



Report on Frauds and Forgeries in Nigerian Banks

QUARTER 1, 2024

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1. Overview

In Q1 2024, a total of seventy-five (75) returns on cases of fraud and forgery were received by FITC from twenty-four (24) deposit money institutions¹. A closer analysis show that twenty (20) returns were received in January, while Twenty-five (25) returns were received in February, and thirty (30) returns were received in March.

2. Volume and Value of Fraud Cases

For Q1 2024, a total of eleven thousand, four hundred and seventy-two (11,472) cases were reported and when compared to the twelve thousand, four hundred and five (12,405) cases recorded in the Q4 2023, a 7.52 per cent decrease is noted. The data from the final quarter of 2023 highlights computer/web fraud, mobile fraud, and POS-related fraud as the top three prevalent forms of fraudulent activity, consistent with the trend observed in the first quarter of 2024. Appendices I and II provide detailed insights into all instances of fraud recorded during this period.

An analysis of the data shows a 56.73% decrease in the total amount involved in fraud cases during Q1 2024 compared to the penultimate quarter. The sum declined from N6.91 billion to N2.99billion. Also, for the total amount lost in Q1 2024, there was a substantial decrease of 77.62% from N2.09 billion in Q4 2023 to N468.42 million in Q1 2024. Appendix I (A) provides a representation of the amount involved and lost due to fraud activities between the two quarters.

In Q1 2024, outsider involvement in fraud cases increased to 0.45% which is a slight increase when compared to the previous quarter, with the number rising from 10,350 cases in Q4 2023 to 10,397 cases in Q1 2024.

Staff involvement in fraud declined by 12.96%, decreasing from 54 cases in Q4 2023 to 47 cases in Q1 2024. however, 35 staff appointment was terminated in Q1 2024, and this is vastly significantly higher from Q4 2023 where we saw staff termination for 9 cases.

In the review of Q1 2024, an analysis of the magnitude-based ranking of fraud categories reveal that Mobile fraud had the highest ranking, accounting for N768.84 million (25.73%) of the total amount. It was followed by Computer/Web fraud at N680.75 million (22.78%). POS Fraud came next at N565.69 million (18.93%). The alleged amounts involved in, and the actual amounts lost to frauds and forgeries during the first quarter of 2024 are displayed in Appendix II (A).

According to the data on the total amount lost to frauds in the First quarter of 2024, Mobile Fraud was accounted to have the highest loss at 46.29%, with a value of N216.83 million, while Computer/Web Fraud Entries was accounted for 17.00%, totalling N79.61 million. Appendices II (B), (C), (D), (E), and (F) provide graphical representations of the amount involved in and the actual amount lost to fraud and forgery operations throughout Q1 2024.

3. Channels, Instruments and Personalities Involved in Perpetrating Fraud

During Q1 2024, fraudulent activities were conducted through various channels, which included ATMs, online platforms such as web and mobile banking, bank branches, and point-of-sale (POS) terminals. In the first quarter of 2024, cards were the only instrument for fraud that recorded an increase, while the use of cheques and cash recorded relatively lower fraudulent activities when compared to the previous quarter. Appendix III (A) provide an analysis of frauds based on payment channels, revealing a decrease in the usage of Computer or web terminals, Bank Branches and ATM, but an increase in Mobile and POS channels. Specifically, there was 31.12% rise in fraud cases through the POS Channel, rising from 2683 cases in the Q4 2023 to 3518 cases in Q1 2024. Similarly, the number of fraud cases through the Mobile Channel increased by 0.45%, rising from 3173 cases in Q4 2023 to 3393 cases in Q1 2024. The Computer/Web channels experienced a decrease of 30.34% and with fraud cases dropping from 5,932 cases in Q4 2023 to 4,132 cases in Q1 2024. However, Bank Branches channel recorded 239 cases, indicating a 40.10% decline from fourth quarter's 399 cases.

Appendix III (B) represent a comparison between Q4 2023 and Q1 2024 with regards to amount involved and amount lost due to fraudulent activities. With regards to the volume of money involved, a decrease was recorded in Web fraud, Mobile fraud, POS, Bank branch and ATM fraud amounts. The amount involved with Mobile fraud witnessed a significant decline of 78%, diminishing from N3.6 billion in Q4 to N768.75 million. Similarly, Computer/Web fraud experienced a substantial drop of 60.41%, with the amount involved decreasing from N1.7 billion to N672.1 million. Same trajectory could be seen for POS fraud as it recorded 37.74% downturn with the amount involved decreasing from N604.91 million in Q4 2023 to N376.6 million in Q1 2024. Bank branch related fraud and ATM Fraud also witnessed a decrease in the monetary value involved, with a drop of 6.21% and 81.18% respectively. Bank branch related fraud decreased from N967.568 million in Q4 2023 to N907.51 million in Q1 2024, while ATM fraud decreased from N73.44 million in Q4 2023 to N 13.82 million in Q1 2024.

The analysis of the amount lost to fraud based on payment channels reveal the trends below. Overall, there was a decrease in amount lost across all channels. Also van and Agents didn't record any fraud cases, while the amount lost via the Mobile, bank branch, ATM, POS, Computer/Web channel decreased. In their order of magnitude, the amount lost through the Computer/Web channel declined by 16.08%, dropping the value to 24.14 million from N28.77 million in Q4 2023 while Mobile frauds experienced a 99% decrease from N21.6 billion to N216.36 million naira. There was also a reduction in the amount lost to POS fraud by 68.34% from N14.61 million to N4.63 million. Also in bank branch related fraud, the amount lost dropped significantly by 62.42%, falling from N356.34 million in the previous quarter to N133.92 million in Q1 2024.

In the first quarter of 2024, Appendix IV (A) provide information on Frauds and Forgeries using different instruments. During this period, there was a surge in cheque and card-related fraud cases while cash frauds, declined. The card fraud increased by 146.86%, rising from 8,697 cases to 21,469 cases. Conversely, there was a notable decline of 18.36% in cash fraud, which declined from 256 cases to 209 cases. while Cheque fraud experienced a surge of 66.67%, with the number of cases rising from 18 cases in Q4 2023 to 30 cases in Q1 2024.

Appendix IV(B) provide data on the monetary value involved in cash, cheque, and card fraud during Q1 2024. There was a substantial decline involving fraudulent instruments such as cash, cheques, and card-related activities. Cheque and Cash fraud declined significantly by 34.09% and 74.33% respectively, with the amount involved in the case of cheques falling from N120.74 million to N 79.57 million. For cash related fraud cases, there was a huge significant drop from N3.23 billion to N827.94 million. There was also decline in card-related fraud, with the amount involved falling from N2.99 billion in Q4 2023 to N1.73 million in Q1 2024.

Looking into the losses incurred through different fraudulent instruments during the first quarter of 2024, The amount lost through cash fraud experienced a drop of 91.88%. It dropped from N1.65 billion in Q4 2023 to N 133.92 million in Q1 2024. A decline of 68.63% in the amount lost through card fraud was recorded in this period. It declined from N394.30 million in Q4 2023 to 123.698 million in Q1 2024.

In Q1 2024, deposit money institutions reported the termination of 35 employees due to their involvement in fraudulent activities. This represents a total increment of 288.89% compared to the number of terminations in the previous quarter, where nine (9) bank staff members had their employment terminated for similar reasons.

4. Summary and Conclusion

In summary, during the first quarter of 2024, there were 11,472 reported cases, showing a 7.52 per cent decrease compared to the 12,405 cases in the fourth quarter of 2023. The data, indicates a significant decline in the total amount involved in fraud cases. The amount dropped from N6.89 billion in Q4 2023 to 2.99 billion in Q1 2024, representing a 56.60 per cent variance. Additionally, the amount lost also saw a substantial decline, falling from N2.08 billion in Q4 2023 to N468.42 million in Q1 2024, which corresponds to a 77.59% decrease.

5. Recommendation



The F&F report for Q1 2024 shows a significant decline in at least 60% of the areas measured when compared to the Q4 2023 report and this is a welcome development. We need to understudy fraud control activities in this quarter and improve upon same to ensure that going forward the numbers keep dropping while also implementing continuous vigilance and proactive measures. Banks need to ensure the application of advanced fraud detection technologies and analytics to continuously monitor transactions of suspicious patterns and anomalies.

Recently, there has been a rise in emerging technologies, these emerging technologies include Artificial Intelligence (A.I), Machine Learning (ML), Robotics Process Automation (RPA), Advanced Analytics, Predictive Modelling etc. These emerging technologies can be used to identify patterns of fraud, and proactively detect emerging frauds. These emerging technologies, can help staff of financial institutions, be ahead of fraudsters, thereby reducing the occurrences of fraud in their financial institutions. However, in adopting these emerging technologies, it is important that financial institutions align with regulatory standards, adopt transparent decision-making processes and ethical considerations.

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 2023 and the first quarter of 2024, as well as between the first quarters of 2023 and 2024 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

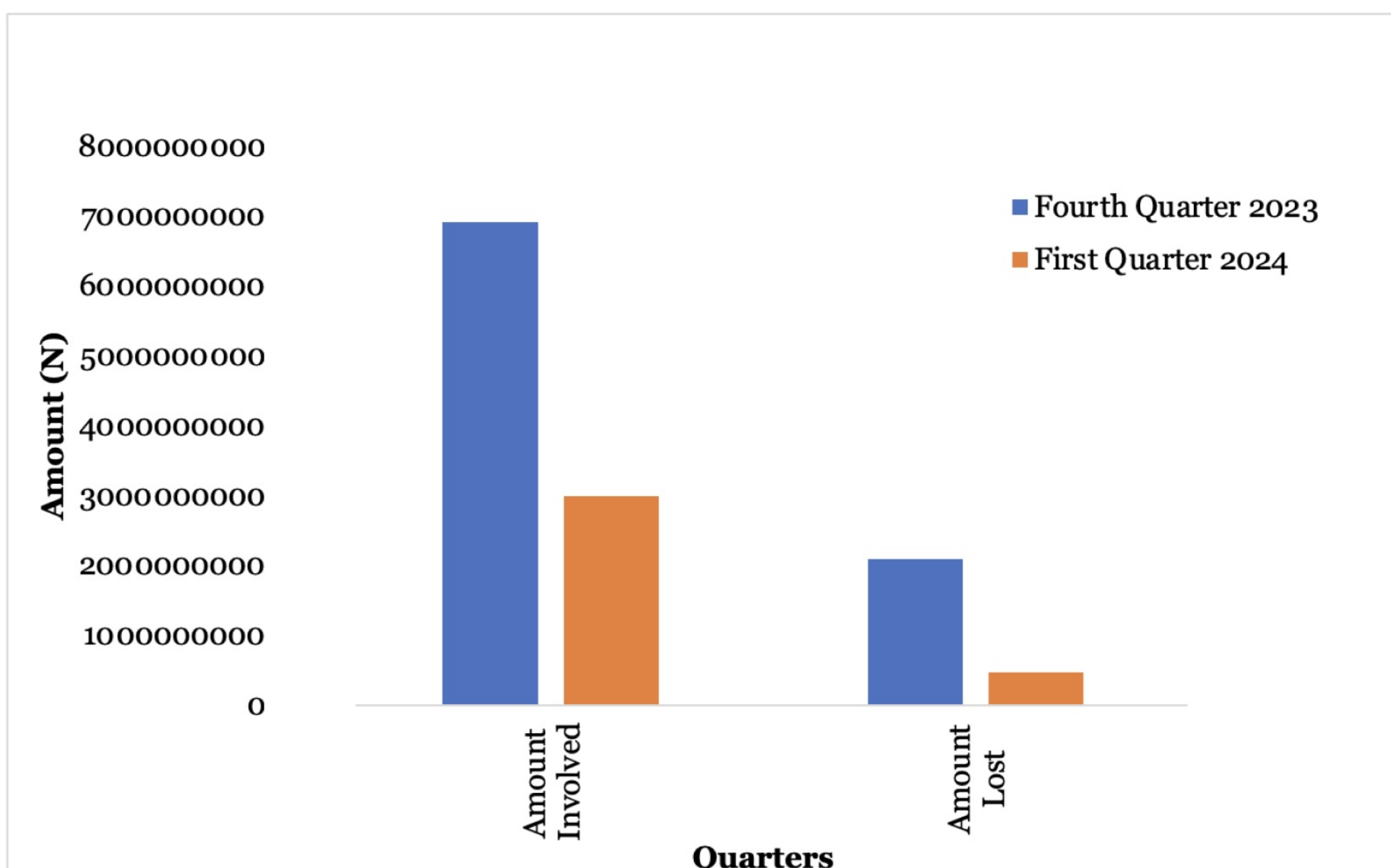
Appendix I (A)

A Comparison of Fraud Activities between Fourth Quarter 2023 and First Quarter 2024

| S/N | Variables | Fourth Quarter, 2023 | First Quarter, 2024 | Percentage (%) change |
|-----|-----------------------------|----------------------|---------------------|-----------------------|
| 1 | Total Cases Reported | 12,405 | 11,472 | (7.52) |
| 2 | Total Amount Involved | N6,907,306,841.57 | N2,988,105,767.93 | (56.74) |
| 3 | Total Amount lost | N 2,092,987,727.85 | N468,418,100.96 | (77.62) |
| 4 | Outsider Involvement | 10,350 | 10,397 | 0.45 |
| 5 | Insider (Staff) Involvement | 54 | 47 | (12.96) |
| 6 | Appointments Terminated | 9 | 35 | 288.89 |

Appendix I (B)

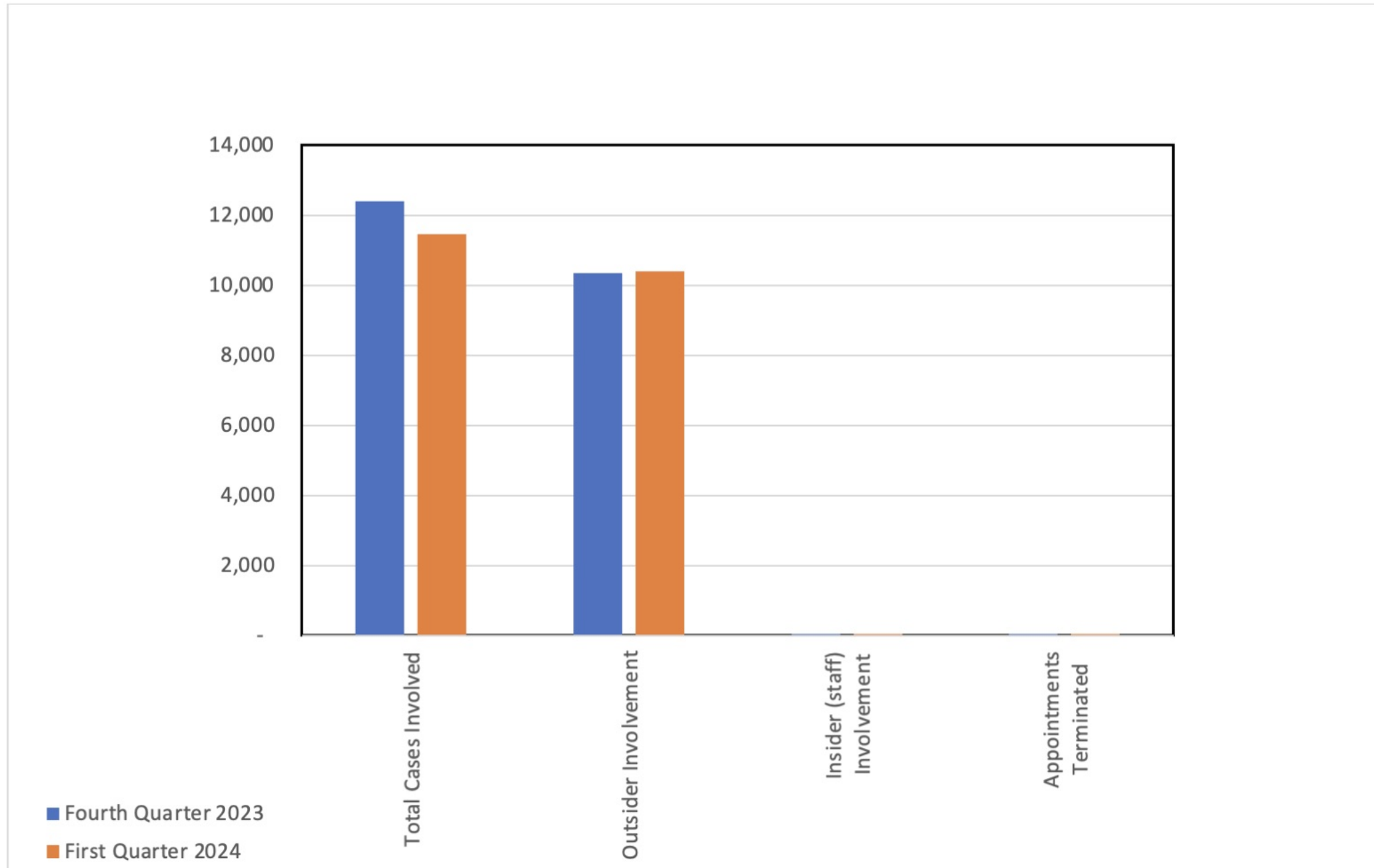
A Comparison of Amount Involved and Amount Lost to Frauds between Fourth Quarter 2023 to First Quarter 2024



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

Appendix I (C)

A Comparison of Fraud Activities between Fourth Quarter 2023 and First Quarter 2024



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)

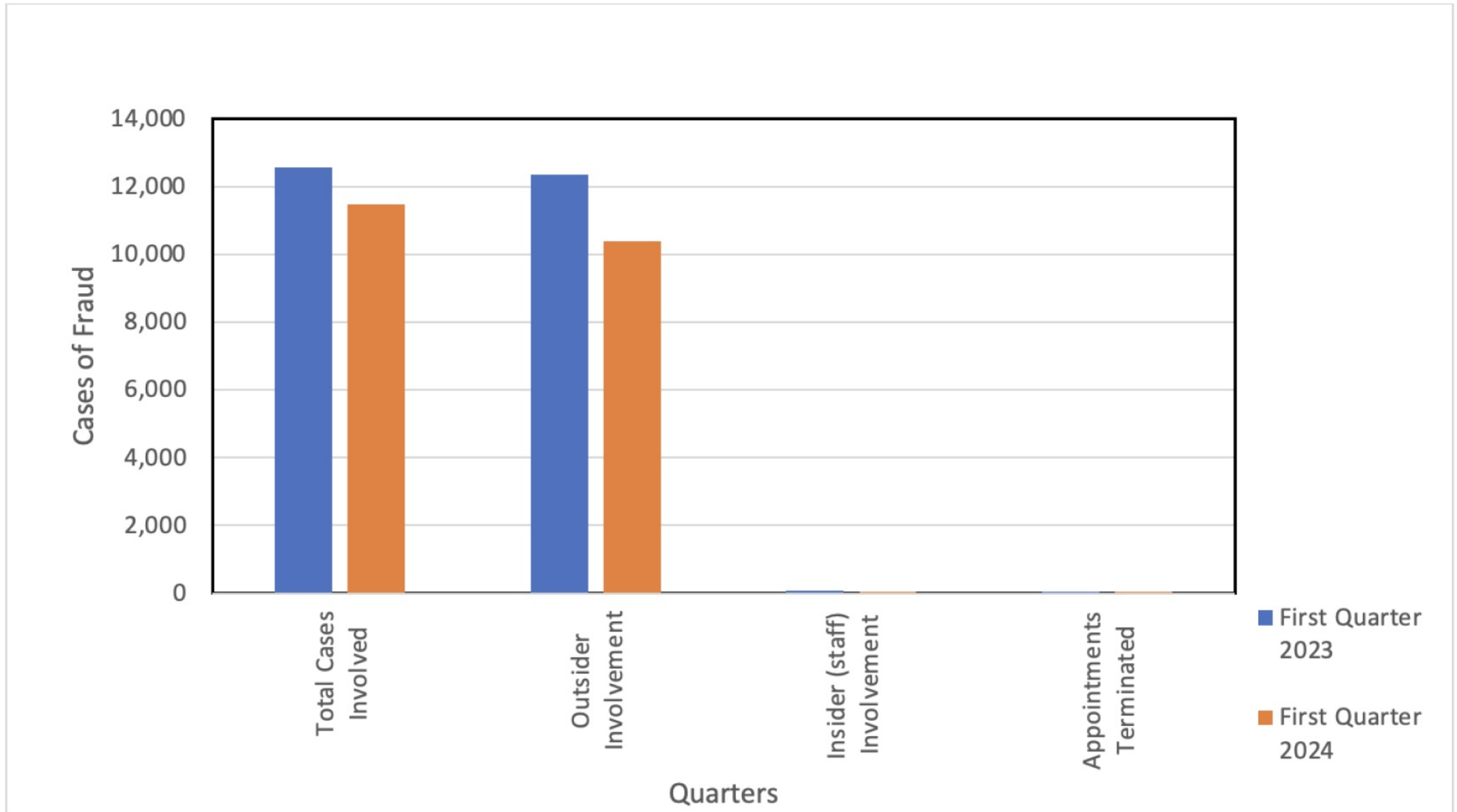
A Comparison of Frauds Activities between First Quarter 2023 and First Quarter 2024

| S/N | Variables | First Quarter 2023 | First Quarter 2024 | Percentage (%) change |
|-----|-----------------------------|--------------------|--------------------|-----------------------|
| 1 | Total Cases Reported | 12,553 | 11,472 | (8.61) |
| 2 | Total Amount Involved | N 2,587,382,677.55 | N2,988,105,767.93 | 15.49 |
| 3 | Total Amount lost | N472,283,127.29 | N 468,418,100.96 | (0.82) |
| 4 | Outsider Involvement | 12,351 | 10,397 | (15.82) |
| 5 | Insider (Staff) Involvement | 72 | 47 | (34.72) |
| 6 | Appointments Terminated | 15 | 35 | 133.33 |

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

Appendix I (E)

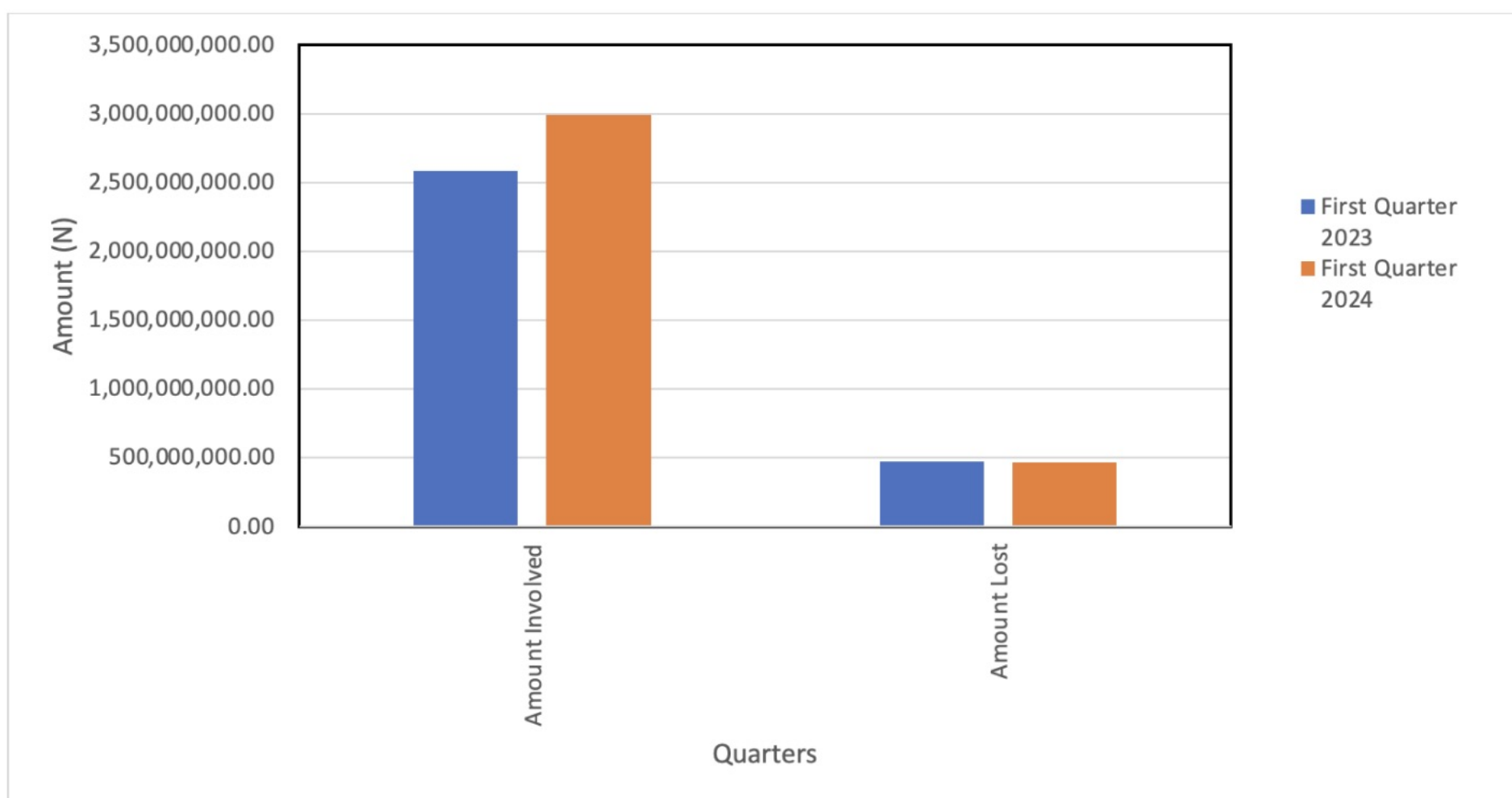
A Comparison of Frauds Activities between First Quarter 2023 and First Quarter, 2024



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 2023 and First Quarter 2024



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

Appendix II (A): Frauds and Forgeries Activities in the First Quarter, 2024

| Types of Fraud | Total Number of Cases Reported | Involving Bank Staff Only | Involving Outside Persons Only | Collusion | Not Specified | Amount Involved (₦) | Actual/Expected Loss (₦) | Expected Loss/ Amount Involved (%) |
|--|--------------------------------|---------------------------|--------------------------------|-------------|---------------|---------------------------|---------------------------|------------------------------------|
| Teller Fraud | 38 (0.33) | 5 (10.64) | 0 (0) | 17 (100) | 0 (0) | 85,594,755.00 (2.86) | 38,490,025.00 (8.22) | 45.0 |
| Falsification of Accounts: Current/Cheque, Savings/Deposits, Suspense Accounts | 3 (0.03) | 0 (0) | 3 (0.03) | 0 (0) | 0 (0) | 570,350.00 (0.02) | 0 (0) | 0 |
| Forged Cheques with Forged Signature | 31 (0.27) | 14 (29.79) | 8 (0.08) | 0 (0) | 0 (0) | 85,355,274.51 (2.86) | 4,390,602.42 (0.94) | 5.1 |
| Printing of Bank Document Illegally | 0 (0.00) | 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 | 4132 (36.02) | 0 (0) | 3806 (36.61) | 0 (0) | 1 (0.35) | 680,751,340.51 (22.78) | 79,610,717.57 (17.00) | 11.7 |
| Mobile Fraud | 3393 (29.58) | 0 (0) | 3129 (30.10) | 0 (0) | 0 (0) | 768,840,381.44 (25.73) | 216,833,023.74 (46.29) | 28.2 |
| 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 | 21 (0.18) | 0 (0) | 2 (0.02) | 0 (0) | 0 (0) | 84,738,733.26 (2.84) | 63,412,133.26 (13.54) | 74.8 |

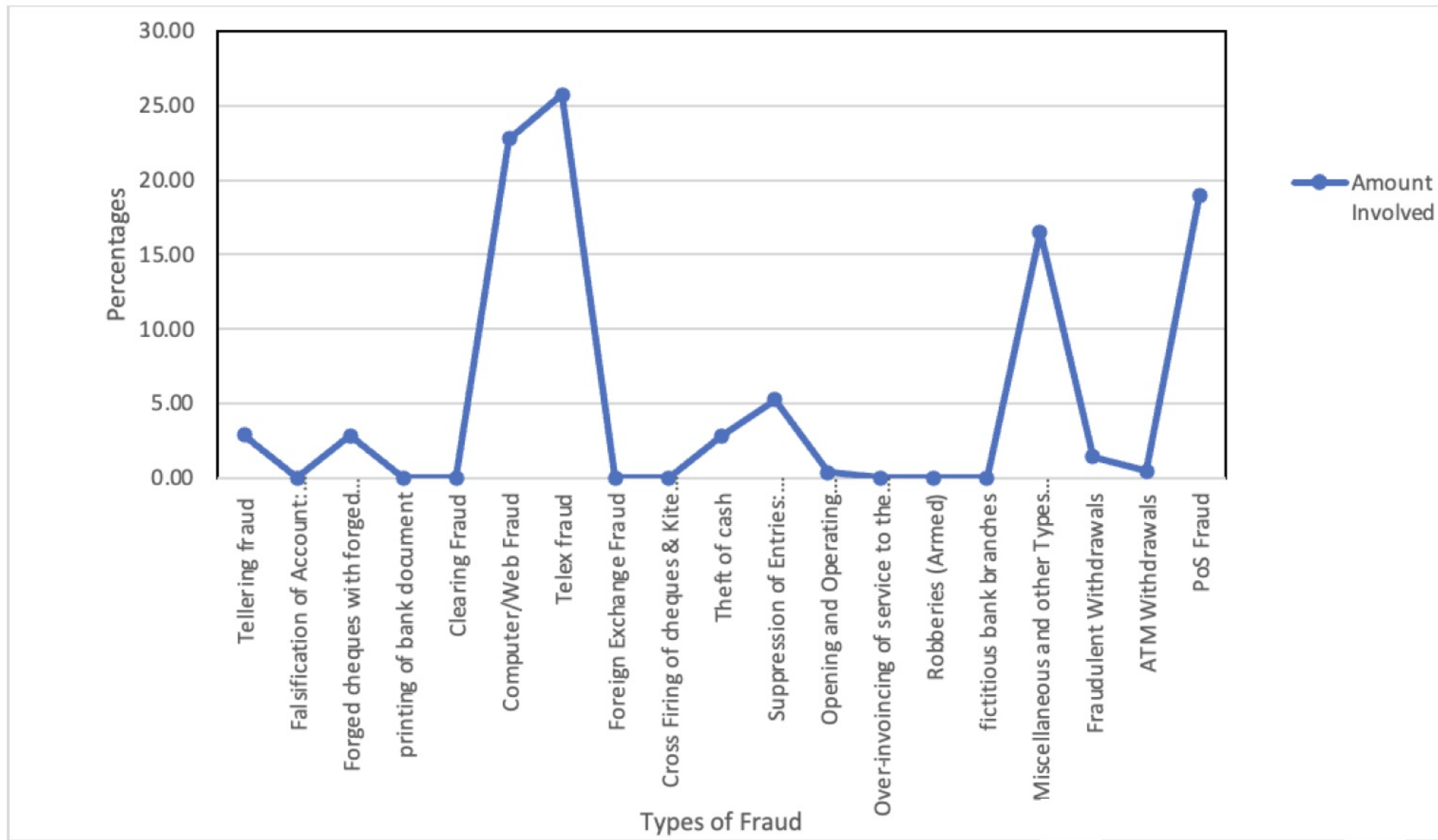
Appendices – Analysis of Fraud and Forgeries in the Nigerian Banking Industry

| 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 | 77 (0.67) | 4 (8.51) | 0 (0) | 0 (0) | 0 (0) | 156,540,287.62 (5.24) | 20,941,354.74 (4.47) | 13.4 |
| Opening & operating Fraudulent Loans & Accounts | 8 (0.07) | 2 (4.26) | 6 (0.06) | 0 (0) | 0 (0) | 11,121,666.00 (0.37) | 54,500.00 (0.01) | 0.5 |
| 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 | 89 (0.78) | 16 (34.04) | 71 (0.68) | 0 (0) | 0 (0) | 493,168,287.20 (16.50) | 5,034,100.00 (1.07) | 1.0 |
| Fraudulent Withdrawals | 12 (0.10) | 6 (12.77) | 9 (0.09) | 0 (0) | -3 (-1.06) | 41,851,464.05 (1.40) | 34,801,256.98 (7.43) | 83.2 |
| ATM Withdrawals | 150 (1.31) | 0 (0) | 131 (1.26) | 0 (0) | 0 (0) | 13,877,101.00 (0.46) | 150,000.00 (0.03) | 1.1 |
| PoS Fraud | 3518 (30.67) | 0 (0) | 3232 (31.09) | 0 (0) | 286 (100.70) | 565,696,127.34 (18.93) | 4,700,387.25 (1.00) | 0.8 |
| Total | 11,472 | 47 | 10,397 | 17 | 284 | N2,988,105,767.93 | N468,418,100.96 | 15.7 |

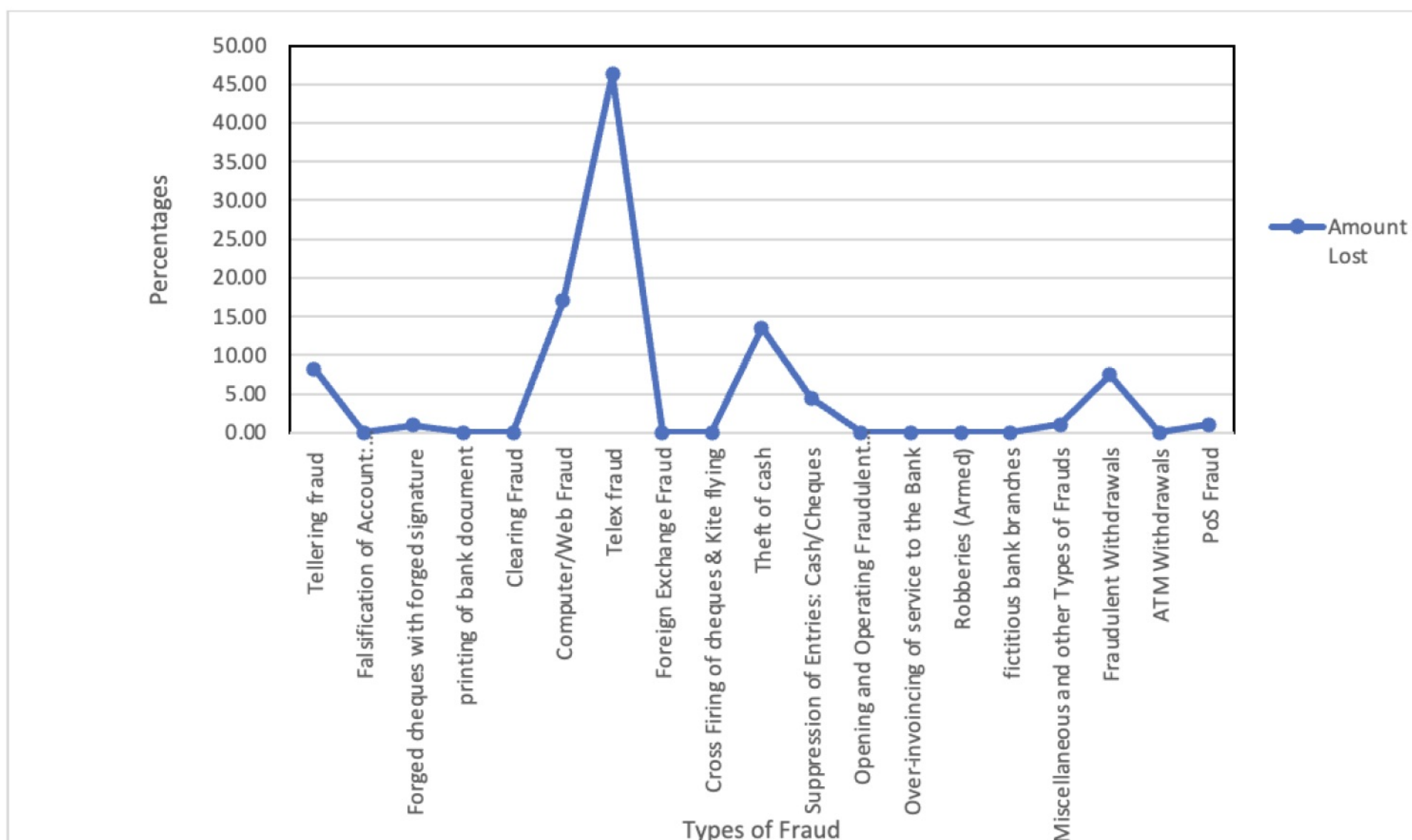
Note: All figures in parenthesis () indicate percentages

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

Appendix II (B)
Amount Involved in Frauds and Forgeries Activities (First Quarter, 2024)



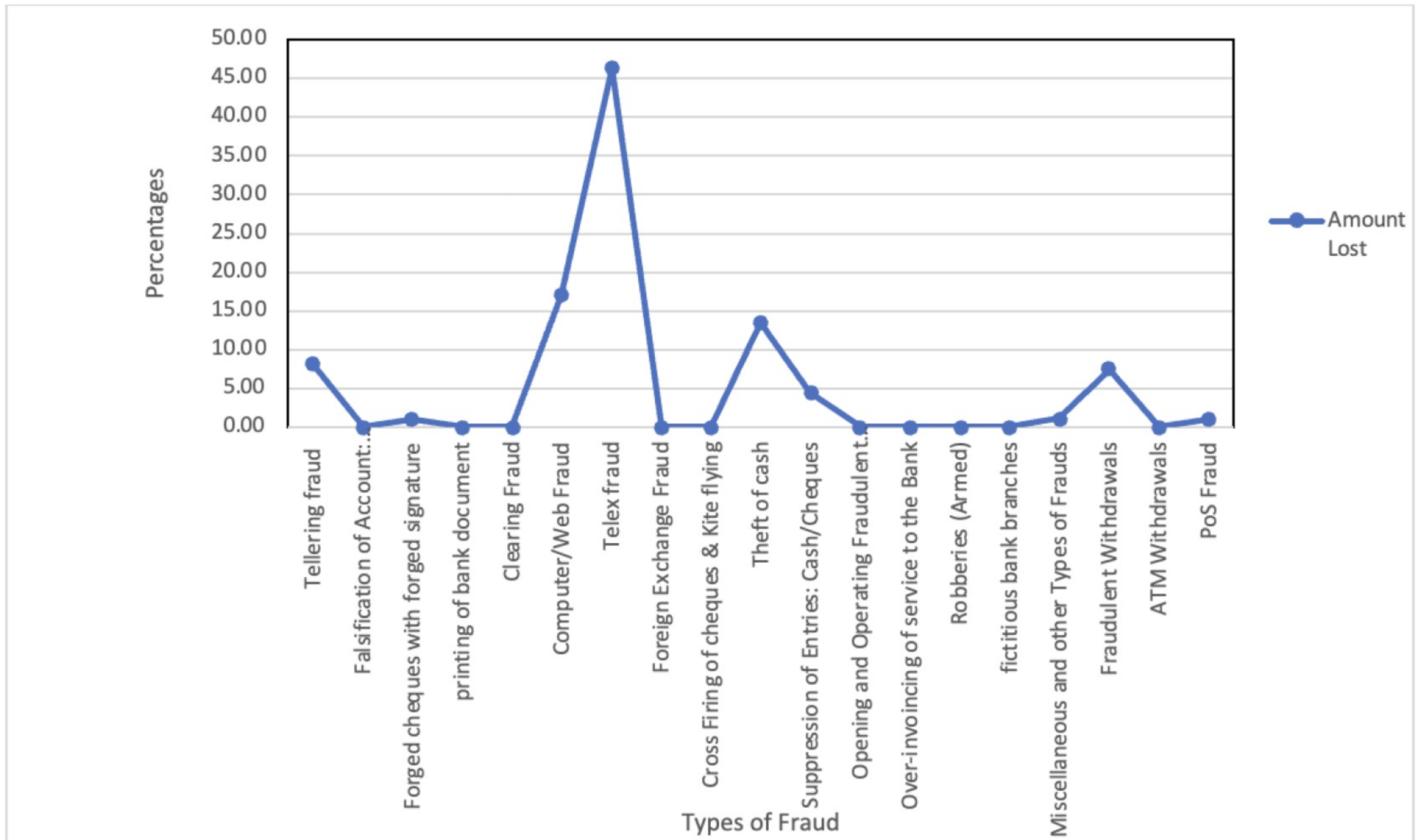
Appendix II (C)
Amount Lost to Frauds and Forgeries Activities (First Quarter, 2024)



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

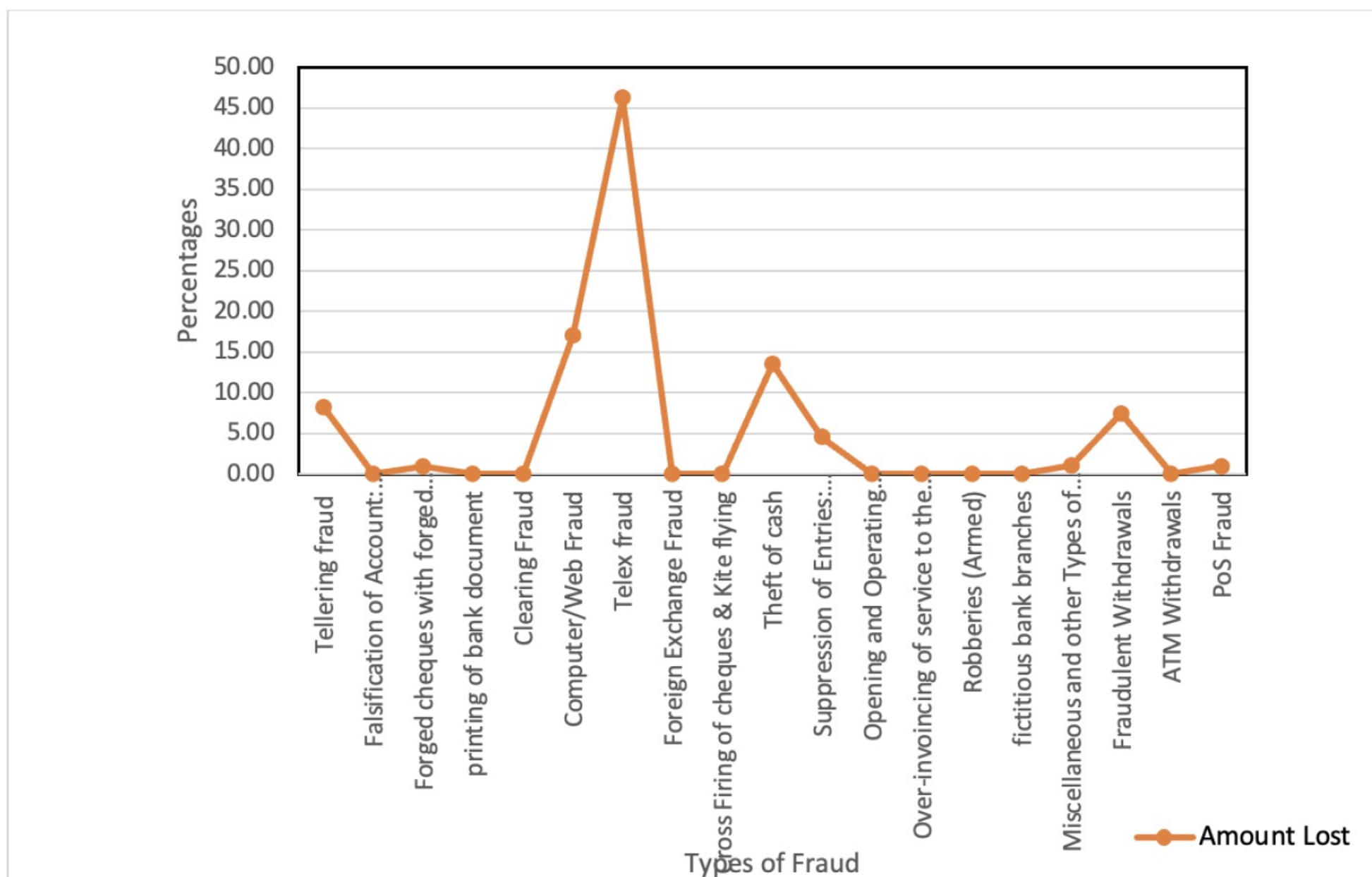
Appendix II (D)

Percentage Distribution of Amount Involved in Frauds and Forgeries (First Quarter, 2024)



Appendix II (E)

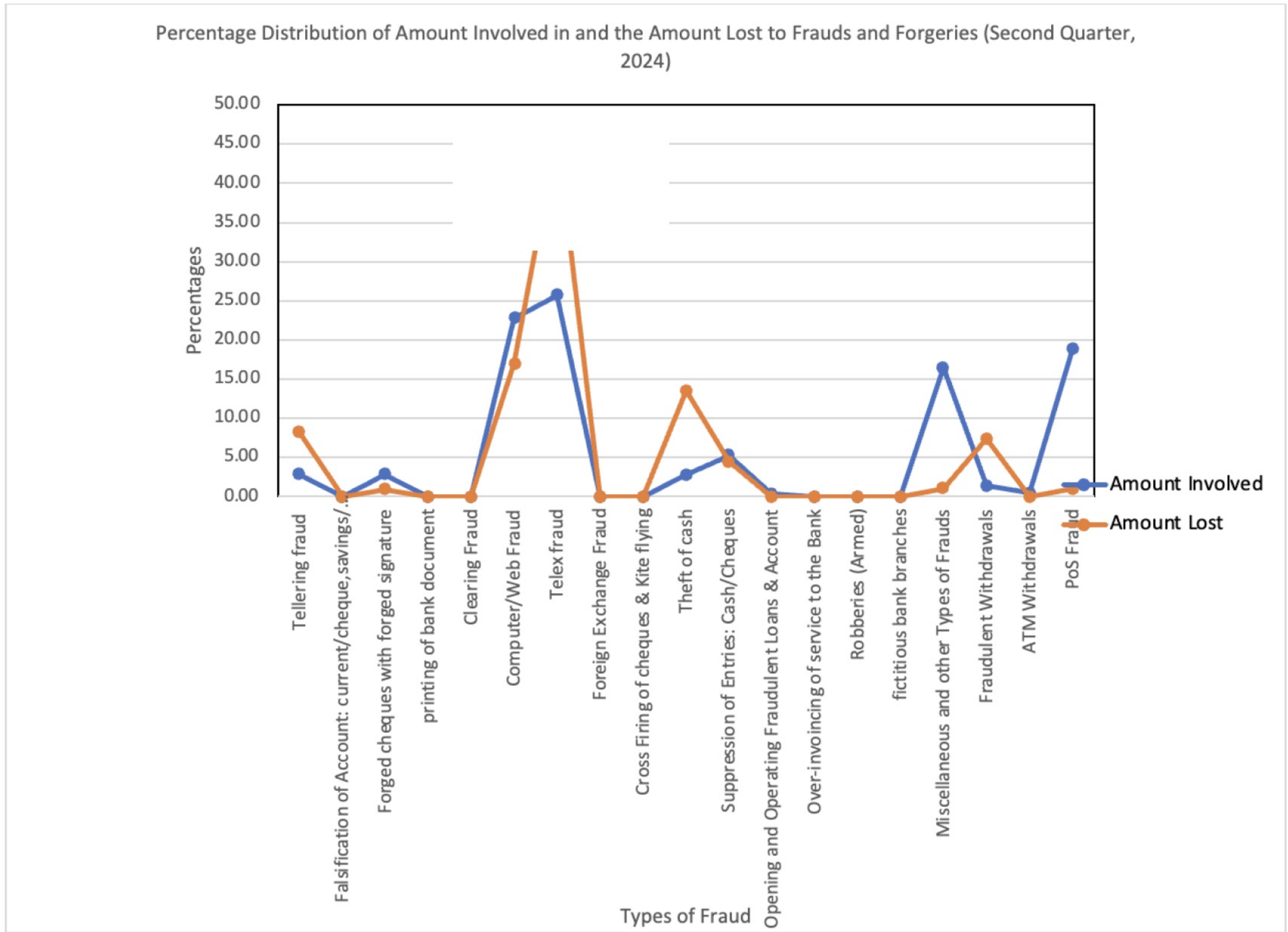
Percentage Distribution of Amount Lost to Frauds and Forgeries (First Quarter, 2024)



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, 2024)



Appendix III (A)

Frauds and Forgeries through various Payment Channels: A Comparison of Fourth Quarter 2023 and First Quarter 2024

| S/N | Channels | Cases: Fourth Quarter, 2023 | Cases: First Quarter, 2024 | Percentage (%) change |
|--------------|-------------|-----------------------------|----------------------------|-----------------------|
| 1 | Web | 5932 | 4132 | (30.34) |
| 2 | ATM | 216 | 150 | (30.56) |
| 3 | Bank Branch | 399 | 239 | (40.10) |
| 4 | Mobile | 3173 | 3393 | 6.93 |
| 5 | POS | 2683 | 3,518 | 31.12 |
| 6 | Van | 0 | 0 | - |
| 7 | Agent | | | - |
| Total | | 12,405 | 11,432 | (7.84) |

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

Appendix III (B)

| S/N | Channels | Amount Involved, Fourth Quarter, 2023 (N) | Amount Involved, First Quarter, 2024 (N) | Percentage (%) Change | Amount Lost, Fourth Quarter, 2023 (N) | Amount Lost, First Quarter, 2024 (N) | Percentage (%) Change |
|-----|--------------|---|--|-----------------------------|---|---|-----------------------------|
| 1 | Web | 1,699,835,653.26 | 672,994,390.51 | (60.41) | 28,765,559.41 | 24,138,317.57 | (16.08) |
| 2 | ATM | 73,440,699.29 | 13,822,101.00 | (81.18) | 40,468,913.40 | 100,000.00 | (99.75) |
| 3 | Bank Branch | 967,568,379.20 | 907,507,137.64 | (6.21) | 356,337,271.94 | 133,923,344.98 | (62.42) |
| 4 | Mobile | 3,546,105,050.00 | 768,746,795.35 | (78.00) | 21,637,348,454.8 4 | 216,364,923.74 | (99.00) |
| 5 | POS | 604,906,269.56 | 376,594,799.83 | (37.74) | 14,616,738.00 | 4,628,287.25 | (68.34) |
| 6 | Van | - | - | - | - | - | - |
| 7 | Agent | - | 2,914,500.00 | 0 | - | - | - |
| | Total | 6,891,856,051.31 | 2,742,579,724. 33 | (60.00) | 2,077,536,937.59 | 379,154,873.54 | (81.75) |

Amount Involved and Amount Lost to Fraud through various Payment Channels: A Comparison between Fourth Quarter 2023 and First Quarter 2024

Appendix IV (A)

Frauds and Forgeries through various Instruments:

A Comparison between Fourth Quarter 2023 and First Quarter 2024

| S/N | Instruments | Cases: Fourth Quarter 2023 | Cases: First Quarter 2024 | Percentage (%) change |
|-----|--------------|-------------------------------|------------------------------|--------------------------|
| 1 | Cash | 256 | 209 | (18.36) |
| 2 | Cheques | 18 | 30 | 66.67 |
| 3 | Cards | 8697 | 21,469 | 146.86 |
| 4 | Slips | 0 | 0 | 0 |
| | Total | 8,971 | 21,708 | 33.00 |

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 2023 and First Quarter 2024

| S/N | Instruments | Amount Involved, Fourth Quarter, 2023 (N) | Amount Involved, First Quarter, 2024 (N) | Percentage (%) Change | Amount Lost, Fourth Quarter, 2023 (N) | Amount Lost, First Quarter, 2024 (N) | Percentage (%) Change |
|-----|--------------|---|--|-----------------------|---------------------------------------|--------------------------------------|-----------------------|
| 1 | Cash | 3,225,149,746.00 | 827,939,863 | (74.33) | 1,648,443,712.00 | 133,923,345 | (91.88) |
| 2 | Cheques | 120,737,737 | 79,567,275 | (34.09) | 4,000,000 | 0.00 | (100) |
| 3 | Cards | 2,988,107,706 | 1,725,865,846 | (42.24) | 394,303,638 | 123,698,123 | (68.63) |
| 4 | Slips | - | - | (0) | 0 | 0 | 0 |
| | Total | 6,333,995,191.53 | 2,633,372,984.06 | (58.42) | 2,046,747,349.47 | 459,532,067.21 | (77.5) |

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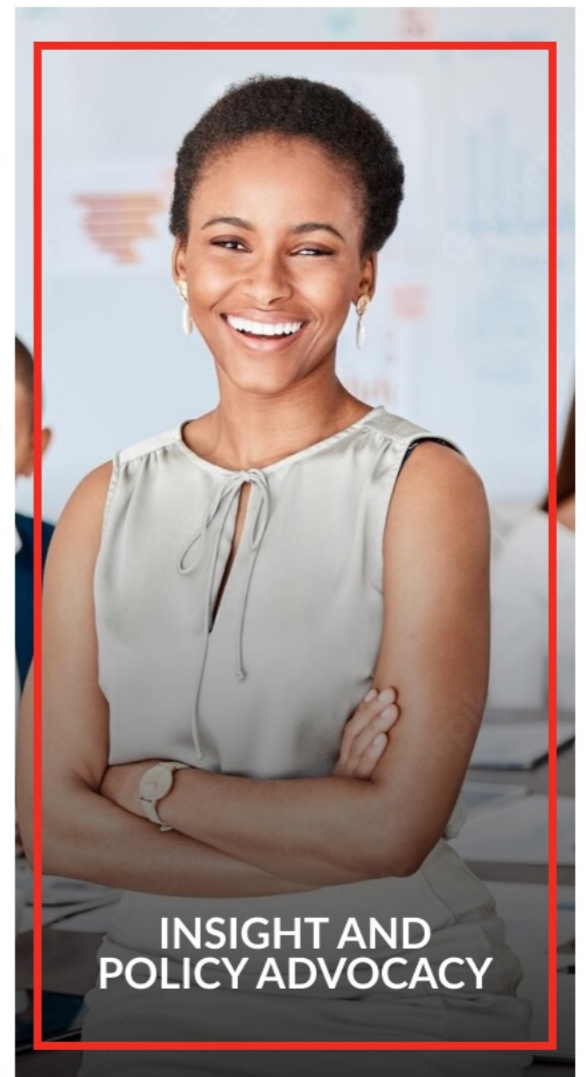
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