

AN EVALUATION OF THE EFFECT OF FRAUD AND RELATED FINANCIAL CRIMES ON THE NIGERIAN ECONOMY.

OKOYE, E.I. Ph.D, FIIA, FSM, FCNA

Professor of Accounting

DEPARTMENT OF ACCOUNTING, NNAMDI AZIKWE UNIVERSITY, AWKA

GBEGI, D.O

DEPARTMENT OF ACCOUNTING, KOGI STATE UNIVERSITY, ANYIGBA

ABSTRACT

The objective of this study is to determine the impact of fraud and related financial crimes on the growth and development of Nigerian economy. Data for the study were collected from secondary sources only. The research analyzed the data generated using regression analysis. The research findings revealed that, fraud and related financial crime has significant effect on the Nigerian economy while fraud and financial crime have no significant effect on inflation. The research therefore recommends that Auditors and Accountants in organizations and financial institutions should be trained on how to carry out forensic investigation since the fraudsters are now sophisticated in their act. Also internal control systems should be strengthened to block opportunities that attract fraud perpetrators and oversight function of the National Assembly be strengthened to make public office holders accountable.

Key words: Fraud, Financial Crime, Nigeria, Economy.

INTRODUCTION

Economic and financial crimes in whatever form and nature have potentially devastating impacts on economy, security and social wellbeing of the people. It is perhaps pertinent to stress that as modern financial system encourages and facilitates local and international commerce, antithetically, financial criminals are also enabled by modern financial global liberalization to transfer millions of dollars around the world instantly through available information communication infrastructures such as internet, electronic money transfer (wire transfer) and the rest.

Money laundering among other forms of economic and financial crime requires existing financial system and operation. Money is laundered in Nigeria through currency exchange houses, stock brokerage houses, casinos, automobile dealership, and trading companies. These institutions are capable of masking proceeds from illegal criminal activities. The overall effects of these activities on the socio-political lives and economic wellbeing of the people of the developing countries and Nigeria in particular could be well imagined (Ribadu, 2004).

In the developed economies of the West, evidence emerged (which was at first difficult to believe) that the criminal manipulation of Company balance sheets created a much more favourable picture about their finances than was the reality. The Enron Company which unexpectedly went bust is probably the best known example of accounting books manipulation in

our time. Here in Nigeria, the Lagos state government funds are trapped while there was also crisis in US in the management of mortgages which were inflated. It was a boom and investors made huge profits on their mortgage investments. This encourages people and financial institutions all over the world to finance mortgages in the USA hoping to earn profits which proved both unrealistic and unsustainable. With time, there were massive defaults in payments leading to foreclosures which caused chaos, doom and gloom in housing market. Since the world is a global village, investors in the business were world-wide; the financial crisis in the US had a contagion effect on the world economy.

Webster's collegiate dictionary of current English defines fraud as: "deceit, trickery, specifically: international pervasion of truth in order to induce another to part with something of value or to surrender a legal right". This definition more specifically focuses 419ners, or con-men and other forms of commercial dishonesty. We can then characterize fraud by the following elements: (i) Intent to commit a wrongful act or to achieve a purpose inconsistent with law or public policy; (ii) Disguise of (purpose): falsifications and misrepresentations employed to accomplish the purpose; (iii) Reliance by the offender on the ignorance or carelessness of the victim (s); (iv) Concealment of the violation.

The most prominent of frauds in banks and agencies of government detected in Nigeria in the recent times includes: Fraudulent transfer and withdrawals; Use of unauthorized overdraft;; Posting of fictitious credits; Presentation of forged cheques; Conversion of banks money into personal use; Granting of unauthorized loans; Abuse of medical scheme; Insider abuse; Illegal conversion of pension funds in various agencies and ministries; Ghost workers fraud resulting into millions of naira paid into private pockets; Abuse of political office leading to contract over billings and over invoicing.

Commer (2008) noted that motivations for corporate fraud include: Personal greed; Possibility of getting away; Low prosecution rate; societal pressures; Opportunity; Staff morale problems and Anti-institutional posture.

However, Nigerian government like many other governments of developing countries until recently has been very slow in putting in place strict policy measures and legislative framework in combating the effects of economic and financial crimes. As a result economic and financial crimes have eroded the integrity of Nigerian financial institutions since sizeable numbers of them were actively involved in money laundering and other financial crimes on the economy and socio-political development of Nigeria as a developing nation. It is instructive to stress from on set that this study is not intended to delve into details legal discussion on the concept of economic and financial crimes and the relevant provisions of Nigerian law regulating same. This of course will not obviate occasional reference being made to various forms of economic and financial crimes as known to Nigerian law and relevant statutory laws regulating those forms of crimes.

This study aims at evaluating the effect of fraud and related financial crimes on the economy of Nigeria.

STATEMENT OF PROBLEM

There have been concerns about the management of the country's resources, particularly oil and its revenues, has been on the operation of the Excess Crude account by the government because it does not comply with relevant provisions of the 1999 constitution. Section 162 of 1999 constitution specifically stated that "internally Generated Revenues (IGR) of the federal government of Nigeria must be paid into the federation Account", but the operation of the Excess Crude Account (ECA) by the Federal Government violates this provision. Apart from concerns over the mismanagement of the Excess Crude Account, there are also worries about revenues from the sale of gases.

Falana (2010) noted that facts have continued to emerge daily on huge sums of money that have either been looted, misappropriated, shared, mismanaged or committed into white elephant projects. It is worrisome to observe the highest level of profligacy and irregularities by all tiers of government in the management of the country's resources and wealth of the nation. In view of the above development, the researcher is interested to investigate the impact of fraudulent fiscal practices and financial crimes on the growth and development of Nigeria economy.

OBJECTIVES OF THE STUDY

The main objective is to determine the impact of fraud and financial crimes on the growth and development of Nigerian economy. The specific objectives include the following:-

- i. To examine the effect of fraud and related financial crime on Gross Domestic Product.
- ii. To examine the effect of fraud and related financial crime on inflation in the economy.

RESEARCH QUESTIONS

- i. To what extent do fraud and related financial crime affect Gross Domestic Product?
- ii. To what extent do fraud and related financial crime affect inflation in the economy?

STATEMENT OF RESEARCH HYPOTHESES

Ho₁: Fraud and related financial crime have no positive and significant effect on the Gross Domestic Product.

Ho₂: Fraud and related financial crime have no positive and significant effect on inflation in the economy.

OVERVIEW OF FRAUD AND RELATED FINANCIAL CRIMES

Black (1979) defines fraud as all multifarious means which human ingenuity can devise, and which are resorted to by one individual to get an advantage over another by false suggestions or suppression of the truth. It includes all surprises, tricks, cunning or dissembling, and any unfair way which another is cheated. Under common law, three elements are required to prove fraud; a material false statement made with intent to deceive (scam), a victim's reliance on the statement and damages.

The criminal code section 380 sub-section one stated that everyone who, by deceit, falsehood or other fraudulent means, whether or not it is a false pretence with the meaning of this Act, defrauds the public or any person, whether ascertained or not, of any property, money or valuable security or any service. This means that fraud is criminal deception intended to financially benefit the deceiver.

Edelherz-et al (1977) defines fraud as an illegal act or series of illegal acts committed by non-physical means and by concealment or guide to obtain money or property, to avoid the payment or loss of money or property, or to obtain business or personal advantage. Also Webster's collegiate dictionary of current English defines fraud as deceit, trickery, specifically; intentionally perversion of truth in order to induce another to part with something of value or to surrender a legal right.

Fraud is a feature of every organized culture in the world. It is a significant and growing threat to organizations. Regardless of its size, location of industry (Golden, Skalak, & Clayton, 2006). Fraud is an activity that takes place in a social setting and has severe social consequences for the economy, corporation, and individuals.

Sociologists are of the opinion that some middle-range theories of fraud in Nigeria include family members-Nuclear, relative, patterns of friendship and social networks made up of friends and friends of members of social systems to which a particular individual belongs. The cultural transmission theory formulated by Sutherland (1949) holds that deviant behaviour, like non-deviant behaviour, and the norms of conduct and cultural belief are products of society, that are learnt by people as members of a society or social groups in the society. With specific reference to the violations of criminal law, the theory holds that a person becomes criminal if he is exposed

more frequently and for a prolonged period of time to expressions of views and attitudes favourable to criminal activities than views and attitudes unfavourable to such activities.

Interaction process theory of deviant behaviour or trust violation involves a non-sharable financial problem; knowledge of how to violate; and rationalizations about the violations. Non-sharable financial problems include business failure through an unsuccessful gamble or speculation and important socio obligations such as emergency expenditure which involve the persons social status. Those who violate trust believe that they can resolve these problems secretly by violating their positions of trust, and they are confident that they have the knowledge of the technique to do so. They rationalize their behaviour not as trust violation but they were “only borrowing” and hope to pay back but something then happens which makes it impossible for them to refund what they were only borrowing. Trust violations are usually put in the position they violate precisely and they were regarded as trustworthy with other people’s money or property. The classic application of the interaction process theory of deviant behaviour is that by Gressey (1959). The study which the author believes to be a universal explanation of trust violation by individuals entrusted with funds or property has underlined three essential elements of trust violation i.e pressure, opportunity and rationalization (Merton, 1957). The three elements can be further explained thus: (i) The modes-conformist or deviant – with which the members of the different strata in the society adapt to the anomies or normless situation; (ii) the variation in the rates at which the members of different strata choose different modes of adaptation.

Note that other members of the society who are excluded from access to legitimate means to success goals will experience a sense of relative deprivation which they will try to relieve in any of the following ways; Aggressive criminal behavior; Aggressive revolutionary political behavior; Retreat into psychosomatic illnesses-drug addiction, alcoholism, suicide and membership in other worldly religious sects, and Ritualism.

A typical example is the so called area boys in urban centers. Ladan (2005) defines financial crime as a conduct or a malpractice or a criminal act, which is detrimental to the interest or development or well being of the financial sector of the economy which are prohibited and are punishable by the laws of the nation.

Criminal behaviour as defined by Andoh (2004) is an act that violates criminal law and may therefore be followed by criminal proceedings and attracts appropriate punishment. Those who broke the law do not necessarily have to be caught to be considered as criminals; it is enough that they commit the act forbidden by law. For an act to constitute a crime there must be both mensreus (guilty act) and mensrea (guilty mind). The only exception allowed by law when both ingredients have been established against an individual, is when one is not of sound mind or is not of age of responsibility.

According to Andoh (2004) some scientists and psychologists theorized that criminals are born and that most criminals inherit such genes from their forebears. Some say that is most likely for a criminal father to produce criminal children than for a straight parent to do the same. In any case it is generally accepted that people become criminally involved because of greed and peer pressure. We can summarize the making of criminal in the following: Criminal behaviour is learned; The learning process is through association with other people; The main part of the learning takes place within close personal groups; The learning techniques to carry out certain crimes and also specific attitudes and motivates conducive toward committing crimes; Learning experience different associations; this will vary in frequency and importance for each individual; The process of learning criminal behaviour is different from the learning of any other behaviour. Ezeilo (2008) stated that 78% of financial crimes are committed by employees and about 200,000 directors have had more than three (3) company failures. It was also observed that one third of the

work force will NEVER commit acts of dishonesty no matter what their economic circumstances while two third will commit dishonest acts and vice versa depending upon their economic circumstance. This is popularly known as the one-third principle. Financial crimes victims include: Customers of the company; Investors; Suppliers; Bankers (financial institutions in general); Insurers; Government authorities, e.g. Tax fraud, stock fraud, etc.

THE IMPACT OF FRAUD AND FINANCIAL CRIMES ON ECONOMIC GROWTH AND DEVELOPMENT

In legal terms, there are five elements to a fraud: (i) “Scienter”, or knowledge of facts, events, or circumstances by one party; (ii) Misrepresentations (including non-disclosure) of that knowledge of the party in dealings with another; (iii) Reliance on those misrepresentations by the second party; (iv) An agreement, contract, or transaction between the parties which a reasonable person would not have entered into if privy to the first party’s knowledge; and (v) Harm or damage to the second party as a result.

The casual factors that should be removed to deter fraud are best described as fraud triangle. The fraud triangle explains three factors that are present in every situation of fraud. (i) Motive (or pressure) – the need for committing fraud (need for money etc). (ii) Rationalization – the mindset of the fraudsters that justifies them to commit fraud; and (iii) Opportunity-the situation that enables fraud to occur (often when internal controls are weak or nonexistent).

Breaking the fraud triangle is the key to fraud deterrence. Breaking the fraud triangle implies that an organization must remove one of the elements in the fraud triangle in order to reduce the likelihood of fraudulent activities. “Of the three elements, removal of opportunity is most directly affected by the system of internal controls and generally provides the most achievable route to deterrence of fraud”. (http://en.wikipedia.org/wiki/fraud_deterrence).

Common personality traits of fraudsters include the following: Wheeler and dealer, Domineering/controlling, Don’t like people reviewing their work, Strong desire for personal gain, Have a “beat the system attitude”, Live beyond their means, Close relationship with customers or vendors, Unable to relax, Often have a “two good to be true” work performance, Don’t take vacation or sick time or only take leave in small amount, Often work excessive overtime, Outwardly, appear to be very trustworthy, Often display some sort of drastic change in personality or behaviour.

Corporate accounting scandals are political and business scandals which arise with the disclosure of misdeeds by trusted executives of large public corporations. Such misdeeds typically involve complex methods for misusing or misdirecting funds, overstating revenues, understating expenses, overstating the value of corporate assets or underreporting the existence of liabilities, sometimes with the cooperation of officials in other corporations or affiliates.

In public companies, this type of “creative accounting” can amount to fraud and investigations are typically launched by the government oversight agencies, such as the Securities and Exchange Commission (SEC) in the United States. The Enron scandal resulted in the indictment and criminal conviction of the big five auditor Arthur Andersen on June 15, 2002. Although the conviction was overturned on May 31, 2005 by the supreme court of the United States, the firm ceased performing audits and is currently unwinding its business operations.

In July, 2002, WorldCom filed for bankruptcy protection in what was considered the largest corporate insolvency ever at the time. These scandals reignited the debate over the relative merits of United States GAAP, which takes a “rules-based” approach to accounting, versus International Accounting standards and United Kingdom GAAP, which takes a “principles-based” approach. The financial accounting standard Board announced that it intends to introduce more principles-based standards. More radical means of accounting reform have been proposed, but so far have

very little support. The debate itself, however, overlooks the difficulties of classifying any system of knowledge, including accounting, as rules-based or principles-based.

In 2005, after a scandal of insurance and mutual funds the year before, AIG was under investigation for accounting fraud. The company already lost over 45 billion US dollars worth of market capitalization because of the scandal. This was the fastest decrease since the WorldCom and Enron scandals. Investigations also discovered over a billion US dollars worth of errors in accounting transactions (http://en.wikipedia.org/wiki/accounting_scandals).

Since 2008, the financial institutions of the leading world economies-USA, Germany, Britain, France, China and Japan, Italy and Brazil have experienced great difficulties resulting in a huge cash crunch. Whereas Lehman Brothers was liquidated, American International Group (AIG) was too interconnected with World economics outside the United States to be left to die, but was rescued with American treasury funds. In the wake of this serious financial crisis, many mortgages could not be serviced, credit dried up for many consumers in the leading world economies. There were cases of bankruptcies, jobs were lost, and suicides were recorded.

The economies in the developing countries like Nigeria were particularly vulnerable because of the dependence of many of them on western economic and financial systems. In Nigeria for example, the drop in the price of crude oil and its reduced production due to the conflict in the Niger Delta, had a telling effect on the country's revenues and budget. The demand for goods and services was generally depressed leading to factory closures and lay-offs. The financial crisis in Nigeria is more complex to decipher. It is however, well established now that the Nigeria banking system is both corrupt and inefficient (Jibo, 2008). The highly commendable work of the Central Bank of Nigeria (CBN) governor Sanusi Lamido Sanusi has exposed the stench in the country's banking industry. Huge unsecured loans were given by the banks; their CEOs allegedly manipulated bank books and helped themselves to customer funds. Above all, bank shares were manipulated to deceive. Things were presented from a public relation (PR) perspective and many were led to purchase bank shares which were almost worthless. While this alleged scam was on, the banks presented a polished image by maintaining an elaborate scheme of deceit. Many Nigerians were ruined by a number of banks who loaned them money to purchase their worthless shares. Bank CEOs in a number of instances criminally used their customers' accounts to borrow money from banks under their charge (Enwegbara, 2009).

FINANCIAL FRAUD IN GOVERNMENT AND ORGANIZATION

Financial fraud in an entity can be divided into three categories: Those perpetrated by chief executives; by political office holders and; by public servants and employees of entities

Fraud perpetrated by chief executive is management fraud while those perpetrated by political office holders and public servant/employees are regarded as condonable fraud and staff fraud respectively. Condonable or staff fraud can be perpetrated by circumventing internal control arrangement or by breaching internal control regulations. Condonable fraud occurs where the employee diverts the employer's property which was given to enhance the performance of the employee (Mainoma, 2009). The use of employer's photocopying machines and computer facilities for personal gains or benefits is an example of condonable fraud. This class of fraud is tagged condonable because any effort to eradicate it is expensive and counterproductive. In this case, the employer will condone the class of fraud and thus allow the fraud and the organization to co-exist. However, condonable frauds are difficult to eradicate but they can be minimized.

Staff frauds are perpetrated by employees involved in the theft, misappropriation or embezzlement of the employer's funds, stock of goods or other assets. The type of fraud is characterized by: Inclusion of ghost names in payroll, Over booking of hours worked and overpaying of allowances,

Keeping inadequate records and therefore incurring loss, Misappropriating unclaimed wages, Pilferages of currency notes from the bundles, Misappropriation of revenues collected.

The third category, leadership fraud is analogous to management fraud in the private sector and undermines the entire fabric of public accountability. Since it is mitigated from above and may be executive from outside the organization, it operates outside the internal control system (Oshisami, 1994). When it is executed within the organization, example, defalcation and misappropriations, it may be caught within the web of internal control, i.e. when this is not deliberately shifted by the leadership. Whatever the reason, it often creates problems for the internal audit and may be arrested by external audit. Some common example of management/leadership fraud includes: Fictitious transaction; Wrong project evaluation; Wrong project award; Erroneous reporting of level of project executed; Loans to relatives leading to bad debts.

Audit to deter frauds differ in objectives, coverage and execution from normal audit (internal and external) and therefore require additional skills, time, thoroughness and sometimes extra audit and accounting capabilities (Oshisami, 1994 and Daniel, 1999). Part of the difficulty appears to be inadequate training and development of audit personnel in the field. For instance, internal audit personnel being trained for the detection of fraud requires to be exposed to new ways 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 the means of their detection.

RESEARCH METHODOLOGY

The study adopts the historical research method in an attempt to determine the effect of fraud and related crimes on the Nigerian economy. The purpose of historical research is to obtain a better understanding of the present through the evaluation of the past and intelligent prediction of the future (Adefila, 2008). The study purely used secondary data for the analysis. The use of secondary data only is because; information relating to the study is readily available from various publications. The analytical tool adopted by the researcher in analyzing the data collected for the study was the Regression Analysis.

DATA PRESENTATION AND ANALYSIS

Data for Fraud, GDP and Inflation from 2007 – 2011

Years	Fraud	GDP	Inflation
2007	413188181	1,375	14.0
2008	16689085	1,129	12.9
2009	567000	1,091	8.2
2010	20075600	1,242	15.2
2011	721313506	1,452	24.4

Source: Bureau of Statistics 2012

The table above shows the data on fraud involvement in Nigeria from 2007 to 2011 and the gross domestic product (GDP) covering the same period. This is for the purpose of testing hypothesis I to determine the effect of fraud and financial crime on the economy of Nigeria. The table also shows the data on inflation and the gross domestic product (GDP) from 2007 to 2011. This is for the purpose of testing hypothesis II to determine the effect of inflation on the economy.

TEST OF HYPOTHESIS

Hypothesis One

4.2.1a Variables Entered/Removed^b

Model	Variables entered	Variables Removed	Method
--------------	--------------------------	--------------------------	---------------

1	the gross domestic product ^a		Enter
---	---	--	-------

- a. All requested variables entered.
b. Dependent variable: chances of Fraud

4.2.1b Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929 ^a	.863	.817	1.38227E8

- a. Predictors: (Constant), the gross domestic product

4.2.1c ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.597E17	1	3.597E17	18.828	.023 ^a
Residual	5.732E16	3	1.911E16		
Total	4.171E17	4			

- a. Predictors: (Constant), the gross domestic product

4.2.1d Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2.199E9	5.642E8		-	.030
the gross domestic product	1934677.616	445869.128	.929	3.898 4.339	.023

- a. Dependent Variable: chances of Fraud

Adjusted $R^2 = 0.817$, $t_{cal} = 3.898$

$f(1,3) = 18.828$ $t_{tab} = 2.132$

$f(tab) = 10.13$, 5% level of significance.

The result of automated data analysis (SPSS 17) reveals that Gross Domestic Product can be held responsible for 81.76% variation on fraud and related financial crime with reference to 2007 to 2011.

The F-statistics (ANOVA) indicates that the mean is statistically significant at 5% level of significance. The $F(1,3) = 18.828$ is greater than the $F(tab) = 10.13$, Therefore with respect to theoretical expectation, the coefficient Gross Domestic Product are assigned correctly. The estimated parameters are statistically significant at 5% level of significance.

To test for the significance of the estimates, the student's t-test is employed. The $t_{cal} = 3.898$ is greater than $t_{tab} = 2.132$ for the parameter estimates, this means that the null hypothesis that fraud and related financial crime has no positive and significant effect on the Gross Domestic Product is rejected, while the alternate hypothesis is accepted. The implication here is that fraud and related financial crime has significant effect on the Nigerian economy.

Hypothesis Two

4.2.2a Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
-------	-------------------	-------------------	--------

1	Level of Inflation ^a		Enter
---	---------------------------------	--	-------

- a. All requested variables entered.
b. Dependent variable: chances of Fraud

4.2.2b Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829 ^a	.687	.582	2.08675E8

- a. Predictors: (Constant), Level of Inflation

4.2.2c ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.864E17	1	2.864E17	6.578	.083 ^a
Residual	1.306E17	3	4355E16		
Total	4.171E17	4			

- a. Predictors: (Constant), Level of Inflation
b. Dependent Variable: Chances of Fraud

4.2.2d Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-4.435E8	2.803E8		-	.212
Level of Inflation	4.519E7	1.762E7	.829	1.582 2.565	.083

- a. Dependent Variable: Chances of Fraud

Adjusted $R^2 = 0.582$, $t_{cal} = 1.582$

$f(1,3) = 6.578$ $t_{tab} = 2.132$

$f(t_{tab}) = 10.13$, 5% level of significance.

The result of automated data analysis (SPSS 17) reveals that inflation can be held responsible for 58.2% variation on fraud and related financial crime with reference to 2007 to 2011.

The F-statistics (ANOVA) indicates that the mean is not statistically significant at 5% level of significance. The $F(1,3) = 6.578$ is less than the $F(t_{tab}) = 10.13$, Therefore with respect to theoretical expectation, the coefficient inflation are assigned incorrectly. The estimated parameters are not statistically significant at 5% level of significance.

To test for the significance of the estimates the student's t-test is employed. The $t_{cal} = 1.582$ is less than $t_{tab} = 2.132$ for the parameter estimates, this means that the null hypothesis that fraud and related financial crime has no positive and significant effect on inflation is accepted, while the alternate hypothesis is rejected. The implication here is that fraud and related financial crime has effect on inflation but the effect is not positive and significant to affect the Nigerian economy.

CONCLUSION

The impact of fraud and financial related crimes on the Nigerian economy are enormous when we consider the high rate of crimes and the amount involved especially on the area of advance fee

fraud or 419 or Nigeria letter. Fraudulent practices and financial related crimes have portrayed Nigeria in bad light and as such foreign investors are skeptical in doing business in our country. The research therefore concludes as follows:

- (i) Fraud and related financial crime has significant effect on Gross Domestic Product thereby affecting the Nigerian Economy.
- (ii) Fraud and related financial crime has no significant effect on inflation. However, it has contributed in affecting the economy in a negative way.

RECOMMENDATIONS

The researcher was disposed to make the following recommendations based on the findings and conclusions:

Fraud Detection and Prevention Measures: It was recommended that Auditors and Accountants in organizations and financial institutions should be trained on how to carry out forensic investigation since the fraudsters are now sophisticated in their act. Also internal control systems should be strengthened to block opportunities that attract fraud perpetrators.

Fight Against Corruption: Corruption has become a way of life in Nigeria since authorities no longer frown at it because chief cronies are involved. Despite various agencies and commissions established to fight corruption and crimes in the country, the crime rate especially financial related crimes are on the increase hence the researcher suggested that government should be serious in the fight against corruption. Recently a chieftain of PDP that was jailed for corruption was released after completing his jail term, but surprise he was received by statesmen and government officials in a well celebrated reception. This type of attitude does not portray the government in good light before the international community; hence, anti-corruption agencies should improve on their strategies in fighting corruption and fraud so as to reduce the negative effect of fraud on the Nigeria economy.

BIBLIOGRAPHY

BOOKS

- Akpa, A. (2009) Impact of the Financial Meltdown on the Nigeria Economy” unpublished paper.
- Andoh, K. (2004) “Criminology and Code of Professional Ethics” A paper delivered during workshop on fraud and related Financial Crimes at Rapour Hotels, Owerri, November 24 to 26.
- Babalola, R. (2010), Nigeria: Excess Crude Account to Drop to N528.4 billion, This Day newspaper, May 25.
- Black, H.C. (1979), *Blacks law Dictionary*, 5th edition, St. Paul Minnesota, West Publishing Co.
- Cendrowski et al, (2008) The Handbook of Fraud Deterrence (Retrieved from <http://en.wikipedia.org/wiki/fraud>) deterrence).
- Constitution of Federal Republic of Nigeria, 1999.
- Daniel, G.I. (1999) *Public Sector Accounting*, Zaria, Ahmadu Bello University Press.
- Golden, T.W., Skalak, S, Clayton, M. (2006). A Guide to Forensic Accounting Investigation, New York: McGraw-Hill.
- Ladan, M.T. (2005) *Crime Prevention and Control and Human Rights in Nigeria*, Zaria, ECONET Publishers.
- Oshisami, K. (1994) *Government Accounting and Financial Control*, Lagos, Spectrum Books Publishers.

JOURNALS

- Adedokun, A.A. (1996), Economic Crimes in a Developing Society. A Paper Presented at the 5th Conference of Attorneys General in Nigeria Organised by the body of Attorneys General, held at Abuja on 11-13 Dec.
- Chattamhouse (2007). <http://www.chattamhouse.org.uk> (accessed on 9 February 2007).

- Comer, M. (2008)** “Corporate Fraud: Nature, Typologies and Essential theories” A paper delivered by B.I.G. consulting in conjunction with Association of National Accountants of Nigeria (ANAN) Ikeja Branch at Tourist Garden Hotel, Awka, June 4th – 6th.
- Edelherz (1977).** White – collar and Professional Crime: The Challenge for the 1980s. American Behavioural Scientist, Vol. 27, Pp 109 – 128.
- FBI (2008).** Some Good News: Crime is declining Retrieved from: www.fbi.org.
- EFCC (2004):** Section 46 of the EFCC Act, 2004.
- Enwegbara, O. (2009)** “Collapse of Financial Globalism and the Untold Story (1)” This Day Newspaper, January 21.
- Ezekwesili, O. (2009)** “Africa: Dealing with Global Economic Financial storm” This Day Newspaper Tuesday, June 23.
- Galana, F. (2010)** “Managing the Excess Crude Account (ECA)” Vanguard November 17.
- Fiscal Responsibility Act, 2007**
- IMF (2001).** Financial System abuse, Financial Crimes and Money Laundering Background Paper, Feb 12.
- Ibo, M. (2009)** “Global Economic Meltdown: Roadmap to Recovery “. A paper presented during 2009 Annual conference of ANAN at International conference centre, Abuja 14th – 30th November.
- Mainoma, M. (2009)** *Introduction to Financial management and Control. An Overview of Financial Management and Control.* A Publication of the Association of National Accountants of Nigeria (ANAN) MCPCD, Joyce.
- Merton, R.K. (1957).** The Role Set Problems in Sociological Theory. British Journal of Sociology Vol. 8, No.2, 106-120.
- Naylor, R.T. (2003).** Towards a General Theory of Profit – Driven Crimes, the British Journal of Criminology, Vol 43. No1.
- Okafor, F.O. (2009)** “Global Economic Meltdown: the strategy and roadmap for recovery” A paper presenting during 2009 Annual conference of the Association of National Accountants of Nigeria (ANAN) at National conference centre, Abuja in November 24.
- Ribadu, N. (2004).** The Role of EFCC in Sanitizing the Nigeria Economic Environment in a Democratic Setting. Being a Paper presented at the Adamawa State, Nigeria. Economic Conference and Financial Exhibition, December 9 – 10.
- Sunderland, E.H. (1949).** White – Collar Crime, New Delhi: Dryden Press.
- Vanguard (2009)** afforestation as viable solution to economic meltdown, Monday October 26.
- Wilson, J. (2006).** Cybercrime in the Private Sector: Partnerships Between the Private Sector and Law Enforcement ALJ 8 Page 697.