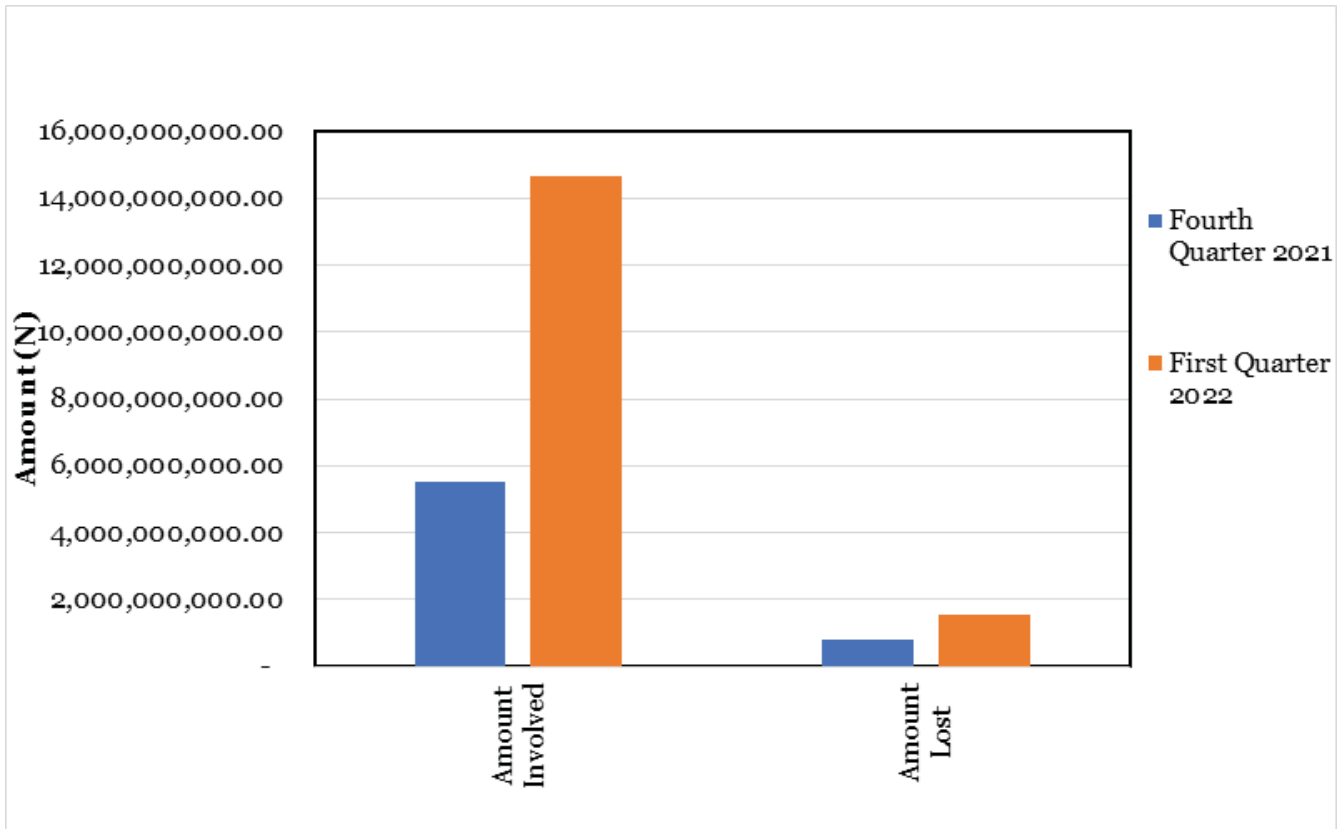
Note 4: Consisting of Computer/Web fraud, PoS fraud, Mobile Payment fraud, and ATM fraud

6. Appendices – Analysis of Fraud and Forgeries in the Nigerian Banking Industry

**Appendix I (A)**  
**A Comparison of Fraud Activities between Fourth Quarter 2021 and First Quarter 2022**

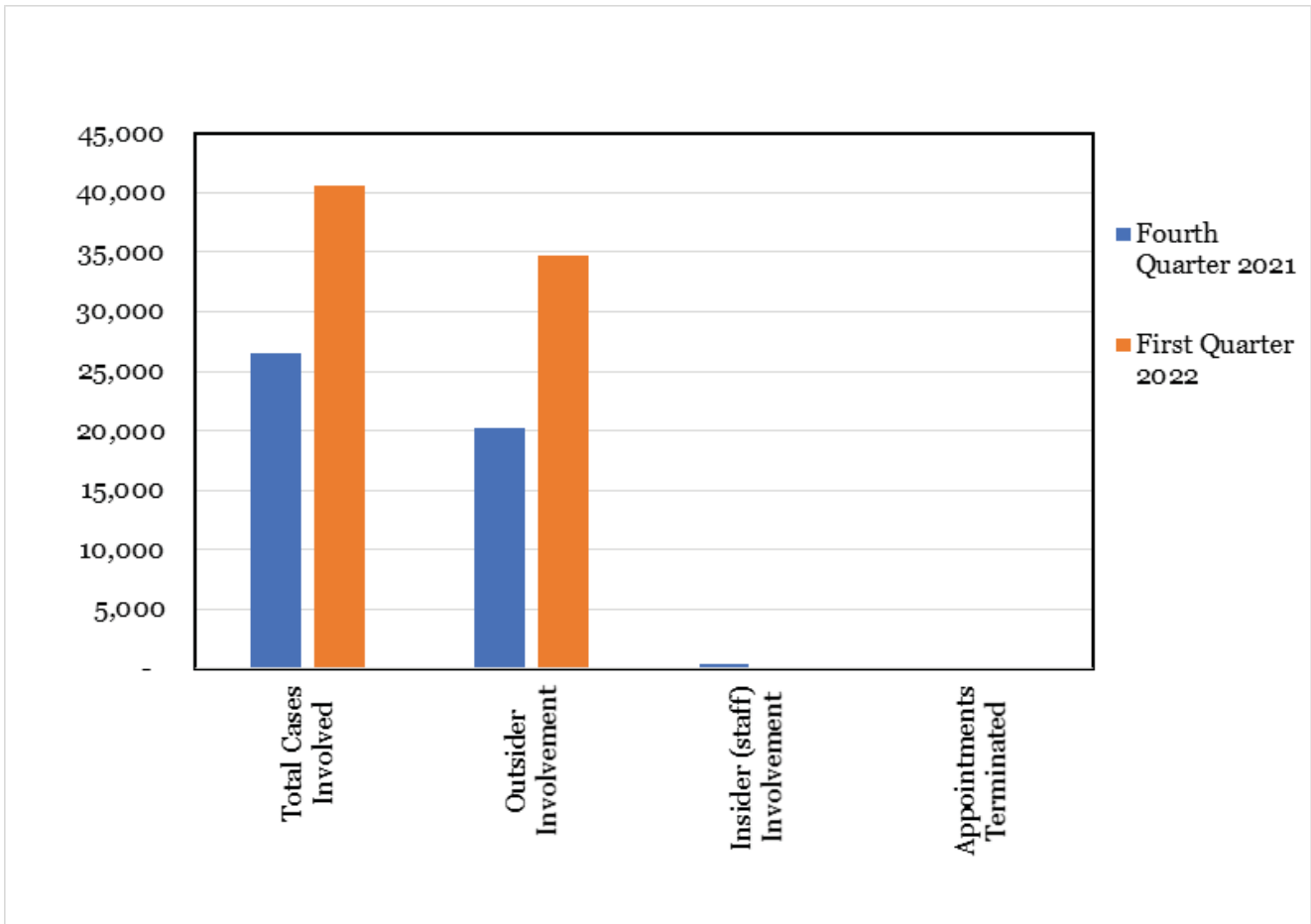
S/N	Variables	Fourth Quarter, 2021	First Quarter, 2022	Percentage (%) change
1	Total Cases Reported	26,566	40,522	52.53
2	Total Amount Involved	N5,516,790,712.75	N14,653,505,790.67	165.62
3	Total Amount lost	N788,528,523.95	N1,540,684,616.97	93.39
4	Outsider Involvement	20,243	34,677	71.30
5	Insider (Staff) Involvement	410	60	(85.37)
6	Appointments Terminated	5	10	100

**Appendix I (B)**  
**A Comparison of Amount Involved and Amount Lost to Frauds between Fourth Quarter 2021 and First Quarter 2022**



Appendix I (C)

A Comparison of Fraud Activities between Fourth Quarter 2021 and First Quarter 2022



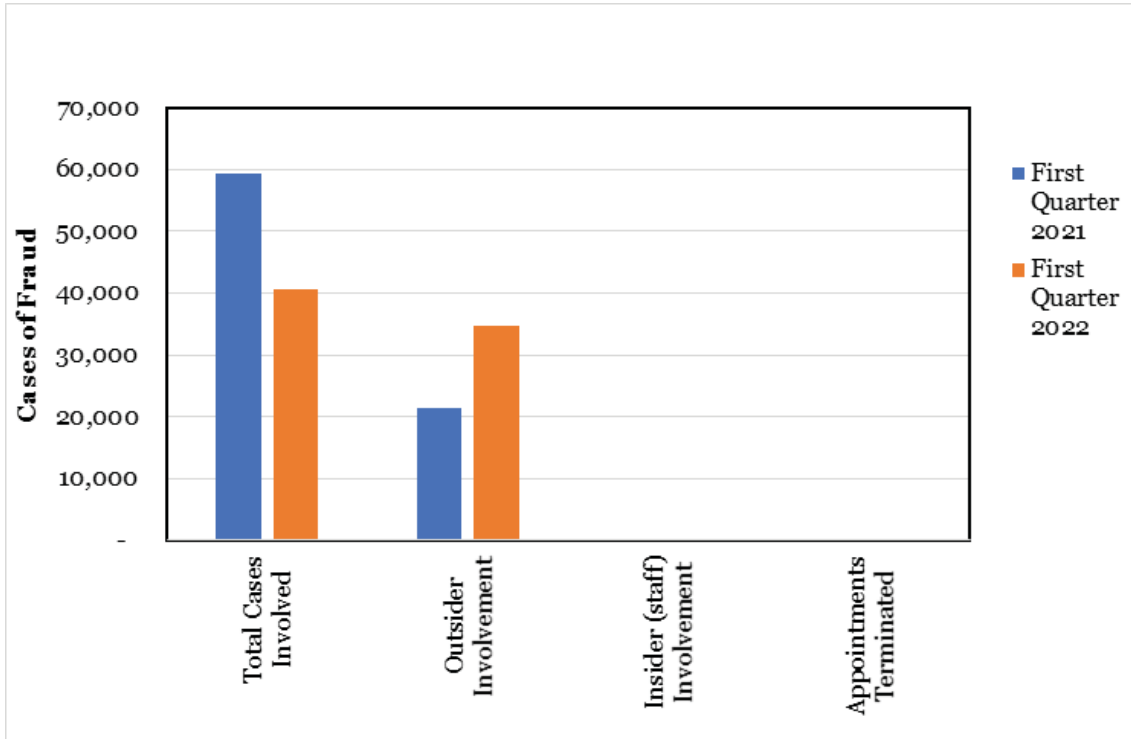
Appendix I (D)

A Comparison of Frauds Activities between First Quarter 2021 and First Quarter 2022

S/N	Variables	First Quarter 2021	First Quarter 2022	Percentage (%) change
1	Total Cases Reported	59,445	40,522	(31.83)
2	Total Amount Involved	N11,696,979,915.79	N14,653,505,790.67	20.18
3	Total Amount lost	N726,438,772.53	N1,540,684,616.97	52.85
4	Outsider Involvement	21,392	34,677	38.31
5	Insider (Staff) Involvement	73	60	(17.81)
6	Appointments Terminated	2	10	80.00

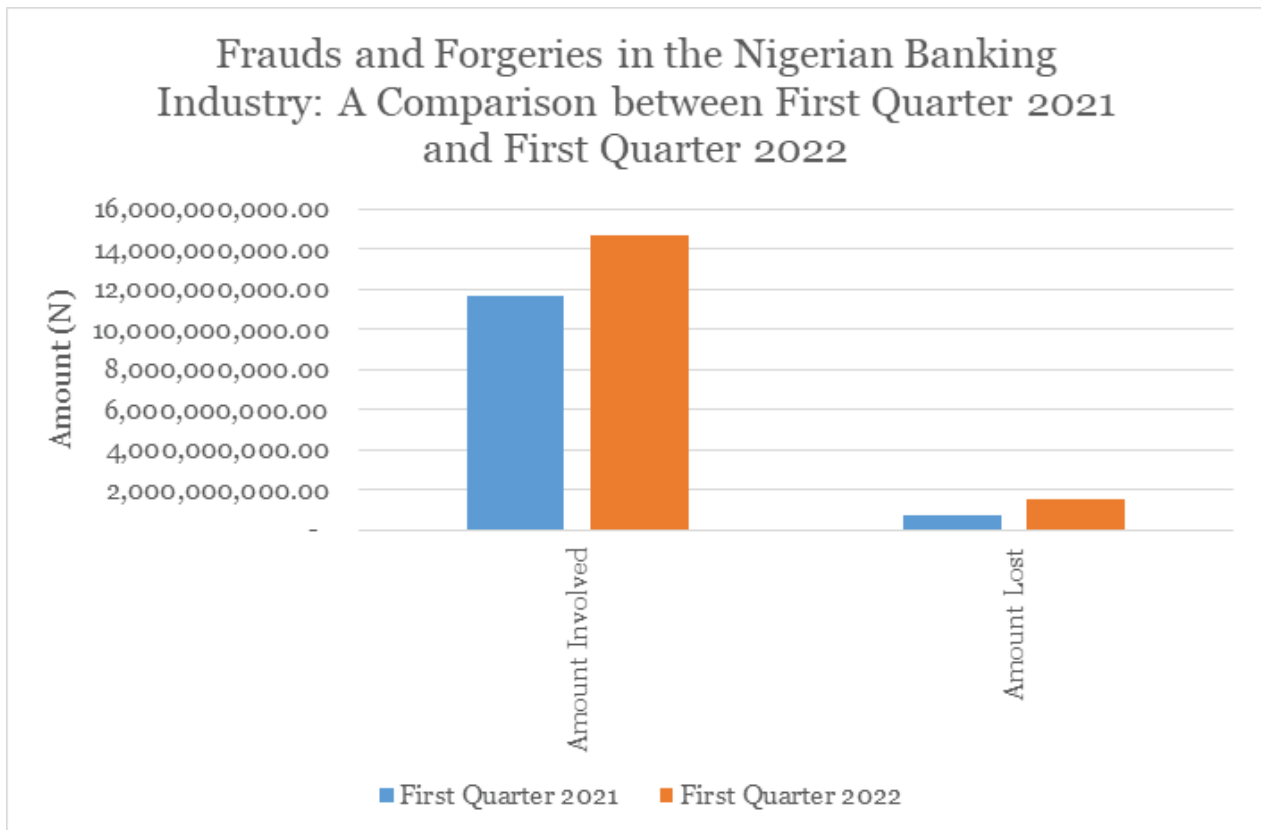
Appendix I (E)

A Comparison of Frauds Activities between First Quarter 2021 and First Quarter 2022



Appendix I (F)

A Comparison of Amount Involved and Amount Lost to Frauds between First Quarter 2021 and First Quarter 2022



## Appendix II (A): Frauds and Forgeries Activities in the First Quarter, 2022

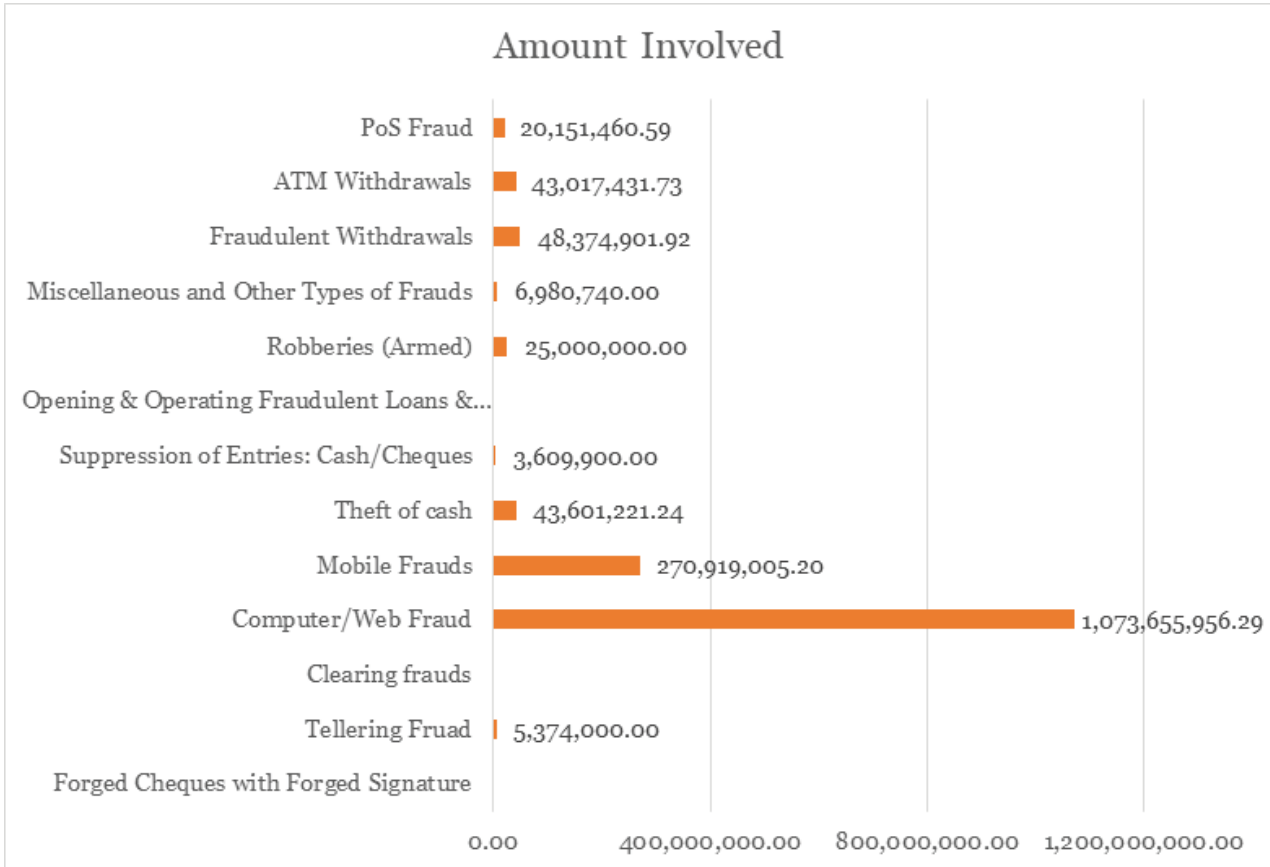
Types of Fraud	Total Number of Cases Reported	Involving Bank Staff Only	Involving Outside Persons Only	Collusion	Not Specified	Amount Involved / Expected (₦)	Actual Loss (₦)	Expected Loss/ Amount Involved (%)
Teller Fraud	23 (0.06)	3 (5.0)	2 (0.01)	0 (0)	13 (0.09)	521,002,000.00 (1.0)	5,374,000.00 (0.35)	0.35
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	46 (0.11)	3 (5.0)	14 (0.04)	0 (0)	24 (1.27)	271,600,622.00 (1.85)	0 (0)	0.0
Printing of Bank Document Illegally	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Clearing Fraud	5 (0.01)	0 (0)	5 (0.01)	0 (0)	0 (0)	56,010,000.00 (0.38)	0 (0)	0
Computer/Web Fraud	13455 (33.20)	2 (3.33)	9965 (28.74)	0 (0)	315 (16.63)	10,577,287,764.84 (72.18)	1,073,655,956.29 (69.69)	10.2
Mobile Fraud	15897 (39.23)	2 (3.33)	14044 (28.41)	0 (0)	1160 (40.50)	1,477,250,458.19 (10.08)	270,919,005.20 (17.58)	18.3
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	11 (0.03)	10 (16.67)	0 (0)	1 (50)	0 (0)	54,024,000.00 (0.37)	43,601,221.24 (2.83)	80.7



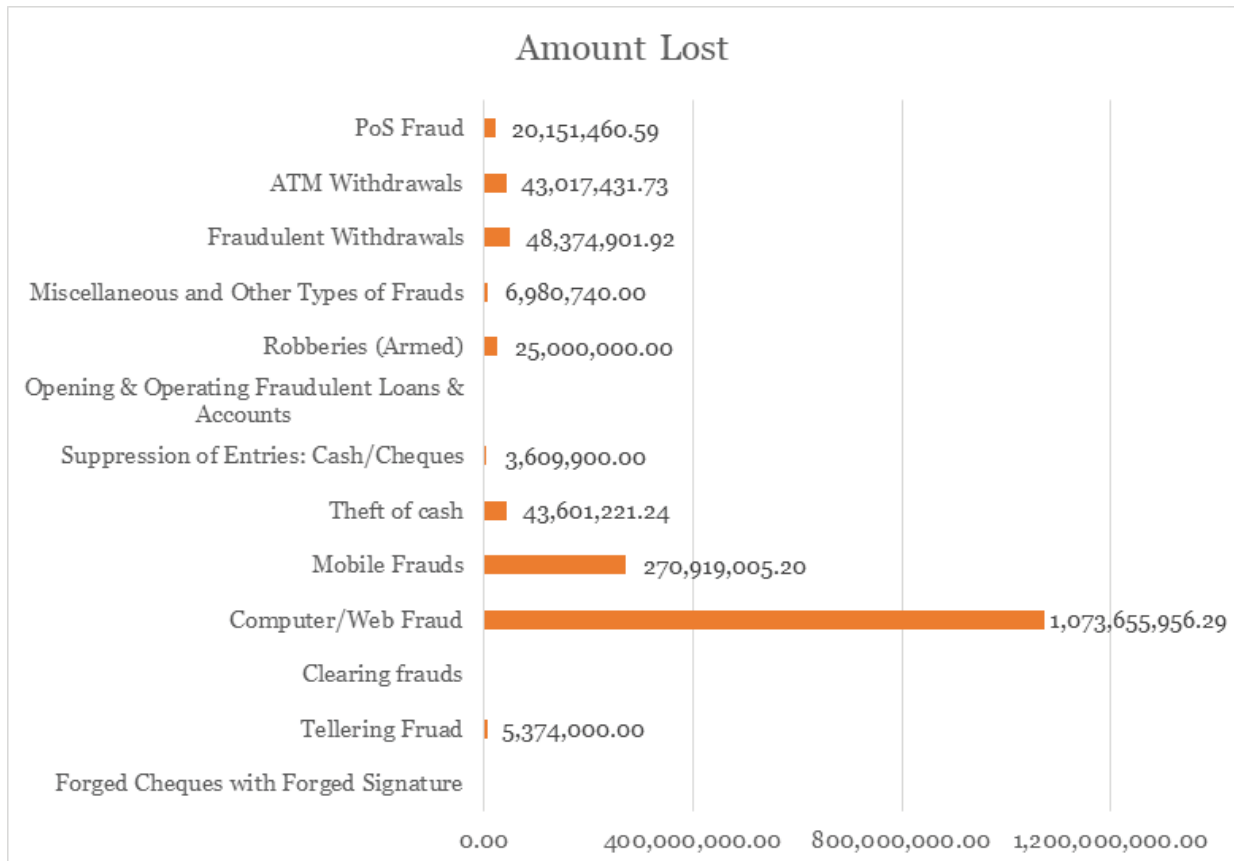
Types of Fraud	Total Number of Cases Reported	Involving Bank Staff Only	Involving Outside Persons Only	Collusion	Not Specified	Amount Involved / Expected (₦)	Actual Loss (₦)	Expected Loss / Amount Involved (%)
Suppression of Entries: Cash/Cheques	19 (0.05)	15 (25.0)	0 (0.0)	0 (0)	4 (0.21)	4,904,350.00 (0.03)	3,609,900.00 (0.23)	73.6
Opening & Operating Fraudulent Loans & Accounts	5 (0.01)	0 (0.0)	0 (0)	0 (0)	5 (0.26)	54,792,219.70 (0.37)	0 (0.0)	88.3
Over-Invoicing of Service to the Bank	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0.00
Robberies (Armed)	1 (0)	0 (0)	0 (0)	1 (0)	0 (0)	25,000,000.00 (0.17)	25,000,000.00 (1.62)	100
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	830 (2.05)	12 (20.00)	816 (2.35)	0 (0)	2 (0.11)	324,530,545.34 (2.21)	6,980,740.00 (0.45)	2.2
Fraudulent Withdrawals	1424 (3.51)	9 (15)	1414 (4.08)	0 (0)	1 (0.05)	385,796,719.95 (2.63)	48,374,901.92 (3.14)	12.5
ATM Withdrawals	6,834 (16.86)	4 (6.67)	6,742 (19.44)	1 (50)	72 (3.80)	676,244,177.97 (4.61)	43,017,431.73 (2.79)	6.4
PoS Fraud	1,971 (4.86)	0 (0)	1,673 (4.82)	0 (0)	298 (15.73)	224,440,432.68 (1.53)	20,151,460.59 (1.31)	9.0
<b>Total</b>	<b>40,522</b>	<b>60</b>	<b>34,677</b>	<b>2</b>	<b>1894</b>	<b>14,653,505,790.67</b>	<b>1,540,684,616.97</b>	<b>10.5</b>

Note: All figures in parenthesis ( ) indicate percentages

**Appendix II (B)**  
**Amount Involved in Frauds and Forgeries Activities (Fourth Quarter, 2021)**

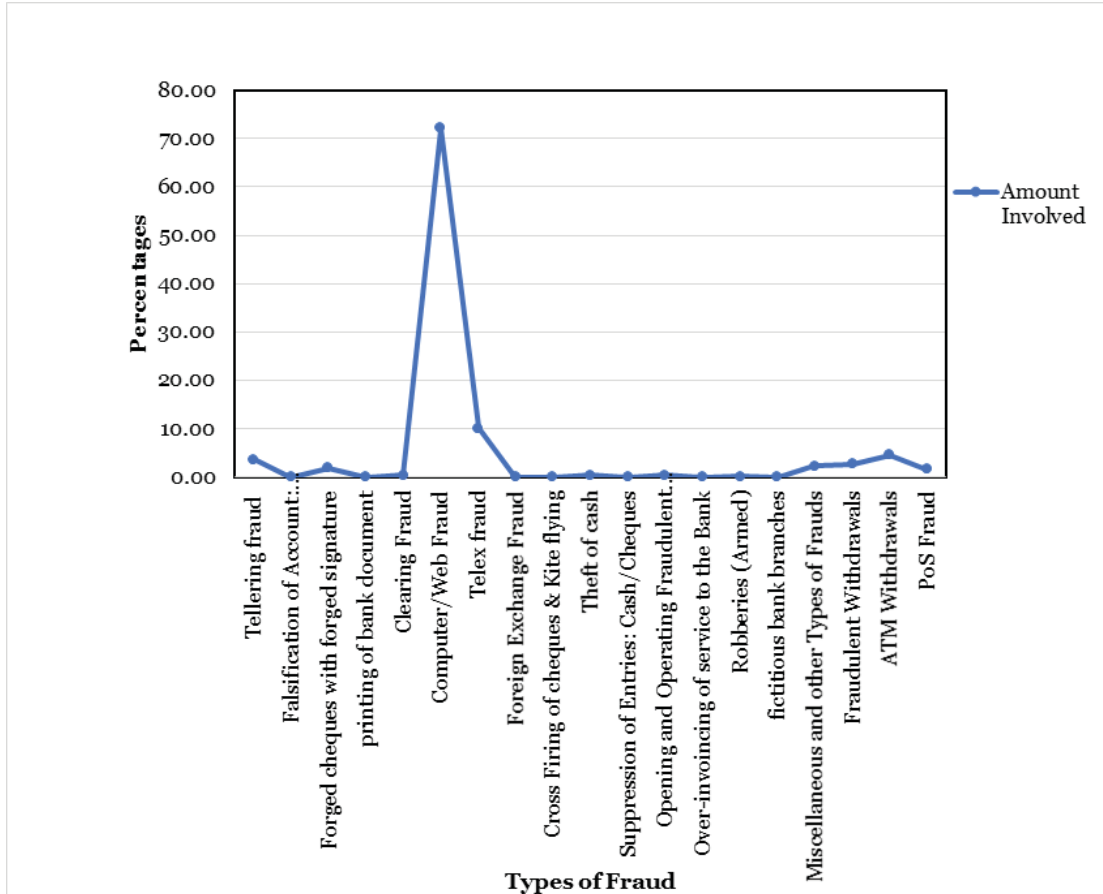


**Appendix II (C)**  
**Amount Lost to Frauds and Forgeries Activities (First Quarter, 2022)**



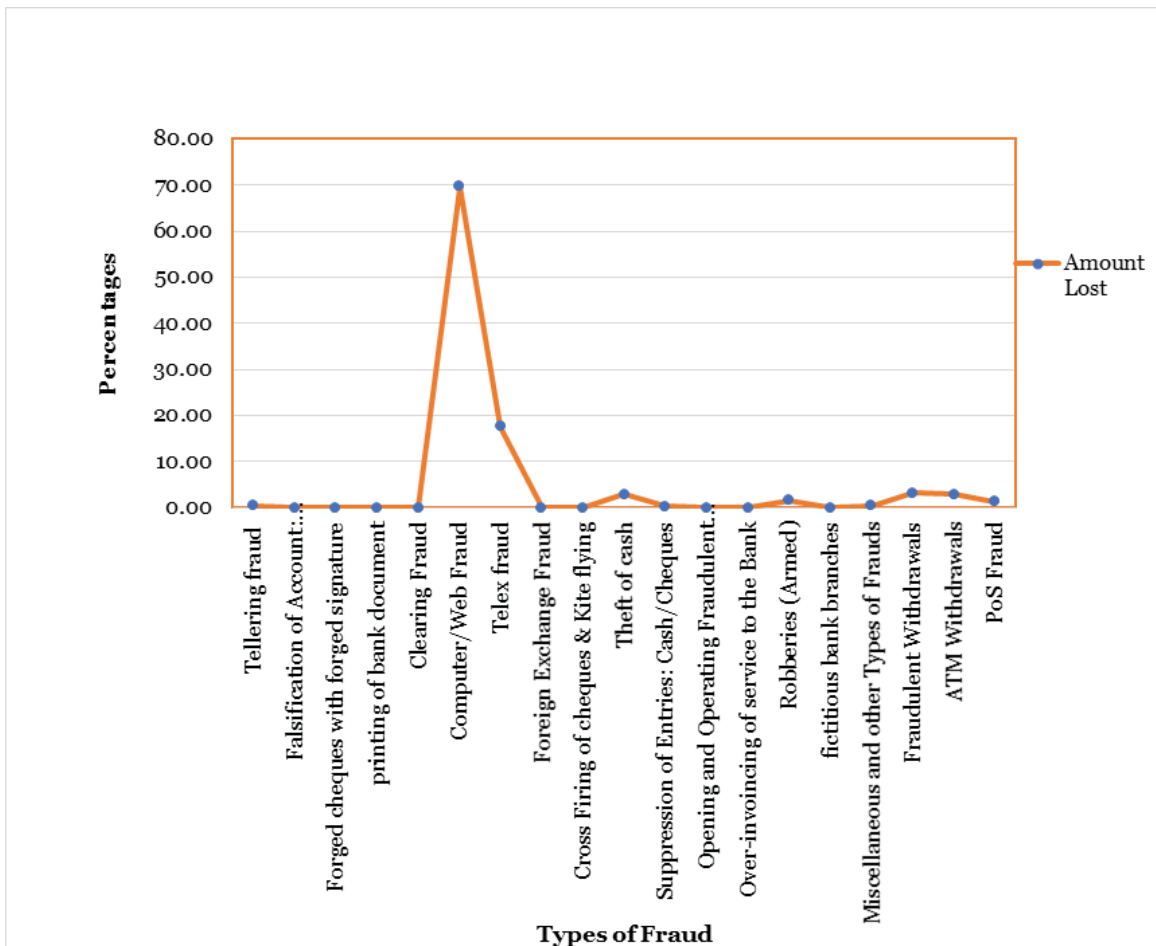
Appendix II (D)

Percentage Distribution of Amount Involved in Frauds and Forgeries (First Quarter, 2022)



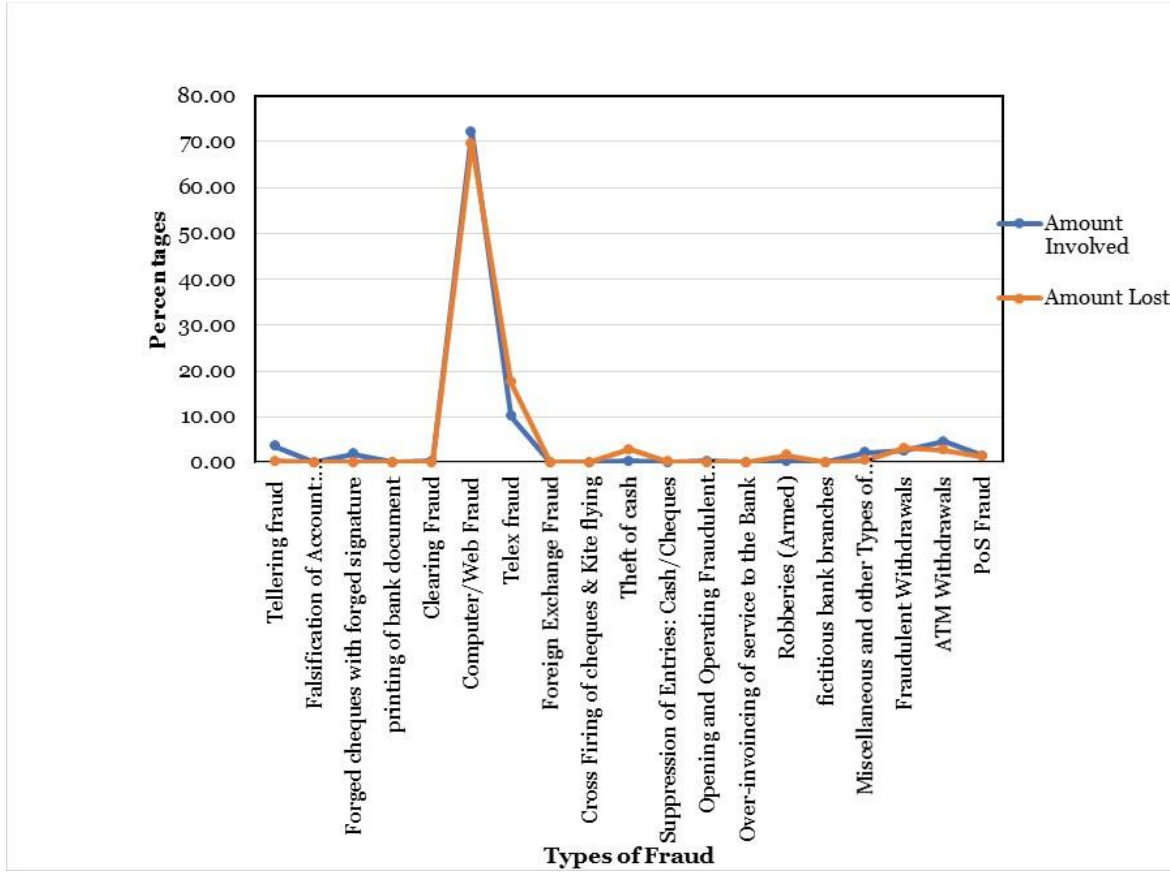
Appendix II (E)

Percentage Distribution of Amount Lost to Frauds and Forgeries (First Quarter, 2022)



Appendix II (F)

Percentage Distribution of Amount Involved in and Amount Lost to Frauds and Forgeries (First Quarter, 2022)



Appendix III (A)

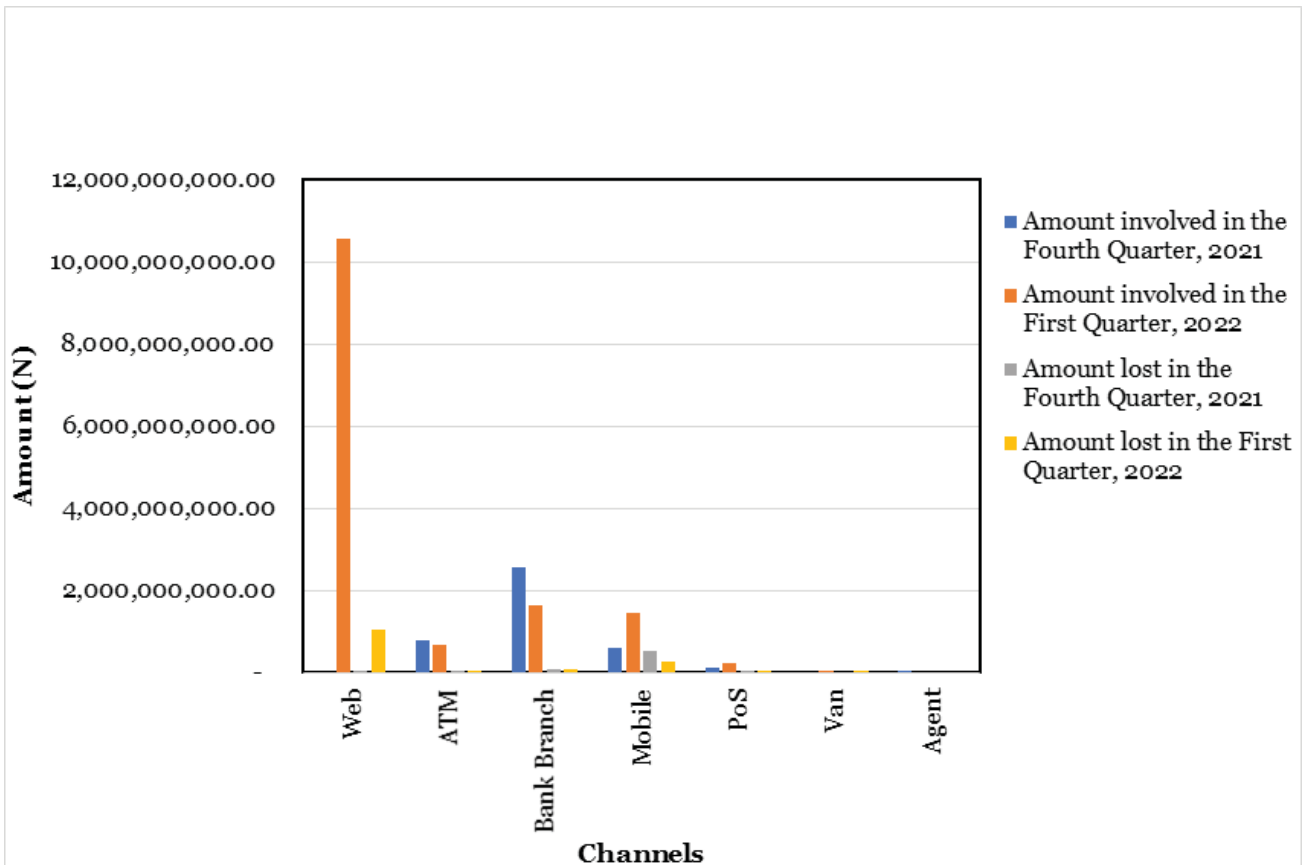
Frauds and Forgeries through various Payment Channels: A Comparison Fourth Quarter 2021 and First Quarter 2022

S/N	Channels	Cases: Fourth Quarter, 2021	Cases: First Quarter, 2022	Percentage (%) change
1	Web	8,833	13,455	52.33
2	ATM	4,820	7180	41.78
3	Bank Branch	3,192	2,349	(26.41)
4	Mobile	8,418	15,897	88.85
5	POS	1,237	1,971	59.34
6	Van	0	1	100
7	Agent	2	-	-
<b>Total</b>		<b>26,566</b>	<b>40,522</b>	<b>52.53</b>

**Appendix III (B)**  
**Amount Involved and Amount Lost to Fraud through various Payment Channels: A**  
**Comparison between Fourth Quarter 2021 and First Quarter 2022**

S/N	Channels	Amount Involved, Fourth Quarter, 2021 (N)	Amount Involved, First Quarter, 2022 (N)	Percentage (%) Change	Amount Lost, Fourth Quarter, 2021 (N)	Amount Lost, First Quarter, 2022 (N)	Percentage (%) Change
1	Web	1,018,967,747.37	10,577,910,264.84	938.10	21,541,062.84	1,073,442,528.83	4883.24
2	ATM	807,238,756.29	676,244,177.97	(16.23)	60,412,086.04	43,017,431.73	(28.79)
3	Bank Branch	2,558,262,672.16	1,632,835,056.99	(36.17)	107,524,168.71	103,459,763.16	(3.78)
4	Mobile	603,249,810.77	1,477,250,458.19	144.88	553,891,825.63	270,919,005.20	(51.09)
5	POS	124,913,179.09	224,440,432.68	79.68	3,010,450.00	20,151,460.59	569.38
6	Van	-	25,000,000.00	100.00	-	25,000,000.00	100.00
7	Agent	2,914,500.00	-	100.0	-	-	0.0
	<b>Total</b>	<b>5,115,546,665.68</b>	<b>14,653,505,790.67</b>	<b>165.62</b>	<b>788,528,523.95</b>	<b>1,540,684,616.97</b>	<b>93.39</b>

**Appendix III (C)**  
**Amount Involved and Amount Lost to Fraud through various Payment Channels: A**  
**Comparison between Fourth Quarter 2021 and First Quarter 2022**



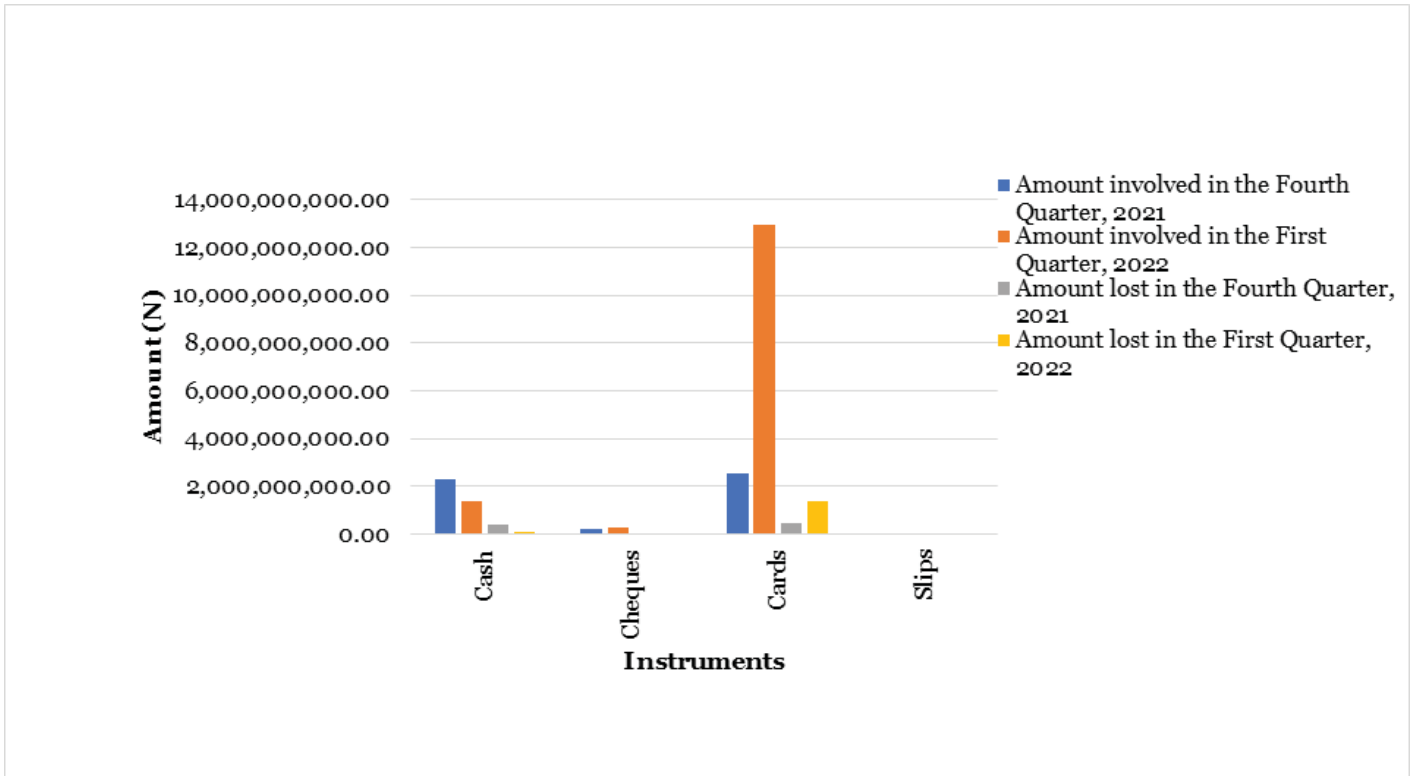
**Appendix IV (A)**  
**Frauds and Forgeries through various Instruments:**  
**A Comparison between Fourth Quarter 2021 and First Quarter 2022**

S/N	Instruments	Cases: Fourth Quarter, 2021	Cases: First Quarter, 2022	Percentage (%) change
1	Cash	3,166	2,305	(27.20)
2	Cheques	26	43	65.38
3	Cards	21,469	34,839	62.28
4	Slips	-	1	100
<b>Total</b>		<b>24,661</b>	<b>37,188</b>	<b>50.80</b>

**Appendix IV (B)**  
**Amount Involved and Amount Lost to Fraud through various Instruments of Transaction: A**  
**Comparison between Fourth Quarter 2021 and First Quarter 2022**

S/N	Instruments	Amount Involved, Fourth Quarter, 2021 (₦)	Amount Involved, First Quarter, 2022 (₦)	Percentage (%) Change	Amount Lost, Fourth Quarter, 2021 (₦)	Amount Lost, First Quarter, 2022 (₦)	Percentage (%) Change
1	Cash	2,318,661,877.63	1,375,627,743	(40.67)	107,524,168.71	101,756,672	(5.36)
2	Cheques	239,600,795	255,504,222	6.64	-	-	-
3	Cards	2,554,369,493.52	12,955,845,334	407.20	635,014,837.73	1,395,767,235	119.80
4	Slips	-	1,703,092	-	-	1,703,092	-
<b>Total</b>		<b>5,115,546,665.68</b>	<b>14,588,680,390.67</b>	<b>165.62</b>	<b>788,528,523.95</b>	<b>1,540,684,616.97</b>	<b>93.39</b>

**Appendix IV (C)**  
**Amount Involved and Amount Lost to Fraud through various Instruments of Transaction: A**  
**Comparison between Fourth Quarter 2021 and First Quarter 2022**





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