



# Reports on Fraud and Forgeries in Nigerian Banks

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# Reports on Fraud and Forgeries in Nigerian Banks

Second Quarter, 2024

## Overview

In Q2 2024, FITC received a total of eighty (80) returns on fraud and forgery cases from twenty-eight (28) deposit money institutions. A closer look reveals that twenty-six (26) reports were submitted in April, while twenty-seven (27) reports were received in both May and June.

## Volume and Value of Fraud Cases

In the second quarter of 2024, a total of 11,532 cases were reported, reflecting a 0.52% increase compared to the 11,472 cases recorded in Q1 2024. The data for Q2 2024 reveals that computer/web fraud, mobile fraud, and POS-related fraud were the three most prevalent types, continuing the trend observed throughout 2023 and into the first quarter of 2024. Detailed information on all fraudulent activities during this period are presented in Appendices I and II.

An analysis of the data reveals a staggering 1,784.94% increase in the total amount involved in fraud cases from Q1 to Q2 2024, with the sum escalating from ₦2.9 billion to approximately ₦56.3 billion. Additionally, the total amount lost due to fraud surged by 8,993.04%, rising from ₦468.49 million in Q1 2024 to ₦42.6 billion in Q2 2024. Appendix I (A) illustrates the significant rise in both the amounts involved and lost due to fraudulent activities between the first and second quarters.

With regards to the involvement between staff and outsiders, outsider involvement in fraud cases rose by 5.20% compared to the previous quarter, increasing from 10,397 cases in Q1 to 10,938 cases in Q2. Furthermore, staff involvement in fraud also increased by 23.40%, rising from 47 cases in Q1 2024 to 58 in Q2 2024. Additionally, 49 staff appointments were terminated in Q2 2024, an increase from the 35 terminations recorded in Q1 2024.

In the review of Q2 2024, a magnitude-based ranking of fraud categories indicated that bank branches had the highest impact, with a total loss of around ₦54 billion, comprising a substantial 95.63% of the overall fraud

amount. This was followed by web-based fraud, which accounted for ₦1.2 billion (2%), while POS and mobile fraud each contributed about 1%, with 651 million and 547 million, respectively. A detailed breakdown is presented in Appendix II (A).

A detailed analysis of Q2 2024 data indicates that miscellaneous and other fraud types constituted the largest loss, representing 96.46% of the total amount lost, with a value of ₦41.14 billion. This was followed by losses from fraudulent withdrawals and computer/web fraud, amounting to approximately ₦781.2 million and ₦400.7 million, respectively. Appendices II (B), (C), (D), (E), and (F) provide graphical representations of the actual amounts involved in and lost to fraud and forgery operations throughout Q2 2024.

## Channels, Instruments and Personalities Involved in Perpetrating Fraud

During the second quarter of 2024, fraudulent activities were carried out through various channels, including ATMs, online platforms like web and mobile banking, bank branches, and point-of-sale (POS) terminals. Among instruments used, card fraud recorded a significant decrease, declining by 47.66% from 21,469 in Q1 to 11,237 in Q2. In contrast, fraudulent activity involving cheques and cash increased by 36.67% and 9.09%, respectively, with cheques surging from 30 cases in Q1 to 41 cases in Q2, while the use of cash rose from 209 in the first quarter of 2024 to 228 in the second quarter of 2024.

Appendix III (A) offers a comparative analysis of fraud based on payment channels, highlighting an increase in the use of computer/web terminals, ATM, bank branches related fraud, and POS channels, while revealing a decrease in the use of mobile devices. Fraud cases via computer and web channels grew by 5.69% from Q1 to Q2, rising from 4,132 cases to 4,367. ATM-related fraud cases also increased, albeit at a slower pace of 3.33%, from 150 to 155 cases. In a similar vein, fraud occurring in within bank branches grew by 3.39%, with the number of cases climbing from 239 in Q1 2024 to 271 in Q2

2024. A slight increment was also recorded in the cases of fraud carried out via the POS channel, rising by 0.43% from 3,518 to 3,533 cases within both quarters. Conversely, mobile-related fraud cases witnessed a decrease from 3,393 to 3,169 cases, representing a 6.60% decline.

Appendix III (B) presents a comparison between Q1 2024 and Q2 2024 regarding amounts involved and lost due to fraudulent activities. In terms of the amounts involved, increments found were related to Web, POS, Bank branches, and ATM related frauds, while mobile fraud was the only channel to record a decline. The amount involved in mobile fraud dropped by 28.78%, from N768.7 million in Q1 2024 to approximately N547.1 million in Q2 2024. In contrast, fraud incidents surged across multiple channels. Computer/web, ATM, and POS frauds increased significantly by 85.6%, 113.3%, and 72.9%, respectively. Bank branch related fraud saw a substantial increase of 58,708%. Specifically, amount involved in computer/web fraud rose from N672.9 million to N1.2 billion, while ATM-related fraud rose from N13.8 million to approximately N29.3 million, and POS fraud surged from N376.5 million to N650 million between Q1 and Q2 2024. Notably, bank branch-related fraud increased from N907.5 million in the first quarter of 2024 to N54.1 billion in the second quarter of 2024.

The analysis of the amount lost to fraud across different payment channels reveals the following trend: a significant rise in the amount lost across all channels, except for mobile fraud, which recorded a decline. In terms of magnitude, losses through bank branch-related channels rose by 31,497.99%, to a value of N42.2 billion in Q2 from N133.9 million in Q1 2024. Additionally, computer/web frauds also saw a monumental increase of 1,560.37%, with losses growing from N24 million to N400.8 million. However, there was no indication of amount lost due to ATM related fraud. As initially mentioned, mobile fraud recorded a decline in amount lost from previous quarter, decreasing by 59% from N216.4 million in Q1 to N88.7 million in Q2 2024.

Appendix IV (A) details information on frauds and forgeries involving different instruments used in the second quarter of 2024. During this period, a notable decrease in card-related fraud cases was recorded while cash and cheque related fraud cases experienced a rise from Q1 to Q2 2024. Card-related fraud dropped by 47.66%, moving from 21,469 cases to 11,231 cases. In contrast, cheque related fraud experienced an increase of 36.67%, in the number of cases, surging from 30 in Q1 2024 to 41 in Q2 2024. Similarly, cash fraud saw decline of 9.09%, with the total number of cases increasing from 209 in Q1 2024 to 228 in Q2 2024.

Pertaining to the amount involved via the use of instruments, Appendix IV(B) provides data on the monetary value involved in cash, cheque, and card fraud in the second quarter of 2024. There was increase in fraudulent activities involving these instruments. The amount involved in cheque, cash, and card fraud rose by 310%, 6,045%, and 33%, respectively. To be specific, the amount involved in cheque related fraud increased from N79.5 million in Q1 2024 to N326.6 million in Q2 2024. Cash-related fraud also rose, soaring from N827.9 million to N53.9 billion. Lastly, the value of card-related fraud also increased from N1.7 billion in Q1 2024 to N2.2 billion in Q2 2024.

Examining the losses incurred from different fraudulent instruments during the second quarter of 2024, the amount lost to cash related fraud increased significantly by 31,479.99% (from N133.9 million in Q1 2024 to N42.2 billion in Q2 2024), while the amount lost to card fraud also increased by 249%, increasing from N123.7 million in Q1 2024 to N487.4 million in Q2 2024. In Q2 2024, deposit money institutions reported the termination of 49 employees due to their involvement in fraudulent activities. This marks a 40% increase compared to the previous quarter, where 35 bank staff members were terminated for similar reasons.

### Summary and Conclusion

In summary, the second quarter of 2024 is characterized by 11,532 reported fraud cases, reflecting a 0.52% increase from the 11,472

fraud cases reported in the first quarter of 2024. Further analysis of the data reveals a significant rise in the total amount involved in these fraud cases, increasing from N2.9 billion in Q1 2024 to N56.3 billion in Q2 2024, indicating a 1784% growth. Additionally, the amount lost to fraud cases also experienced a substantial increment from the previous quarter, growing from N468 million in Q1 2024 to N42.2 billion in Q2 2024, marking a 9004% increase.

### Recommendation

With specific reference to the 'insertion of fictitious amount into settlement' type of fraud, which gulped a large portion of total amount involved and lost in Q2, 2024, the following recommendations are advised.

#### Enhance Monitoring and Auditing Procedures

There is the need to enhance monitoring and auditing procedures. Deposit money institutions can utilize AI-driven tools that flag unusual entries or patterns to implement continuous and automated monitoring systems that can detect anomalies or discrepancies in settlement files. Additionally, regular unannounced internal audits focusing specifically on settlement processes can be conducted to identify and address any irregularities promptly.

#### Strengthen Access Controls

Access controls should also be strengthened by limiting access to settlement files to only a small, vetted group of authorized personnel given the appropriate clearance and are regularly trained on the latest security protocols. The implementation of multi-factor authentication (MFA) and role-based access controls (RBAC) can aid the reduction of the risk of unauthorized changes to settlement files.

#### Conduct Ethics & Compliance Training

Strengthening ethics and compliance programs are also essential, ensuring that employees fully understand the severe consequences of engaging in fraudulent activities, particularly considering the significant number of terminations related to fraud in Q2 2024.

### Use of Technology

The application of technology cannot be overstated. Significant investments in advanced fraud detection systems and analytical tools to monitor transactions in real-time are essential, as well as adopting near-real-time reconciliation processes that can aid the comparison of settlement files with actual transactions in such a way that discrepancies are flagged and investigated immediately. Automated tools to compare settlement file amounts with the original transaction data will ensure consistency and accuracy.

### Use of AI and Machine Learning

Deposit money institutions can adopt AI and machine learning algorithms to detect patterns that signal fraudulent activity, enabling proactive prevention. The implementation of robust encryption and tokenization strategies is also crucial for safeguarding sensitive data, especially during transactions on POS systems and web platforms.

### Staff Training & Awareness

Emphasizing the improvement of staff training and awareness is paramount. Intensifying fraud prevention training for all bank employees, with a focus on the latest fraud tactics and key warning signs, especially in rapidly growing areas like card-related and web-based fraud should be a top priority.

### Data Analytics & Quarterly Review of Strategy

Leveraging data analytics in today's climate is pivotal to identifying patterns and trends in fraudulent activities, with special attention to high-risk instruments like cards and cash, where significant increases in fraud have been observed. Better informed by the latest data and emerging threats, DMIs can conduct regular reviews and adjustments of fraud prevention strategies, possibly quarterly, benchmarked against industry best practices, in ensuring that they remain effective and up to date.

### Customer Education & Protection

The launch of regular targeted awareness campaigns to inform customers about emerging fraud schemes, particularly those *mobile payment fraud, and ATM fraud.*

involving mobile, ATM, and online banking platforms cannot be underestimated. Educational resources can be offered through a dedicated Fraud Education digital Library to equip customers with the knowledge to safeguard themselves from potential threats and continuously inform them on effective measures to take to promptly report suspicious activities

By employing the above-mentioned fraud prevention and detection strategies, deposit money institutions can more effectively mitigate fraud risks, protect their customers and assets, and uphold the integrity of the financial system.

*The appendices below show summaries of the cases of Fraud and forgeries covered in this report. A comparison was done between the first Quarter of 2024 and the second quarter of 2024, as well as between the second quarters of 2023 and 2024 on selected parameters.*

**Notes:**

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

### Appendix I(A)

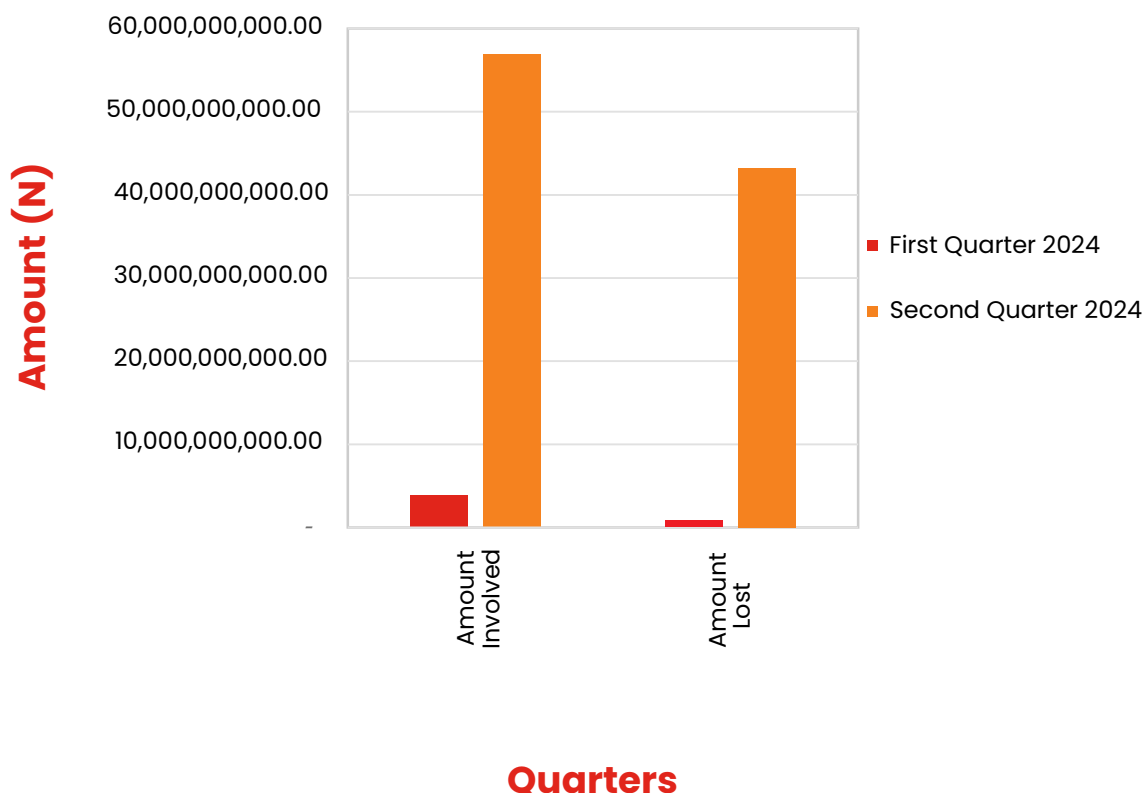
#### A Comparison of Fraud Activities between First Quarter 2024 and Second Quarter 2024

S/N	Variables	First Quarter 2024	Second Quarter 2024	Percentage(%) Change
1.	Total Cases Reported	11,472	11,532	(0.52)
2.	Total Amount Involved	N2,988,105,767.93	N56,315,036,394.74	(1784.64)
3.	Total Amount Lost	N468,418,100.96	N42,648,949,836.76	(9004.82)
4.	Outsider Involvement	10,397	10,938	(5.20)
5.	Insider (Staff) Involvement	47	58	(23.40)
6.	Appointments Terminated	35	49	(40)

### Appendix I(B)

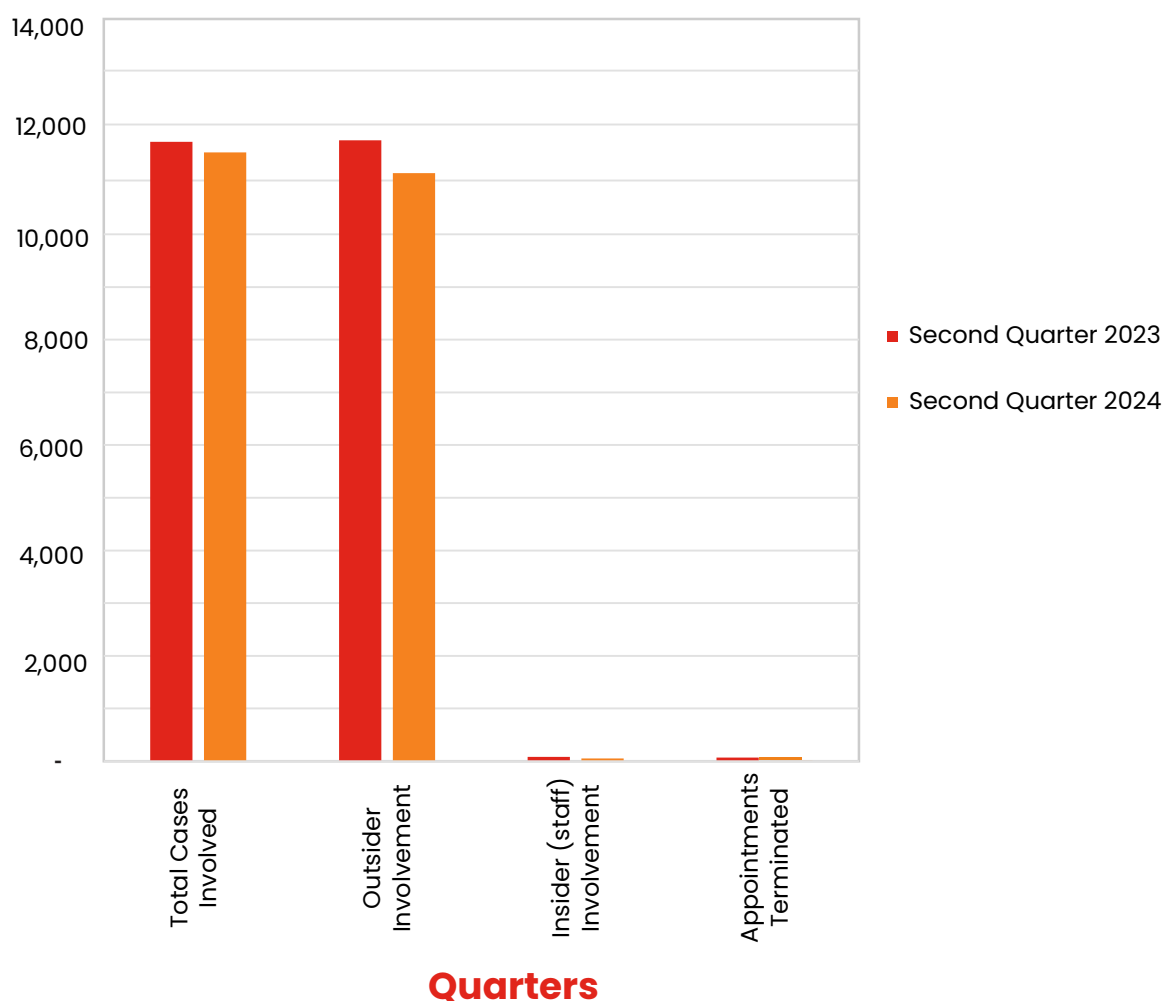
#### A Comparison of Amount Involved and Amount Lost to Frauds between First Quarter 2024 and Second Quarter 2024

*Frauds and Forgeries in the Nigerian Banking Industry:  
A Comparison between First and Second Quarters, 2024*



## Appendix I(C)

### A Comparison of Fraud Activities between Second Quarter 2023 and Second 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)

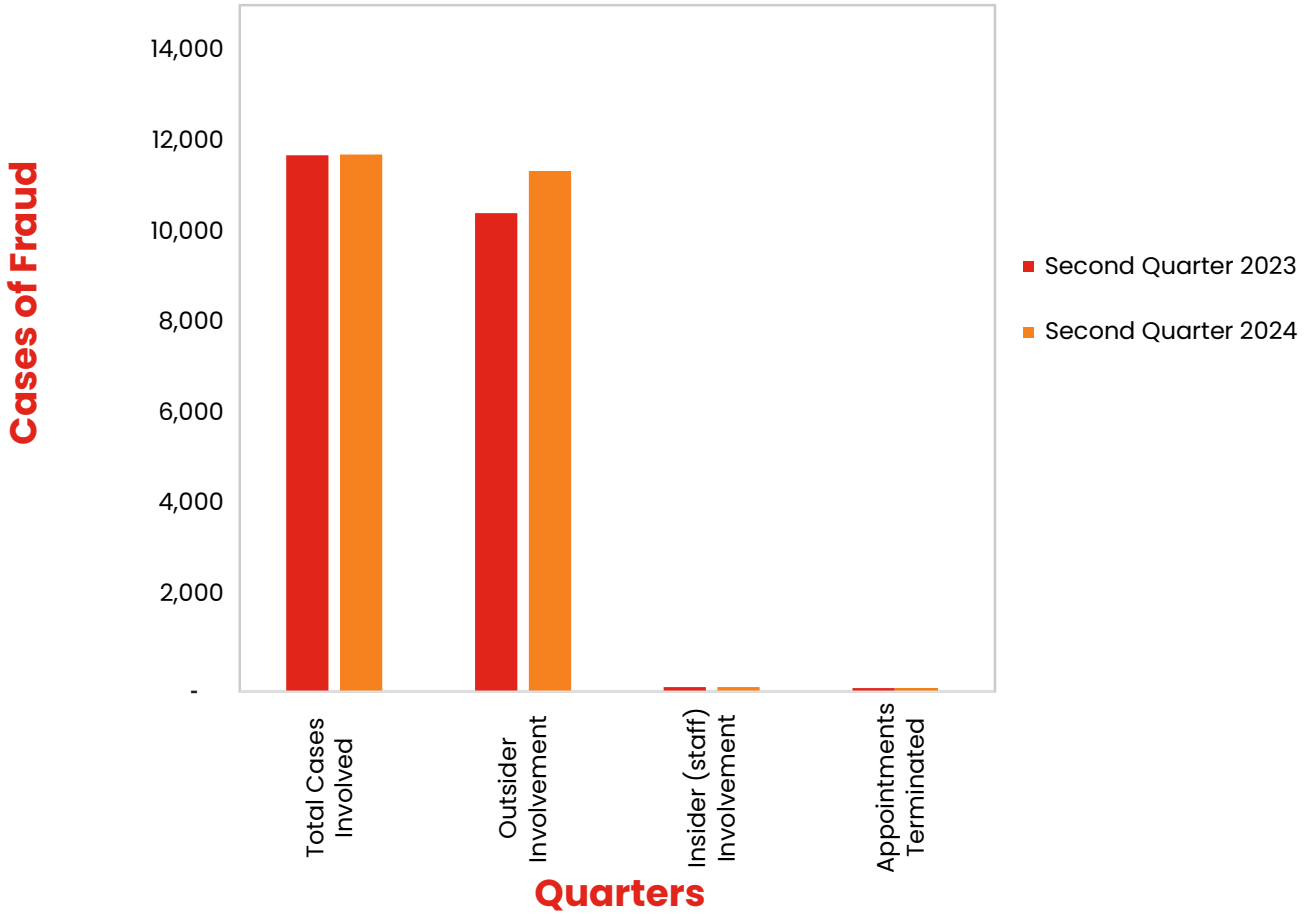
### A Comparison of Fraud Activities between Second Quarter 2023 and Second Quarter 2024

S/N	Variables	Second Quarter 2023	Second Quarter 2024	Percentage(%) Change
1.	Total Cases Reported	11,679	11,532	(1.26)
2.	Total Amount Involved	9,753,987,229.54	56,315,036,394.74	(477.35)
3.	Total Amount Lost	5,785,592,169.24	42,648,949,836.76	(637.16)
4.	Outsider Involvement	11,561	10,938	(5.39)
5.	Insider (Staff) Involvement	88	58	(34.09)
6.	Appointments Terminated	11	49	(345.45)

## Appendix I(E)

### A Comparison of Fraud Activities between Second Quarter 2023 and Second Quarter 2024

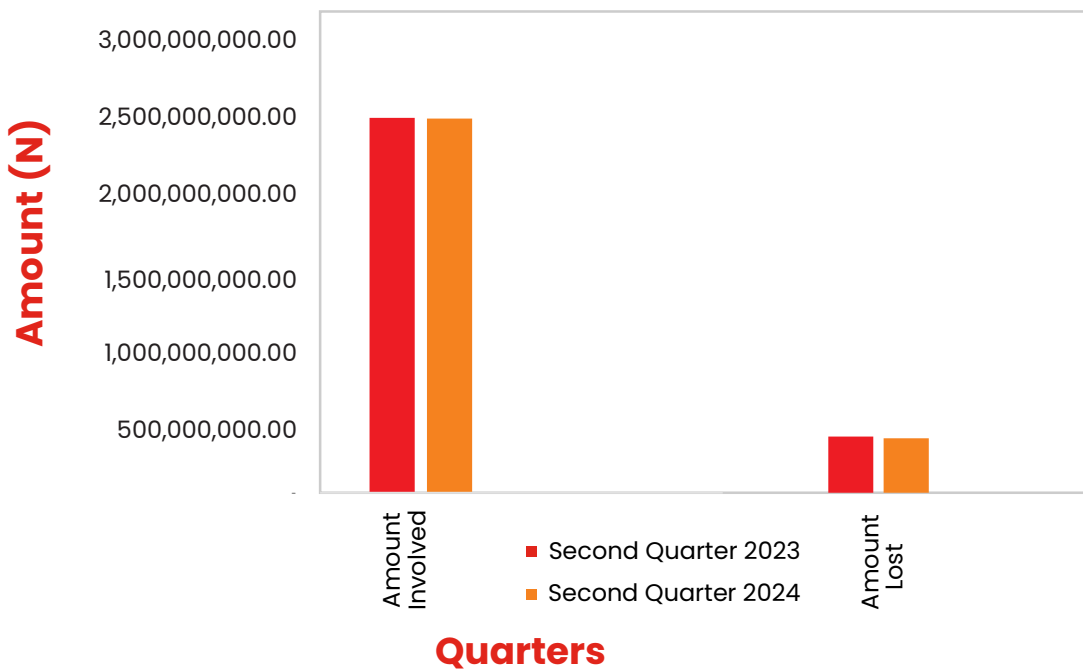
*Frauds and Forgeries in the Nigerian Banking Industry:  
A Comparison between Second Quarters 2023 and Second Quarters 2024*



**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 Second Quarter 2023 and Second Quarter 2024





## Appendix II(A)

### Frauds and Forgeries Activities in the Second Quarter 2024

Types of Fraud	Total of cases Reported	Involving Bank Staff Only	Involving Outside Persons Only	Collusion	Not Specified	Amount Involved (₦)	Actual/ Expected Loss (₦)	Expected Loss/ Amount Involved (%)
<b>Tellering Fraud</b>	44	0	1	36	7	177,009,908.54	23,538,942.15	13.3
	(0.38)	0	(0.01)	(76.6)	(58.33)	(0.31)	(0.06)	0
<b>Forged Cheques with Forged Signature</b>	41	0	41	0	0	326,673,410.00	0	0
	(0.36)	0	(0.37)	0	0	(0.58)	0	0
<b>Computer/ Web Fraud</b>	4367	0	4072	0	0	1,253,394,990.66	400,784,701.93	32
	(37.87)	0	(37.23)	0	0	(2.23)	(0.94)	0
<b>Mobile Fraud</b>	3182	0	3182	0	0	547,478,161.48	88,678,888.36	16.2
	(927.25)	0	(929.09)	0	0	(0.97)	(0.21)	0
<b>Theft of Cash</b>	2	2	1	0	0	0	0	(100)
	(0.02)	(3.4)	(0.01)	0	0	(0.24)	(0.32)	15.0

Types of Fraud	Total of cases Reported	Involving Bank Staff Only	Involving Outside Persons Only	Collusion	Not Specified	Amount Involved (₦)	Actual/ Expected Loss (₦)	Expected Loss/ Amount Involved (%)
<b>Suppression of Entries: Cash/Cheques</b>	112	9	103	0	0	312,764,368.20	73,964,112.71	(23.6)
	(0.97)	(15.6)	(0.94)	0	0	(0.56)	(0.17)	0
<b>Miscellaneous and Other Types of Fraud</b>	36	22	14	0	0	51,978,434,555.45	41,137,874,854.45	(79.1)
	(0.31)	(37.9)	(0.13)	0	0	(92.30)	(96.46)	0
<b>Fraudulent Withdrawals</b>	60	25	35	5	0	901,620,354.53	781,263,945.22	(86.7)
	(0.52)	(43.1)	(0.32)	(10.6)	0	(1.60)	(1.83)	0
<b>ATM Withdrawals</b>	155	0	144	6	5	29,255,715.09	0	0
	(1.34)	0	(1.32)	(12.8)	(41.67)	(0.05)	0	0
<b>PoS Fraud</b>	3533 (30.64)	0	3318 (30.33)	0	0	651,100,930.79 (1.16)	5,602,391.94 (0.01)	0.9
<b>Total</b>	<b>11,532</b>	<b>58</b>	<b>10,938</b>	<b>47</b>	<b>12</b>	<b>N56,315,036,394.74</b>	<b>N42,648,949,836.76</b>	<b>(100)</b>

**Note:** All figures in parenthesis ( ) indicate percentages

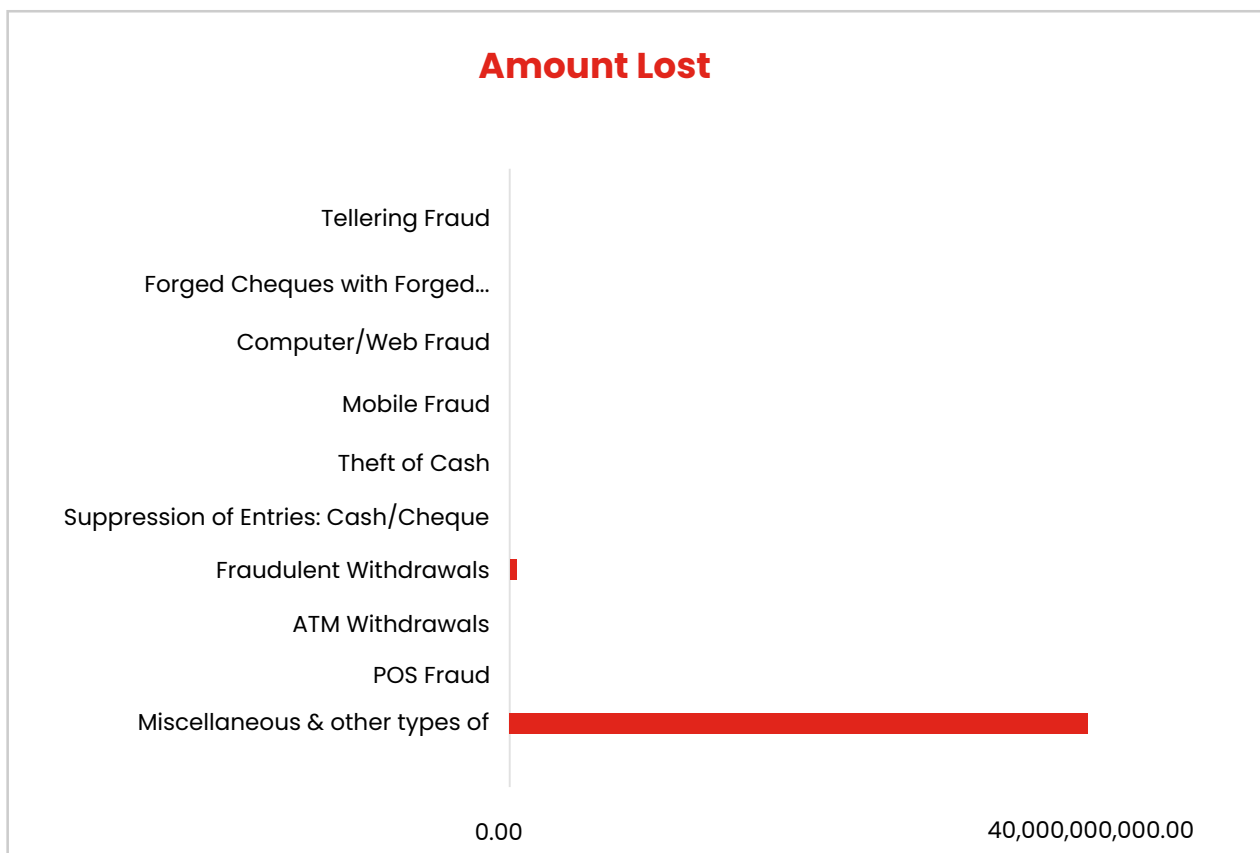
## Appendix II(B)

### Amount involved in Frauds and Forgeries Activities (Second Quarter 2024)



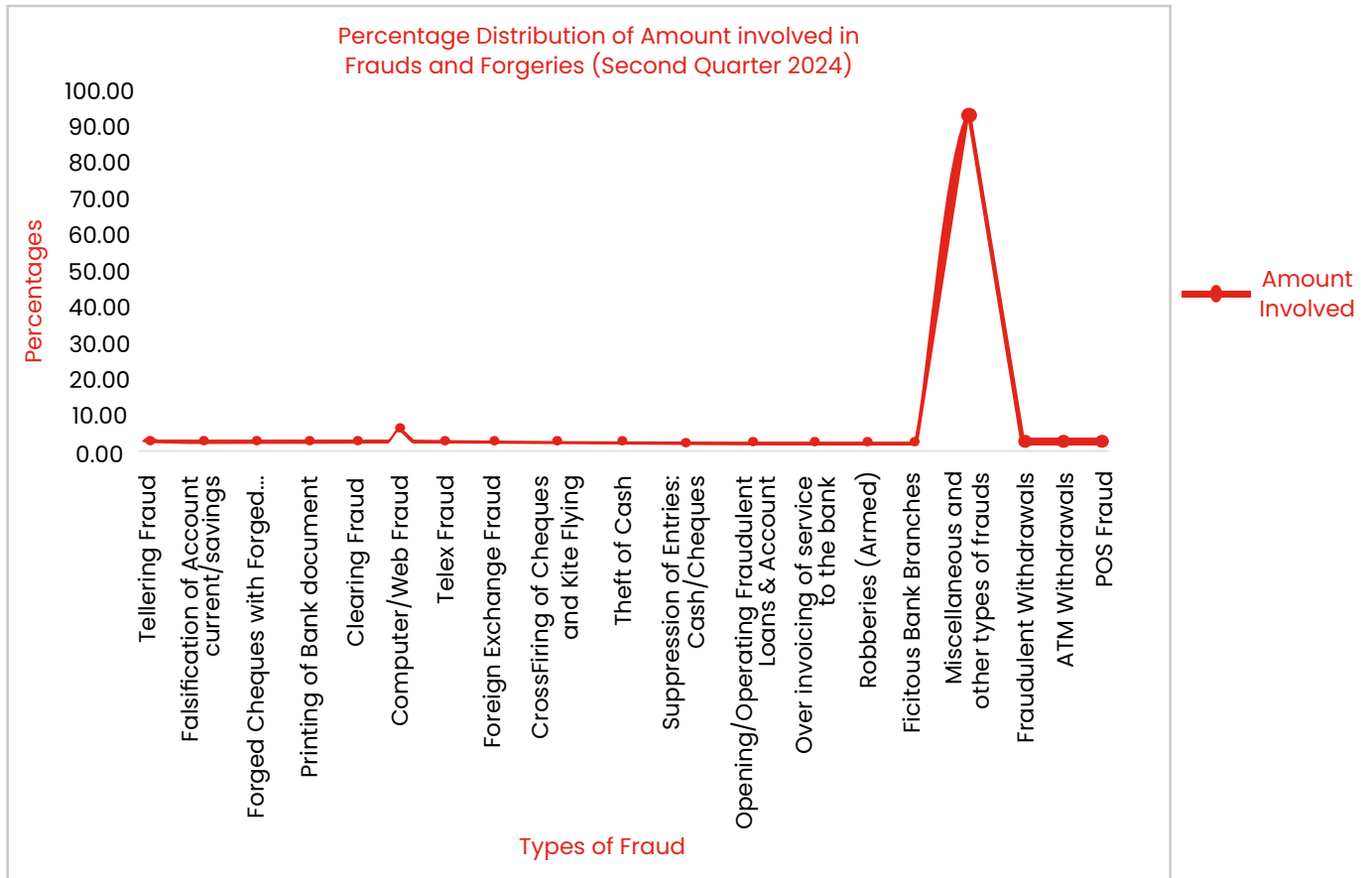
## Appendix II©

### Amount lost to Frauds and Forgeries Activities (Second Quarter 2024)



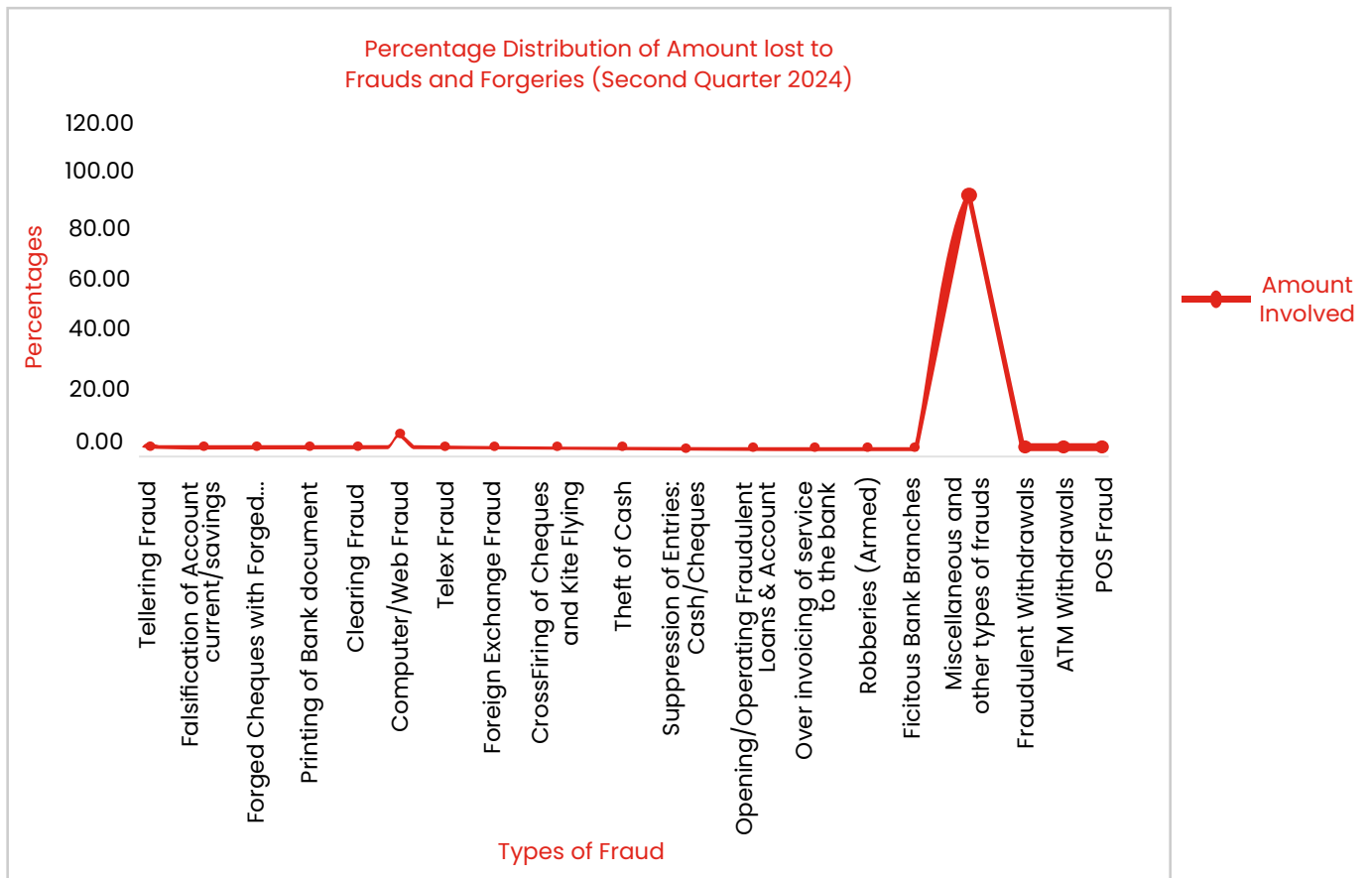
## Appendix II(D)

### Percentage Distribution of Amount involved in Frauds and Forgeries (Second Quarter 2024)



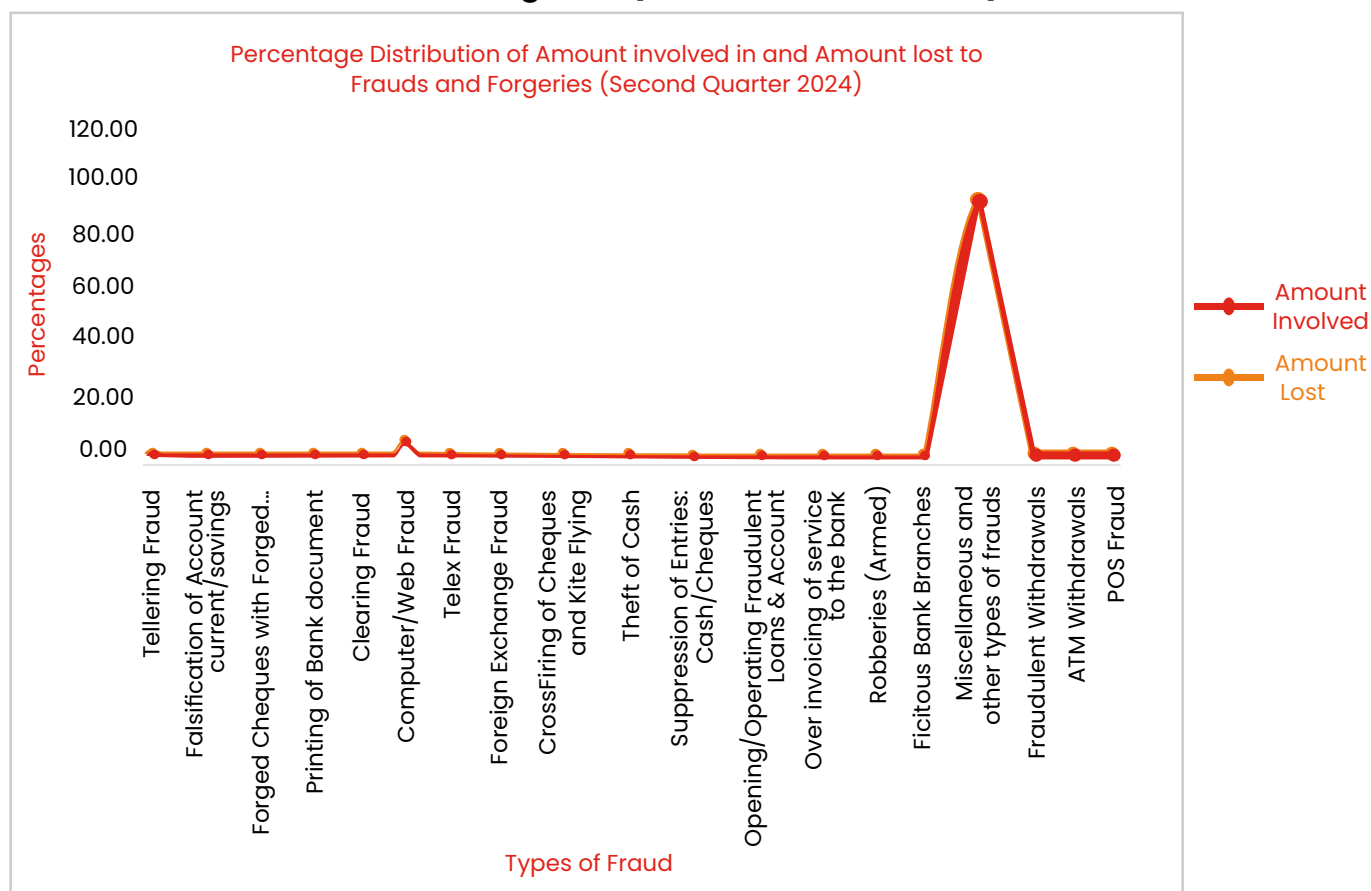
## Appendix II(E)

### Percentage Distribution of Amount lost to Frauds and Forgeries (Second Quarter 2024)



## Appendix II(F)

### Percentage Distribution of Amount involved in and Amount lost to Frauds and Forgeries (Second Quarter 2024)



## Appendix III (A)

### Frauds and Forgeries through various Payment Channels: A Comparison of First Quarter 2024 and Second Quarter 2024

S/N	Channels	Cases: First Quarter, 2024	Cases: Second Quarter, 2024	Percentage (%) Change
1.	Web	4132	4367	(5.69)
2.	ATM	150	155	(3.33)
3.	Bank Branch	239	271	(13.39)
4.	Mobile	3393	3169	(6.60)
5.	POS	3518	3533	0.43
6.	Agent	2	0	(100)
	<b>Total</b>	<b>11,434</b>	<b>11,495</b>	<b>(0.53)</b>

## Appendix III(B)

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

S/N	Channels	Amount Involved, First Quarter, 2024 (N)	Amount Involved, Second Quarter, 2024 (N)	Percentage(%) Change	Amount Loss, First Quarter, 2024 (N)	Amount Loss, Second Quarter, 2024 (N)	Percentage(%) Change
1	Web	672,994,390.51	1,249,269,490.66	(85.63)	24,138,317.57	400,784,701.93	(1560.37)
2	ATM	13,822,101.00	29,255,715.09	(113.36)	100,000.00	205,000.00	(105.5)
3	Bank Branch	907,507,137.64	54,186,326,898.13	(58708.98)	133,923,344.98	42,292,974,854.53	(31497.99)
4	Mobile	768,746,795.35	547,478,161.48	(28.78)	216,364,923.74	88,678,888.36	(59.01)
5	POS	376,594,799.83	651,100,930.79	(72.89)	4,628,287.25	5,602,391.94	(27.99)
6	Van	-	-	-	-	-	-
7	Agent	2,914,500.00	-	-	-	-	-
	<b>Total</b>	<b>2,742,579,724.33</b>	<b>56,663,666,196.15</b>	<b>(1966.70)</b>	<b>379,154,873.54</b>	<b>42,788,245,836.76</b>	<b>(11185.16)</b>

## Appendix IV(A)

### Frauds and Forgeries through various instruments: A Comparison between First Quarter 2024 and Second Quarter 2024

S/N	Channels	Cases: First Quarter, 2024	Cases: Second Quarter, 2024	Percentage (%) Change
1.	Cash	209	228	(0.44)
2.	Cheques	30	41	(2.38)
3.	Cards	21,469	11,237	(26.56)
4.	Slips	0	0	0
<b>Total</b>		<b>21,708</b>	<b>11,506</b>	<b>(25.75)</b>

## Appendix IV(B)

### Amount Involved and Amount Lost to Fraud through various Instruments of Transaction: A Comparison between First Quarter 2024 and Second Quarter 2024

S/N	Channels	Amount Involved, First Quarter, 2024 (N)	Amount Involved, Second Quarter, 2024 (N)	Percentage(%) Change	Amount Loss, First Quarter, 2024 (N)	Amount Loss, Second Quarter, 2024 (N)	Percentage(%) Change
1	Cash	827,939,863	53,859,653,488	(6045.26)	133,923,345.00	42,292,974,855	(31,479.99)
2	Cheques	79,567,275	79,567,275	(310.56)	0	0	(100)
3	Cards	1,725,865,846.00	2,295,431,666.00	(33)	123,698,123	487,428,320	(294.05)
4	Slips	0	0	0	0	0	0
<b>Total</b>		<b>2,633,372,984.06</b>	<b>56,481,758,564.13</b>	<b>(2044.84)</b>	<b>257,621,467.79</b>	<b>42,780,403,174.42</b>	<b>(16505.92)</b>

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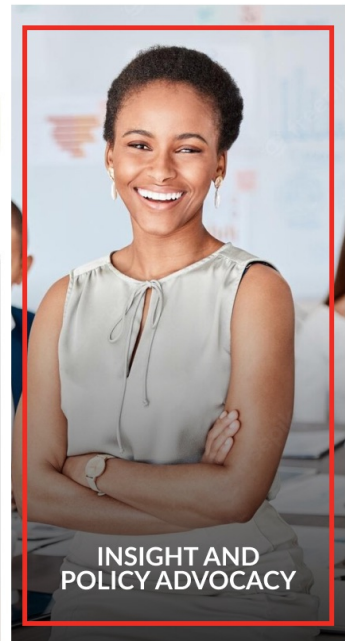
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