

Impact of Fraud and Financial Crimes on the Growth and Development of the Nigerian Economy

Osmond, N. Okonkwo^{1*}, Donald, Emayomi², and Akamike, Okechukwu Joseph³

¹Department of Economics, Alvan Ikoku Federal College of Education, Owerri, Imo State, Nigeria.

²Department of Philosophy, University of Port Harcourt, Port Harcourt, Rivers State, Nigeria.

³Department of Economics, Imo State University, Owerri, Imo state, Nigeria.

*Corresponding Author Email: osmond.okonkwo@gmail.com; Tel: +2348182230979

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ABSTRACT: This study investigated the impact of fraud and financial crimes on the growth and development of the Nigerian economy. Only secondary sources were used to acquire data for the study which was sourced from the Central bank of Nigeria Statistical Bulletin (2022) and CBN Annual Reports of various editions. The data obtained for the study was estimated using Ordinary Least Squares; pre-estimation tests which include among others unit root test and normality test was conducted on the Time-series data, also, post-estimation tests such as heteroscedasticity test and serial correlation test was also conducted on the estimation results. Findings from the research estimations revealed that; fraud and financial crimes have significant impact on the economic growth rate of Nigeria but have no effect on inflation. As a result, the research recommended the strengthening of institutional frameworks. Increase the capacity, independence, and effectiveness of institutions charged with combating fraud and financial crime, such as the Economic and Financial Crimes Commission and other relevant organizations; increase transparency and accountability. Increase transparency and accountability in the public and private sectors by implementing measures such as financial report publication, beneficial ownership disclosure, and whistleblower protection procedures.

Keywords: Fraud, financial crimes, Nigerian economy

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INTRODUCTION

Economic and financial crimes, in whatever form or kind they take, have the ability to devastate the economy, security, and social well-being of the people. It is perhaps pertinent to emphasize that, while the modern financial system encourages and facilitates local and international commerce, financial criminals are also able to transfer millions of dollars around the world instantly through available information communication infrastructures such as the internet, electronic money transfer (wire transfer), and so on.

Money laundering, like other forms of economic and financial crime operates within an existing financial system. In Nigeria, money is laundered through currency exchange shops, stock brokerage houses, casinos, automotive dealerships, and trade firms. These institutions have the ability to conceal the proceeds of illegal criminal activity. The implications of these activities on the socio-political life and economic well-being of

people in developing nations, particularly Nigeria can better be imagined (Ribadu, 2004). Fraud can be seen as deceit or trickery; specifically: intentional pervasion of truth in order to induce another to part with something of value or to surrender a legal right; focusing on con-men, and other sorts of business dishonesty. The following elements can therefore be used to characterize fraud: Intent to commit a wrongful act or to achieve a goal that is contrary to law or public policy; Disguise of (purpose): falsifications and misrepresentations used to achieve the goal; Reliance by the offender on the victim's ignorance or carelessness; and concealment of the violation.

The following are the most recent examples of frauds detected in Nigerian banks and government agencies: fraudulent transfers and withdrawals; use of unauthorized overdraft; posting of false credits; presenting fraudulent cheques, conversion of bank funds for personal purpose; making unauthorized loans; medical scheme abuse;

insider abuse; illegal conversion of pension funds in numerous departments and ministries; fraud involving ghost workers that resulted in millions of naira being paid into private pockets; abuse of political power results in contract overbilling and over-invoicing.

According to Comer (2008), incentives for corporate fraud include: personal avarice; the possibility of escaping; a low prosecution rate; societal pressures; opportunity; staff morale issues; and an anti-institutional position. However, the Nigerian government, like many other developing countries, have been hesitant to implement several regulatory measures and a legislative framework to counteract the effects of economic and financial crimes as a result, economic and financial crimes have weakened the integrity of Nigerian financial institutions, since a significant number of them were actively involved in money laundering and other financial crimes affecting Nigeria's economy and sociopolitical growth as a developing nation.

Concerns have been raised concerning the government's management of the country's resources, primarily oil and its earnings, due to the functioning of the Excess Crude account, which does not conform to key articles of the 1999 constitution. Section 162 of Nigeria's 1999 constitution clearly states that "internally Generated Revenues (IGR) of the federal government of Nigeria must be paid into the federation Account," but the Federal Government's administration of the Excess Crude Account (ECA) contradicts this requirement. Aside from concerns regarding the misuse of the Excess Crude Account, there are also questions about earnings from gas sales. According to Falana (2010), details about large sums of money that have been robbed, misused, shared, mismanaged, or committed to white elephant projects continue to emerge on a daily basis. It is disturbing to see the highest level of profligacy and irregularities in the management of the country's resources by all levels of government.

The primary objective of this study is to determine the impact of fraud and financial crimes on the growth and development of Nigerian economy. Among the specific objectives are the following: to investigate the impact of fraud and related financial crime on the growth and development of Nigerian economy; and to investigate the impact of fraud and related financial crimes on inflation.

LITERATURE REVIEW

Conceptual Issues

Effects of Fraud and Financial Crimes on the Growth and Development of the Nigerian Economy

Fraud and financial crimes take funds away from the productive sectors of the economy, resulting in lesser investment, slower economic growth, and fewer prospects for job creation. Financial crimes damage institutions' legitimacy and efficacy, resulting in poor

governance, weakened rule of law, and loss of public trust. This stifles economic growth and undermines investor trust. Reduced Tax Revenue: Financial crimes such as tax evasion reduce the government's tax revenue, restricting its ability to pay public services, infrastructure, and socioeconomic development projects.

Fraud and corruption harm the investment climate by raising perceived risks, discouraging both domestic and foreign investors, and stifling economic growth.

Financial crimes exacerbate income inequality by diverting public funds intended for poverty reduction efforts. This reinforces the cycle of poverty, stifles social mobility, and undermines efforts to promote equitable economic progress. Financial crimes deplete public resources that may be used for development projects, public services, and social welfare programs. This limits the amount of money available for essential socioeconomic activities. Financial crime-related illicit financial flows, money laundering, and tax evasion threaten macroeconomic stability, causing instability in exchange rates, inflation, and fiscal deficits.

Widespread fraud and financial crime harm Nigeria's global reputation, impacting foreign direct investment, trade links, and international alliances. Financial crimes, such as bribery and extortion, raise entrance barriers, limit growth prospects, and distort competition, particularly for small and medium-sized firms (SMEs), which are critical to economic development.

Fraudulent fund diversion impairs key infrastructure investment, restricting economic productivity, inhibiting connectivity, and impeding overall economic development. The Corruption Perceptions Index (CPI) of Transparency International is an annual assessment that assesses perceived levels of corruption in several nations, including Nigeria. The score emphasizes the detrimental effects of corruption and fraud on economic development, investment climate, and governance. Nigeria continues to be regularly ranked low on the CPI, showing the prevalence of financial crimes and its effect on the country's economy.

The World Bank (2020) survey on how corruption and fraud affect businesses, investment, and production, revealed that financial crimes have a negative impact on the Nigerian economy, including decreased business confidence, increased production costs, and limited access to funding. The Central Bank of Nigeria (CBN) Annual Reports (2020) on the Nigerian financial industry suggested that the economic consequences of fraudulent behaviors such as insider-trading, money laundering, and cybercrime have grave impact on the Nigerian economy. They shed light on the specific effects of financial crime on the banking system, capital markets, and overall economic stability.

Financial Fraud in Government and Organization

Financial fraud in an entity can be classified into three

types: chief executives, political office holders, and those committed by public officials and employees. Fraud committed by the chief executive is classified as management fraud, whereas fraud committed by political office holders and public servants/employees is classified as condonable fraud and staff fraud, respectively. Staff fraud can be committed through evading internal control arrangements or violating internal control regulations. Condonable fraud happens when an employee diverts property from the employer that was granted to improve the employee's performance (Mainoma, 2009). The use of an employer's photocopiers and computer resources for personal profits or benefits is a form of permissible fraud. This type of fraud is considered tolerable because eradicating it is both costly and ineffective. In this situation, the employer will tolerate the fraud. However, while condonable fraud is difficult to eradicate, although, it can be mitigated.

Employees commit staff fraud when they steal, misappropriate, or embezzle the employer's finances, stock of goods, or other assets. Inclusion of ghost names in payroll, overbooking of hours worked and overpayment of allowances, keeping inadequate records and thus incurring loss, misappropriating unclaimed wages, pilferage of currency notes from bundles, misappropriation of revenues collected are all characteristics of this type of fraud. Leadership fraud, similar to management fraud in the private sector, weakens the entire fabric of public accountability. It operates outside the internal control system because it is mitigated from above and may be executive from outside the organization (Ijeoma and Nwugo, 2015). When it is carried out within the organization, for example, deception and misappropriation, it may become entangled in the web of internal control, for instance, when it is not intentionally transferred by the leadership. Whatever the rationale, it frequently causes issues for internal audit and may be stopped by external audit. fictitious transaction; wrong project appraisal; wrong project award; erroneous reporting of project execution level; loans to family resulting in bad debts are some common examples of management/leadership fraud.

Audits to deter fraud differ from regular audits (internal and external) in terms of objectives, coverage, and execution, and hence necessitate additional skills, time, thoroughness, and, in some cases, additional audit and accounting capabilities (Ijeoma and Nwugo, 2015). Inadequate training and development of audit professionals in the field appears to be part of the problem. Internal audit personnel, for example, who are being trained to detect fraud, must be exposed to new methods of examining books of accounts and documentation, various techniques of asset and cash survey and ascertainment, various abuses of documentation for imprest purchases, applied stores, schemes of preparing and paying ghost workers, and methods of detecting them.

Theoretical Review

Fraud Triangle Theory

Van Akkeren, (2018) posited that fraud triangle was first introduced by criminologist Donald R. Cressey in the 1953. It is a framework commonly used in auditing to explain the reason behind an individual's decision to commit fraud. The fraud triangle outlined three components that contribute to increasing the risk of fraud as; opportunity, incentive, and rationalization. The first component, opportunity, refers to circumstances that allow fraud to occur. Example of such circumstances includes weak internal controls, poor tone at the top and inadequate accounting policies. The second component, incentive, refers to an employee's mindset towards committing fraud. Examples of things that provide incentives for committing fraud include bonuses based on a financial metric and pressure to meet target. The third component, rationalization, refers to the thought process that an individual goes through to justify their fraudulent actions. Rationalization can take many forms such as convincing oneself that the act is not really wrong or it is justified by some external circumstance.

Before employees commit fraud successfully against the organization, perceived possibilities must exist. An employee who is confident that an act of fraud cannot be concealed without the fraud been detected and the perpetrator apprehended will desist from committing the fraud (Albrecht et al. 2008). Meanwhile, there are occasions to perpetrate fraud where the culprit feels he or she will not be caught and that if caught, the repercussions will be minor. Where there is a lack of consistent job rotation, the concentration of key roles on temporary or contract employees, knowledge of customers' sensitive financial information and account balances, a weak cyber security infrastructure from which employees can glean security codes of customers, and bypass cyber security infrastructure through expertise knowledge, there may be opportunities to commit e-fraud. Finally, perceived rationalization happens when a fraudster rationalizes his fraudulent act as appropriate. Internal e-fraud perpetrators in Nigerian banks may rationalize their actions by thinking, "we are not well paid in comparison to the work that we do, we need to meet our branch performance targets in order to keep our jobs, a family member is sick and need financial assistance, my immediate family's financial needs exceed my salary, we need to be rich through our smartness," and so on.

Fraud Diamond Theory

This was first presented by Wolfe and Hermanson (2004) in the December CPA Journal. In this theory, a fourth dimension named capability was added to the three elements of the Fraud Triangle Theory. This is because without capability it may be seemingly impossible to

commit fraud. Therefore, the potential fraud perpetrators must have the skill, be in a position of trust or have the capacity to commit fraud. The theory proposes that an individual's capability, personal trait and abilities could play a major role in determining fraud occurrence. Wolfe and Hermanson (2004) identified the following features that give fraud perpetrators capability to commit fraud as follows: authoritative position or function within an organization; ability to manipulate the weaknesses of the organization's internal control system to perpetrate fraud; boldness to undertake fraudulent actions with the mind that they will not be discovered and; and ability to cover up fraudulent activities for a long period to protect being caught. The fraud triangle and diamond theories are relevant to the study as they provide the theoretical framework that is used to provide explanations on why and how employees of Nigerian banks engage in e-frauds.

Theory of Deception

In many business transactions, a con artist will utilize deception to deprive a victim of cash resources and assets (Schweitzer, 1997). The theory of deception outlines seven operational strategies that fraud perpetrators frequently employ to swindle unwary victims (Johnson et al 2001). Masking (hiding or destroying critical information), Dazzling (disguising critical information), Decoying (distracting the victim's attention away from critical information), Mimicking (assumption of someone's identity or impersonation of someone else), Inventing (making up information), Relabeling (misleadingly presenting information), and Double play (suggesting to the victim that the victim is taking advantage of the deceiver) are examples of these tactics. Because e-frauds are carried out over the internet, con artists can easily employ any of the deception strategies to fraudulently influence a victim. This theory is relevant to the study because e-fraud perpetrators will use any of the seven tactics to commit e-fraud either alone or in collaboration with other employees, particularly those with expertise and legitimate power who rely on their expertise, knowledge, or position of authority.

Principal-Agent Theory

The Principal-agent theory was first introduced by economists Michael C. Jensen and William H. Meckling in 1976 (Pratt and Zeckhauser 1985). The theory is a framework used in economics to explain the relationship between two parties: the principal and the agent. The principal hires the agent to perform a task on their behalf, but the agent may have different incentives and goals than the principal. This can lead to conflict of interest between the two parties. According to the principle-agent theory, financial crimes and fraud interrupt the principal-agent relationship, in which the principal (society or

shareholders) delegate decision-making authority to the agent (individuals or organizations). When agents participate in fraudulent activities, it results in resource misallocation, lower productivity, and slower economic progress.

Institutional Theory

According to institutional theory, fraud and financial crimes undermine the credibility and efficacy of institutions. Weak institutional frameworks and corruption discourage investment, limit economic progress, and obstruct market functioning. Improving institutions' ability to detect and deter financial fraud is critical for long-term economic prosperity.

Realism and Neoclassical Economics

Realism is a school of thought in international relations that emphasizes the role of power and self-interest in shaping state behavior, while neoclassical economics is a branch of economics that applies microeconomic principles to macroeconomic phenomena (Morgenthau, 1978; Caporaso and Levine, 1992; Waltz, 1979). Financial crimes, according to realism and neoclassical economics, have a negative impact on economic growth and stability. Fraud and corruption distort markets, limit efficiency, and impede resource allocation. Unethical behavior undermines market mechanisms and stifles economic growth.

Review of Empirical Studies

Akinyomi (2012) investigated the causes and prevention of fraud in the Nigerian banking sector and discovered that employees of Deposit Money Banks engaged in fraud initiation, execution, and concealment to enrich themselves at the expense of their customers, oblivious to the collateral damage such acts portend for public confidence and trust in the provision of banking services. The study found greed as the primary cause of fraud by both internal and foreign fraudsters. Furthermore, the study found that computer fraud was seen as the most widespread by 82% of the 200 respondents, with negative repercussions of lost income and customer confidence.

Ibor (2016) also explored the involvement of bank workers in fraud in Nigeria, as well as the importance of human resources in reducing fraud in the banking sector. Furthermore, the association between the quantity of fraud losses and the levels of employees that perpetuated fraud was determined by estimating secondary data received from the Nigeria Deposit Insurance Corporation using Ordinary Least Square (OLS). The study discovered that 77% of fraud cases were traceable to insiders, while 23% were attributable to

outsiders, and that officers contributed more to fraud losses than other types of workers. Meanwhile, the study merely established the extent of employee engagement in fraud in general, with no emphasis on why and how workers of Deposit Money Banks perpetrate e-fraud.

Furthermore, Tade and Adeniyi (2017) investigated ATM fraud in south-west Nigeria to identify the characteristics that contribute to victims' susceptibility to ATM fraud and to propose ways to avoid ATM fraud from occurring in the future. The research approach was exploratory, with snowballing sampling obtaining samples of 20 respondents in Lagos and Oyo States, who were primarily victims of ATM fraud. Content analysis was used to analyze the qualitative data acquired through in-depth interviews. The study discovered that illiteracy, illness, and trust in relatives, including children, friends, and lovers, were factors that contributed to victims falling victim to fraudsters' victimization strategies, which included ATM card swapping, card cloning, physical attacks during odd hours withdrawal (gun threats), and demobilizing victims through the seizure of their mobile phones. The study advocated the following fraud prevention strategies: strict penalties for responsible employees, continual education and enlightenment of bank clients, and improvements in employee welfare. The study focused on ATM fraud without taking into account other types of e-fraud perpetrated in Nigerian banks. Furthermore, bank staff' possible involvement is not taken into account because the study limited scammers to victims' relatives, friends, and lovers. This research fills a gap in the literature.

Finally, Elumaro and Obamuyi (2018) explored the relationship between card frauds and customers' trust in alternative banking channels (e-channels) in Nigeria and discovered a negative relationship. This is due to the fact that e-fraud creates uncertainty in the financial ecosystem, which leads to a lack of trust in alternative banking channels. As a result, the public will avoid using e-channels. The report advocated collaborations between banks and their regulatory organizations to nip card theft in the bud.

According to Hoffmann and Birnbrich, (2012), victims of card fraud lose confidence and faith in using alternative banking platforms to make business transactions because they believe the e-platforms are unsafe for their financial activities.

METHODOLOGY

Nature And Sources Of Data

The study employed time series data spanning from 2007 to 2022. The data were all sourced from the Central bank of Nigeria (CBN) Statistical Bulletin (2022) and CBN Annual Reports of various editions and the variables being studied include; financial fraud (FINF), inflation

(INF), and Real Gross Domestic Product (RGDP).

Model Specification

The endogenous growth model was used, with real GDP (RGDP) as the dependent variable and financial fraud (FINF) and inflation (INF) as explanatory factors. Within the context of an endogenous model, Equation 1 describes the Cobb-Douglas production function as the economy's total production function.

$$Y_t = f(K_t, g_t) \dots\dots\dots(1)$$

Where Y is the level of output, K is the value of financial fraud, g is inflation, and t is the time period. Thus, equation 1 can be re-specified in the linear form as:

$$RGDP = f(FINF, INF) \dots\dots\dots(2)$$

Where: RGDP = Real Gross domestic product, FINF = the value of financial fraud, and INF = Inflation. Similarly, equation 2 can be re-specified in econometric form as:

$$RGDP = \alpha + \alpha_1 FINF + \alpha_2 INF + \mu_t \dots\dots\dots (3) \text{ Where:}$$

RGDP = Real Gross domestic product,
FINF = the value of financial fraud, INF = Inflation
 α = Parameter estimates
 μ = Stochastic error term

RESULTS AND DISCUSSION

The variables in (Table 1) are eligible for the study since their means and medians are sufficiently close to one another and there are no significant outliers. The statistics for skewness, kurtosis, and standard deviation indicate no discernible variations between the variables. The Jarque-Bera statistic suggested that the time series data are normally distributed with a probability larger than 0.05.

Unit Root Test

The Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) statistics were used in the study to test the stationarity of the Time-series data. The null hypothesis of non-stationarity is rejected if the ADF or PP test statistic is greater than the critical values in absolute terms at a 5% level of significance. As a result, all of the variables are stationary at first difference, as evidenced by the ADF and PP results in (Table 2).

Estimated Long-Run Coefficients

Table 3 shows the long-run estimates of the relationships between the explanatory variables (fraud and inflation)

Table 1: Descriptive Statistics.

Parameters	RGDP	FRAUD	INFLATION
Mean	3.9425	20.25313	11.83188
Median	4.445	21.23339	11.55
Maximum	7.98	23.1998	17.5
Minimum	-1.92	13.24811	5.4
Std. Dev.	3.145495	2.604368	3.338613
Skewness	-0.499447	-1.456101	-0.031528
Kurtosis	2.088284	4.416331	2.333469
Jarque-Bera	1.219344	6.991275	0.298827
Probability	0.543529	0.030329	0.861213
Sum	63.08	324.0501	189.31
Sum Sq. Dev.	148.4121	101.741	167.195
Observations	16	16	16

Source: Authors Computation

Table 2: Unit root tests results.

Test Type: ADF	Level	First	???	Test Type: PP	Level	First	???
RGDP	-2.503079	-4.426461	I(1)	RGDP	-2.45245	-4.923772	I(1)
FRAUD	-1.464336	-3.438521	I(1)	FRAUD	-1.49431	-3.424207	I(1)
INFLATION	-3.139945	-5.041865	I(1)	INFLATION	-3.169301	-11.08147	I(1)
5% level	-3.759743	-3.791172		5% level	-3.759743	-3.791172	

Source: Authors Computation.

Table 3: Long Run Co-efficient Estimates.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	20.26725	5.417634	3.740979	0.0025
FRAUD	-0.609203	0.255028	-2.388767	0.0328
INFLATION	-0.336928	0.198941	-1.693607	0.1141
R-squared	0.730887	Mean dependent var		3.9425
Adjusted R ²	0.643331	S.D. dependent var		3.145495
S.E. of regression	2.548956	Akaike info criterion		4.876605
Sum squared resid	84.46328	Schwarz criterion		5.021466
Log likelihood	-36.01284	Hannan-Quinn criter.		4.884023
F-statistic	4.921278	Durbin-Watson stat		1.749841
Prob(F-statistic)	0.025633			

Source: Authors Computation

Table 4: Breusch-Godfrey Serial Correlation LM Test.

F-statistic	0.585004	Prob. F(2,11)	0.5735
Obs*R-squared	1.538218	Prob. Chi-Square(2)	0.4634

Source: Authors Computation

Table 5: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.284892	Prob. F(2,13)	0.7567
Obs*R-squared	0.671826	Prob. Chi-Square(2)	0.7147
Scaled explained SS	0.351894	Prob. Chi-Square(2)	0.8387

Source: Authors Computation

Table 6: Ramsey Reset Test.

Ramsey Reset Test	Value	df	Probability
t-statistic	0.329890	12	0.7472
F-statistic	0.108827	(1, 12)	0.7472
Likelihood ratio	0.144449	1	0.7039

Source: Authors Computation

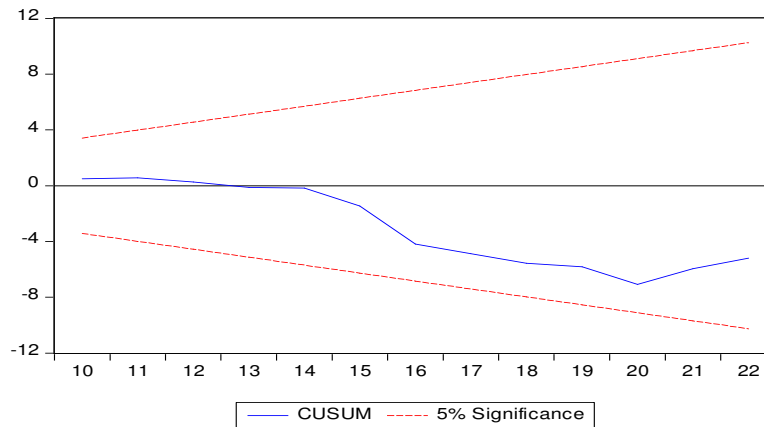


Figure 1: CUSUM Stability Test
Source: Authors Computation

and the dependent variable (RGDP). According to the findings in (Table 3), fraud has a negative and considerable influence on Nigeria's economic growth. A unit rise in fraud results in a 61 percent decrease in Nigeria's economic growth rate; while inflation has a negative influence on real-GDP, the impact is not significant; thus, inflation has no significant impact on Nigeria's economic growth rate. The R-squared statistic showed a value of 73 percent, suggesting that the explanatory variables in the model account for 73 percent of the variation in the dependent variable (RGDP), indicating that the model is of good-fit. The Durbin Watson (DW) value was 1.75, which fell inside the allowed range of 1.5 to 2.4, indicated that the model is free of autocorrelation.

Post-estimation tests

Breusch-Godfrey Serial Correlation LM Test

Serial correlation in the error term affects the standard errors and variances of the variables estimated in the model thereby distorting inference. In order to avoid this pitfall, the study conducted serial correlation test to determine whether the existence of serial correlation in the error term in the model. The result of the test is presented in Table 4. From the Breusch-Godfrey Serial Correlation LM Test in Table 4, the null hypothesis of no serial correlation is accepted as the P-value is 0.5735 which is greater than 0.05 alpha levels indicating the acceptance of the null hypothesis of no serial correlation.

Heteroscedasticity Test

Heteroscedasticity is the violation of the ordinary least square regression assumption that states that the variance of the error terms are homoscedastic, that is, the error terms have a constant variance. Simply put, heteroscedasticity occurs when the variance of the error terms are not constant for all values of the

independent variable. Considering (Table 5), we cannot reject the null hypothesis of no heteroscedasticity since the P-value of $0.7567 > 0.05$ level of significance, indicating that there is no heteroscedasticity in the model. Table 6 demonstrated that the model had the right functional form and was correctly specified with F-statistic value of 0.108827 with a probability value higher than 5 percent critical value. The CUSUM stability test in (Figure 1) revealed that the CUSUM plot is within the 5% critical boundaries, indicating that the model is stable and appropriate for making long-term policy decisions.

Conclusion

When we consider the high rate of crime and the quantity involved, especially in the field of advance fee fraud, the impact of fraud and financial crimes on the Nigerian economy is immense. Fraudulent activities and financial crimes have tarnished Nigeria's image, and as a result, foreign investors are wary of conducting business in Nigeria. Based on the findings of the data analysis, the study finds that fraud and financial crimes have a major impact on the Nigerian economy's economic growth rate.

Recommendations

Based on the findings of the study, the following recommendation was put forward:

1. Strengthen Institutional Frameworks: Increase the capacity, independence, and effectiveness of institutions charged with combating fraud and financial crime, such as the Economic and Financial Crimes Commission (EFCC, 2004) and other relevant organizations. Adequate finance, training, and collaboration with international partners are all part of this.
2. Enact and enforce anti-corruption legislation: Enact and implement stringent legislation aimed primarily at financial crimes. Ensure that laws are

properly enforced and that persons who engage in fraudulent activities suffer appropriate legal repercussions.

3. Improve Financial Oversight: Strengthen financial institution oversight and regulation to detect and prevent fraudulent activity. This includes strict anti-money laundering procedures, improved reporting systems, and regular audits.

4. Increase Transparency and Accountability: Increase transparency and accountability in the public and private sectors by implementing measures such as financial report publication, beneficial ownership disclosure, and whistleblower protection procedures.

5. Invest in Technology and Cyber-security: Create and improve technical infrastructure to improve cyber-security and protect against cybercrime. To avoid financial crimes in the digital domain, raise public awareness and education about cyber-security procedures.

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