



# **Report on Frauds and Forgeries in Banks**

**January-March, 2011**

## **Report on Frauds and Forgeries in the Nigerian Banking Industry for the period January - March, 2011**

FITC received 69 returns from 24 deposit money banks in the first quarter of 2011. Analysis of the returns showed that a total of 842 cases of frauds and forgeries were reported in the banking industry, compared to 914 cases reported in the previous period, representing a 7.88 percent decrease. The types of fraud predominantly perpetrated during the period include unauthorized withdrawals through automated teller machines (ATMs), fraudulent withdrawals, suppression of cash, miscellaneous and other types of frauds and forged cheques with forged signatures. Captured under miscellaneous and other types of fraud were conversion of dividend warrants, fraudulent liquidation of fixed deposits, impersonation, dry postings, failure of integrity test and conversion of return money warrants, amongst others. See **Appendix I** for details.

The total amount of money involved in the reported cases of frauds and forgeries posted in the quarter being reviewed stood at ~~N~~1.643 billion, depicting a decline of 13.70 percent from ~~N~~1.904 billion recorded in the preceding quarter. **Appendix I** shows that miscellaneous and other types of fraud ranked first, accounting for ~~N~~878.69 million (53.48 percent) out of the total amount involved in frauds and forgeries; suppression of cash/cheques ranked second with ~~N~~213.87 million (13.02 percent), while fraudulent withdrawals ranked third with ~~N~~162.65 million (9.90 percent) of the total amount involved in frauds and forgeries during the period under review.

Further breakdown shows that for miscellaneous and other types of fraud that ranked first in the amount involved in fraud within the quarter being reviewed, its polled figure of N878.69 million represents an increase of 76.33 per cent, when compared with the N498.32 million recorded in the fourth quarter of 2010. However, suppression of entries plummeted to ~~N~~213.87 million from N366.88 million recorded in the preceding quarter; thus representing a decrease of 41.71 per cent. Similarly, fraudulent withdrawals reduced significantly to N162.65 million from N252.89 million recorded in the preceding period to show a fall of 35.68 per cent. Meanwhile, ATM withdrawals and forged cheques with forged signatures notched up to N111.55 million and N101.06 million respectively in the period under review, from N42.77 million and N76.48 million posted in the preceding period, thus indicating a 160.79 per cent and 32.13 per cent increase respectively. **Appendix II** further provides a graphic representation of the amount involved in the reported cases of frauds and forgeries.

The returns also indicated that out of the total sum of ₦1.643 billion estimated to have been involved in fraud and forgeries, ₦924.96 million (56.29 per cent) was actually lost to fraud and forgeries in the first quarter of 2011. The difference of

₦718.14million (43.71 per cent) was recovered through spot-checking of remittances by banks, implementing stringent control measures as well as strict adherence to internal processes and procedures.

Analysis of the returns also revealed that miscellaneous and other types of fraud accounted for ₦448.81 million (48.52 per cent) of the total amount lost to fraudulent activities, while suppression of entries and fraudulent withdrawals accounted for ₦190.33million (20.58 per cent) and ₦162.65million (13.48 per cent) respectively. **Appendix III** presents, graphically, the amount that was actually lost to frauds and forgeries during the period under review, while **Appendix IV** compares the amount lost with amount involved.

Observable data reveals that there was a prevalence of external involvement in most of the reported cases of fraud, as outsiders were involved in 663 (78.74 per cent) of the frauds cases, while employees of banks were involved in 166 (19.71 per cent) of the cases reported. Fraudsters colluded with banks' employees in seven of the cases reported, while the identity of the persons involved as employees or outsiders was not indicated in six cases.

The returns also indicated that 100 bank employees had their appointments terminated on grounds of frauds and forgeries. This represents a decrease of 15.97 per cent when compared with the preceding quarter where 119 bank employees' appointments were terminated on similar grounds. This is clearly indicative of the banks' zero tolerance for unethical conduct on the part of their employees.

## **Conclusion and Recommendation**

This report shows significant improvements on key parameters used in evaluating frauds and forgeries within the period under review. For instance, there was a reduction in the total number of fraudulent cases in the banking industry from 914 in the fourth quarter of 2010 to 842 in the first quarter of 2011, representing a decrease of 7.88 percent. Similarly, the total amount involved in frauds and forgeries positively improved to ₦1.643 billion from ₦1.904 billion recorded in the preceding quarter, depicting a decrease of 13.70 percent. However, the total amount lost to fraudulent activities edged up marginally to ₦924.96 million in the first quarter of 2011 from ₦902.10 million reported in the fourth quarter of 2010, depicting an increase of 2.47 percent. This is clearly illustrated in **Appendix V and VI**.

In historical terms, when compared with the similar period in 2010, the first quarter of 2011 witnessed a reduction in the total number of cases involved in

frauds and forgeries to 842 from 1,851 cases involved in the first quarter of 2010, indicating a dip of 54.51 percent. Also, the total amount lost to frauds and forgeries in these periods depicted a significant decrease of 19.85 percent, from

N1.154 billion recorded in the first quarter of 2010 to N924.96 million in the first quarter. See **Appendices VII-IX** for further details.

This positive trend appears to show that the efforts to stem the tide of frauds and forgeries in the industry are beginning to yield results. In addition to improved internal control measures and enhanced risk management practices. Therefore, the banks and regulatory authorities should continue to raise the knowledge and awareness level of both the banks' staff and customers on tendencies that could result in frauds and forgeries and how they may be detected early. This and other security alert measures will go a long way in further mitigating frauds and forgeries in the Nigerian banking industry.

**Note: Please see the appendices below for summaries of the cases of frauds and forgeries covered in this report, with comparisons between the first quarters of 2010 and 2011 on selected concerns.**

**Appendix I: Frauds and Forgeries in the Nigerian Banking Industry (First Quarter, 2011)**

| <b>Types of Fraud</b>   | <b>Total Number Of Cases Reported</b> | <b>Involving Bank Staff Only</b> | <b>Involving Outside Persons Only</b> | <b>Collusion</b> | <b>Not Specified</b> | <b>Amount Involved(₦)</b> | <b>Actual /Expected Loss (₦)</b> | <b>Expected Loss/ Amount Involved (%)</b> |
|---|---------------------------------------|----------------------------------|---------------------------------------|------------------|----------------------|---------------------------|----------------------------------|---|
| <b>Teller Fraud</b>   | 8<br>(0.95)                           | 8<br>(4.82)                      | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 7,055,500.00<br>(0.43)    | 4,037,000.00<br>(0.44)           | 57.2                                      |
| <b>Falsification Of Accounts: Current/Cheque, Savings/Deposits, Suspense Accounts</b> | 0<br>(0)                              | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 0<br>(0)                  | 0<br>(0)                         | 0   |
| <b>Forged Cheques with Forged Signature</b>   | 34<br>(4.04)                          | 5<br>(3.81)                      | 28<br>(4.22)                          | 1<br>(14.29)     | 0<br>(0)             | 101,059,266.93<br>(6.15)  | 65,506,266.93<br>(7.08)          | 64.8                                      |
| <b>Printing Of Bank Document Illegally</b>  | 1<br>(0.12)                           | 1<br>(0.60)                      | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 300,000.00<br>(0.02)      | 300,000.00<br>(0.03)             | 100.0                                     |
| <b>Clearing Fraud</b>   | 6<br>(0.71)                           | 1<br>(0.60)                      | 5<br>(0.75)                           | 0<br>(0)         | 0<br>(0)             | 8,358,730.16<br>(0.51)    | 4,618,109.64<br>(0.50)           | 55.2                                      |
| <b>Computer Fraud</b>   | 8<br>(0.95)                           | 3<br>(1.81)                      | 5<br>(0.75)                           | 0<br>(0)         | 0<br>(0)             | 39,258,818.14<br>(2.39)   | 328,500.00<br>(0.04)             | 0.80                                      |
| <b>Telex Fraud</b>  | 0<br>(0)                              | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 0<br>(0)                  | 0<br>(0)                         | 0   |
| <b>Foreign Exchange Fraud</b>   | 1<br>(0.12)                           | 0<br>(0)                         | 1<br>(0.15)                           | 0<br>(0)         | 0<br>(0)             | 227,865.00<br>(0.01)      | 227,865.00<br>(0.02)             | 100.00                                    |
| <b>Cross Firing Of Cheques and Kite Flying</b>  | 0<br>(0)                              | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 0<br>(0)                  | 0<br>(0)                         | 0   |

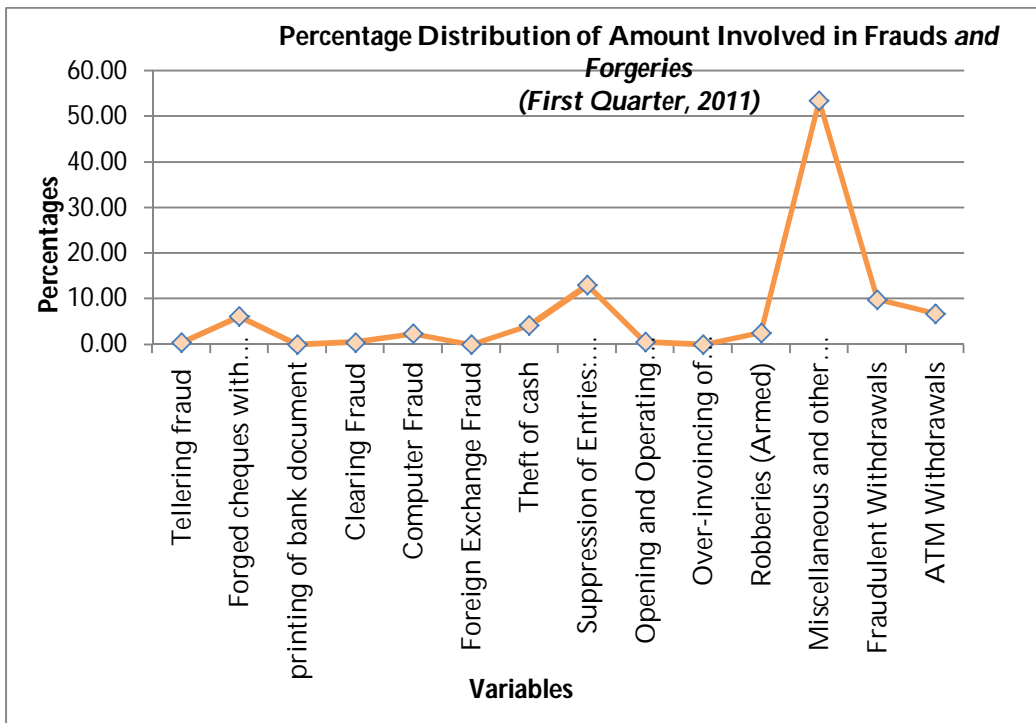
**Note: All figures in parenthesis ( ) indicate percentages**

Appendix I Contd: Frauds and Forgeries in the Nigerian Banking Industry (First Quarter, 2011)

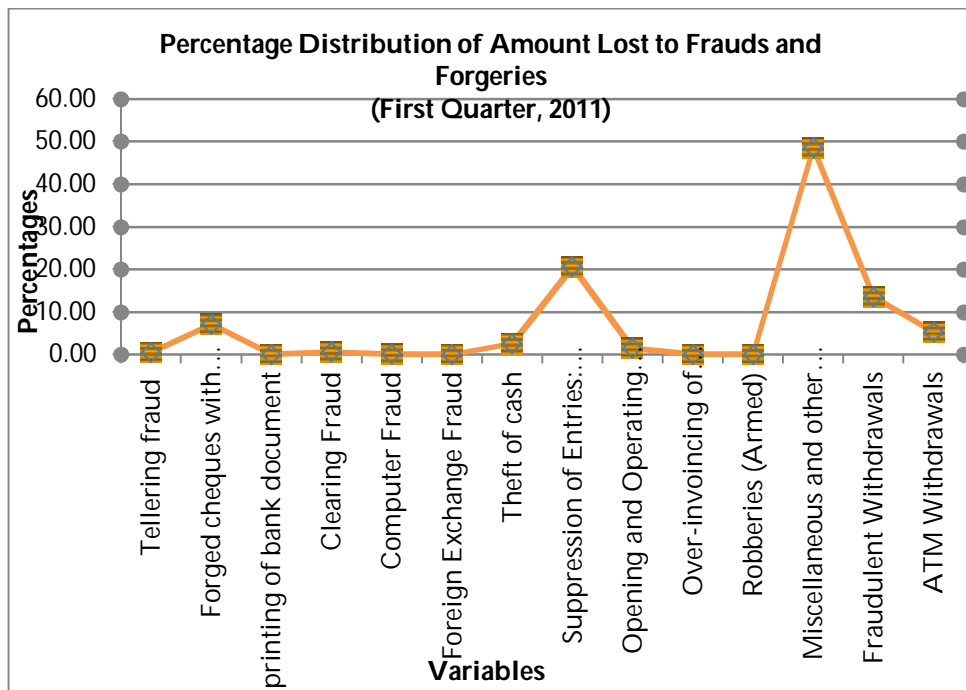
| Types of Fraud   | Total Number Of Cases Reported | Involving Bank Staff Only | Involving Outside Persons Only | Collusion    | Not Specified | Amount Involved(₦)        | Actual /Expected Loss (₦) | Expected Loss/ Amount Involved (%) |
|--|--------------------------------|---------------------------|--------------------------------|--------------|---------------|---------------------------|---------------------------|------------------------------------|
| <b>Theft of Cash</b>                                       | 21<br>(2.49)                   | 9<br>(5.42)               | 7<br>(1.06)                    | 0<br>0       | 5<br>(83.33)  | 69124,932.99<br>(4.21)    | 23,698,641.09<br>(2.56)   | 34.3                               |
| <b>Suppression of Entries: Cash/Cheques</b>                | 63<br>(7.48)                   | 62<br>(37.35)             | 0<br>0                         | 1<br>(14.29) | 0<br>(0)      | 213,875,079.25<br>(13.02) | 190,331,025.00<br>(20.58) | 89.0                               |
| <b>Opening and Operating Fraudulent Loans and Accounts</b> | 8<br>(0.95)                    | 1<br>(0.60)               | 5<br>(0.75)                    | 2<br>(28.57) | 0<br>(0)      | 8,772,532.80<br>(0.53)    | 13,419,563.43<br>(1.45)   | 153.0                              |
| <b>Over-Invoicing of Service to the Bank</b>               | 3<br>(0.36)                    | 3<br>(1.81)               | 0<br>(0)                       | 0<br>(0)     | 0<br>(0)      | 96,800<br>(0.01)          | 68,800<br>(0.01)          | 71.1                               |
| <b>Robberies (Armed)</b>                                   | 3<br>(0.36)                    | 0<br>(0)                  | 3<br>(0.45)                    | 0<br>(0)     | 0<br>(0)      | 42,066,299.90<br>(2.56)   | 300,000<br>(0.03)         | 0.70                               |
| <b>Fictitious Bank Branches</b>                            | 0<br>(0)                       | 0<br>(0)                  | 0<br>(0)                       | 0<br>(0)     | 0<br>(0)      | 0<br>(0)                  | 0<br>(0)                  | 0                                  |
| <b>Miscellaneous and Other Types of Fraud</b>              | 57<br>(6.77)                   | 38<br>(22.89)             | 17<br>(2.56)                   | 1<br>(14.29) | 1<br>(16.67)  | 878,698,505.39<br>(53.48) | 448,806,810.97<br>(48.52) | 51.1                               |
| <b>Fraudulent Withdrawals</b>                              | 106<br>(12.59)                 | 29<br>(17.47)             | 75<br>(11.31)                  | 2<br>(28.57) | 0<br>(0)      | 162,654,230.13<br>(9.90)  | 124,720,808.36<br>(13.48) | 76.7                               |
| <b>ATM Withdrawals</b>                                     | 523<br>(62.11)                 | 6<br>(3.61)               | 517<br>(77.98)                 | 0<br>(0)     | 0<br>(0)      | 111,549,270.88<br>(6.79)  | 48,596,817.86<br>(5.25)   | 43.6                               |
| <b>Total</b>   | <b>842</b>                     | <b>166</b>                | <b>663</b>                     | <b>7</b>     | <b>6</b>      | <b>1,643,097,831.57</b>   | <b>924,960,208.28</b>     |                                    |

Note: All figures in parenthesis ( ) indicate percentages

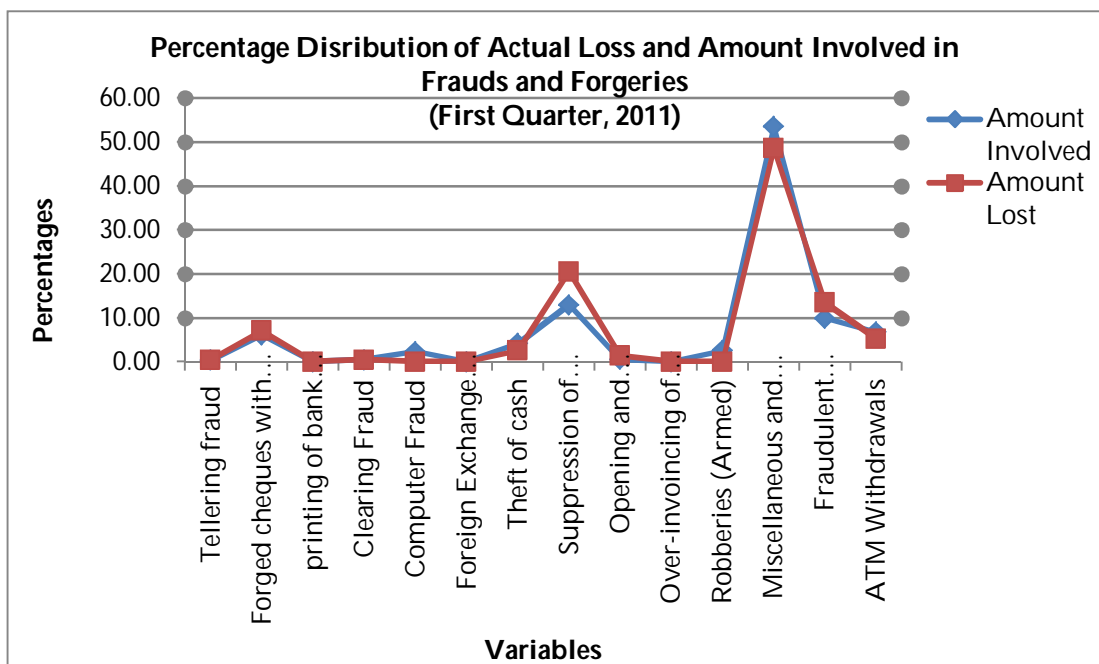
## Appendix II



## Appendix III



## Appendix IV



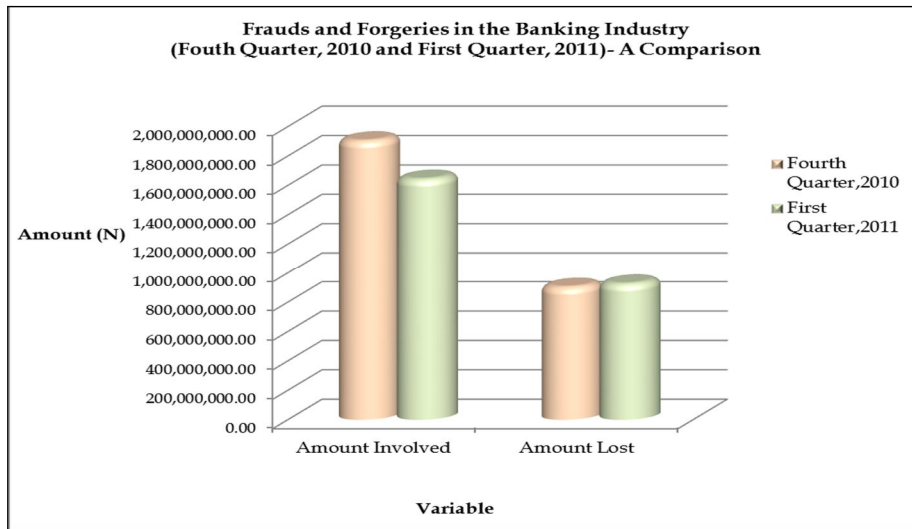
### Frauds and Forgeries in the Banking Industry: A Comparison of Fourth Quarter, 2010 and First Quarter, 2011.

#### Appendix V

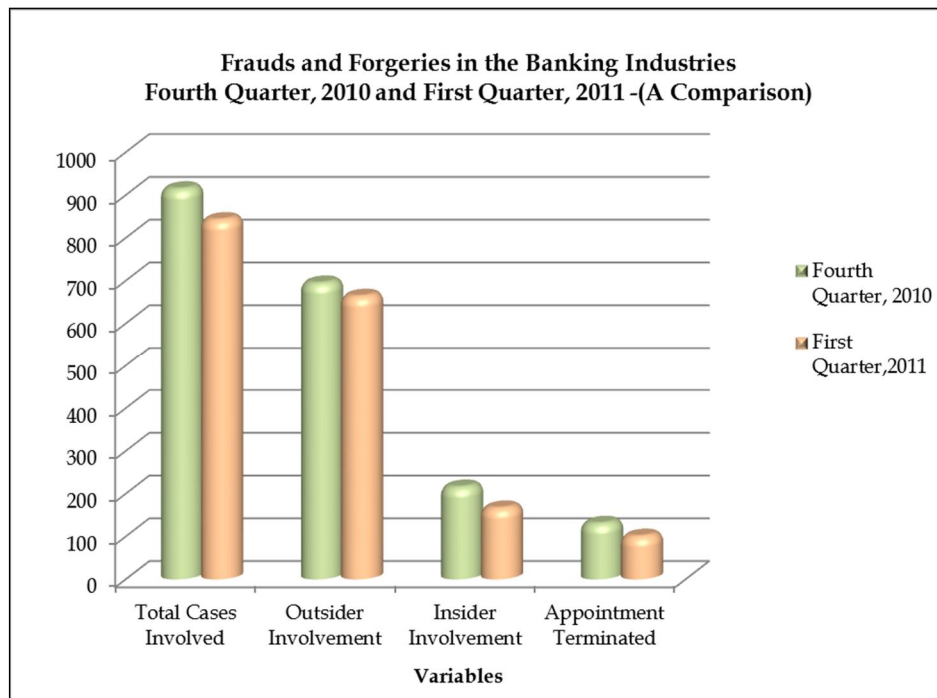
| S/n | Variables                   | Fourth Quarter, 2010          | First Quarter, 2011           |
|-----|-----------------------------|-------------------------------|-------------------------------|
| 1   | Total Cases Involved        | 914                           | 842                           |
| 2   | Total Amount Involved       | <del>N</del> 1,904,024,813.52 | <del>N</del> 1,643,097,831.57 |
| 3   | Total Amount Lost           | <del>N</del> 902,096,823.14   | <del>N</del> 924,960,208.28   |
| 4   | Outsider Involvement        | 694                           | 663                           |
| 5   | Insider (staff) Involvement | 215                           | 166                           |
| 6   | Appointments Terminated     | 130                           | 100                           |



## Appendix VI



## Appendix VII

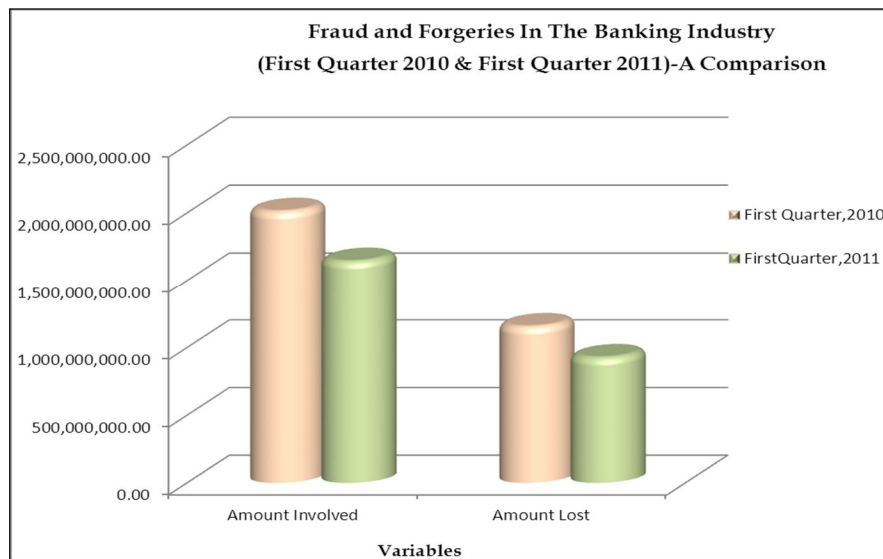


**Frauds and Forgeries in the Banking Industry  
(First Quarter, 2010 and First Quarter, 2011) - A Comparison**

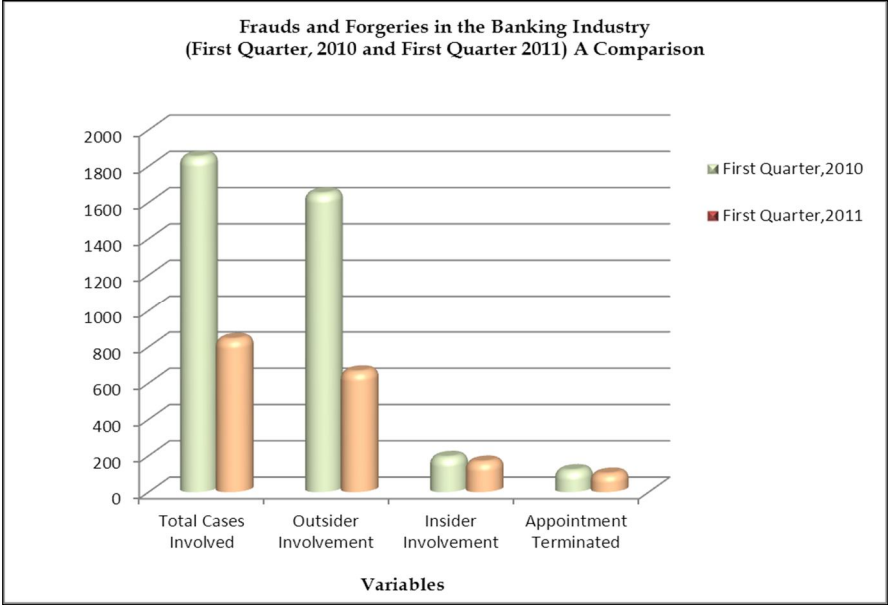
**Appendix VIII**

| S/n | Variables                   | First Quarter, 2010           | First Quarter, 2011           |
|-----|-----------------------------|-------------------------------|-------------------------------|
| 1   | Total Cases Involved        | 1,851                         | 842                           |
| 2   | Total Amount Involved       | <del>₦</del> 2,010,893,381.95 | <del>₦</del> 1,643,097,831.57 |
| 3   | Total Amount Lost           | <del>₦</del> 1,154,030,716.63 | <del>₦</del> 924,960,208.28   |
| 4   | Outsider Involvement        | 1,650                         | 663                           |
| 5   | Insider (staff) Involvement | 192                           | 166                           |
| 6   | Appointments Terminated     | 119                           | 100                           |

**Appendix IX**



# Appendix X





# **Report on Frauds and Forgeries in Banks**

**April-June, 2011**

## **Report on Frauds and Forgeries in the Nigerian Banking Industry for the period April - June, 2011**

FITC received 68 returns from 24 deposit money banks in the second quarter of 2011. Of this, 23 returns were received for the months of April and May, while 22 returns were received for the month of June. Analysis of the returns showed that a total of 659 cases of frauds and forgeries were reported in the banking industry in the second quarter of 2011, compared to 842 cases reported in the previous period, which represented a 27.77 percent decrease. The types of fraud predominantly perpetrated during the period reviewed include fraudulent ATM withdrawals, other variants of fraudulent withdrawals, miscellaneous and other types of frauds, suppression of entries, forged cheques and forged signatures, as well as opening and operating fraudulent accounts. Captured under miscellaneous and other types of fraud, were fraudulent diversions of customers' fund for personal use, impersonation, conversion of dividend warrants, dry posting, misappropriation of funds, and fraudulent termination of fixed deposits, amongst others. See **Appendix I** for details.

During the period under review, the total amount of money involved in the reported cases of frauds and forgeries increased from ~~N~~1.643 billion in the previous quarter to ~~N~~2.306 billion, thus representing an increase of 40.35 percent. **Appendix I** shows that fraudulent withdrawals ranked first, accounting for ~~N~~940.06 million (40.75 percent) out of the total amount of money involved in frauds and forgeries; miscellaneous and other types of frauds ranked second with ~~N~~716.76 million (31.07 percent), while operating fraudulent accounts ranked third with ~~N~~231.30 million (10.03 percent) of the total amount involved in frauds and forgeries in the second quarter.

Further breakdown shows that fraudulent withdrawals ranked first in the amount involved in fraud within the quarter being reviewed, as ~~N~~940.06 million represents a huge increase of 477.96 percent, when compared with the ~~N~~162.65 million recorded in the first quarter of 2011. Operating fraudulent accounts also notched up dramatically to ~~N~~231.30 million, from ~~N~~8.77 million recorded in the preceding quarter, to show an alarming rise of 2,537.40 percent. In the same way, armed robberies and clearing fraud escalated to ~~N~~214.11 million and ~~N~~47.83 million respectively in the period under review, from ~~N~~42.06 million and ~~N~~8.35

million posted in the preceding period, indicating an alarming increase of 409.06 percent and 472.81 percent respectively. However, miscellaneous and other types of frauds, which ranked second, fell from ₦878.69 million recorded in the preceding period to ₦716.76 million, representing a decrease of 18.43 percent. **Appendix II** further provides a graphic picture of the amount involved in the reported cases of frauds and forgeries.

The returns also indicated that out of the total sum of ₦2.306 billion estimated to have been involved in fraud and forgeries, ₦864.13 million (37.47 percent) was actually lost to fraud and forgeries in the second quarter of 2011. The difference of ₦1.442 billion (62.53 percent) was recovered through spot-checking of remittances by banks, implementing stringent control measures, strict adherence to internal processes and procedures as well as through the effort of the law enforcement agents and eagle eyes of the anti graft agency.

Analysis of the returns also revealed that miscellaneous and other types of frauds accounted for ₦351.62 million (40.69 percent) of the total amount lost to fraudulent activities, while armed robberies and fraudulent withdrawals accounted for ₦210.73 million (24.39 percent) and ₦188.66 million (21.83 percent) respectively. **Appendix III** graphically presents the amount that was actually lost to frauds and forgeries during the period under review, while **Appendix IV** compares the amount lost with amount involved.

Data reveals that there was a prevalence of external involvement in most of the reported cases of fraud, as outsiders were involved in 505 (76.63 percent) of the frauds cases, while employees of banks were involved in 146 (22.15 percent) of the cases reported. Fraudsters colluded with banks' employees in eight (1.21 percent) of the cases reported.

The returns also indicated that 86 bank employees had their appointments terminated on grounds of frauds and forgeries within the reviewed period. This represents a decrease of 14 percent when compared with the preceding quarter when 100 bank employees' appointments were terminated on similar grounds. This is clearly indicative of the banks' zero tolerance for unethical conduct on the part of their employees.

## **Conclusion**

This report shows significant improvements on some key parameters used in evaluating frauds and forgeries within the period under review. For instance, there was a reduction in the total number of fraudulent cases in the banking industry from 842 in the first quarter to 659 in the second quarter, indicating a

decrease of 21.73 percent. Similarly, the total amount lost to frauds and forgeries fell to ₦864.13 million from ₦924.96 million recorded in the preceding quarter, depicting a decrease of 6.58 percent. However, the total amount involved in fraudulent activities edged up to ₦2.306 billion in the second quarter from ₦1.643 billion reported in the second quarter depicting an increase of 40.35 percent. This is worrisome and clearly illustrated in **Appendix V-VII**.

When these in their indices are compared with those from a similar period in 2010, the second quarter of 2011 witnessed a reduction in the total number of cases involved in fraud and forgeries from 1,948 to 659 recorded in the second quarter of 2010, indicating a decline of 66.17 percent. In the same vein, the total amount involved and total amount lost in fraud and forgeries reduced to ₦ 2.306 billion and ₦ 864 million respectively in the period under review, from ₦ 3.808 billion and ₦ 2.841 billion posted in the second quarter of 2010, thus indicating a significant decrease of 39.44 percent and 69.58 percent respectively. See **Appendices VIII-X** for further details.

These improvements may signal better things to come, as they may be indications of significant landmarks in the collective efforts of industry operators and regulators, to minimize frauds and forgeries in the sector. It is expected that this momentum would be sustained all through the year and beyond. To realize this, the banks would need to ensure that on one hand, the growing standard of ethical and professional practices in banking are not compromised, while staff capacity to effectively identify loopholes and avert routine lapses is continually enhanced through requisite studies, benchmarks, interventions and training programmes.

**Note: Please see the appendices below for summaries of the cases of frauds and forgeries covered in this report, with comparisons between the Second quarters of 2010 and 2011 on selected concerns.**

**Appendix I: Frauds and Forgeries in the Nigerian Banking Industry (Second Quarter, 2011)**

| <b>Types of Fraud</b>   | <b>Total Number Of Cases Reported</b> | <b>Involving Bank Staff Only</b> | <b>Involving Outside Persons Only</b> | <b>Collusion</b> | <b>Not Specified</b> | <b>Amount Involved(₦)</b> | <b>Actual /Expected Loss (₦)</b> | <b>Expected Loss/ Amount Involved (%)</b> |
|---|---------------------------------------|----------------------------------|---------------------------------------|------------------|----------------------|---------------------------|----------------------------------|---|
| <b>Teller Fraud</b>   | 10<br>(1.52)                          | 10<br>(6.85)                     | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 11,752,635.00<br>(0.51)   | 0<br>(0)                         | 0   |
| <b>Falsification Of Accounts: Current/Cheque, Savings/Deposits, Suspense Accounts</b> | 2<br>(0.30)                           | 1<br>(0.68)                      | 1<br>(0.20)                           | 0<br>(0)         | 0<br>(0)             | 580,600.00<br>(0.03)      | 0<br>(0)                         | 0   |
| <b>Forged Cheques with Forged Signature</b>   | 27<br>(4.10)                          | 1<br>(0.68)                      | 26<br>(5.15)                          | 0<br>(0)         | 0<br>(0)             | 33,436,000.00<br>(1.45)   | 16,074,000.00<br>(1.86)          | 48.1                                      |
| <b>Printing Of Bank Document Illegally</b>  | 0<br>(0)                              | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 0<br>(0)                  | 0<br>(0)                         | 0   |
| <b>Clearing Fraud</b>   | 2<br>(0.30)                           | 1<br>(0.68)                      | 1<br>(0.20)                           | 0<br>(0)         | 0<br>(0)             | 47,838,000.00<br>(2.07)   | 19,238,000.00<br>(2.23)          | 40.2                                      |
| <b>Computer Fraud</b>   | 3<br>(0.46)                           | 0<br>(0)                         | 3<br>(0.59)                           | 0<br>(0)         | 0<br>(0)             | 409,708.00<br>(0.02)      | 100,000.00<br>(0.01)             | 24.4                                      |
| <b>Telex Fraud</b>  | 0<br>(0)                              | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 0<br>(0)                  | 0<br>(0)                         | 0   |
| <b>Foreign Exchange Fraud</b>   | 1<br>(0.15)                           | 0<br>(0)                         | 1<br>(0.20)                           | 0<br>(0)         | 0<br>(0)             | 7,590,000.00<br>(0.33)    | 6,290,000.00<br>(0.73)           | 82.9                                      |
| <b>Cross Firing Of Cheques and Kite Flying</b>  | 0<br>(0)                              | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 0<br>(0)                  | 0<br>(0)                         | 0   |

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

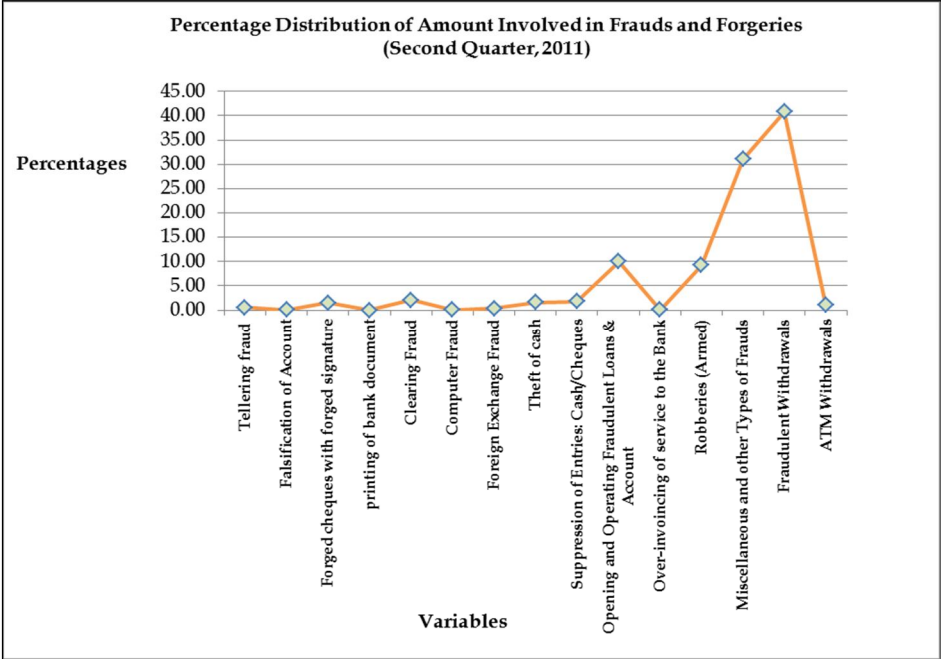


Appendix I Contd: Frauds and Forgeries in the Nigerian Banking Industry (Second Quarter, 2011)

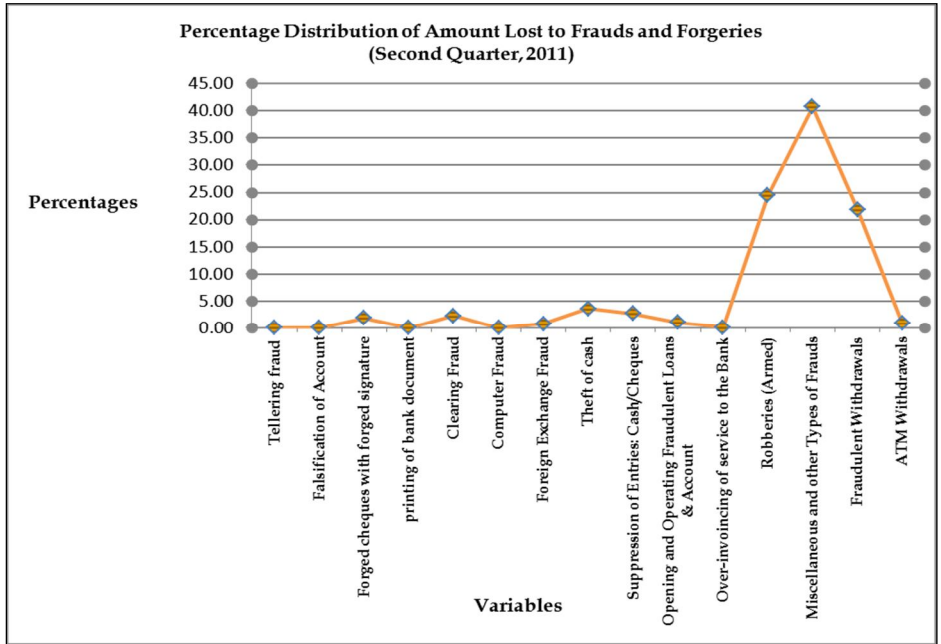
| Types of Fraud   | Total Number Of Cases Reported | Involving Bank Staff Only | Involving Outside Persons Only | Collusion    | Not Specified | Amount Involved(₦)        | Actual /Expected Loss (₦) | Expected Loss/ Amount Involved (%) |
|--|--------------------------------|---------------------------|--------------------------------|--------------|---------------|---------------------------|---------------------------|------------------------------------|
| <b>Theft of Cash</b>                                       | 9<br>(1.37)                    | 7<br>(4.79)               | 1<br>(0.20)                    | 1<br>(12.50) | 0<br>(0)      | 36,172,100.00<br>(1.57)   | 31,156,600.00<br>(3.61)   | 86.1                               |
| <b>Suppression of Entries: Cash/Cheques</b>                | 47<br>(7.13)                   | 47<br>(32.19)             | 0<br>(0)                       | 0<br>(0)     | 0<br>(0)      | 40,708,429.76<br>(1.76)   | 22,852,580.81<br>(2.64)   | 56.1                               |
| <b>Opening and Operating Fraudulent Loans and Accounts</b> | 20<br>(3.03)                   | 1<br>(0.68)               | 16<br>(3.17)                   | 3<br>(37.50) | 0<br>(0)      | 231,302,475.00<br>(10.03) | 8,679,332.50<br>(1.0)     | 3.8                                |
| <b>Over-Invoicing of Service to the Bank</b>               | 4<br>(0.61)                    | 4<br>(2.74)               | 0<br>(0)                       | 0<br>(0)     | 0<br>(0)      | 738,414.00<br>(0.03)      | 429,000.00<br>(0.05)      | 58.1                               |
| <b>Robberies (Armed)</b>                                   | 9<br>(1.37)                    | 0<br>(0)                  | 8<br>(1.58)                    | 1<br>(12.50) | 0<br>(0)      | 214,113,868.98<br>(9.28)  | 210,738,868.98<br>(24.39) | 98.4                               |
| <b>Fictitious Bank Branches</b>                            | 0<br>(0)                       | 0<br>(0)                  | 0<br>(0)                       | 0<br>(0)     | 0<br>(0)      | 0<br>(0)                  | 0<br>(0)                  | 0                                  |
| <b>Miscellaneous and Other Types of Fraud</b>              | 60<br>(9.10)                   | 41<br>(28.08)             | 17<br>(3.37)                   | 2<br>(25.00) | 0<br>(0)      | 716,764,151.08<br>(31.07) | 351,629,425.32<br>(40.69) | 37.9                               |
| <b>Fraudulent Withdrawals</b>                              | 119<br>(18.06)                 | 31<br>(21.23)             | 87<br>(17.23)                  | 1<br>(12.50) | 0<br>(0)      | 940,056,483.50<br>(40.75) | 188,660,272.68<br>(21.83) | 20.1                               |
| <b>ATM Withdrawals</b>                                     | 346<br>(52.50)                 | 2<br>(1.37)               | 344<br>(68.12)                 | 0<br>(0)     | 0<br>(0)      | 25,228,522.47<br>(1.09)   | 8,287,890.51<br>(0.96)    | 32.9                               |
| <b>Total</b>   | <b>659</b>                     | <b>146</b>                | <b>505</b>                     | <b>8</b>     | <b>0</b>      | <b>2,306,691,388.69</b>   | <b>864,135,970.80</b>     |                                    |

Note: All figures in parenthesis ( ) indicate percentages

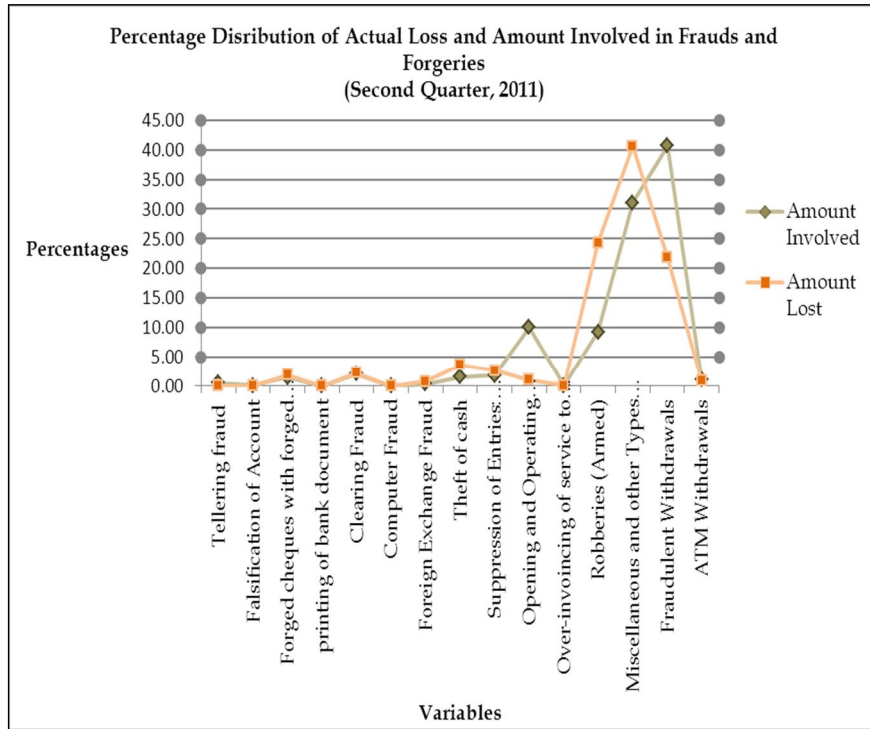
## Appendix II



## Appendix III



## Appendix IV

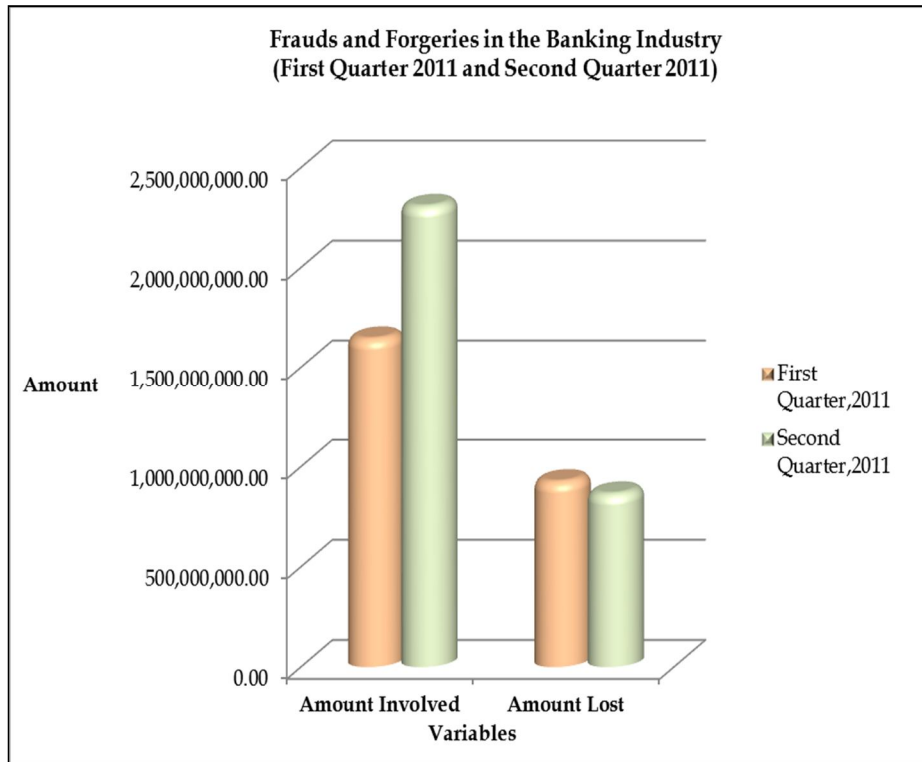


### Frauds and Forgeries in the Banking Industry: A Comparison of First Quarter and Second Quarter, 2011.

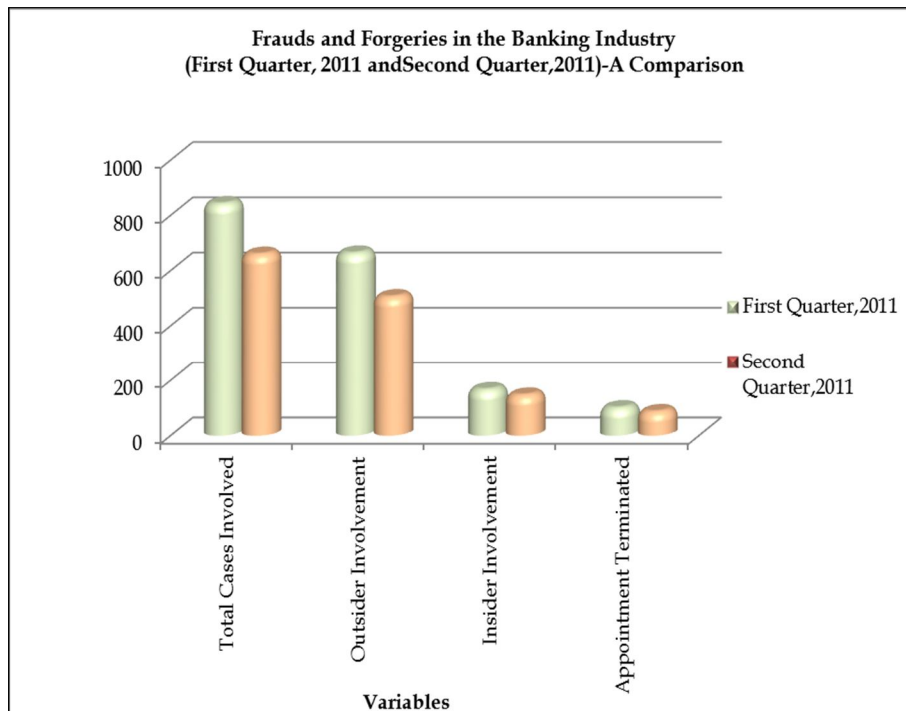
## Appendix V

| S/n | Variables                   | First Quarter, 2011           | Second Quarter, 2011          |
|-----|-----------------------------|-------------------------------|-------------------------------|
| 1   | Total Cases Involved        | 842                           | 659                           |
| 2   | Total Amount Involved       | <del>₦</del> 1,643,097,831.57 | <del>₦</del> 2,306,691,388.69 |
| 3   | Total Amount Lost           | <del>₦</del> 924,960,208.28   | <del>₦</del> 864,135,970.80   |
| 4   | Outsider Involvement        | 663                           | 505                           |
| 5   | Insider (staff) Involvement | 166                           | 146                           |
| 6   | Appointments Terminated     | 100                           | 86                            |

## Appendix VI



## Appendix VII

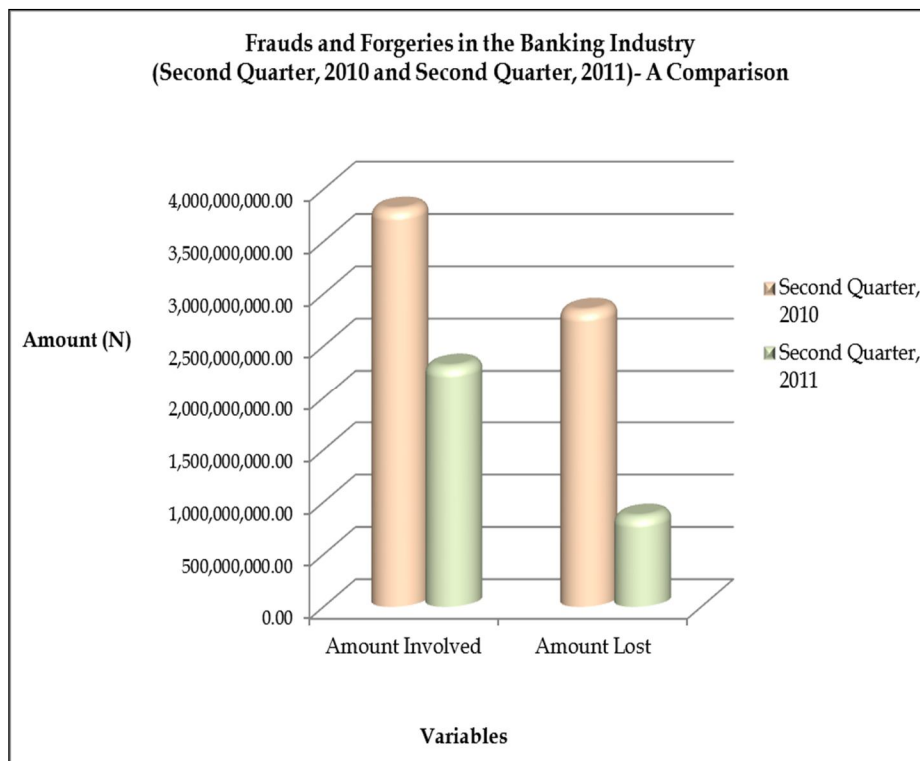


**Frauds and Forgeries in the Banking Industry  
(Second Quarter, 2010 and Second Quarter, 2011) - A Comparison**

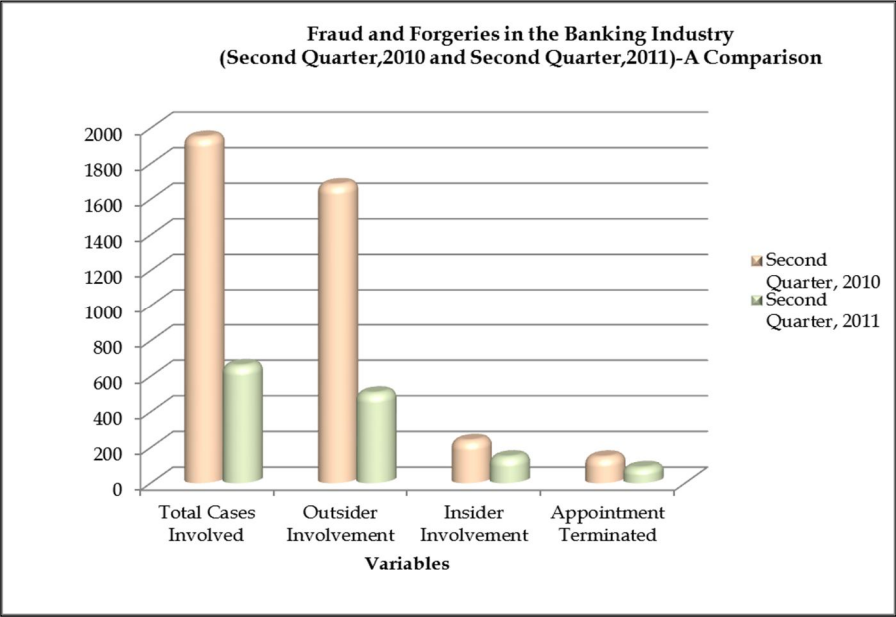
**Appendix VIII**

| S/n | Variables                   | Second Quarter, 2010          | Second Quarter, 2011          |
|-----|-----------------------------|-------------------------------|-------------------------------|
| 1   | Total Cases Involved        | 1,948                         | 659                           |
| 2   | Total Amount Involved       | <del>₦</del> 3,808,051,564.48 | <del>₦</del> 2,306,691,388.69 |
| 3   | Total Amount Lost           | <del>₦</del> 2,841,051,596.00 | <del>₦</del> 864,135,970.80   |
| 4   | Outsider Involvement        | 1,681                         | 505                           |
| 5   | Insider (staff) Involvement | 238                           | 146                           |
| 6   | Appointments Terminated     | 145                           | 86                            |

**Appendix IX**



# Appendix X





# **Report on Frauds and Forgeries in Banks**

**July - September, 2011**

## **Report on Frauds and Forgeries in the Nigerian Banking Industry for the period July - September, 2011**

FITC received 68 returns from 24 deposit money banks in the third quarter of 2011. Of these returns, 23 were received for the months of July and August, while 22 were received for September. Analysis of these returns indicated that the banking industry reported a total of 519 cases of frauds and forgeries, compared to 659 cases reported in the previous period, representing a decrease 21.24 percent. Consequently, the types of fraud predominantly perpetrated during the period include: automated teller machines (ATM) withdrawal, other forms of fraudulent withdrawals, suppression of entries, miscellaneous and other types of frauds, forged cheques with forged signatures and computer fraud. Classified under miscellaneous and other types of fraud were fraudulent diversions of customers' fund for personal use, impersonation, conversion of dividend warrants, dry posting, and misappropriation of funds, amongst others. See **Appendix I** for details.

During the period under review, the total amount of money involved in the reported cases of frauds and forgeries reduced significantly to ₦1.19 billion, representing a decrease of 48.57 percent, from ₦2.306 billion recorded in the previous quarter. **Appendix I** shows that miscellaneous and other types of fraud ranked first, accounting for ₦341.28 million (28.77 percent) of the total amount of money involved in frauds and forgeries; fraudulent withdrawals ranked second with ₦324.90 million (27.39 percent), while falsification of accounts ranked third with ₦125.50 million (10.58 percent) of the total amount involved in frauds and forgeries in the third quarter.

Further analysis shows that for miscellaneous and other types of fraud that ranked first in the amount involved in frauds within the quarter being reviewed, its reported figure of ₦341.28 million depicts quite an appreciable reduction of 52.39 percent, when compared with the ₦716.76 million recorded in the second quarter of 2011. Also, fraudulent withdrawals and armed robberies declined dramatically to ₦324.90 million and ₦100.76 million respectively down from ₦940.06 million and ₦214.11 million recorded in the preceding quarter, representing a fall of 65.44 percent and 52.94 percent respectively. However, falsification of account which ranked third, and suppression of entries, rose significantly to ₦125.50 million and ₦86.32 million respectively, depicting an alarming increase of 21.516 percent and 112.04 percent from ₦0.580 million and ₦40.71 million posted in the preceding period. **Appendix II** further provides a



graphic representation of the amount involved in the reported cases of frauds and forgeries.

The returns also indicated that out of the total sum of ₦1.19 billion estimated to have been involved in fraud and forgeries, ₦656.41 million (55.33 percent) was actually lost to fraud and forgeries in the third quarter of 2011. The difference of

₦529.92 million (44.67 percent) was recovered through the painstaking efforts of banks' staff in aborting fraudulent attempts made by the perpetrators and by not compromising internal standards and procedures in consummating banking transactions as well as effective implementation of stringent control measures to mitigate the likely risk imposed by such fraudulent acts.

Analysis of the returns also revealed that miscellaneous and other types of frauds accounted for ₦214.16 million (32.63 percent) of the total amount lost to fraudulent activities, while falsification of accounts and armed robberies accounted for ₦101.59 million (15.48 percent) and ₦100.76 million (15.35 percent) respectively. **Appendix III** presents, the amount that was actually lost to frauds and forgeries during the period under review graphically, while **Appendix IV** shows the comparison between the amount lost to the amount involved.

Statistics reveals that there was a preponderance of external involvement in most of the reported cases of fraud, as outsiders were involved in 385 (74.18 percent) of the frauds cases, and employees of banks were involved in 127 (24.47 percent) of the cases reported. While fraudsters colluded with banks' employees in 5 (0.96 percent) of the cases, 2 out of the total number of cases reported were not specified.

The returns also indicated that 56 bank employees had their appointments terminated on grounds of frauds and forgeries. This represents a decrease of 34.88 percent when compared with the preceding quarter when 86 bank employees' had their appointments terminated on similar grounds. This is a step in the right direction, as it clearly points towards the banks' tenacity to rid the system of such fraudulent staff, in an effort to promote sound and ethical banking practices.

## **Conclusion and Recommendation**

This report shows commendable improvements on key parameters used in the assessment of frauds and forgeries in the banking industry, within the period under review. Worthy of note is the fact that there has been a considerable decrease in the total number of fraudulent cases reported in the banking industry from 842 in the first quarter, to 659 in the second quarter, and further to 519 in the third quarter, representing a decrease of 21.73 percent and 21.24 percent respectively. Similarly, the total amount lost in frauds and forgeries fell to ₦656.41 million in the period under review, down from ₦864.14 million and

~~₦~~924.96 million recorded in the second and third quarters respectively. Although the total amount of money involved in frauds and forgeries in the quarter being reviewed stood at ~~₦~~1.19 billion, it should be noted however, that this reported a marginal increase of ~~₦~~2.31 million in the second quarter, up from ~~₦~~1.64 million recorded in the first quarter of 2011. Essentially, the progress highlighted above can only be attributed to the fact that there were minimal involvements in fraudulent activities from both banks' employees and outsiders, resulting in the steady decrease in the number of staff whose appointments were terminated on such grounds by the banks within these periods. This is clearly illustrated in **Appendix V-VII**.

Consequently, data drawn from similar period in 2010 depicts a decline in the total number of cases involved in frauds and forgeries to 519 in the third quarter of 2011 from 1,718 recorded in the third quarter of 2010, indicating a decrease of 69.79 percent. Likewise, the total amount involved and total amount lost in fraud and forgeries plummeted significantly to ~~₦~~1.19 billion and ~~₦~~656.41 million respectively in the period under review, from ~~₦~~7.24 billion and ~~₦~~ 6.41 billion posted in the third quarter of 2010, thus indicating an appreciable decrease of 83.56 percent and 89.76 percent respectively. See **Appendices VIII-X** for further details.

In conclusion, we can safely state that the various initiatives introduced and efforts made by banks and regulatory agencies are beginning to yield positive outcomes, which is quite evident in the level of success enumerated. The achievement attained so far is by no means an end in itself. Hence, it is imperative for both operators and regulators to sustain this momentum by continually reviewing existing control and precautionary measures to minimize the incidences of frauds. This will, no doubt, go a long way in enhancing the confidence of stakeholders in the banking industry, which may positively impact current access to finance indices for the country.

**Note: Please see the appendices below for summaries of the cases of frauds and forgeries covered in this report, with comparisons between the third quarters of 2010 and 2011 on selected concerns.**

**Appendix I: Frauds and Forgeries in the Nigerian Banking Industry (Third Quarter, 2011)**

| <b>Types of Fraud</b>   | <b>Total Number Of Cases Reported</b> | <b>Involving Bank Staff Only</b> | <b>Involving Outside Persons Only</b> | <b>Collusion</b> | <b>Not Specified</b> | <b>Amount Involved(₦)</b> | <b>Actual /Expected Loss (₦)</b> | <b>Expected Loss/ Amount Involved (%)</b> |
|---|---------------------------------------|----------------------------------|---------------------------------------|------------------|----------------------|---------------------------|----------------------------------|---|
| <b>Tellering Fraud</b>  | 7<br>(1.35)                           | 7<br>(5.51)                      | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 55,470,991.27<br>(4.68)   | 41,608,501.27<br>(6.34)          | 75  |
| <b>Falsification Of Accounts: Current/Cheque, Savings/Deposits, Suspense Accounts</b> | 3<br>(0.58)                           | 2<br>(1.57)                      | 1<br>(0.26)                           | 0<br>(0)         | 0<br>(0)             | 125,503,678.30<br>(10.58) | 101,594,165.10<br>(15.48)        | 80.9                                      |
| <b>Forged Cheques with Forged Signature</b>   | 18<br>(3.47)                          | 0<br>(0)                         | 18<br>(4.68)                          | 0<br>(0)         | 0<br>(0)             | 11,580,575<br>(0.98)      | 7,955,500<br>(1.21)              | 68.7                                      |
| <b>Printing Of Bank Document Illegally</b>  | 3<br>(0.58)                           | 3<br>(2.36)                      | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 3,075,500<br>(0.26)       | 0<br>(0)                         | 0   |
| <b>Clearing Fraud</b>   | 1<br>(0.19)                           | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 1<br>(50)            | 6,018,006<br>(0.51)       | 6,018,006<br>(0.92)              | 100                                       |
| <b>Computer Fraud</b>   | 14<br>(2.70)                          | 2<br>(1.57)                      | 12<br>(3.12)                          | 0<br>(0)         | 0<br>(0)             | 24,472,082.12<br>(2.06)   | 17,406,488.47<br>(2.65)          | 71.1                                      |
| <b>Telex Fraud</b>  | 0<br>(0)                              | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 0<br>(0)                  | 0<br>(0)                         | 0   |
| <b>Foreign Exchange Fraud</b>   | 1<br>(0.19)                           | 0<br>(0)                         | 1<br>(0.26)                           | 0<br>(0)         | 0<br>(0)             | 603,600<br>(0.05)         | 603,600<br>(0.09)                | 100                                       |
| <b>Cross Firing Of Cheques and Kite Flying</b>  | 0<br>(0)                              | 0<br>(0)                         | 0<br>(0)                              | 0<br>(0)         | 0<br>(0)             | 0<br>(0)                  | 0<br>(0)                         | 0   |

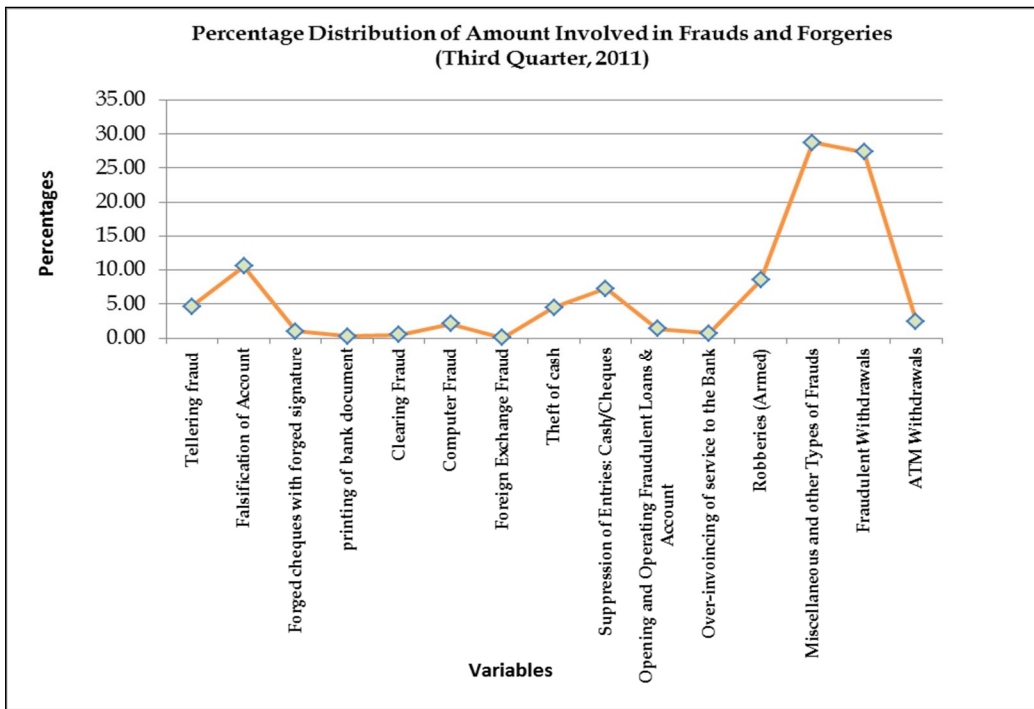
**Note: All figures in parenthesis ( ) indicate percentages**

Appendix I Contd: Frauds and Forgeries in the Nigerian Banking Industry (Third Quarter, 2011)

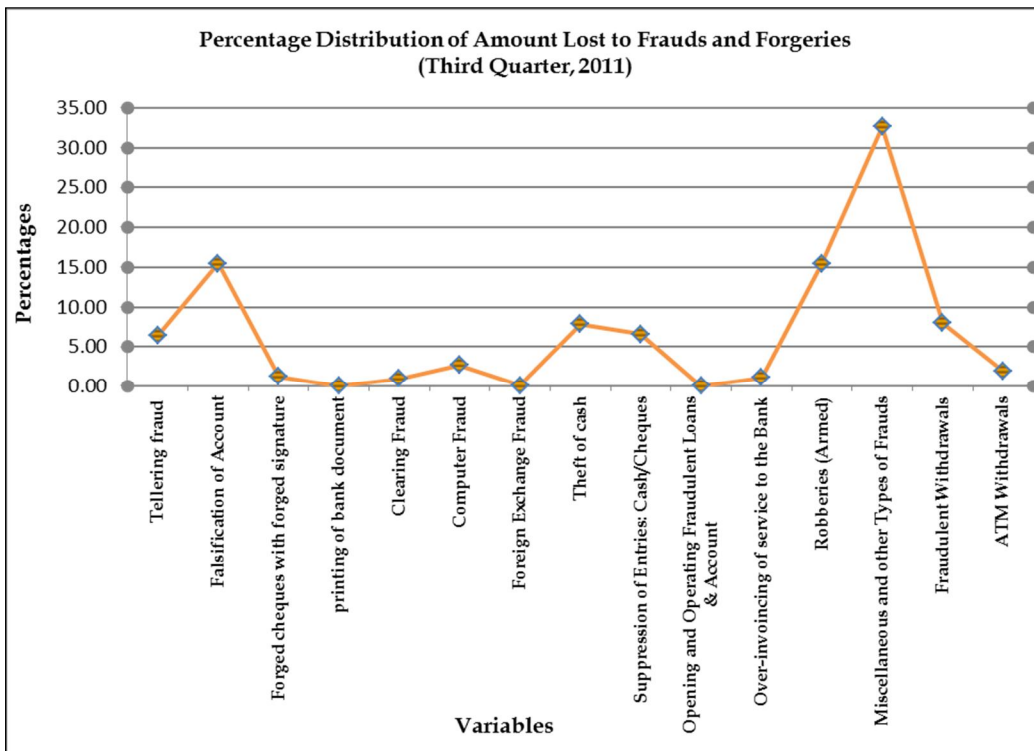
| Types of Fraud   | Total Number Of Cases Reported | Involving Bank Staff Only | Involving Outside Persons Only | Collusion | Not Specified | Amount Involved(₦)        | Actual /Expected Loss (₦) | Expected Loss/ Amount Involved (%) |
|--|--------------------------------|---------------------------|--------------------------------|-----------|---------------|---------------------------|---------------------------|------------------------------------|
| <b>Theft of Cash</b>                                       | 12<br>(2.31)                   | 6<br>(4.72)               | 6<br>(1.56)                    | 0<br>(0)  | 0<br>(0)      | 53,767,600<br>(4.53)      | 51,185,600<br>(7.80)      | 95.2                               |
| <b>Suppression of Entries: Cash/Cheques</b>                | 55<br>(10.60)                  | 54<br>(42.52)             | 1<br>(0.26)                    | 0<br>(0)  | 0<br>(0)      | 86,317,980.04<br>(7.28)   | 43,065,885.29<br>(6.56)   | 49.9                               |
| <b>Opening and Operating Fraudulent Loans and Accounts</b> | 9<br>(1.73)                    | 0<br>(0)                  | 9<br>(2.34)                    | 0<br>(0)  | 0<br>(0)      | 15,676,500<br>(1.32)      | 0<br>(0)                  | 0                                  |
| <b>Over-Invoicing of Service to the Bank</b>               | 3<br>(0.58)                    | 2<br>(1.57)               | 1<br>(0.26)                    | 0<br>(0)  | 0<br>(0)      | 7,919,100<br>(0.67)       | 7,169,602.12<br>(1.09)    | 90.5                               |
| <b>Robberies (Armed)</b>                                   | 6<br>(1.16)                    | 0<br>(0)                  | 6<br>(1.56)                    | 0<br>(0)  | 0<br>(0)      | 100,755,918.91<br>(8.49)  | 100,755,918.91<br>(15.35) | 100                                |
| <b>Fictitious Bank Branches</b>                            | 0<br>(0)                       | 0<br>(0)                  | 0<br>(0)                       | 0<br>(0)  | 0<br>(0)      | 0<br>(0)                  | 0<br>(0)                  | 0                                  |
| <b>Miscellaneous and Other Types of Fraud</b>              | 45<br>(8.67)                   | 35<br>(27.56)             | 8<br>(2.08)                    | 1<br>(20) | 1<br>(50)     | 341,275,137.66<br>(28.77) | 214,162,112.15<br>(32.63) | 62.8                               |
| <b>Fraudulent Withdrawals</b>                              | 99<br>(19.08)                  | 14<br>(11.02)             | 81<br>(21.04)                  | 4<br>(80) | 0<br>(0)      | 324,899,019.11<br>(27.39) | 52,233,246.06<br>(7.96)   | 16.1                               |
| <b>ATM Withdrawals</b>                                     | 243<br>(46.82)                 | 2<br>(1.57)               | 241<br>(62.60)                 | 0<br>(0)  | 0<br>(0)      | 28,994,212.79<br>(2.44)   | 12,648,173.25<br>(1.93)   | 43.6                               |
| <b>TOTAL</b>   | <b>519</b>                     | <b>127</b>                | <b>385</b>                     | <b>5</b>  | <b>2</b>      | <b>1,186,329,901.20</b>   | <b>656,406,798.62</b>     | <b>55.33</b>                       |

Note: All figures in parenthesis ( ) indicate percentages

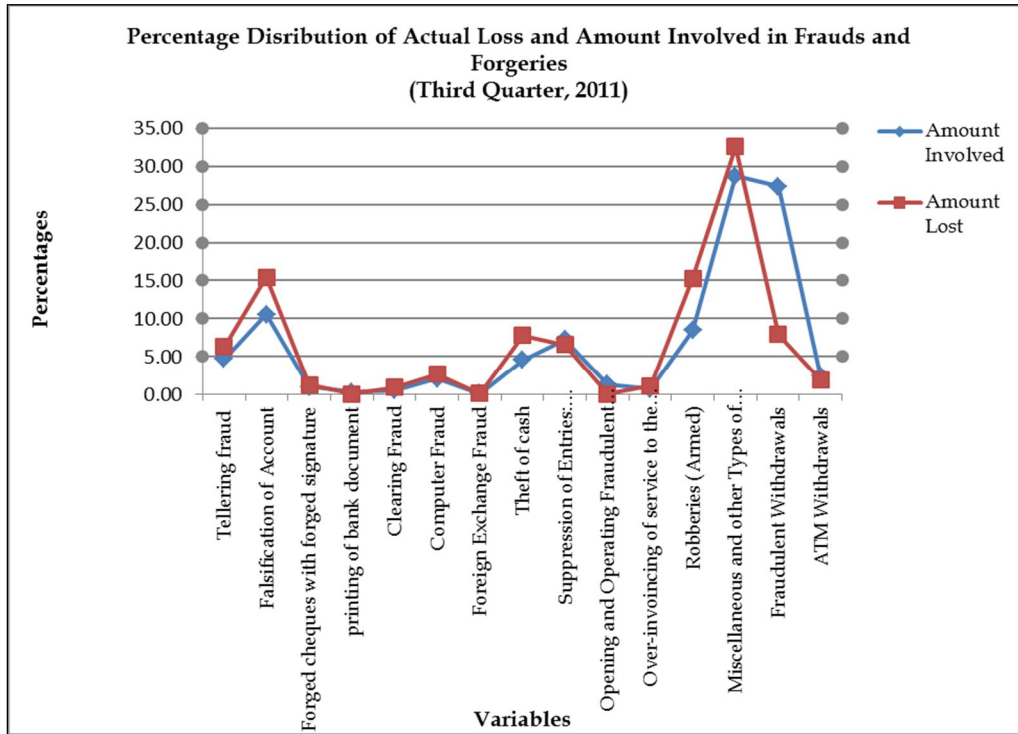
## Appendix II



## Appendix III



## Appendix IV

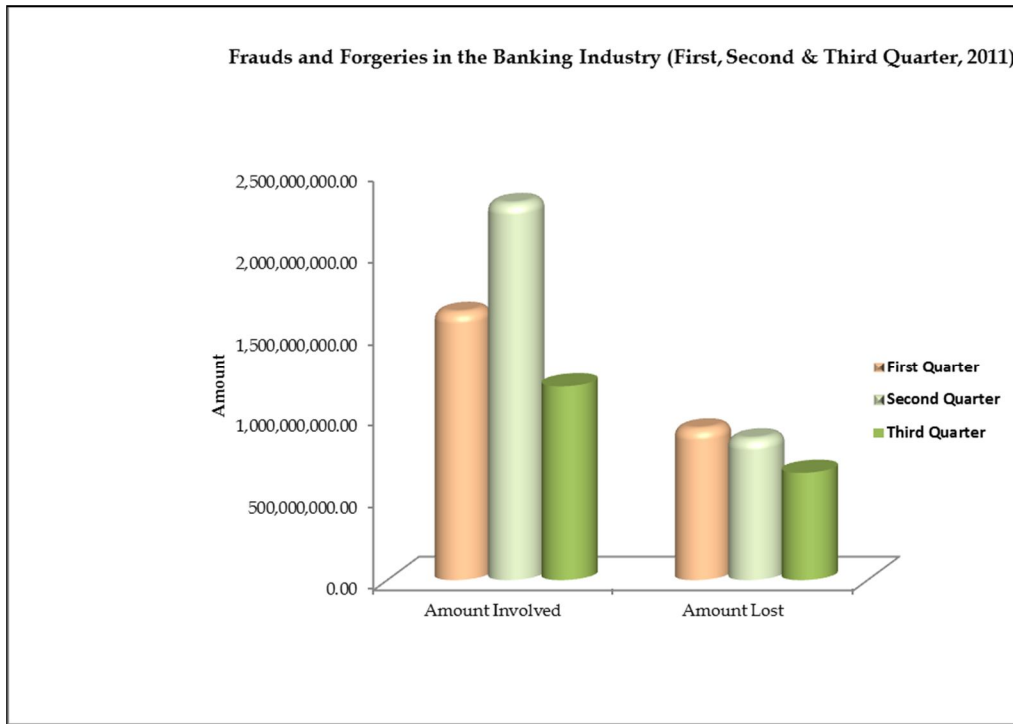


### Frauds and Forgeries in the Banking Industry: A Comparison of First, Second and Third Quarters, 2011.

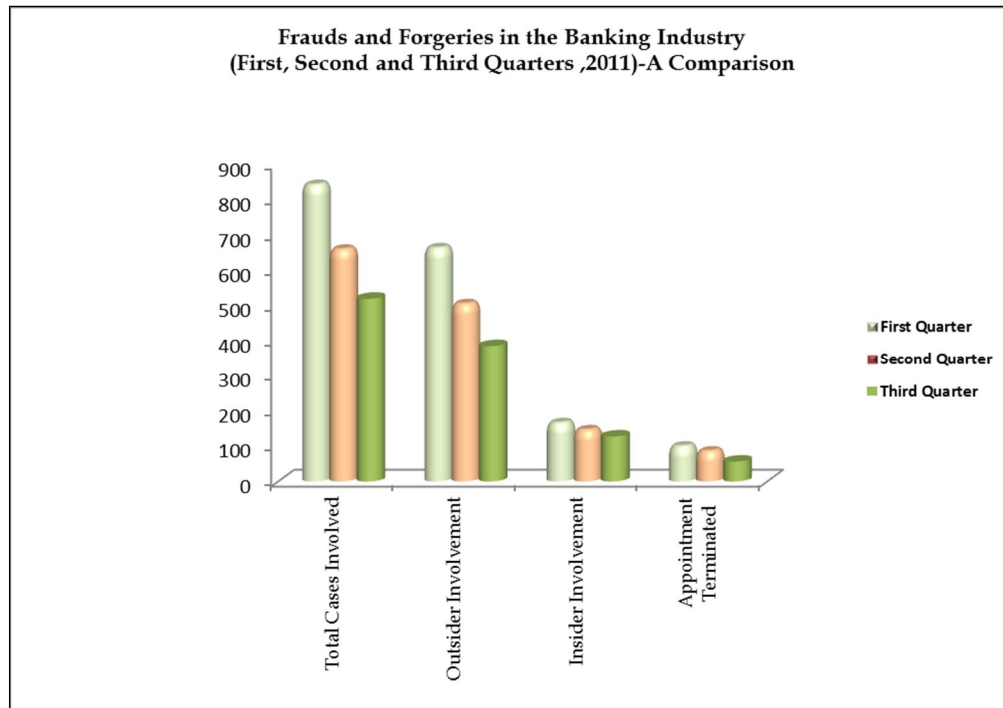
#### Appendix V

| S/n | Variables                   | First Quarter, 2011 | Second Quarter, 2011 | Third Quarter, 2011 |
|-----|-----------------------------|---------------------|----------------------|---------------------|
| 1   | Total Cases Involved        | 842                 | 659                  | 519                 |
| 2   | Total Amount Involved       | ₦1,643,097,831.57   | ₦2,306,691,388.69    | ₦1,186,329,901.20   |
| 3   | Total Amount Lost           | ₦924,960,208.28     | ₦864,135,970.80      | ₦656,406,798.62     |
| 4   | Outsider Involvement        | 663                 | 505                  | 385                 |
| 5   | Insider (staff) Involvement | 166                 | 146                  | 127                 |
| 6   | Appointments Terminated     | 100                 | 86                   | 56                  |

## Appendix VI



## Appendix VII

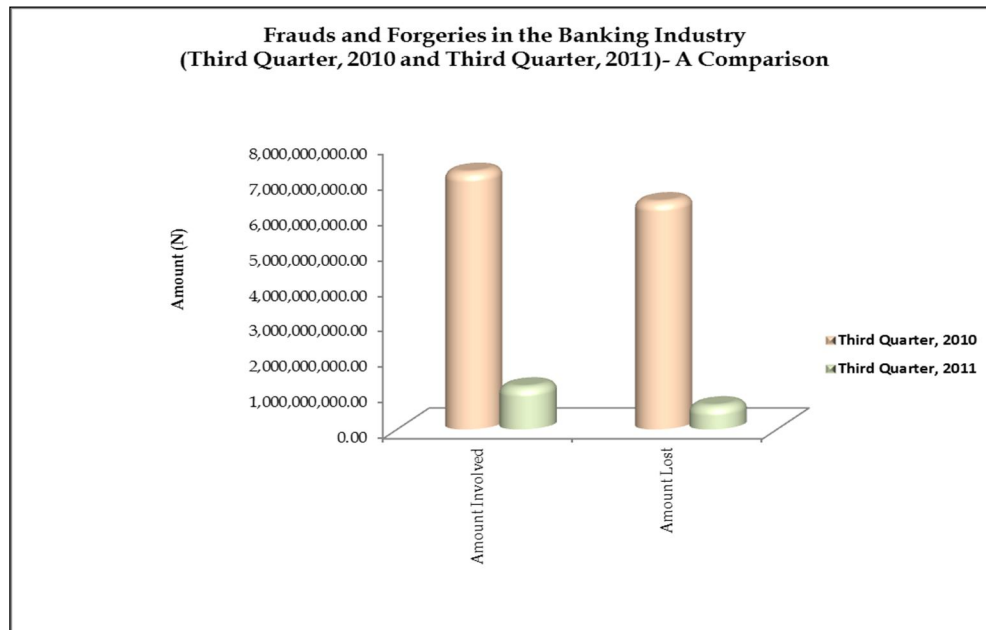


**Frauds and Forgeries in the Banking Industry  
(Third Quarter, 2010 and Third Quarter, 2011) - A Comparison**

**Appendix VIII**

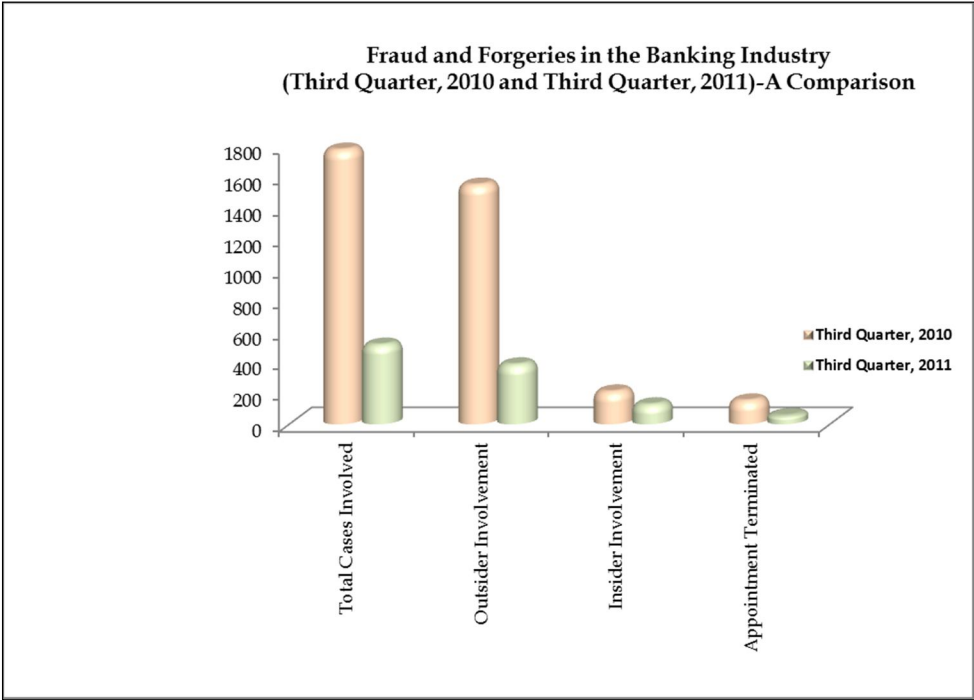
| S/n | Variables                   | Third Quarter, 2010           | Third Quarter, 2011           |
|-----|-----------------------------|-------------------------------|-------------------------------|
| 1   | Total Cases Involved        | 1,781                         | 519                           |
| 2   | Total Amount Involved       | <del>₦</del> 7,237,436,978.95 | <del>₦</del> 1,186,329,901.20 |
| 3   | Total Amount Lost           | <del>₦</del> 6,410,474,089.07 | <del>₦</del> 656,406,798.62   |
| 4   | Outsider Involvement        | 1,554                         | 385                           |
| 5   | Insider (staff) Involvement | 210                           | 127                           |
| 6   | Appointments Terminated     | 152                           | 56                            |

**Appendix IX**





# Appendix X





# Report on Frauds and Forgeries in Banks

October - December, 2011

## **Report on Frauds and Forgeries in the Nigerian Banking Industry for the period October - December, 2011**

FITC received 66 returns from 24 deposit money banks in the fourth quarter of 2011. Twenty-two (22) returns each were received for the months of October, November and December, respectively.

Analysis of these returns indicated that the banking industry reported a total of 585 cases of frauds and forgeries during the period under review, compared to 519 cases reported in the previous period, representing an increase of 12.72 percent. The types of fraud predominantly perpetrated during the period include: automated teller machines (ATM) withdrawal, fraudulent withdrawals like forged cheques with forged signatures, suppression of entries, and computer fraud. Captured under miscellaneous and other types of fraud were fraudulent diversions of customers' fund for personal use, impersonation, conversion of dividend warrants, liquidation of fixed deposits, and misappropriation of funds, amongst others. See **Appendix I** for details.

The total amount of money involved in the reported cases of frauds and forgeries skyrocketed to N19.8 billion from N1.19 billion recorded in the previous quarter, representing an increase of 1,563.87 per cent. **Appendix I** shows that computer fraud ranked first, accounting for N17.23 billion (87.17 percent) of the total amount involved; suppression of entries ranked second with N777.57 million (3.93 percent), while fraudulent withdrawals ranked third with N657.10 million (3.32 percent) of the total amount involved in frauds and forgeries in the fourth quarter.

Further analysis showed that for computer fraud that ranked first in the amount involved in frauds within the quarter being reviewed, its reported figure of N17.23 billion depicts quite an alarming increase of 7,0311.94 percent, when compared with the N24.47 million recorded in the third quarter of 2011. Miscellaneous and other types of frauds and armed robberies declined dramatically to N31.95 million and N23.91 million respectively down from N341.28 million and N100.76 million recorded in the preceding quarter, representing a fall of 90.64 percent and 76.27 percent respectively. However, fraudulent withdrawals and tellering fraud, rose significantly to N657.10 million

and N466.08 million, from N324.90 million and N55.5 million posted in the preceding period, depicting alarming 10.25 and 740 percentage increases respectively. **Appendix II** further provides a graphic representation of the amount involved in the reported cases of frauds and forgeries.

The returns also indicated that out of the total sum of N19.8 billion estimated to have been involved in fraud and forgeries, N1.88 billion (9.5 percent) was actually lost to fraud and forgeries in the fourth quarter of 2011. The difference of

N17.9 billion (90.48 percent) was recovered through the prompt intervention of banks' staff in aborting fraudulent attempts made by the perpetrators and by upholding internal standards and procedures in consummating banking transactions.

Analysis of the returns also revealed that computer fraud accounted for N124.24 million (6.60 percent) of the total amount lost to fraudulent activities, while falsification of accounts and armed robberies accounted for N15.63 million (0.83 percent) and N23.44 million (1.25 percent). **Appendix III** presents, the amount that was actually lost to frauds and forgeries during the period under review, while **Appendix IV** graphically compares the amount lost to the amount involved during the period.

Data also revealed that there was a prevalence of external involvement in most of the reported cases of fraud, as outsiders were involved in 436 (74.53 percent) of the frauds cases, and employees of banks were involved in 148 (25.30 percent) of the cases reported, while fraudsters colluded with banks' employees in 1 (0.17 percent) of the cases.

There were also indications that 89 bank employees had their appointments terminated on grounds of frauds and forgeries. This represents an increase of 58.93 percent when compared with the preceding quarter when 56 bank employees' had their appointments terminated on similar grounds. This is clearly indicative of zero tolerance by the banks, for unethical conduct on the part of their employees.

## **Conclusion and Recommendation**

This report shows significant improvement on key parameters used in the assessment of frauds and forgeries in the banking industry within the period under review. For instance, there has been a considerable decrease in the total number of fraudulent cases reported in the banking industry in 2011, from 842 in the first quarter, to 659 in the second quarter, 519 in the third quarter with a slight increase to 585 in the fourth quarter. However, the total amount lost via

frauds and forgeries rose to N1.88 billion in the period under review, up from N656.41 million in the third quarter. The total amount of money involved in frauds and forgeries in the quarter being reviewed stood at N19.8 billion, which was a significant increase over N1.19 billion involved in the third quarter. It is clear from the report that there was a dramatic increase in fraudulent activities, in the fourth quarter of 2011, most especially computer fraud perpetrated by employees of banks and majorly outsiders, resulting in an increase in the number of staff whose appointments were terminated by the banks within this period. This is clearly illustrated in **Appendix V-VII**.

By and large, it appears that we can posit that the various initiatives introduced and efforts made by banks and the regulatory agencies are beginning to yield positive outcomes, which is quite evident in the degree of success recorded in mitigating losses from frauds. However, they should sustain this momentum by continually reviewing existing controls and taking systemic precautionary measures to minimize the incidences of frauds. It is anticipated that such a practice will increase the confidence of stakeholders in the banking industry; accelerate financial literacy and inculcate consciousness of the banks and customers in the long run.

**Note: Please see the appendices below for summaries of the cases of frauds and forgeries covered in this report, with comparisons between the fourth quarters of 2010 and 2011 on selected concerns.**

**Appendix I: Frauds and Forgeries in the Nigerian Banking Industry (Fourth Quarter, 2011)**

| <b>Types of Fraud</b>   | <b>Total Number Of Cases Reported</b> | <b>Involving Bank Staff Only</b> | <b>Involving Outside Persons Only</b> | <b>Collusion</b> | <b>Not Specified</b> | <b>Amount Involved(₦)</b> | <b>Actual /Expected Loss (₦)</b> | <b>Expected Loss/ Amount Involved (%)</b> |
|---|---------------------------------------|----------------------------------|---------------------------------------|------------------|----------------------|---------------------------|----------------------------------|---|
| <b>Teller Fraud</b>   | 15<br>(2.56)                          | 10<br>(6.76)                     | 5<br>(1.15)                           | 0<br>(0)         | 0<br>(0)             | 466,082,000<br>(2.36)     | 356,542,520.00<br>(18.95)        | 76.5                                      |
| <b>Falsification Of Accounts: Current/Cheque, Savings/Deposits, Suspense Accounts</b> | 10<br>(1.71)                          | 4<br>(2.70)                      | 6<br>(1.38)                           | 0<br>(0)         | 0<br>(0)             | 35,068,858.24<br>(0.18)   | 15,630,109.93<br>(0.83)          | 44.57                                     |
| <b>Forged Cheques with Forged Signature</b>   | 75<br>(12.82)                         | 6<br>(4.05)                      | 69<br>(15.83)                         | 0<br>(0)         | 0<br>(0)             | 121,582,351.87<br>(0.62)  | 13,288,500.00<br>(0.71)          | 10.9                                      |
| <b>Clearing Fraud</b>   | 8<br>(1.37)                           | 1<br>(0.68)                      | 7<br>(1.61)                           | 0<br>(0)         | 0<br>(0)             | 44,891,673.10<br>(0.00)   | 0<br>(0)                         | 0.00                                      |
| <b>Computer Fraud</b>   | 54<br>(9.23)                          | 15<br>(10.14)                    | 39<br>(8.94)                          | 0<br>(0)         | 0<br>(0)             | 17,231,268,368<br>(87.17) | 124,237,093.07<br>(6.60)         | 0.7                                       |
| <b>Theft of Cash</b>  | 25<br>(4.27)                          | 11<br>(7.43)                     | 14<br>(3.21)                          | 0<br>(0)         | 0<br>(0)             | 124,483,922.37<br>(0.63)  | 90,256,287.54<br>(4.80)          | 72.5                                      |
| <b>Suppression of Entries: Cash/Cheques</b>   | 66<br>(11.28)                         | 53<br>(35.81)                    | 12<br>(2.75)                          | 1<br>(100)       | 0<br>(0)             | 777,573,448.29<br>(3.93)  | 729,665,290.26<br>(38.77)        | 93.8                                      |

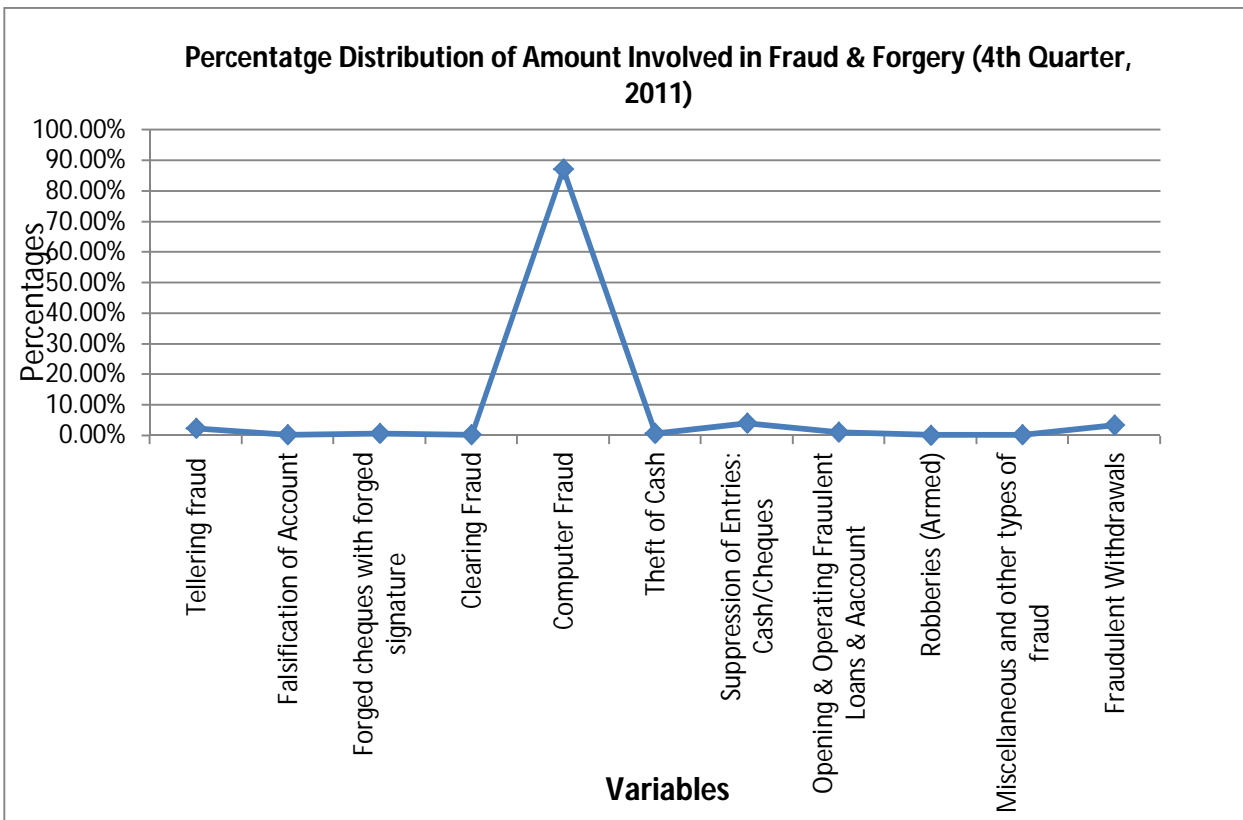
**Note: All figures in parenthesis ( ) indicate percentages**

**Appendix I Contd: Frauds and Forgeries in the Nigerian Banking Industry (Fourth Quarter, 2011)**

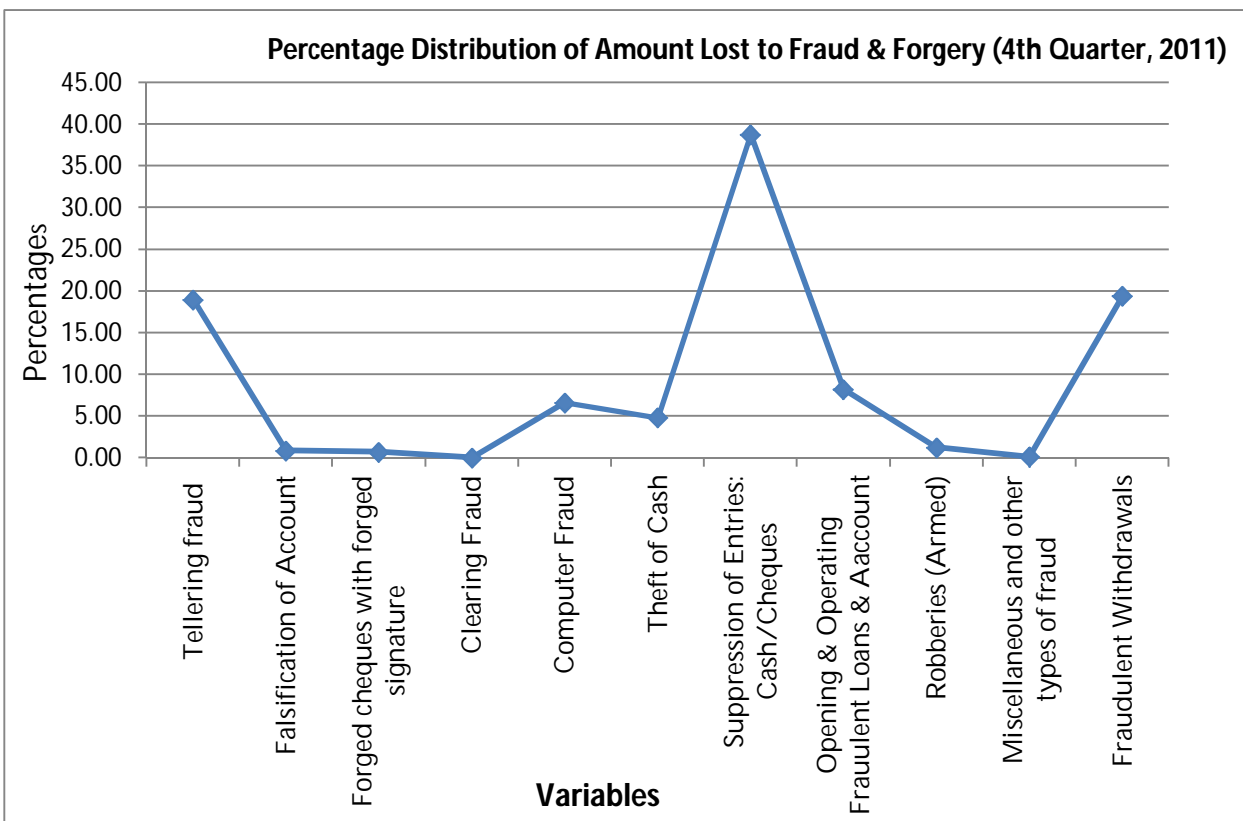
| <b>Types of Fraud</b>                                      | <b>Total Number Of Cases Reported</b> | <b>Involving Bank Staff Only</b> | <b>Involving Outside Persons Only</b> | <b>Collusion</b> | <b>Not Specified</b> | <b>Amount Involved(₦)</b> | <b>Actual /Expected Loss (₦)</b> | <b>Expected Loss/ Amount Involved (%)</b> |
|--|---------------------------------------|----------------------------------|---------------------------------------|------------------|----------------------|---------------------------|----------------------------------|---|
| <b>Opening and Operating Fraudulent Loans and Accounts</b> | 25<br>(4.27)                          | 9<br>(6.08)                      | 16<br>(3.67)                          | 0<br>(0)         | 0<br>(0)             | 214,990,019.26<br>(1.09)  | 154,645,710.24<br>(8.22)         | 71.9                                      |
| <b>Robberies (Armed)</b>                                   | 8<br>(1.37)                           | 0<br>(0)                         | 8<br>(1.83)                           | 0<br>(0)         | 0<br>(0)             | 23,907,072.78<br>(0.12)   | 23,437,072.78<br>(1.25)          | 98.0                                      |
| <b>Miscellaneous and Other Types of Fraud</b>              | 13<br>(2.22)                          | 9<br>(6.08)                      | 4<br>(0.92)                           | 0<br>(0)         | 0<br>(0)             | 31,948,988.54<br>(0.16)   | 1,851,445.02<br>(0.10)           | 5.8                                       |
| <b>Fraudulent Withdrawals</b>                              | 114<br>(19.49)                        | 29<br>(16.22)                    | 90<br>(20.64)                         | 0<br>(0)         | 0<br>(0)             | 657,101,749.21<br>(3.32)  | 365,458,717.42<br>(19.42)        | 55.6                                      |
| <b>ATM Withdrawals</b>                                     | 172<br>(29.40)                        | 6<br>(4.05)                      | 172<br>(38.07)                        | 0<br>(0)         | 0<br>(0)             | 39,609,262.37<br>(0.00)   | 6,888,940.00<br>(0.37)           | 17.39                                     |
| <b>Total</b>   | <b>585</b>                            | <b>148</b>                       | <b>436</b>                            | <b>1</b>         | <b>-</b>             | <b>19,768,507,714.39</b>  | <b>1,881,901,686.26</b>          | <b>9.5</b>                                |

Note: All figures in parenthesis ( ) indicate percentages

### Appendix II

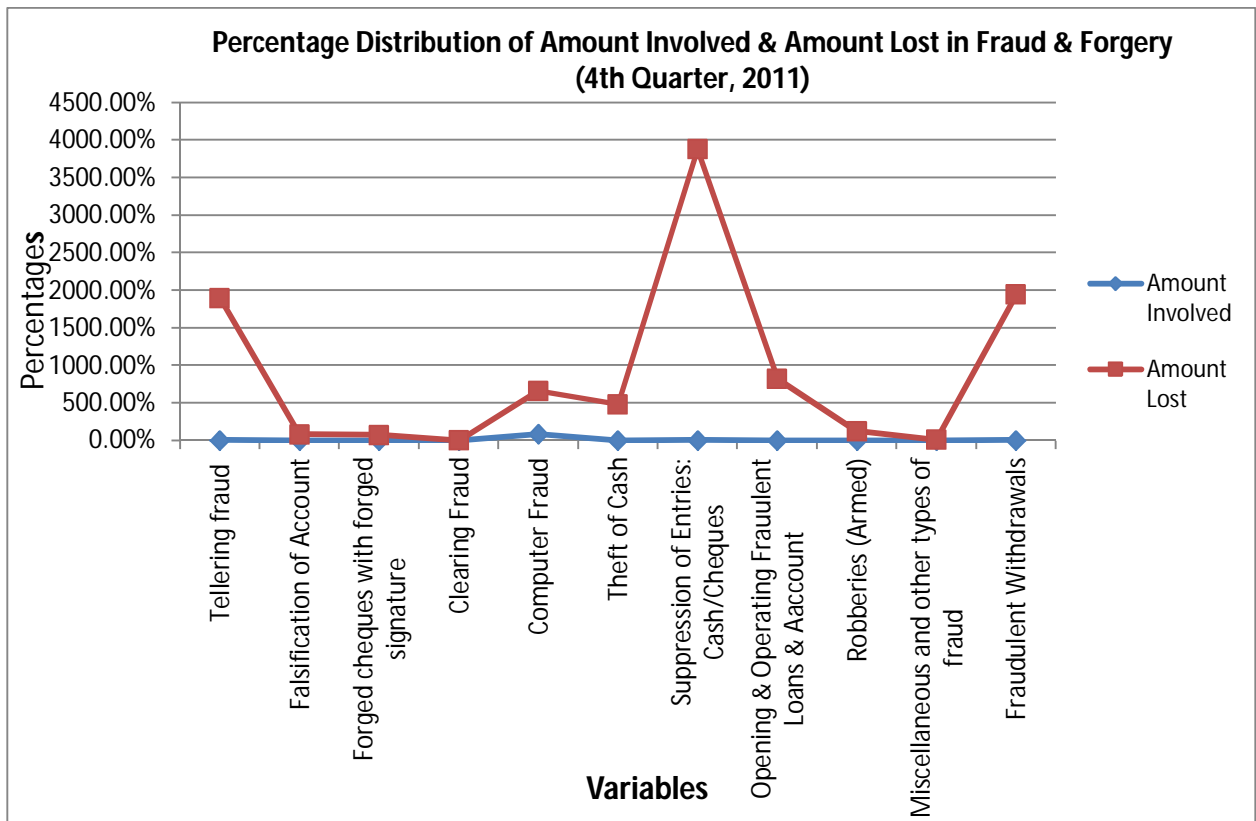


### Appendix III





## Appendix IV

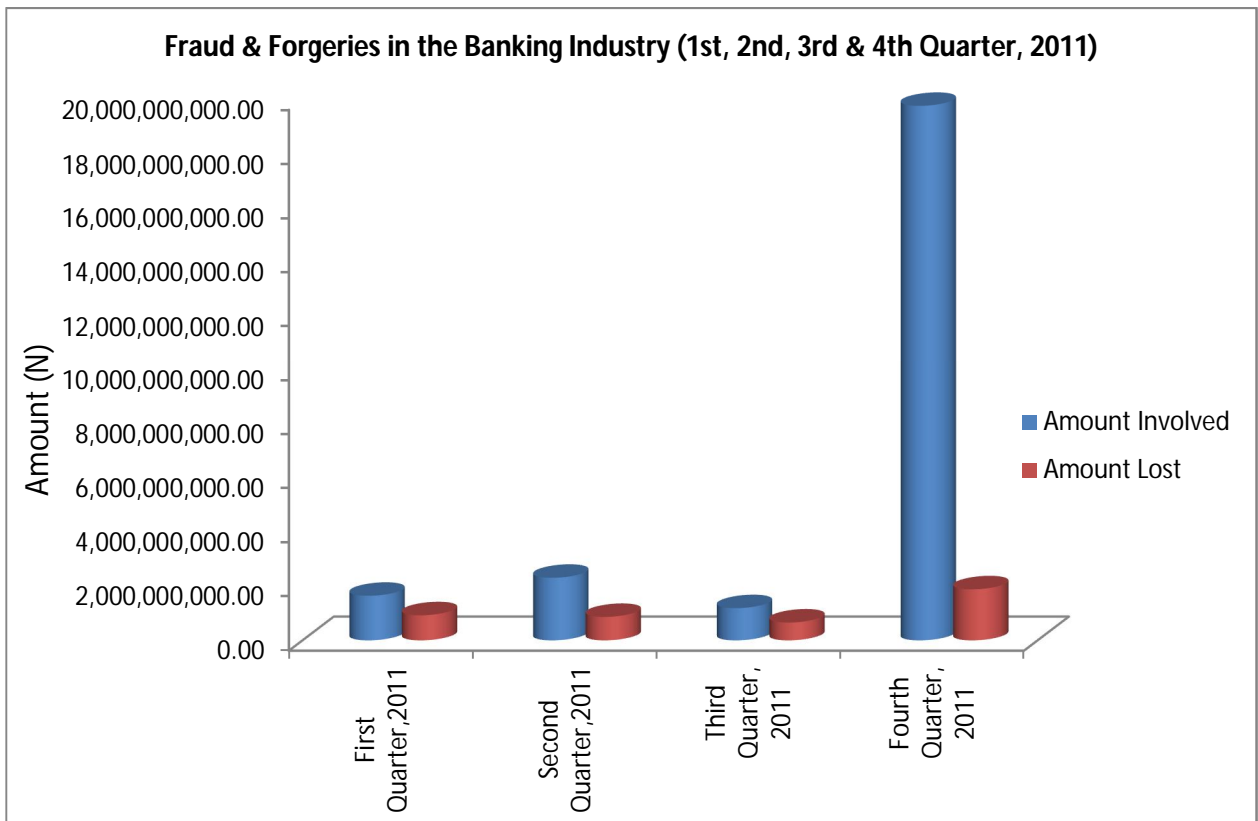


## Appendix V

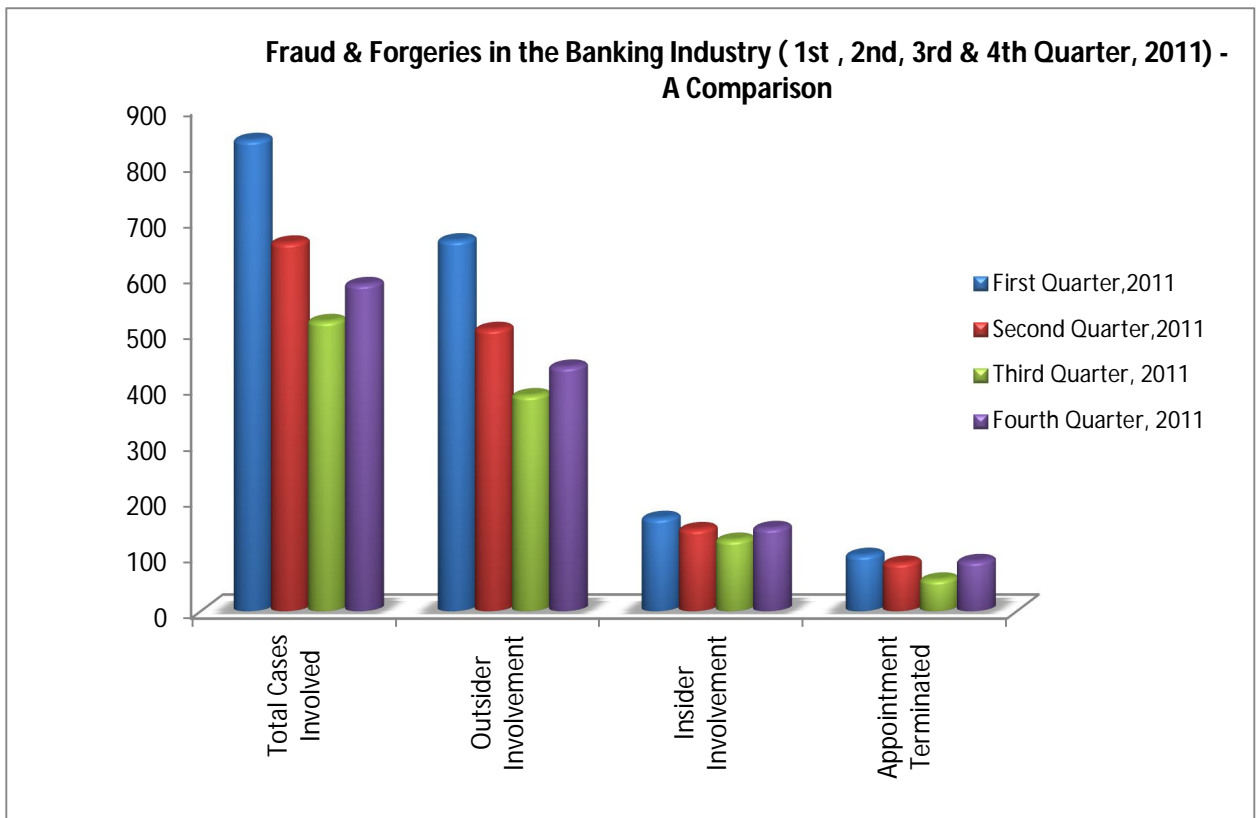
### Frauds and Forgeries in the Banking Industry: A Comparison of 1st, 2nd, 3<sup>rd</sup> & 4<sup>th</sup> Quarters, 2011

| S/N | Variables                   | 1st Quarter, 2011 | 2nd Quarter, 2011 | 3rd Quarter, 2011 | 4th Quarter, 2011  |
|-----|-----------------------------|-------------------|-------------------|-------------------|--------------------|
| 1   | Total Cases Involved        | 842               | 659               | 519               | 585                |
| 2   | Total Amount Involved       | N1,643,097,831.57 | N2,306,691,388.69 | N1,186,329,901.20 | N19,768,507,714.39 |
| 3   | Total Amount Lost           | N924,960,208.28   | N864,135,970.80   | N656,406,798.62   | N1,881,901,686.26  |
| 4   | Outsider Involvement        | 663               | 505               | 385               | 436                |
| 5   | Insider (staff) Involvement | 166               | 146               | 127               | 148                |
| 6   | Appointments Terminated     | 100               | 86                | 56                | 89                 |

## Appendix VI



## Appendix VII

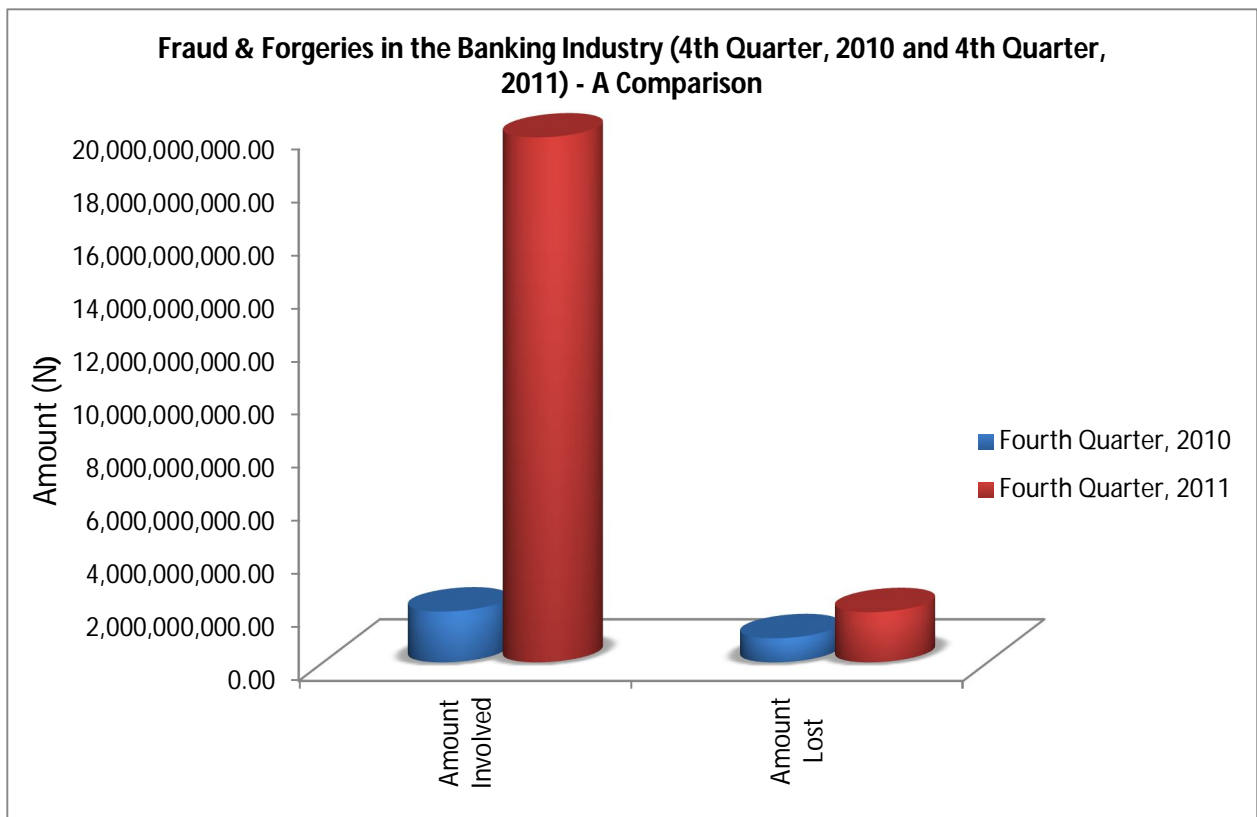


## Appendix VIII

### Frauds and Forgeries in the Banking Industry (Fourth Quarter, 2010 and Fourth Quarter, 2011) - A Comparison

| S/N | Variables                   | Fourth Quarter, 2010 | Fourth Quarter, 2011 |
|-----|-----------------------------|----------------------|----------------------|
| 1   | Total Cases Involved        | 914                  | 585                  |
| 2   | Total Amount Involved       | N1,904,024,813.52    | N19,768,507,714.39   |
| 3   | Total Amount Lost           | N902,096,823.14      | N1,881,901,686.26    |
| 4   | Outsider Involvement        | 694                  | 436                  |
| 5   | Insider (staff) Involvement | 215                  | 148                  |
| 6   | Appointments Terminated     | 130                  | 89                   |

## Appendix IX



## Appendix X

