

A close-up photograph of a person's hand wearing a watch, pointing at a document with a pie chart. In the background, a laptop and other papers are visible on a desk, all under a warm, golden light.

# Report on Frauds and Forgeries in Nigerian Banks

QUARTER 4, 2022

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# Overview

In Q4 2022, FITC received a total of sixty-one (61) returns on cases of fraud and forgery from twenty-two (24) deposit money institutions<sup>1</sup>. Analysis show that twenty-three (23) returns were received in October, while eighteen (18) returns were received in November, and twenty (20) returns were received in December.

## Volume and Value of Fraud Cases

For Q4 2022 under review, the total number of frauds & forgeries cases reported was fourteen thousand, six hundred and nine (14,609) and when compared with the figure recorded for the previous quarter at nineteen thousand three hundred and fourteen (19,314) it represents a 24.36% decrease. The figures show that the top three frauds with the highest number of occurrences were computer/web fraud, mobile fraud which includes fraud activities through USSD & E-Naira transactions and POS-related fraud. Appendices I and II present the various fraud activities that occurred throughout the period.

The data reveal that in Q4 2022 the total sum reported to be involved in fraud cases increased by 23.53 per cent to N12.58 billion from N9.62 billion in Q3 2022. Also, for the total amount lost due to fraud incidences, there was a slight decrease of 12.15 per cent from N3.62 billion in the third quarter of 2022 to N3.18 billion in the fourth quarter of 2022. Appendix I (A) represents the amount involved and lost due to fraud activities between the two quarters.

There was a decrease of 16.58 per cent in outsider involvement in fraud cases from 16,125 cases in the previous quarter to 13,436 cases in Q4 2022. On the other hand, staff involvement decreased greatly from 112 cases in Q3 2022 to 38 cases in Q4 2022 representing a 66.07 per cent decrease.

In Q4 2022, an analysis of the magnitude-based ranking of fraud categories reveals that Computer/Web Fraud has the highest-ranking which accounts for N10.6 billion (84.25 per cent), and this is followed by the Mobile fraud category at N939 million (7.47 per cent). This was followed by POS Fraud at 2.93 per cent accounting for N369 million. The amount alleged to be involved in, and the actual amount lost to, frauds and forgeries over the fourth quarter of 2022 are shown in Appendix II (A).

Data from the total amount lost to frauds in Q4 2022 reveal that Computer/Web Fraud accounts for 89.07 per cent at N2.83 billion loss, followed by Mobile Fraud accounting for 6.05 per cent (N192 million) and this is followed by Opening and Operating Fraudulent Loans & Account which accounts for 1.98 per cent (62.9 per cent). 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 the study period under review.

# Channels, Instruments and Personalities Involved in Perpetrating Fraud

For the fourth quarter of 2022 under review, fraud activities were performed using a range of channels, including ATMs, Web, and Mobile Banking Platforms (including the USSD & eNaira channel), Bank branches, and POS (Point of Sale) terminals. With regards to the instruments of fraud, cards and cash account for the highest frequency of instruments used to carry out fraud activities in Q4 2022, while cheques account for a lower frequency of the amounts involved in and lost to frauds. Appendix III (A) presents an analysis of frauds with regards to payment channels; it reveals that there was a decrease across all channels except for Fraud carried out in Bank Branches which increased by 22.57 per cent from 142 cases in the previous quarter to 174 cases in Q4 2022. Web Fraud cases decreased by 28.72 per cent from 8830 cases in Q3 2022 to 6294 cases in Q4 2022. Similarly, the number of ATM cases decreased greatly by 79.95 per cent from 2015 cases in the previous quarter to 404 cases in the fourth quarter of 2022.

Appendix III (B) represents a comparison between Q3 and Q4 2022 with regards to amount involved and amount lost due to fraudulent activities. The only increase was noted for Web fraud while others recorded a decrease. The amount involved in Web fraud increased by 304.39 per cent from N2.62 billion to N10.6 billion. A decrease was noted in the amounts involved in ATM, Bank Branch, Mobile, and POS Fraud channels from 222 million to N52 million (76.45%), from N3.71 billion to N589 million (8.114%), from N2.67 billion to N938 million (64.86%), from N393 million to N241 million (38.69%) respectively.

Similarly, with regards to the amount lost by payment channel, the analysis shows that there was only an increase in the amount lost to fraud for the Web channel which suggests that the cyber fraud controls in place might have dropped thereby causing an increase in fraudulent activities on the web channel. The amount lost via the Web channel increased from N305 million to N2.83 billion (826.06%).

On the other hand, the amount lost via the ATM channel decreased from N16.7 million to N949,491.50 (94.32%). Likewise, the amount lost via the Bank Branch, Mobile fraud channels decreased from N1.86 billion to N119.9 million (199.82%) and from N1.22 billion to N191 million (84.37%). Also, the POS fraud channel recorded a significant decrease from N224 million to N10.1 million (94.47%).

Appendix IV (A) represents the Frauds and Forgeries through various instruments that in Q4 2022. There was a decrease in the number of cases of fraudulent activities for all instruments of transactions. Cash fraud decreased by 60.78% from 385 cases to 151 cases. Card frauds decreased by 38.53% from 18,816 from 11,566 cases. Also, as in previous quarter there were no cases reported to have been carried out using the slip instrument of fraud.

Appendix IV(B) shows the data on the amount involved in cash, cheque, card and, slip frauds in the fourth quarter of 2022. For the amount involved in cash fraud, there was a 87.20 per cent decrease, from N3.1 billion to N397 million. Similarly, a decrease was noted in the amount involved for cheque. For cheque fraud, a 63.04 per cent decrease was recorded N521 million to N193 million. For card frauds, there was a 65.07 per cent increase bringing the figure to N11.8 billion from N4.13 billion. There was no fraud reported to have been executed using the slip instrument of fraud.

An analysis of the amount lost through the various instruments of fraud in Q4 2022 shows that there was a significant decrease of 93.02 per cent in the amount lost through cash fraud from N1.72 billion in Q3 2022 to N119.9 million in Q4 2022. On the other hand, a considerable increase of 231.65 per cent was noted for cards bringing the value to N3.03 billion from N913 million in the previous quarter.

For Q4 2022 deposit money institutions reported that the services of twelve (12) employees were terminated because of their involvement in fraudulent activities which represents a 40 per cent decrease from the value reported in Q3 2022, where twenty (20) bank staff had their employment terminated for the same reasons.

## 4. Summary and Conclusion

The Q4 2022 Fraud & Forgeries Report within the Nigerian Banking system reveal that there was a decrease in the overall volume of cases recorded. Also, there was an increase reported for both the total amount involved in fraudulent activities, however, there was a decrease in the actual or expected amount lost to fraudulent activities. For the period under review, there was a decrease of 66.07 per cent in the involvement of bank staff in fraudulent activities. There was an increase in the amount of money involved in and lost to fraud activities conducted through the web channel in Q4 2023, compared to Q3 2022. This might indicate that fraud controls have been weakened.

In general, when compared to the nineteen thousand three hundred and fourteen fraud incidents reported in Q3 2023 (19,314) there were fourteen thousand six hundred and nine (14,609) fraud and forgery cases reported for Q4 2022, representing a 24.36% decrease between the periods.

## 5. Recommendation



Given the increase in the figures reported for the web channel there is need for the banks to reinforce the fraud controls as well as putting in place and implementing new cybersecurity strategies that is not only innovative but also very technical. The first step to achieving this will be to assess existing fraud controls and policies being utilized and identify possible weak points in the system before deploying solutions that would better protect the system from breaches and access to fraudulent individuals.

There is also need for continued sensitization of the banks' customers on how fraudulent activities occur across various platforms and how to protect themselves against being victims of fraud activities. Sensitization and awareness initiatives should take into consideration the different classes of people in the society and providing initiatives that would resonate with them and pass the information effectively.

The appendices below show summaries of the cases of Fraud and forgeries covered in this report. A comparison was done between the third Quarter of 2022 and the fourth Quarter of 2022, as well as between the fourth 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

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

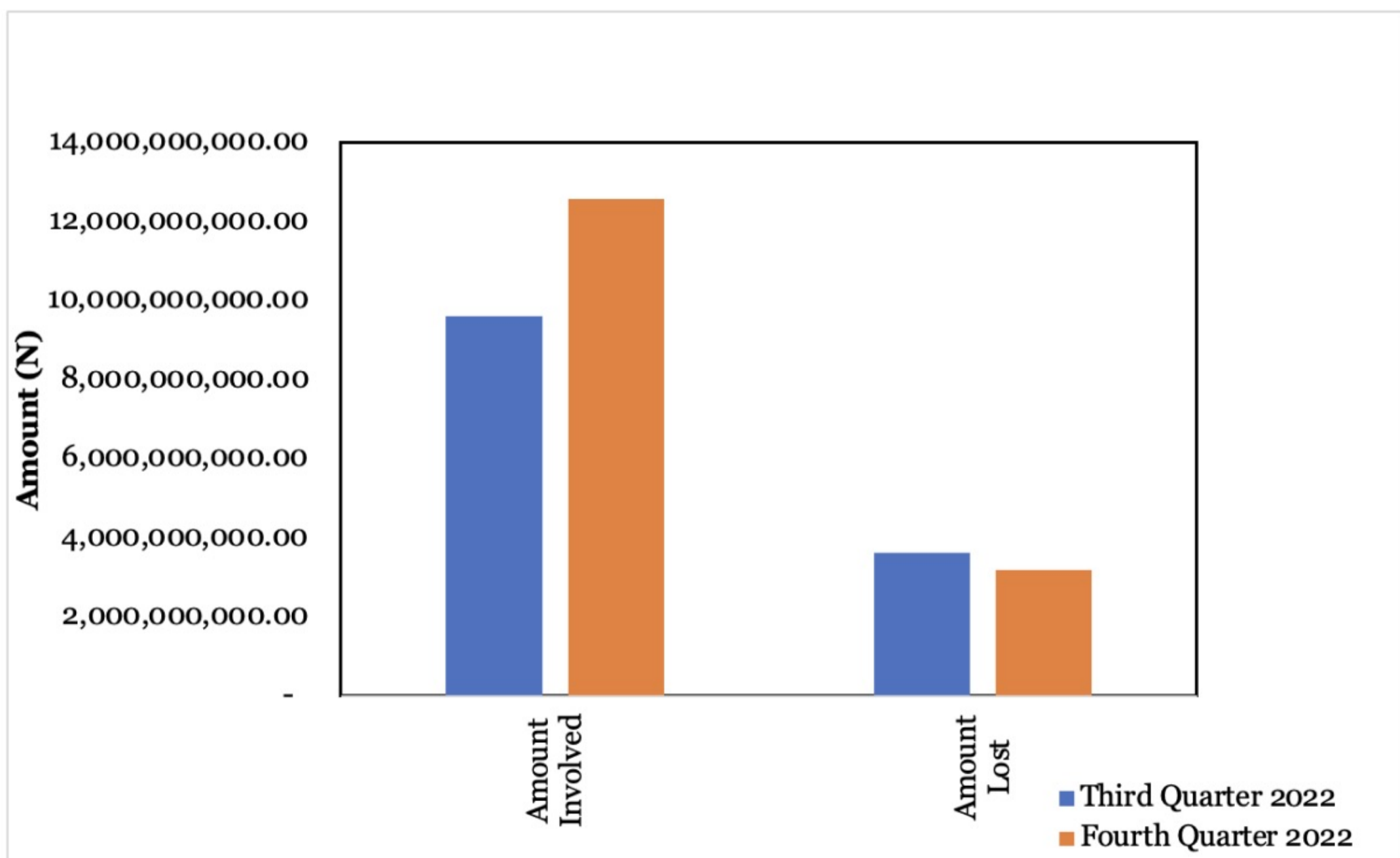
## Appendix I (A)

A Comparison of Fraud Activities between Third Quarter 2022 and Fourth Quarter 2022

S/N	Variables	Third Quarter, 2022	Fourth Quarter, 2022	Percentage (%) change
1	Total Cases Reported	19,314	14,609	(24.36)
2	Total Amount Involved	N9,619,042,678.24	N12,585,384,456.45	30.84
3	Total Amount lost	3,621,727,636.04	3,176,094,977.75	(12.30)
4	Outsider Involvement	16,125	13,436	(16.68)
5	Insider (Staff) Involvement	112	38	(66.07)
6	Appointments Terminated	20	12	(40)

## Appendix I (B)

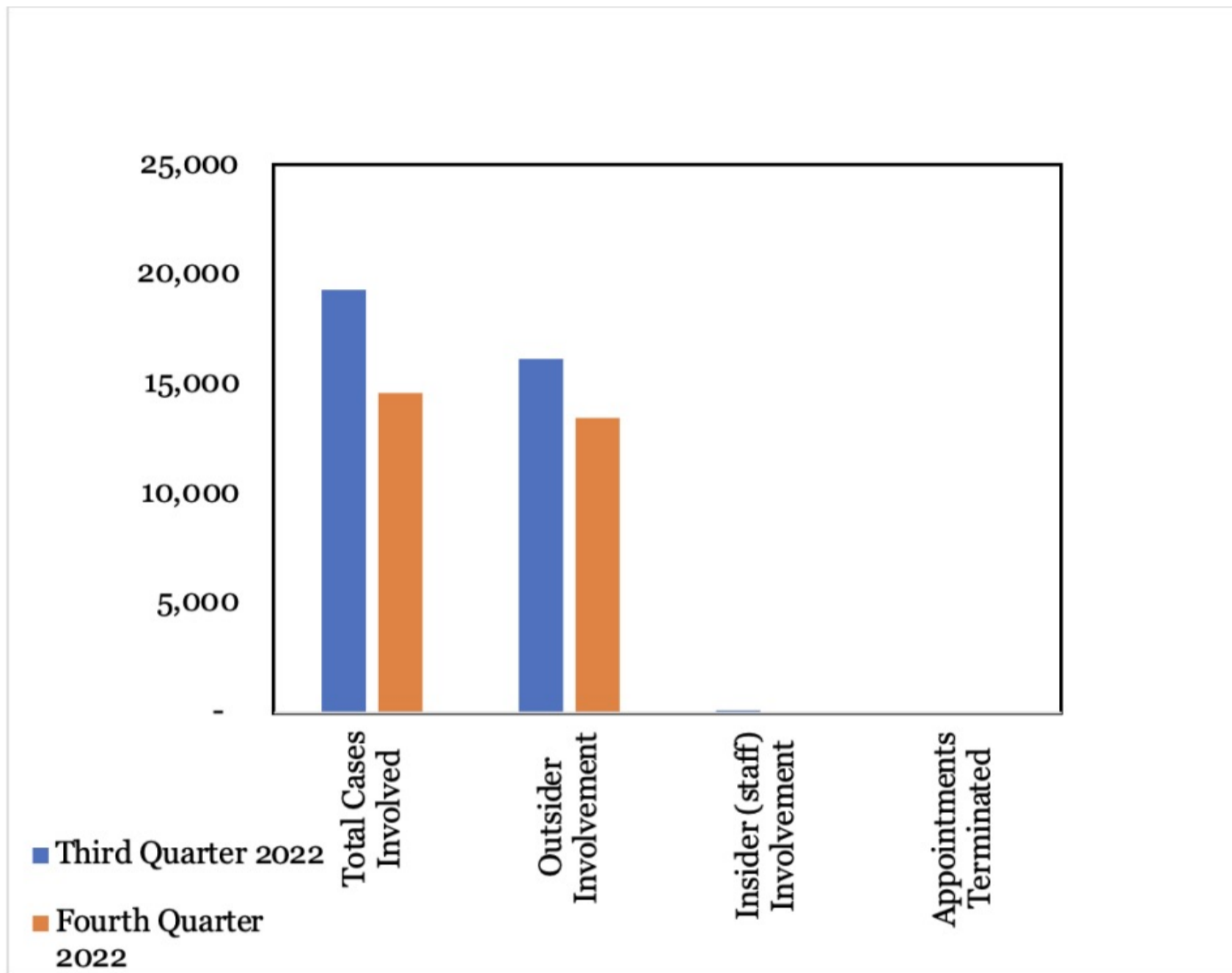
A Comparison of Amount Involved and Amount Lost to Frauds between Third Quarter 2023 and Fourth Quarter 2022



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

### Appendix I (C)

A Comparison of Fraud Activities between Third Quarter 2022 and Fourth Quarter, 2022



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)

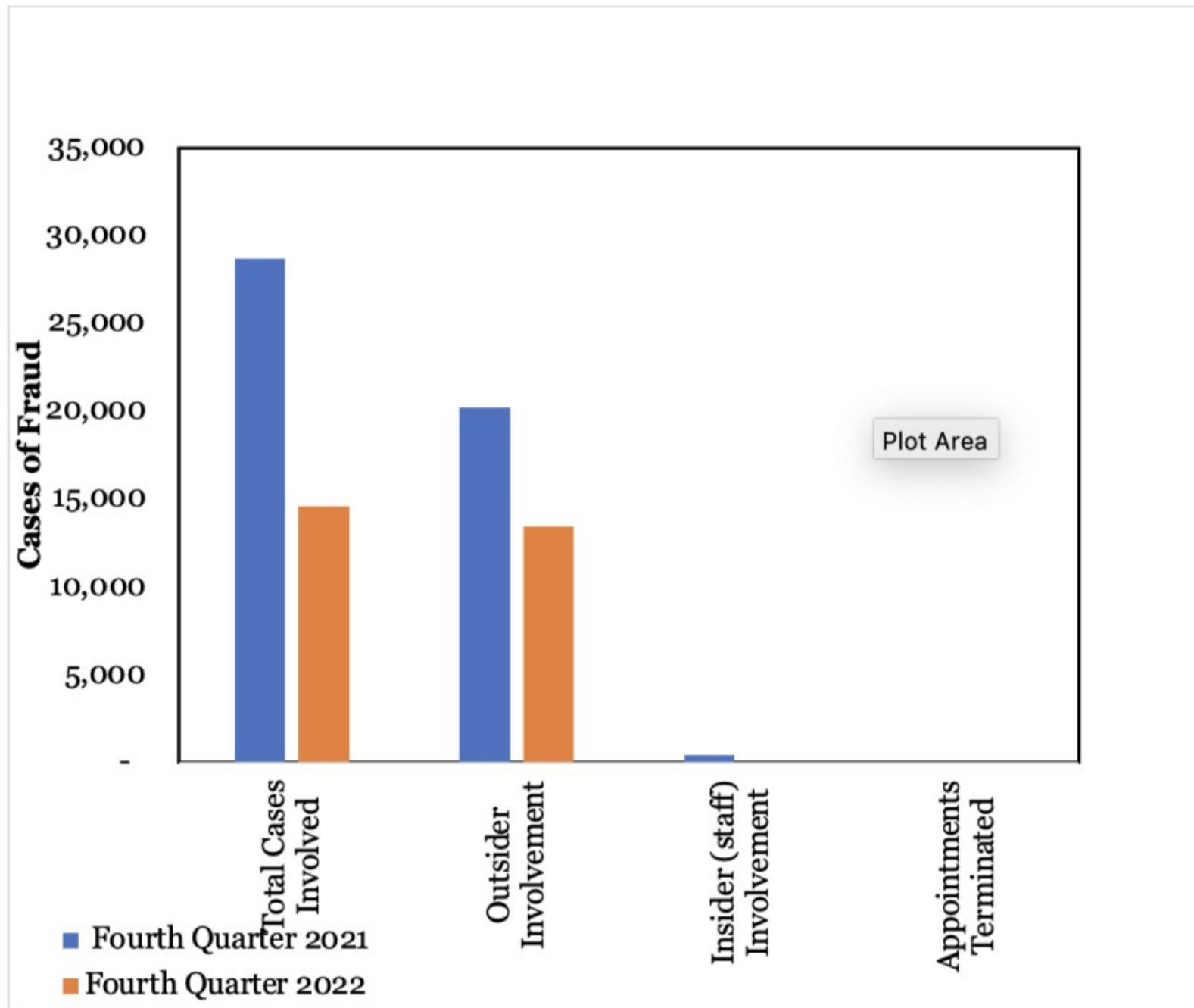
A Comparison of Frauds Activities between Fourth Quarter 2021 and Fourth Quarter 2022

S/N	Variables	Fourth Quarter 2021	Fourth Quarter, 2022	Percentage (%) change
1	Total Cases Reported	26,566	14,609	(45.01)
2	Total Amount Involved	N5,516,790,712.75	N12,585,384,456.45	128.13
3	Total Amount lost	N788,528,523.95	N3,176,094,977.75	302.79
4	Outsider Involvement	20,243	13,436	(33.63)
5	Insider (Staff) Involvement	410	38	(90.73)
6	Appointments Terminated	5	12	140

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

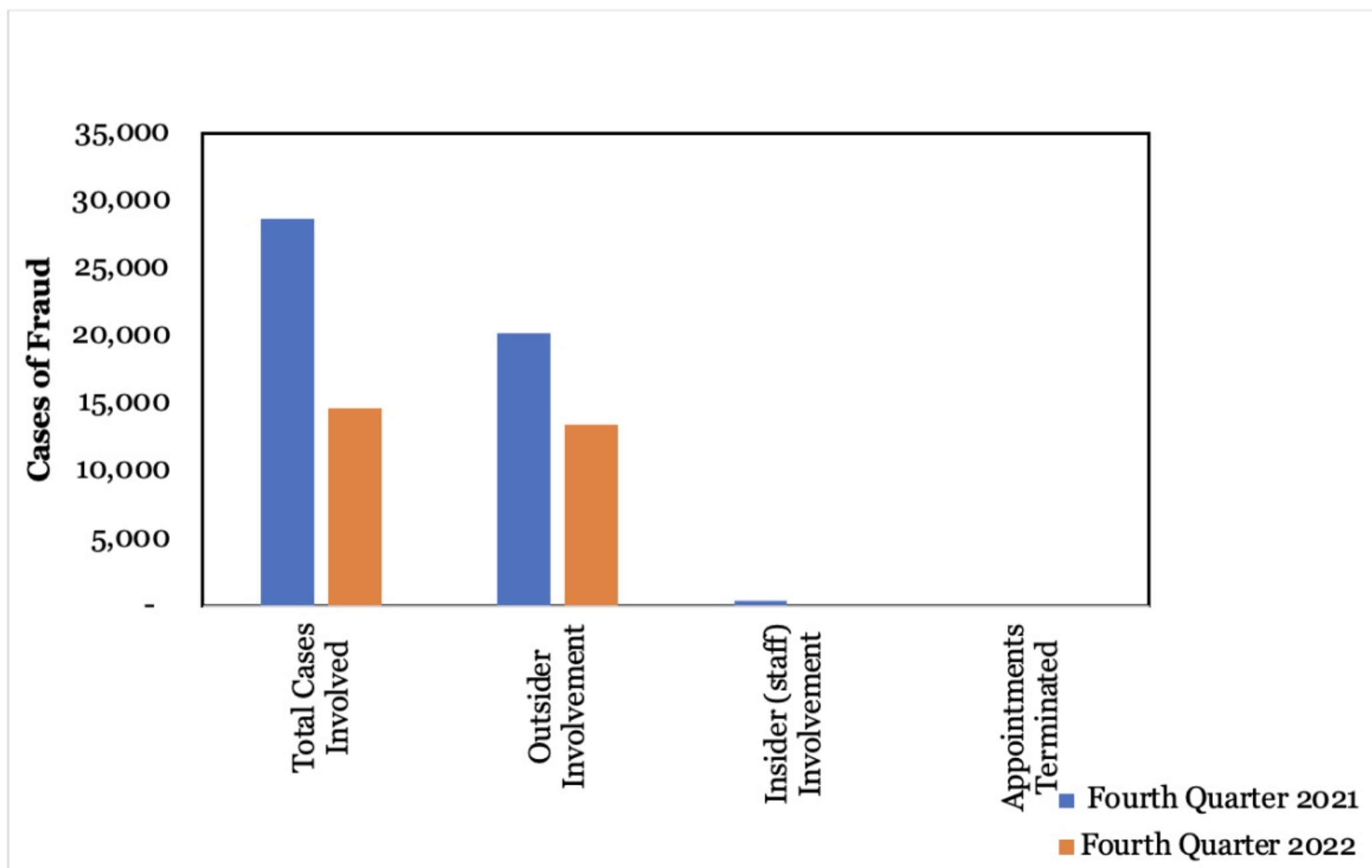
### Appendix I (E)

A Comparison of Frauds Activities between Fourth Quarter 2021 and Fourth Quarter, 2022



### Appendix I (F)

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





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

### Appendix II (A): Frauds and Forgeries Activities in the Fourth 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 (%)
Tellering Fraud	29 (0.20)	3 (3.57)	13 (0.03)	9 (90.91)	5 (0.17)	27,705,224.00 (0.22)	22,503,273.94 (0.71)	81.2
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	23 (0.16)	0 (0)	11 (0.08)	0 (0)	12 (1.11)	521,349,800.96 (2.23)	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	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Computer/Web Fraud	6294 (43.08)	0 (0)	6146 (45.75)	0 (0)	149 (13.78)	10,603,016,179.2 (84.25)	2,829,074,918. 38 (89.07)	26.7
Mobile Fraud	5530 (37.85)	1 (2.63)	4948 (36.83)	0 (0)	555 (51.34)	939,906,923.32 (7.47)	192,066,684.50 (6.05)	20.4
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	2 (0.01)	2 (36.84)	0 (0)	0 (0)	0 (0)	6,900,700.00 (0.05)	1,258,700.00 (0.04)	18.2

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

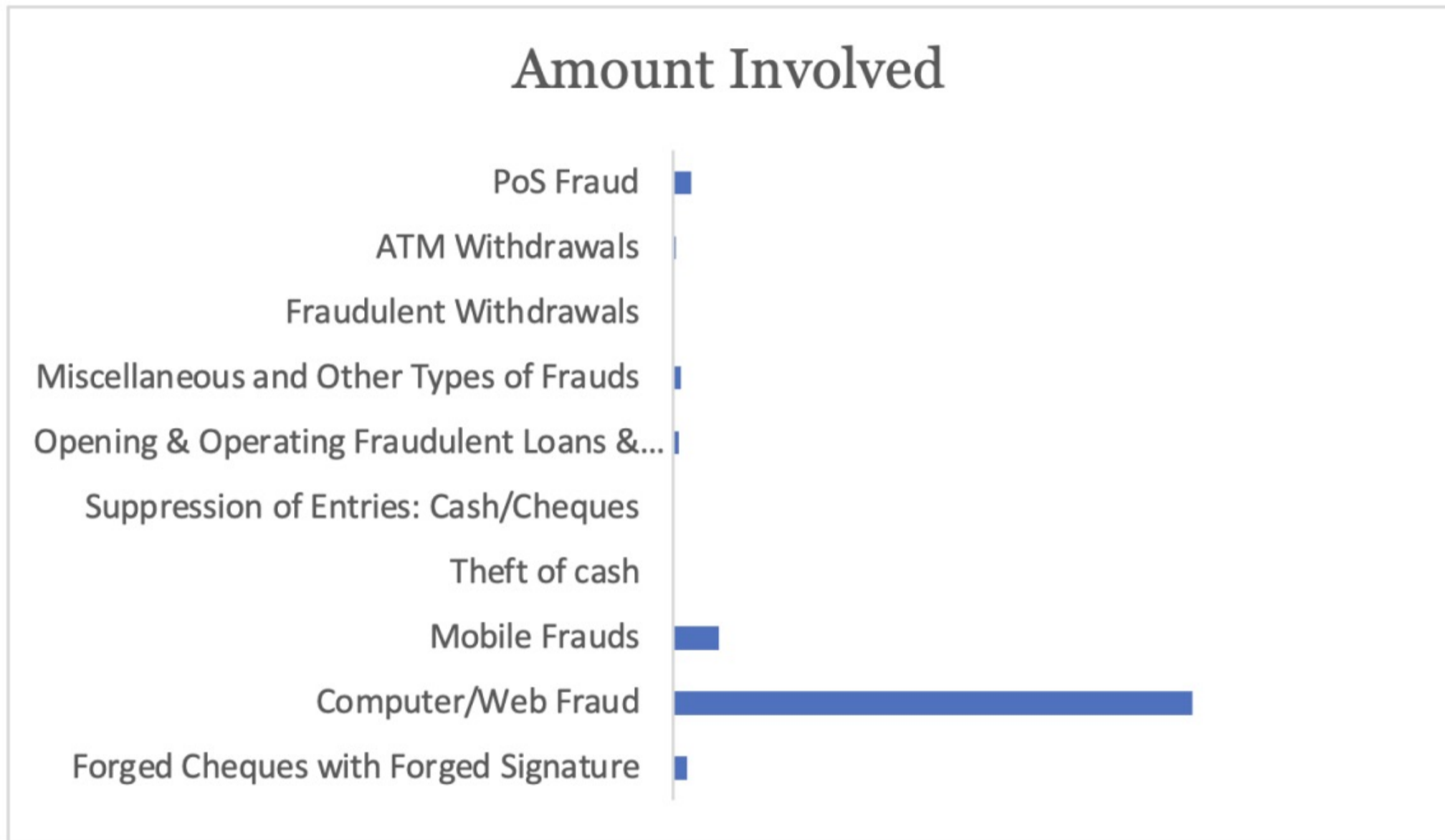
Types of Fraud	Total Number of Cases Reported	Involving Bank Staff Only	Involving Outside Persons Only	Collusion	Not Specified	Amount Involved / Expected (N)	Actual Loss (N)	Expected Loss/ Amount Involved (%)
Suppression of Entries: Cash/Cheques	19 (0.13)	14 (36.84)	0 (0)	0 (0)	5 (0.46)	23,545,403.00 (0.19)	19,451,250.13 (0.61)	82.6
Opening & operating Fraudulent Loans & Accounts	31 (0.21)	1 (2.63)	7 (0.05)	0 (0)	23 (2.1)	103,532,200.00 (0.82)	62,923,213.98 (1.98)	60.8
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	88 (0.60)	14 (36.84)	60 (0.45)	1 (10)	13 (1.20)	145,373,875.59 (1.16)	32,969,446.84 (1.04)	22.7
Fraudulent Withdrawals	6 (0.04)	3 (7.89)	3 (0.02)	0 (0)	0 (0)	33,300,000.00 (0.26)	3,147,000.00 (0.10)	9.5
ATM Withdrawals	404 (2.77)	0 (0)	381 (2.84)	0 (0)	23 (2.13)	52,276,366.52 (0.42)	1,486,491.50 (0.05)	2.8
PoS Fraud	2,182 (14.94)	0 (0)	1,866 (13.89)	0 (0)	316 (29.23)	369,229,084.80 (2.93)	11,213,998.48 (0.35)	3.0
<b>Total</b>	<b>14,609</b>	<b>38</b>	<b>13,436</b>	<b>10</b>	<b>1,101</b>	<b>9,619,042,678.24</b>	<b>3,621,727,636.04</b>	<b>25.2</b>

Note: All figures in parenthesis ( ) indicate percentages

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

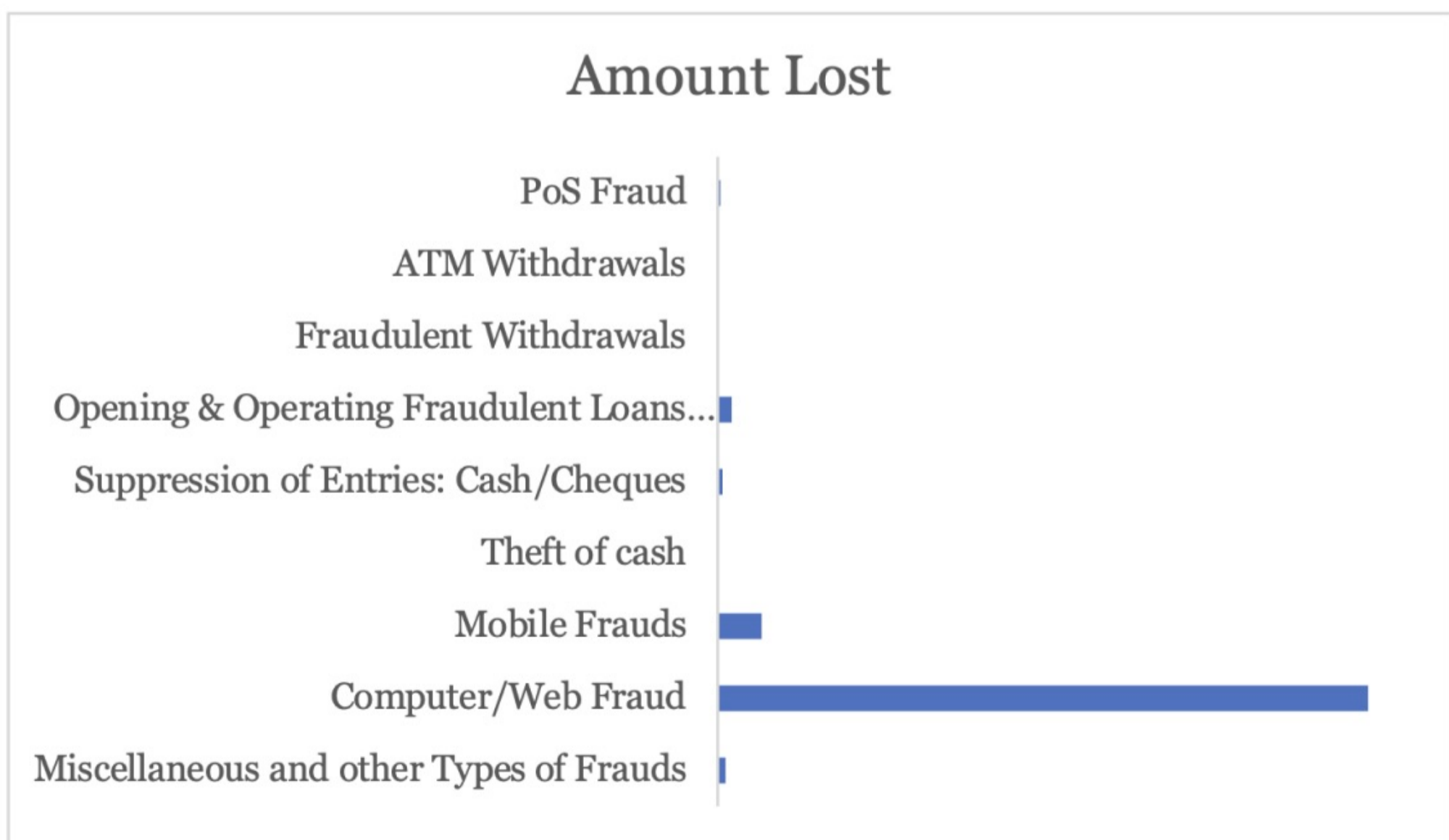
### Appendix II (B)

#### Amount Involved in Frauds and Forgeries Activities (Fourth Quarter, 2022)



### Appendix II (C)

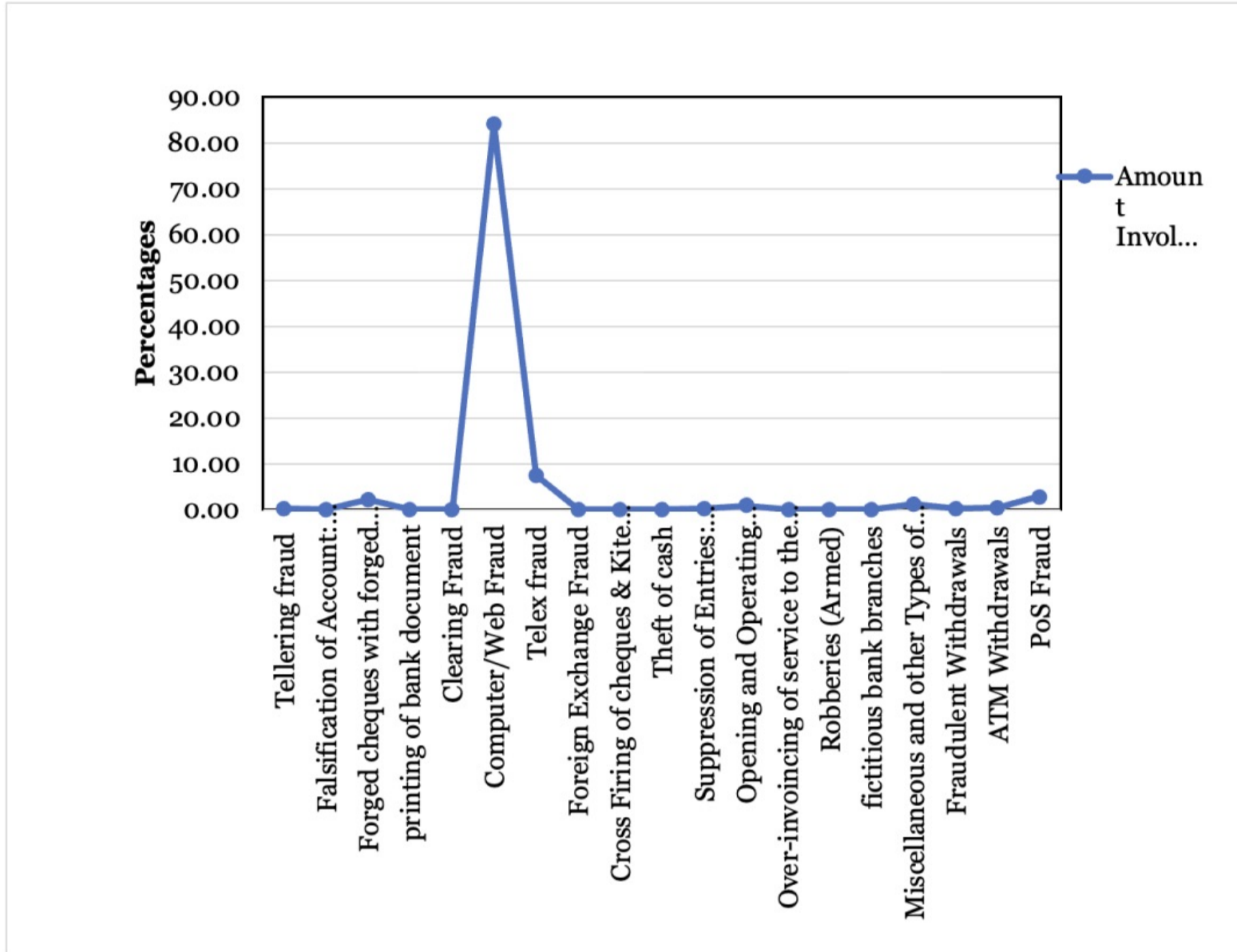
#### Amount Lost to Frauds and Forgeries Activities (Fourth Quarter, 2022)



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

## Appendix II (D)

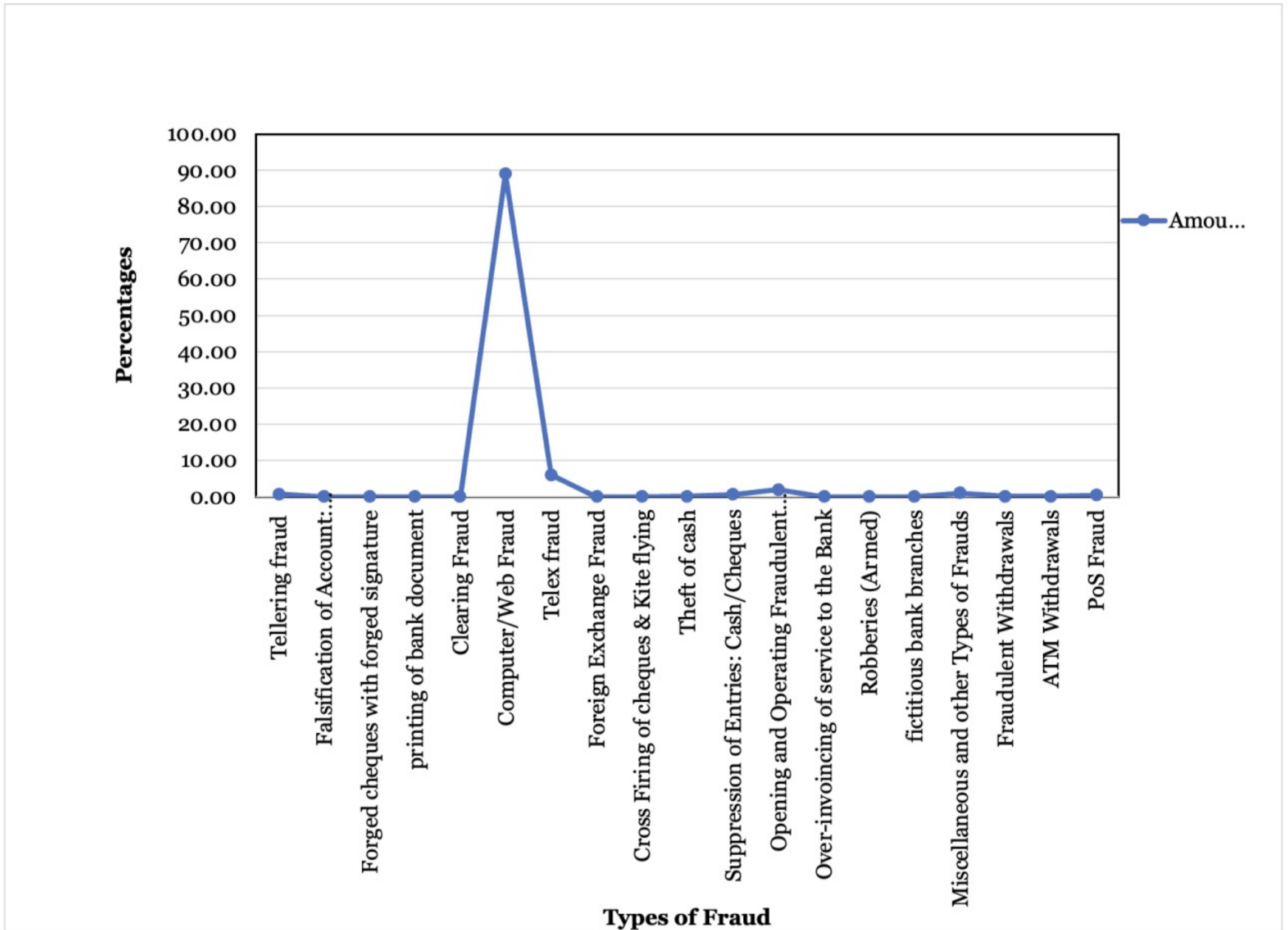
### Percentage Distribution of Amount Involved in Frauds and Forgeries (Fourth Quarter, 2022)



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

## Appendix II (E)

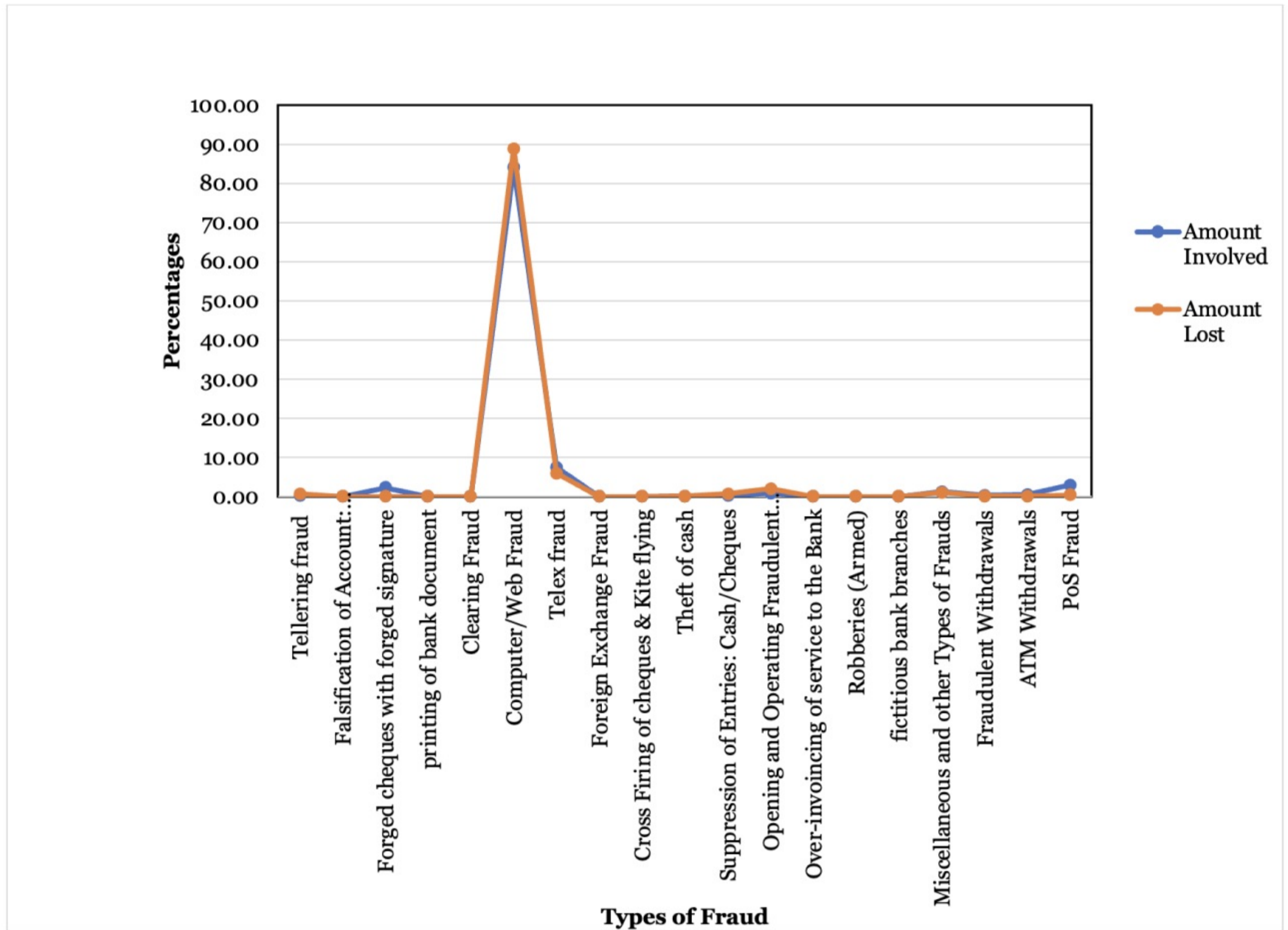
### Percentage Distribution of Amount Lost to Frauds and Forgeries (Fourth Quarter, 2022)



# 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 (Fourth Quarter, 2022)



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

### Appendix III (A)

#### Frauds and Forgeries through various Payment Channels: A Comparison of Third Quarter 2022 and Fourth Quarter 2022

S/N	Channels	Cases: Third Quarter, 2022	Cases: Fourth Quarter, 2022	Percentage (%) change
1	Web	8830	6294	(28.72)
2	ATM	2015	404	(79.95)
3	Bank Branch	142	174	22.54
4	Mobile	6631	5522	(16.72)
5	POS	1694	1661	(1.95)
6	Van	-	0	-
7	Agent	2	2	0
<b>Total</b>		<b>19,314</b>	<b>14057</b>	<b>(27.22)</b>

### Appendix III (B)

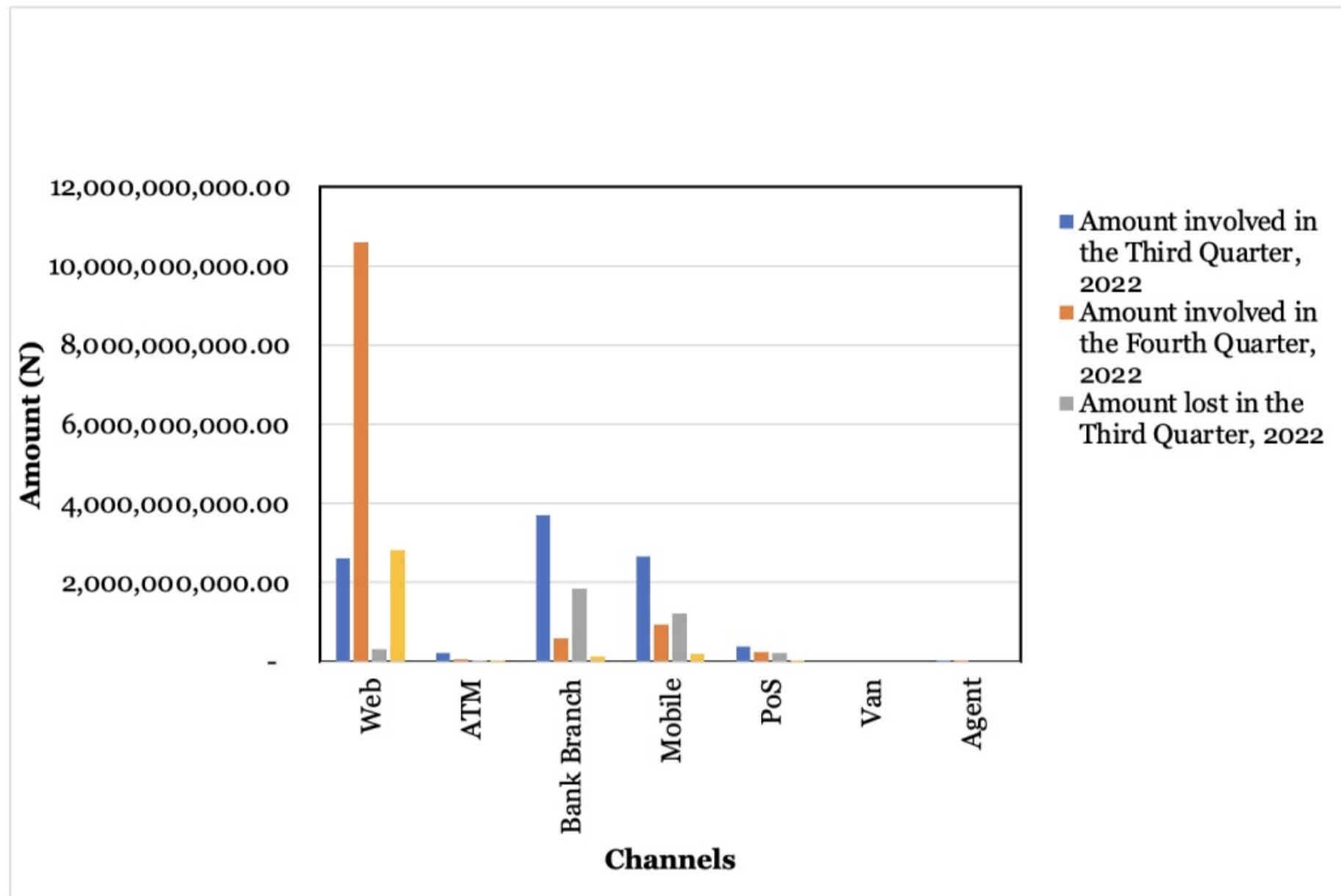
#### Amount Involved and Amount Lost to Fraud through various Payment Channels: A Comparison between Third Quarter 2022 and Fourth Quarter 2022

S/N	Channels	Amount Involved, Third Quarter, 2022 (N)	Amount Involved, Fourth Quarter, 2022 (N)	Percentage (%) Change	Amount Lost, Third Quarter, 2022 (N)	Amount Lost, Fourth Quarter, 2022 (N)	Percentage (%) Change
1	Web	2,621,953,247.70	10,603,016,179.22	304.39	305,495,175.25	2,829,074,918.38	826.06
2	ATM	221,976,700.15	52,276,366.52	(76.45)	16,713,096.51	949,491.50	(94.32)
3	Bank Branch	3,709,242,538.33	589,295,552.53	(84.11)	1,853,608,418.77	119,949,610.95	(93.53)
4	Mobile	2,669,417,856.44	937,944,023.32	(64.86)	1,222,095,081.99	191,018,284.50	(84.37)
5	POS	393,537,835.62	241,283,568.06	(38.69)	223,815,863.52	10,131,248.48	(94.47)
6	Van	-	-	-	-	-	-
7	Agent	2,914,500.00	-	0	-	-	-
<b>Total</b>		<b>9,619,042,678.24</b>	<b>12,585,384,456.45</b>	<b>30.84</b>	<b>3,621,727,636.04</b>	<b>3,176,094,977.75</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 Third Quarter 2022 and Fourth Quarter 2022



### Appendix IV (A)

Frauds and Forgeries through various Instruments:

A Comparison between Third Quarter 2022 and Fourth Quarter 2022

S/N	Instruments	Cases: Third Quarter 2022	Cases: Fourth Quarter 2022	Percentage (%) change
1	Cash	385	151	(60.78)
2	Cheques	36	23	(36.11)
3	Cards	18,816	11,566	(38.53)
4	Slips	0	0	0
<b>Total</b>		<b>19,237</b>	<b>11,739</b>	<b>(38.98)</b>



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

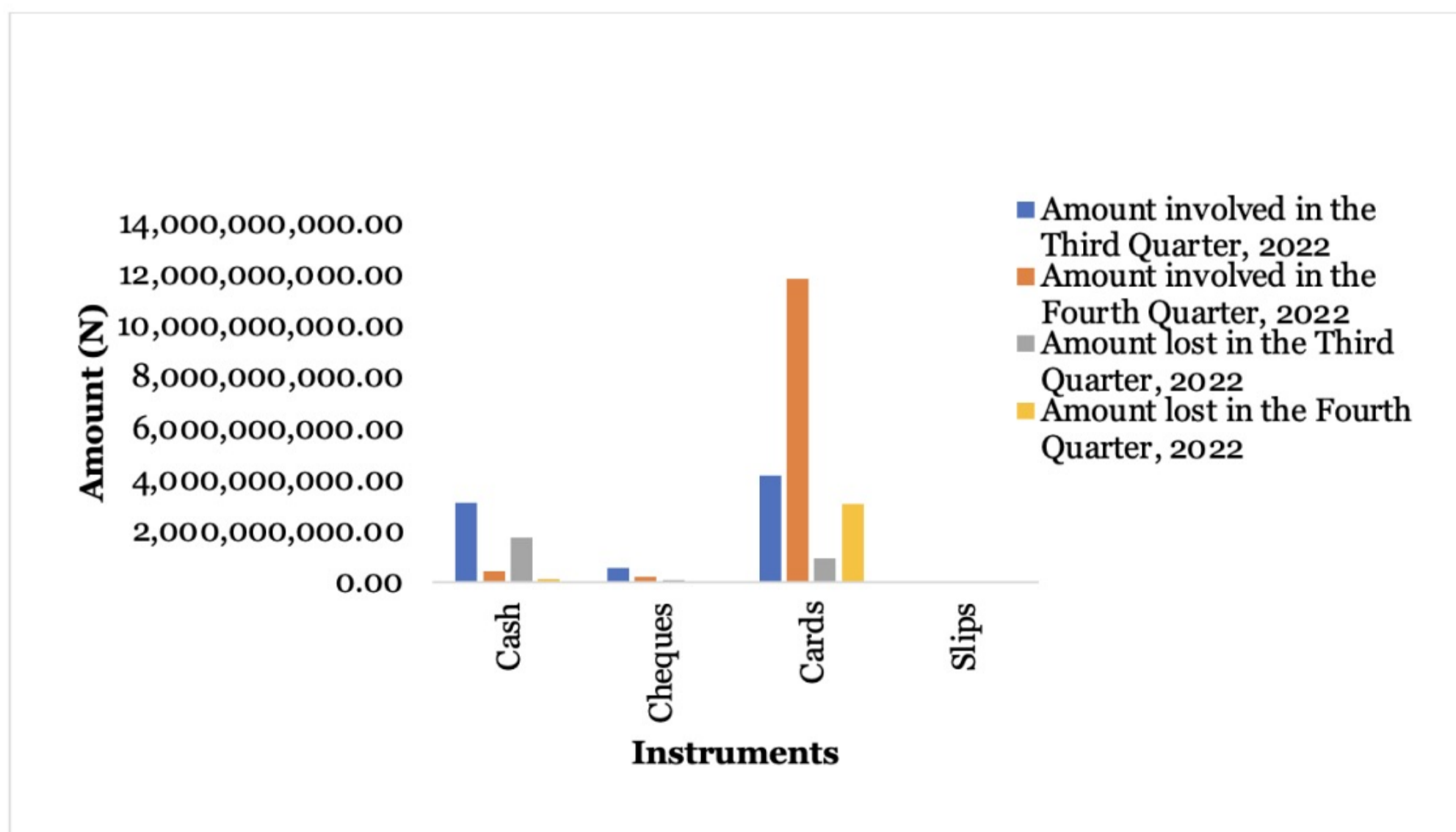
### Appendix IV (B)

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

S/N	Instruments	Amount Involved, Third Quarter, 2022 (N)	Amount Involved, Fourth Quarter, 2022 (N)	Percentage (%) Change	Amount Lost, Third Quarter, 2022 (N)	Amount Lost, Fourth Quarter, 2022 (N)	Percentage (%) Change
1	Cash	3,048,838,008	368,897,083	(87.80)	1,718,159,474	19,948,811	(88.55)
2	Cheques	821,154,801	192,998,500	(63.04)	75,627,948	0	100
3	Cards	4,139,088,342	11,834,920,137	(68.07)	93,032,012	3,028,115,037	231.85
4	Slips	-	-	(0)	-	0	0
	<b>Total</b>	<b>7,723,769,126.99</b>	<b>12,423,815,689.65</b>	<b>(11.73)</b>	<b>2,707,829,434.38</b>	<b>3,148,064,648.06</b>	<b>16.26</b>


### Appendix IV (C)

Amount Involved and Amount Lost to Fraud through various Instruments of Transaction: A Comparison between Second Quarter 2022 and Third Quarter 2022





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Firms of the Year Award



2023 IFDQ Change  
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B.U.'s International  
Service Quality Award  
2012 (50M category)



Great Place to Work  
(Nigeria) Award 2022  
(7th out of 225)



The West African  
Entrepreneurs Award  
(West African Award for  
Training Excellence)