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THE CONTRIBUTION EFFECT OF ANTI-FRAUD POLICIES MECHANISMS ON FINANCIAL PERFORMANCE OF A SELECTED BANKS IN NIGERIA

By

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ABSTRACT

The study seeks to establish the contribution effect of anti-fraud policy mechanisms on financial performance of a selected banks in Nigeria, using First Bank Jos Main Branch as the study context. The survey was collected through a primary field data, i.e. a questionnaire survey was gathered from forty bank respondents operating in Jos main branch. The study employed a hierarchical regression analysis to establish the contribution effect of the study variables. The results discovered that anti-fraud policy mechanisms on financial performance has a greater contribution effect on financial performance (R^2 *change =54.5%) compared to internal control (*R^2 *change =19.2%). The results suggest that anti-fraud policy mechanisms matter a lot in explaining variations in the financial performance of banking industries. Hence, the originality of this study lies in the fact that previous studies investigated the relationship between the five dimensions and also studies in different context on financial performance have frequently missed the reality of the three dimensions and study in Nigeria on banking industry financial performance.*

Key words: Anti-fraud policies mechanisms, fraud detection, fraud deterrence, internal control, financial performance and banking industry firms

1.0 INTRODUCTION

With the emergence of new innovations in technology, financial crimes have become more complex and sophisticated. When financial institutions adopt or integrate high-tech artificial intelligence, machines learning and intelligent analytics in their fraud management platforms, banks can stay ahead of these challenges and reduce their fraud management costs thereby increase their financial performance.

The banking sector has been singled out for special protection because of the rising cases of financial fraud and the role they also play in the economy. The banking institutions plays a very significant role in the growth of any economy (Adeyemo, 2012). Banks in most economies of the world is key, and the success of monetary policy, to a large extent depends on the soundness of the banking sector through which the policies are implemented (Adeyemo, 2012; Godwin, 2009; Oye, 2003). Financial institution like banks must be protected against fraud. Fraud is commonly understood as dishonesty calculated for advantage. According to Idolor (2010) submits that fraud is a conscious and deliberate action by a person or group of persons with the intention of altering the truth of fact for selfish personal gains, and it has become the most single veritable threat to the growth of banking industry. fraud has been identified a major threat to the growth and development of banking sector globally. Survey by KPMG (2019) reports discovered that, in 2018 the US by Federal Bureau of Investigation (FBI) reported that business email compromise scams resulted in global losses of over US$12 billion between 2013 and 2018. Also, in Australia, the Australia Competition and Consumer Commission (ACCC) reported that almost half a billion Australian dollars was lost to scammers in 2018 alone. Joseph (2020) in his study discovered rising cases of bank distress in Ghana as a result of bank fraud which has become a concern for policy makers, also found how Ghanaian business people has fell victim to activities of this fraudsters to the tuned of £10,000, US$75,000 and GH¢400,000 within the period.

Fraud has been cited as Nigeria 's biggest single problem both in public and private sectors. (Gbegi & Adebisi, 2015). Banking fraud has been facilitated by technological advancement in the banking industry in Nigeria. Oludayo (2020) discovered that about ₦15.5 billion was lost to bank fraud in Nigeria in 2018. Fraud and fraudulent activities are more common in Deposit Money Banks because of the instruments of their trade. Banks are most prone to financial fraud as a result of money and near money instruments used in the process of their operations despite the strong policies put in place.

The major concern or reasons for fraud in deposit money banks is poor adherence to fraud management mechanisms like fraud detection, deterrence and weak internal control. Detection of frauds lies in the identification of frauds that is done as fastest as possible after any such fraud is committed. Frauds are uncovered following the failure of the prevention against frauds (Bolton & Hand, 2002).

Fraud deterrence refers to measures that seek to stop fraud from occurring according to Naicker (2006). Becker's research (Becker, 1974) on the economics of crime offers information on how organizations may deter fraudulent behavior. She asserts that people may be deterred from getting involved in fraudulent activities when organizations put in place higher fines and penalties.

Internal controls are processes designed to provide reasonable assurance that management achieves effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations (Grant, Miller & Alali, 2008). Internal audit can specifically assist an entity to manage fraud control by providing advice on the risk of fraud, advising on the design or adequacy of internal controls to minimize the risk of fraud occurring, and by assisting management to develop fraud prevention and monitoring strategies.

Financial performance refers to the potential of a venture to be financially successful (Eljelly, 2004). Sollenberg and Anderson (1995) assert that, performance is measured by how efficient the organization is in use of resources in achieving its objectives. Previous studies were undertaken on anti-fraud prevention mechanism with focus on fraud control mechanisms on financial performance. This study tried to test the contributing effects of each of these control mechanisms on the financial performance of deposit money banks in Nigeria, this is to determine which of the mechanisms is more effective in combating fraud risk prevention, which can be rely on in addressing the menace. The gap in this study is the contributing effect of the various control measures, the deterrence, detection and internal control measures on financial performance of deposit money banks in Nigeria.

This study is motivated by the fact that recent reports of fraudulent activities recorded in financial institutions globally, where large sums of funds are reportedly to have been lost to financial crimes and thereby resulting to banks' distresses. This study chooses to focus on the contributing effects of fraud deterrence, fraud detection and internal control on financial performance of deposit money banks in Nigeria a study of First Bank of Nigeria Limited.

1.2 Statement of the Problem

Fraud has become the most dreaded threat to the global economy. Economic crimes had for long been categorized as a menace that led to the collapse of many reputable financial institutions in the world. Survey by KPMG (2019) reports that in 2018 business email compromise scams resulted in global losses of over US$12 billion between 2013 and 2018. Joseph (2020) discovered rising cases of bank distress in Ghana as a result of bank fraud, he also stressed how Ghanaian business people has fell victim to activities of this fraudsters to the tuned of £10,000, US$75,000 and GH¢400,000. In Nigeria the acts of financial fraud have persisted in deposit money banks in spite strong measures put in place to forestall and control any planned intention to steal the bank's money. Nyakarimi, Kariuki & Kariuki (2020) studied the assessment and fraud prevention in banking system in Kenya and concluded risk assessment has significant effect on fraud prevention in banking industry in Kenya. Badejo, Okuney & Taiwo (2017) studied on fraud detection in the banking system in Nigeria challenges and prospects and discovered that lack of adequate motivation is a major cause of fraud in banks looting of funds by bank managers and directors in Nigeria.

Adetiloye, Olokoyo & Taiwo (2016) studied on fraud prevention and internal control in the Nigerian banking system found that internal control on its own is effective against fraud, but not all staff are committed to it. Measures to detect, control and eradicate fraud in banking sector in Nigeria have been quite ineffective as the fraudulent practices persists despite policies put in place. The reviewed studies focused on the various fraud preventive mechanisms in banking sector. This study therefore would fill the gap by focusing on the contributing effects of individual fraud mechanisms on financial performance in deposit money banks in Nigeria.

1.3 Research Questions

1) To what extent is the effects of fraud deterrence on financial performance of deposit money banks in Nigeria.
2) To what extent is the effects of fraud detection on financial performance of deposit money banks in Nigeria.
3) To what extent is the effects of internal control on financial performance of deposit money banks in Nigeria.

1.4 Objective of the Study

The primary objective of this study is to test the contributing effect of fraud management mechanisms on financial performance of deposit money banks in Nigeria. The specific objective of this study is to:

1) examine the effect of fraud deterrence on financial performance of deposit money banks in Nigeria?
2) establish the effect of fraud detection on financial performance of deposit money banks in Nigeria?
3) determine the effect of internal control measures on financial performance of deposit money banks in Nigeria?

1.5 Research Hypothesis

The study will be guided by the following hypotheses:

$H0_1$: Fraud deterrence has no significance effects on financial performance of deposit money banks in Nigeria.

$H0_2$: Fraud detection has no significance effects on financial performance of deposit money banks in Nigeria.

$H0_3$: Internal control measures has no significance effects on financial performance of deposit money banks in Nigeria.

1.6 Significance of the Study

Fraud has been described as any deliberate intention to deceive an organization or an individual for a financial benefit. Fraud is a global phenomenon that has become a serious threat to the world economy. This study focuses on the contributing effects of fraud control measures that will aid stakeholders in the financial institutions especially, the deposit money banks in Nigeria. This study will be of great significance to the government such that the findings will help in formulating fraud control policies that will reduce or eliminate the menace in the economy. It will be of immerse help to the banking sector or financial institutions in measuring on which of the fraud control measure is more effective to rely on to ensuring effective control of this threat. The study will also contribute new knowledge to the body of existing literature for researchers and academicians.

2.0 LITERATURE REVIEW

This section conceptualized some key variables of this study.

2.1 Conceptual Review

Fraud has rapidly grown over period of time. Fraud is the intentional misrepresentation of a material fact to encourage a party to act to its own detriment, fraud is as old as the human race itself. Fraud according to Adeyemo (2012) is any illegal act characterized by deceit, concealment or violation of trust. Osisioma (2013) defined fraud as all the multifarious means which human ingenuity can devise and are resorted to by one individual to get any advantage over another. These stated definitions are in harmony, the two opinions looked at fraud has a way people or fraudulent people take advantage of others to defraud them of their hard-earned funds through trick or cunning way. However, Mahinda (2012) introduces a different concept to definition of fraud. He asserts that the menace occurs as a result of a person in position of trust or accountability who advances his own personal interests at the expense of the interests through digressing from the set standards and rules.

Fraud in deposit money banks varies widely in nature, character, and method of perpetration. Olaoye, Dada & Adebayo (2014) identified perpetrators into three which are; management of the banks (management fraud), insider (employees), outsiders (customers and non-customers of the bank). Thus, management fraud is fraud perpetrated by the high-profile officials of the bank, which could be the managing directors, the executive directors and these people have the authority to override internal control. The victim to this type of fraud are the investors, shareholders even the government. Insiders' fraud are frauds perpetrated by the employees of the banks because the instruments and also understand the operations of the organization and is detrimental to the customers, organization and general public. The outsider fraud is the one committed by the customers and even the non-customers of the bank this is detrimental to the bank, and this type of fraud is in most cases committed with the effort of insiders. For this type of frauds to be successful, there must be and insider providing necessary information and other logistic in secret (Olaoye, et al 2014).

2.1.1 Fraud Deterrence

The world of fraud deterrence and detection has experienced dramatic change in recent years. Fraud itself has been as old as the history of man, and recent accounting scandals have brought the practice of investigating, detecting and deterring fraud into the limelight. Sarbanes-Oxley Act 2002 demands increase responsibility to corporate executives to ensure that adequate control measures exist within an organization to prevent fraudulent financial reporting.

According to Cendrowski & Martin (2007) fraud deterrence is the proactive identification and removal of the causal and enabling factor of fraud. Fraud deterrence is based on premise that fraud is not a random occurrence, fraud occurs where the conditions are right provided for it to take place. Fraud deterrence attacks the root causes and enablers of fraud, this analysis could reveal potential fraud opportunities in the process, but is performed on the ground that improving organizational procedures to reduce or eliminate the causal factors of fraud which is the single best defense against fraud. Fraud deterrence involves both short-term (procedural) and long-term (cultural) initiatives. Fraud deterrence is not earlier fraud detection, but it involves an analysis of the conditions and procedures that affect fraud enablers, that is, looking at what could happen in the future given the process definitions in place and the people operating that process. Unlike fraud detection involves a review of historical transactions to identify indicators of a nonconforming transactions. In essence, deterrence is a preventive measure, reducing input factor.

2.1.2 Fraud Detection

Fraud is a menace that deserves serious attention and immediate action by all and sundry, because the of it can cause serious damage to the organization. fraud detection involves a review of historical transactions to identify indicators of a nonconforming transactions. Fraud prevention practices may not stop all potential perpetrators; organizations should ensure that systems are in place that will highlight occurrences of fraud promptly. This only achieved through fraud detection (Murray, 2015). Fraud detection methods are meant to uncover fraud when it occurs. A fraud detection strategy should involve the use of analytical and other procedures to highlight anomalies and the introduction of communication/reporting mechanisms that provide for communication of suspected fraudulent acts. Critical elements of a comprehensive fraud detection system would include exception reporting, data mining, trend analysis and on-going risk assessment (Mwega, 2013).

Fraud detection may highlight on-going frauds that are taking place or fraud offenses that have already occurred. Such schemes may not be affected by the introduction of prevention techniques and, even if the fraudsters hindered in the future, recovery of historical losses would only be possible through fraud detection (Bishop, 2014). Potential recovery of damages is not the only objective of a detection programme though, and fraudulent behaviour should not ignore just because there may be no recovery of losses. Fraud detection also allows for the improvement of internal systems and controls. Most of the fraudulent act do exploit deficiencies in control systems. Through screening of such scams, controls can be tightened making it more difficult for potential perpetrators to act (Gates & Jacob, 2013).

2.2.3 Internal Control

Internal control is a major integral part of every organization structure. Internal control is defined as a process affected by organization’s structure, work and authority flows, people and management information systems, designed to help the organization accomplice specific goals or objectives (AICPA, 2003). COSO defines internal control as a process, effected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in these categories; effectiveness and efficiency of operations, Reliability of financial reporting and compliance with applicable laws and regulations.

According to Gamage et al. (2014), internal control is the process designed and affected by those charged with governance, management and other personnel to provide reasonable assurance about achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The ICS is designed and implemented to address identified business risks that threaten the achievement of the organization's objectives. Rajkumar (2009) as cited by (Gesare, Michael & Odongo, 2016) an effective internal control system requires that all material risks, internal and external, controllable and uncontrollable that could affect the achievement of the bank's objectives are recognized and continually assessed. Management must establish mechanisms to identify, measure, analyze and manage the various kinds of risks faced by the bank at all levels and in all departments including credit risk, country and transfer risk, market risk, interest rate risk, operational risk, liquidity risk, legal risk, reputational risk among others.

Abiola (2013), assert that the concept of internal control is very important for proper management of an organization's risk, which may constitute barriers to the attainment of its set objectives if neglected. Poor internal controls lead to scandals, losses, failures and damage, to an organization's reputation and that where new ventures are undertaken without a means of controlling risks, then problems are likely to occur. Internal control system are regarded as effective when they promote efficiency, reduce risk of asset loss, deter and detect errors, fraud and theft and help to ensure the reliability of financial statements and compliance with laws and (Manass'eh, 1993).

2.2.4 Financial Performance

Financial performance refers to the potential of a business outfit to be financially successful (Eljelly,2004). Sollenberg & Anderson (1995) assert that, performance is measured by how efficient the firm uses its resources in order to achieve its objectives. There are three basic situations that can describe business financial situation. It can be profitable; break even or operate in a loss. In most cases, an organizational goal is to make profit. The grand objective of deposit money banks is to make profit or to maximize shareholders' wealth. To measure the profitability of deposit money banks, there are a variety of ratios used of which Return on Asset, Return on Equity and Net Interest Margin are the major ones (Murthy & Sree, 2003, Alexandru et al., 2008).

2.2 Theoretical Review

This study anchored on diffusion of innovation theory. This theory explains how people, as part of a social system, adopt a new idea, behavior in managing their resources. Diffusion of innovations theory was pioneered by Rogers in 1962. Rogers (2003) described innovation as an idea, practice, or project that is perceived as new by an individual or other unit of adoption. An innovation may have been invented a long time ago, but if individuals perceive it as new, then it may still be an innovation for them. In the banking sector, new ideas are very critical components in the operations and survival because of the volume of transactions and other financial involvements. Huge financial transactions are involved in the banking industry and as such this if not well managed through the adoption of new ideas and knowledge, would cause a down trend in their performance. This theory suite this study because new ideas and use of modern technology helps detect fraudulent transactions, thereby improve financial performance. The theory is relevant to the study in the sense that a strong and effective fraud management mechanisms require new ideas persuasion and effective decision in order to manage the thread of this economic menace. On the other hand, financial performance to be enhance properly in any organization requires also the innovation of new ideas, knowledge and persuasions.

2.3 Empirical Review

Agyemang (2020) assessed the effect of internal control on fraud prevention, questionnaires were used to obtain data for the study. A combination of positive sampling and random sampling techniques were used to select the sample elements. A sample of ten (35) management staff including the internal auditors was selected for the study. The study revealed that, the internal control measures put in place by management have helped the bank in preventing fraud. It was again revealed that majority of the respondents agreed that management needed to prevent and detect fraud are provided.

Similarly, Nyakarimi, Kariuku, & Kariuku (2020) assessed the effect of risk assessment on fraud prevention in banking industry in Kenya. The study involved all banks in Kenya. Disciple and correlation research designs were used in this study. Factors analysis was undertaken to reduce the factors and remain with factors that had higher loading which was determined through the use of Eigen values. Correlation analysis was applied to determine the strength and direct relationship between variables and regression analysis based on Structural Egration Modeling (SEM) was used to test the hypothesis. The discipline analysis showed that the respondents strongly agreed that the parameters put in place are capable of preventing frauds in banking industry in Kenya. From the results of tests, it was concluded that the risk assessment mechanisms put in place to assess the risk have significant effect in fraud prevention and as such they should be enhanced to complete prevent fraud in banking sectors.

Subsequently, Emmanuel, Sunday, & Christian (2019) examined the impact of forensic audit on fraud detection and prevention in the Nigerian banking industry. The study took a censor of the 16 Deposit Money Banks (DMBs) listed on the Nigerian Stock Exchange as at 31st December, 2016. The study used the secondary source to collect data from the Nigerian Deposit Insurance Corporations (NDICs) annual reports of 2013 and 2016. Data generated were analyzed using charts, graphs, tables and regression. Our findings revealed that forensic audit has a significant negative impact on number of fraud cases, number of staff involved in bank fraud, and actual amount of bank losses through fraud in the Nigeria banking sector. However, forensic auditing has insignificant impact on expected losses generated through fraud activities in the Nigerian banks.

Additionally, Kamaliah et al (2018) examined the extent of monitoring mechanisms within public systems curbing fraud incidents. The authors' survey concerned three dimensions of monitoring mechanisms: good governance, internal control procedures and fraud prevention programs. This survey has been conducted among various Malaysian government officers. The results show that, generally, misappropriation of assets is ranked as the most frequent fraudulent case in government agencies. Based on regression analysis, internal procedures or policies were significant in reducing fraud incidents. Additionally, both good governance and fraud prevention programs were proven to have a significant relationship with the occurrences of fraud within government agencies. In terms of the practical aspect, the study provides important information for public servants on the effectiveness and usefulness of good governance, internal control procedures, and fraud prevention program in the public sector. This paper provides an interesting contribution to the understanding of fraud incidents inside government agencies.

More still, Agwor (2017) In his study focused on Fraud prevention as a dimension of Audit function on Business Profitability, effectiveness and Efficiency as measures of performance. Primary and secondary data were collected; sample size was thirty (32) quoted manufacturing companies. Pearson Product Moment Correlation powered by Statistical package for social sciences and QSR-NVIVO software aided the data analysis. The study found that the influence of fraud prevention is more positive and very significant on business profitability, than on effectiveness and business efficiency, which appears to have weak influence in the quoted manufacturing companies in Nigeria. Conclusively, the more stringent fraud prevention measures tend to be the more businesses will achieve higher growth in terms of profitability. It is recommended that firms should improve on the fraud prevention mechanism to track all dubious tendencies to avoid being defrauded.

In addition, Eme, Inyang, & Joshua (2016) their studies aimed at investigating the mechanisms of fraud prevention and detection and their levels of effectiveness in Nigeria. The study involved the collection of quantitative data from accounting practitioners. The questionnaires shared as the survey instrument. The study identified several fraud prevention and detection mechanisms that are currently used in Nigeria, such as systems 1 + - test indicates a significant difference between the perceived effectiveness and actual usage of fraud prevention and detections mechanisms in Nigeria. It was further discovered that the most effective mechanisms like the forensic accounting techniques are the least used in fraud prevention and detection. This implies that the current mechanisms of fraud prevention and detection are not proactive in dealing with the fraud.

More about this is in the study of Gesare, Michael & Odongo (2016) who assessed the influence of Internal control system on fraud risk management among banks in Kisii town**.** The study targeted all the 15 banks in the town and the respondents were stratified into three categories comprising of 15 branch managers, 74 departmental managers, and 68 clerks. Saturated sampling method was used for the branch managers while simple random sampling was employed to select a third of the rest of the respondents giving a sample size of 130 respondents. Interview schedules and questionnaires were used to solicit information from the respondents. Collected data was descriptively analyzed by using weighted means and standard deviations and inferentially by use of Pearson's correlation and regression analysis with the help of Statistical Package for Social Sciences (SPSS). The study findings revealed that Internal control system influence 67.7% of fraud risk management; control environment positively and significantly influences fraud risk management ($ß= 0.391$; $p < 0.05$) and risk assessment positively and significantly influences fraud risk management ($ß =0.401$; $p < 0.05$). The study will be significant to policy makers, bank managers and academic researchers. The study recommends that the management of banks seal all loopholes that may create opportunities for undermining of internal control systems by putting in place tight fraud handling policies; put in place policies on lifestyle audits; report all employee related frauds to relevant investigative authorities and take a pro-active and dynamic risk assessment approach.

Adetiloye, Olokoyo & Taiwo (2016) established the issues of internal control viz; fraud prevention in the banking industry, adopting both primary and secondary data. Primary data was used to test internal control while secondary data were employed to test fraud prevention. The main primary variables were separation of duties, monitoring, and staff qualifications while the main secondary variables are bank profit, regulation, technology and M2. In both cases regression techniques were adopted. The results show that internal control on its own is effective against fraud, but not all staff are committed to it, while the secondary data is quite supportive of the primary data but more exemplifying in that M2, staff qualifications and technology were significant throughout the various dependent variables. It is also clear from the regressions that technological based fraud is significant. The paper recommends the continuation of the cashless policy of the Central Bank to reduce available cash and improvement in educated staff engagement to reduce fraud in the banking system.

3.0 METHODOLOGY

3.1 Design, Population and Sample

The study employed a cross-sectional survey design, and confined to financial performance of deposit bank in Jos, Nigeria. The choice of this state was because whereas as it is predominantly having the different branches of the Bank and it remains a threat to other Banks. A sample size of 40 employees of the Bank was drawn from a list of the branch (Primary data, 2020). The participants were selected using simple random sampling technique; and data were collected through a personal approach which yielded a response rate of 100 %. The data collection approach was chosen because the limited availability and efficiency of postal and communication services in Nigeria could not allow questionnaires to be mailed, faxed or couriered to respondents without causing selection bias.

3.2 Measures and Questionnaire

The study employed a Likert-scale questionnaire, designed to measure the opinion or attitude of a respondent was utilized to obtain self-reported information. The questionnaire designed is based on our review of relevant literature on financial performance, through the elements of anti-fraud policies mechanisms including fraud deterrent, fraud detection mechanisms and Internal Control mechanisms. Table 1 presents the details.

Table 1: Operationalization and Measurement of Variables

Variable	Dimension	Issues to examine	Measures	Sample qnnr items
Financial Performance	Uni-dimensional	"The ability of organization's fraud risk management practices to improved its financial performance" Murthy and Sree, (2013); Alexandru et al., (2011)	Respondents' mean score of the **6 items** included in the questionnaire on a 5-point Likert-scale	*"Well established fraud risk management techniques have seen the organization save a lot on fraud investigation"*
Anti-fraud policies mechanisms	Fraud deterrent	The ability of the organizations to have clear division of duty guide against fraudulent activities.	Respondents' mean score of the **9 items** included in the questionnaire on a 5-point Likert-scale	*"Staff supervision help in reducing fraud"* *"Monitoring work performance reduces fraud risk".*
	Fraud detection	The ability for ethical organizational culture that influences the success in detecting fraud within the organization.	Respondents' mean score of the **6 items** included in the questionnaire on a 5-point Likert-scale	*"The organization has successfully implemented a great number of fraud detection instruments".* *"The organization's fraud detection processes mostly rely on technology".*
	Internal Control	Laws and regulations on fraud risk management mainly influence the establishment of the organization's internal control. *Grant, Miller, and Alali, (2008); Rae and Subramanian (2008)*	Respondents' mean score of the **7 items** included in the questionnaire on a 5-point Likert-scale	*"The organization's internal control cannot over-ridden"* *"The organization's internal control facilitates the identification and measurement of risk".*

Control variables: This study predicts financial performance and as such, we used respondent characteristics like age, gender and highest qualification in the regression analysis to control for confounding effects associated with them. Age of respondent was controlled using four discrete categories (18-25 years, 26-35 years, 36-50 years and above 50 years), however, 48% of the respondents were between 36-50 years, about the employees 52% were males, in terms of qualification 64% had bachelor's degree, 67% have their professional qualifications and 64% of the respondents have worked with the organization from 6-10 years. Responses were enlisted from different fields of study.

3.4 Tests for Validity and Reliability

The study establishes convergent validity; an exploratory factor analysis this was performed for each variable by running principle component analysis using varimax rotation method. Factor loadings below 0.5 coefficients are suppressed to avoid extracting factors with weak loadings. In this study, specifically, factor analysis was performed on Anti-fraud policies mechanisms (Fraud deterrent, fraud detection and Internal Control). The KMO and Bartlett's (1954) test of sampling adequacy was used to assess whether the questionnaire items used yield distinct and reliable factors (Kaiser, 1974). Financial performance in this study was treated as a uni-dimensional variable. The results show [give KMO, Bartlett test, and total variance explained for Anti-fraud policies mechanisms =KMO=.949 Bartlett test=7284.586, Total Variance Explain=45.77%.

Cronbach's α coefficients were computed to determine the internal consistency (reliability) of the scales of the study variables. The standardized Cronbach's α coefficients for all the scales, are all found to be above 0.7 recommended by Nunnally and Bernstein (1994) (Anti-fraud policies mechanisms α=.782, and Financial performance α=.89). The following steps were taken to detect whether common methods variance (CMV) was present as it leads to a false internal consistency. First, the items on the dependent variable were present before the independent variables. Second, dependent, independent and control variables in this study are not similar in content. Third, the anchors for the dependent, independent and control variables are not similar. Fourth, anonymity of the respondents was assured.

The tests for regression assumptions were run to assess the suitability of the data to perform hierarchical regression analysis. Specially, normality, linearity, homogeneity and multi-collinearity were assessed using statistical and graphical means. The results showed that all the parametric assumptions were met.

Table 2: Exploratory factor analysis of Anti-fraud policies mechanisms

Code	Statement	Fraud deterrent	Fraud detection	Internal Control
FDR 1	Clear division of duty guide against fraudulent activities.	.793		
FDR 2	Staff supervision help in reducing fraud	.675		
FDR 3	Monitoring work performance reduces fraud risk.	.562		
FDR 4	Whistle blower strategy, incentives, hotline, protection promote fraud risk management.	.676		
FDR 5	Ensuring safe controls when accessing system helps in reducing fraud risk	.738		
FDR 6	Strict legal consequences help in reducing fraud risk in organizations	.647		
FDR 7	High fines and penalties reduce fraud risk.	.748		
FDR 8	Fraud risk register help in curtailing fraud risk.	.582		
FDR 9	Fraud awareness training promote fraud risk management.	.696		
FDT 1	The organization has successfully implemented a great number of fraud detection instruments.		.773	
FDT 2	Selection of the suitable and effective fraud detection instruments is enhanced by availability of expertise within the organization.		.675	
FDT 3	The organization's fraud detection processes mostly rely on technology.		.619	
FDT 5	Success in detecting fraud depends greatly on the support from the top management.		.760	
FDT 6	Ethical organizational culture influences the success in detecting fraud within the organization.		.598	
ICT 1	The organization's internal control cannot over-ridden			.763
ICT 2	Fraud risk prevention is associated with an increase in the number of implemented internal control.			.682

ICT 3	Continuous internal and external audits assist in grounding the set internal controls.			.875
ICT 4	Part of the current organization's internal controls are as a result of learning processes from previous fraud occurrences.			.727
ICT 5	Laws and regulations on fraud risk management mainly influence the establishment of the organization's internal control.			.817
ICT 6	The set internal control enhances monitoring and financial reporting processes in the organization.			.679
ICT 7	The organization's internal control facilitates the identification and measurement of risk.			.615
	Percentage	32.75	21.48	45.77
	Cumulative Percent	27.14	22.61	50.25
	Eigen Value	7.405	6.487	9.025
	Scale reliability analysis			
	Cronbach's alpha	.719	.609	.629

Kaiser Meyer Olkin measure of sampling adequacy = .949
Bartlett test for sphericity = 7284.586, df=833, significance level =.000

Giving the results of the Exploratory Factor Analysis (EFA) each item loadings have (above 0.5) on the rotated component matrix. This explain from the theoretically point of view that convergent validity is established of Anti-fraud policies mechanisms having each items measuring separate dimensions of the global variable. Similarly, the reliability tests relating to each component scale were satisfactory, with Cronbach's alpha coefficient of all study variables having 0.7 and above. This means that there are strong reliability values. The three factors were labelled giving the percentages of the total variance explain as follows, Fraud deterrent (32.75%), Fraud detection (21.48%), and followed by Internal Control (45.77%) respectively. This implies that internal control has more explanatory power than fraud deterrent and fraud direction to cause variability to the main construct Anti-fraud policies mechanisms.

3.5 Model

Four regression equations were generated to define the models used in investigating the contribution effect of Anti-fraud policies mechanisms on financial performance of first Bank Nigeria PLC. The first regression equation for Model 1 related to the control variables of the respondent EDUCATIONAL QUALIFICATION. The second regression equation for Model 2 is related to the addition of fraud deterrent, the third regression equation for Model 3 is related to the addition of fraud direction whereas the equation for Model 4, the fourth Model 4, relates to the internal control variables. The regression equations for the models are specified as below:

3.5.1 Regression Analysis

Regression involving Anti-fraud policies mechanisms as a global variable

Three models were specified as:

1) Model 1: $FP = b_0 + b_1A + b_2EDUC + \varepsilon$
2) Model 2: $FP = b_0 + b_1A + b_2 EDUC + b_3FDR + \varepsilon$
3) Model 3: $FP = b_0 + b_1A + b_2 EDUC + b_3FDRc + b_4FDT + \varepsilon$
4) Model 4: $FP = b_0 + b_1A + b_2 EDUC + b_3FDR + + b_4FDT + b_5ICT + \varepsilon$

where:

FP	= financial performance
b_0	= is a constant
b_1Educ Qual	= is the unstandardized B coefficient of respondents
b_2Fdr	= is the unstandardized B coefficient of fraud deterrent
b_3Fdt	= is the unstandardized B coefficient of fraud direction
b_4Ict	= is the unstandardized B coefficient of Internal Control
ε	= is the error term

3.5.2 Results Zero Order Correlation Analysis

The results in table 3 showed a positive and significant association between the study variables; fraud detection mechanism and financial performance reveals that $r=.677$, $p<.05$ indicating that financial detection is significant and positively associated to financial performance in this context; additionally, fraud deterrent mechanism and financial performance is also significantly and positively correlated having the coefficient $r=.814$, $p<.05$. the results have it that deterrent in financial institution is key to financial performance of first bank; more so, fraud internal control mechanism and financial performance is highly correlated, explaining that control mechanism is vital to financial performance of first bank $r=.864$, $p<.05$; The overall correlation results have it that is significant and positively correlated to the study variables.

The results in column 1 of table 2 show the control variables have a non-significant contribution in explaining financial performance (adjusted R^2 = -.054; F=.99; p<.05). Column 2 shows that when fraud risk mechanism was added in the equation, the relation was positive and significant. In addition, financial risk mechanism accounted for 3.27% of the variance explained in financial performance (β= .488, p<.05; $R^2\Delta$= .3.14; F=3.27; p<.05).

Table 3: Provides the Inter-item Correlations of the Study Variables

Variables	Mean	Std	FDTM	FDM	ICM
Fraud Deterrent Mechanism	4.4479	.55684	**1**		
Fraud Direction Mechanism	4.6361	.37489	.772**	**1**	
Internal Control Mechanism	4.5589	.48415	.757**	.847**	**1**
Financial Performance	4.6500	.46502	**.677****	**.814****	**.864****

**Correlation is significant at the 0.01 level (2-tailed)
*Correlation is significant at the 0.05 level (2-tailed)

3.5.3 Hierarchical Regression Analysis

The study employ a hierarchical regression analysis was performed to ascertain the contribution effect of Anti-fraud policies mechanisms on financial performance of First Bank Nigeria Plc Jos Main Branch, while controlling for the respondent educational qualification. The results are presented in Table 4 below:

Table 4: Hierarchical Regression Analysis

Details	Model 1	Model 2	Model 3	Model 4	Collinearity Statistics Tolerance	VIF
Control variables	.010	.114	.138	.103	.755	1.105
Educ Quali						
Independent variables		**.632*****	.383	.191	.566	1.219
Fraud Deterrant						
Fraud Direction			**.733*****	.616	.577	1.204
Inter Control				**.595****	.468	1.672
Model summary **R^2**	.000	.545	.737	.803		
R^2 (adjusted)	-.054	.493	.699	.767		
R^2 change	.000	.545	.737	.803		
F-Value	.997	10.47	19.08	22.40		
Durbin Watson	**1.165**					

*p<.05; **p<.001; reported results are standardized regression coefficients

The study results in Table 4 show that in Model 1, is respondent educational qualification was not a significant predictor of financial performance, while in Model 2 shows that the addition of fraud deterrents to the equation contributes an extra 54.5% variance explained by the model ($R^2\Delta$ = .54.5; sig. fΔ=.000). The results also revealed fraud deterrents is a significant predictor of financial performance where (beta= .632; p=000). Thus, the results offer support to hypothesis 2 ($H0_2$). The result noted that the addition of fraud deterrents to the equation in Model 2 renders the control variables educational qualification not insignificant in explaining financial performance of First Bank Nigeria Plc Jos Main Branch. Model 3 shows that the addition of Fraud direction to the equation contributes an extra 20.6% of the variance explained in financial performance. Further, the strength of the relationship between Fraud detection and financial performance increases and reduced but remained positive and significant (beta =.733, p=.000). It was established that the relationship between FDT and financial performance is positive and significant; thus the results offer support to hypothesis 3 ($H0_3$). Lastly, the variable internal control when added in the model explain 80.3% (Adj. R^2=.803) the model shows the variance in financial performance, implying that the remaining 19.7% is explained by other factors not considered in this study. The study has a positive and significant relationship (beta =.595, p=.000). It can be noted that in the presence of internal control, is the strongest and significant predictor of financial performance of First Bank Nigeria Plc Jos Main Branch. Overall, all the study hypotheses were supported.

4.0 DISCUSSION OF FINDINGS

According to the present results, it is evident from the empirical results that contribution effect of fraud deterrent, fraud direction and internal control on financial performance of first Bank Nigeria Plc is now known. In this study, three things emerge. One, all the study variables; fraud deterrent, fraud direction and internal control are significant predictors of financial performance of First Bank Nigeria Plc Jos Main Branch. Two, when fraud deterrent and fraud direction are in play, the variations in financial performance are greatly caused by the internal control. From the Anti-fraud policies mechanisms perspective, the present results suggest that if First Bank Jos main branch are going to experience better financial performance, the management must emphasize on the anti-fraud policies mechanisms play an important role in creating and adding value to organizations by managing limited resources, activities and ensure employees to fulfill the organizations' objectives. A Cendrowski & Martin (2007) established that, fraud deterrence is the proactive identification and removal of the causal and enabling factor of fraud. Fraud deterrence is based on premise that fraud is not a random occurrence, fraud occurs where the conditions are right provided for it to take place.

Similarly, Adetiloye, Olokoyo & Taiwo (2016) documented that, the issues of internal control *viz.*, fraud prevention in the banking industry, adopting both primary and secondary data. Primary data was used to test internal control while secondary data were employed to test fraud prevention. More still, Agwor (2017) in his study focused on Fraud prevention as a dimension of Audit function on Business Profitability, effectiveness and Efficiency as measures of performance. This explain how relevant and anti-fraud prevention is to many organizations in the light of this practices. In addition, Eme, Inyang, & Joshua (2016) in their studies aimed at investigating the mechanisms of fraud prevention and detection and their levels of effectiveness in Nigeria. The study identified several fraud prevention and detection mechanisms that are currently used in Nigeria, such as systems 1 + - test indicates a significant difference between the perceived effectiveness and actual usage of fraud prevention and detections mechanisms in Nigeria.

5.0 CONCLUSION AND IMPLICATIONS

In conclusion, this study sought to examine the contribution effect of anti-fraud policies mechanisms on financial performance of banks in Nigeria. The study was achieved through a primary source survey by administering questionnaire of 40 employees of first bank Jos Main representing a response rate of 100 per cent. The results revealed that, all the elements of anti-fraud policies mechanism are significant predictors of financial performance of Banks in Nigeria to 80.3 per cent. However, anti-fraud policies mechanisms (AFPM) are better predictors of financial performance where: (R^2 = 54.5 per cent; beta=.623) than internal control practices is (R^2=19.2 per cent; beta=.733). The results of this study have significant implications for academicians, practitioners and regulators. For academicians, the study suggests that the competence of the individual behind the AFPMs should not be assumed. For practitioners, the findings are essential in that, they need to emphasize the anti-fraud policies mechanism for employees in the backing industry this will translate into better financial performance. For managers and supervisors such as the accountancy bodies, the findings reveal evidence underlining the importance of competence of the organizations in terms putting measures for anti-fraud prevention mechanism in different branches.

The study has no doubt that, significant contributions to the financial performance literature of banking industry, this does not mean there it has no limitations. It is worthy to note that, first, this study was limited to baking industry to be specific First Bank in Nigeria, and it is possible that the results may only be generalized to baking industry in Nigeria, additionally, focus was on the main branch in Jos Plateau state. Secondly, the study focused on the three dimensions of anti-fraud prevention mechanism in this context. However, some scholars in their study focuses on the five dimensions of anti-fraud prevention mechanism with emphasis to enhance financial performance. Thirdly, given that it is a cross-sectional study, there is room for changes over time which may not be assessed, and also, estimates of how speedily study measures might respond to any changes cannot be provided. This is likely because organizations change, as well as systems and circumstances surrounding them may affect them to vary. Fourthly, this study employed quantitative method of survey, and responses could have been limited to those statements in the questionnaire. These limitations are avenues for further studies. For instance, future studies may replicate the study in other context to test the model’s robustness; employ mixed methods approach and also consider using longitudinal study to capture changes in attitudes over time.

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