Forensic accounting and financial statement fraud in Nigerian deposit money banks

Radiant Journal of Business & Sustainability
ISSN (Print),
ISSN (Online)
Volume 1, Issue 1, February 2026
DOI:
www.radiantpublisher.com

Ogune, Oke[1*] & Ofor, T.N Ph.D[1]

Abstract
The study examined the impact of forensic auditing and financial fraud in Nigerian Deposit Money banks in Nigeria. The study investigated the effect of fraud detection on financial statement fraud in Nigeria deposit banks in Nigeria. The study employed the use of primary data sourced from questionnaires distributed to selected banks in Asaba, Delta state. The study employed the use of descriptive statistics, Cronbach Alpha analysis and ordinary least square (OLS) regression techniques in analyzing the data sourced via the questionnaires. The findings revealed that fraud detection and audit procedures have no significant effect on financial statement fraud in Nigerian banks. On the other hand, audit timeliness had significant effect on financial statement fraud in Nigerian banks. The study recommended that Nigerian deposit banks prioritize improving audit timeliness as a key strategy in reducing financial statement fraud, while also exploring the integration of advanced technologies like machine learning and big data analytics to enhance fraud detection and prevention efforts.
Keywords: Fraud Detection, Audit Timeliness, Financial Statement Fraud.

INTRODUCTION

The rapid evolution of financial fraud within Nigerian Deposit Money Banks (DMBs) has necessitated a critical evaluation of internal controls, particularly forensic auditing, to safeguard financial institutions. Forensic auditing refers to the specialized application of audit techniques to detect and prevent fraud, providing evidence that can be used in a court of law (Adesina et al., 2020). Given the challenges posed by financial crimes such as embezzlement, money laundering, and insider fraud, forensic auditing has become a vital tool in Nigeria's banking sector. Studies show that forensic auditing is instrumental in identifying financial frauds that threaten the stability of DMBs, thus enhancing their operational efficiency and safeguarding stakeholders' interests (Bingilar, 2021). Furthermore, the integration of forensic audit practices ensures better detection of financial mismanagement, contributing to the restoration of trust among investors and customers.

Recent research confirms the role of forensic auditing in the prevention and detection of fraud in Nigerian DMBs. For instance, Garba (2024) emphasized that forensic accounting techniques, such as data mining and trend analysis, improve the likelihood of identifying occupational fraud, thereby enhancing the transparency of financial statements. The synergy between forensic auditing and effective fraud detection systems in Nigerian banks underlines the need for strategic investments in advanced forensic tools and regular staff training (Olofinlade, 2021). In a similar vein, studies by Owolabi and Ogunsola (2021) underscore that forensic auditing significantly mitigates fraud, with specific focus on the role of forensic accounting skills and investigative methods in uncovering financial irregularities. By

[1] Department of Accountancy, Chukwuemeka Odumegwu Ojukwu University, Igbariam, Anambra State, Nigeria
* **Corresponding Author Email**: oke.ogune@dou.edu.ng / oguneoke11@gmail.com

employing these techniques, Nigerian banks can reduce financial crimes, thereby fostering better corporate governance and operational transparency.

Despite the positive impact of forensic audits, there is still a significant gap in the empirical literature, especially concerning the role of forensic auditing in fraud prevention at the organizational and regulatory levels in Nigeria. Recent studies have examined forensic audits in terms of fraud detection but fail to address the broader organizational reforms needed to institutionalize forensic audits across all DMBs (Oluwafemi, 2022). Additionally, there is limited focus on the long-term impacts of forensic audits on organizational culture, customer trust, and profitability. The increasing complexity of financial fraud, driven by technological advances, calls for more comprehensive and integrated forensic auditing practices, as suggested by Eguando (2023). These gaps highlight the need for more research into the continuous evolution of forensic auditing methodologies, particularly in the context of emerging financial technologies.

Recent literature also points to the limitations of conventional auditing techniques in tackling financial fraud, leading to a growing emphasis on technological advancements in forensic auditing (Osanyinbola, 2024). Technological tools, such as robotic process automation and data analytics, are increasingly being incorporated into forensic auditing frameworks to enhance fraud detection and prevention (Eguando, 2023). This shift is crucial in the face of emerging financial crime techniques, which have become more sophisticated with the rise of cybercrimes and digital transactions in the banking sector. Therefore, understanding the impact of technology-based forensic audits in Nigeria's DMBs is essential to improving fraud management practices and ensuring that banks are well-equipped to combat modern financial crimes.

Arising from the above, the main objective is the effect of forensic accounting and financial statement fraud in Nigeria deposit money banks.

REVIEW OF RELATED LITERATURE

The theoretical framework of this study draws upon the Agency Theory and Fraud Diamond Theory to examine the relationship between forensic auditing and financial fraud detection in Nigerian Deposit Money Banks (DMBs). Agency Theory, initially introduced by Jensen and Meckling (1976), focuses on the relationship between principals (shareholders) and agents (managers), highlighting potential conflicts of interest that may arise due to differing objectives. In the context of forensic auditing, this theory provides insights into how agency problems such as fraudulent behavior by bank management or staff can be mitigated through independent forensic audits (Dada et al., 2023). Forensic audits serve as a control mechanism to align the interests of managers and shareholders, thereby minimizing the risk of fraud and ensuring transparency. Studies such as Agboare (2021) and Idemudia Agboare (2021) underscore that the application of forensic auditing, especially with the adoption of sophisticated auditing techniques, significantly improves the detection of fraudulent activities, aligning managerial actions with the best interests of shareholders and enhancing the credibility of financial reporting. Additionally, the Fraud Diamond Theory, which expands on the well-known Fraud Triangle, is pivotal in understanding the psychological and situational factors that enable fraud in banks. According to this theory, fraud is more likely when there is pressure, opportunity, and rationalization, with the "diamond" adding the element of capability, which is necessary to commit fraud (Odukoya, 2021). In the context of Nigerian DMBs, forensic audits act as a deterrent by reducing the opportunities for fraud and addressing capability by ensuring that employees with the necessary skills are in place to detect and prevent fraudulent activities (Owolabi & Ogunsola, 2021).

Furthermore, the adoption of technological advancements in forensic auditing offers new perspectives on fraud detection and prevention. With the rise of digital transactions and increasingly sophisticated financial crimes, the role of technology-enabled forensic audits has

become more pronounced. As highlighted by Eguando (2023), technology-based forensic auditing tools, such as robotic process automation and data analytics, enhance the efficiency and effectiveness of fraud detection. These tools allow for real-time monitoring and analysis of financial transactions, providing auditors with advanced methods to detect irregularities that traditional methods may miss (Oduro et al., 2024). The integration of these technological tools into forensic audits aligns with the evolving needs of financial institutions to keep pace with digital banking's rapid expansion and the corresponding increase in cybercrime. By employing data mining techniques and other technological methods, forensic audits in Nigerian DMBs can now tackle the growing complexity of financial fraud (Bako et al., 2022; Adejoke Osanyinbola, 2024). These advancements, underpinned by Agency and Fraud Diamond Theory, offer a comprehensive framework for analyzing how forensic auditing can mitigate financial fraud and enhance the financial integrity of banks in Nigeria.

Forensic Auditing in Nigerian Banks

Forensic auditing has become a critical component in detecting and preventing financial fraud in Nigerian Deposit Money Banks (DMBs). This specialized form of auditing applies investigative techniques and audit procedures to uncover fraudulent activities and provide evidence that can be used in legal proceedings. Forensic auditors in Nigerian banks are tasked with examining complex financial records, identifying financial discrepancies, and detecting fraudulent schemes such as embezzlement, money laundering, and insider trading (Adesina et al., 2020). Recent studies have emphasized the importance of integrating forensic audits into the regular audit processes in Nigerian banks to enhance fraud detection and strengthen the integrity of financial statements (Owolabi & Ogunsola, 2021). Adesina et al. (2020) argue that banks that implement specialized forensic audit departments are better equipped to identify and mitigate financial fraud, leading to improved internal controls and a more transparent banking environment. Moreover, forensic audits have been shown to contribute significantly to restoring investor confidence, as they provide credible, legally admissible evidence of fraudulent activities (Madu-Chimau et al., 2020).

Additionally, the growing prevalence of technology-based financial crimes has led to an increasing reliance on advanced forensic auditing tools in Nigerian banks. These tools, including data analytics, artificial intelligence, and robotic process automation, allow forensic auditors to analyze large volumes of transactional data and identify patterns indicative of fraudulent activities (Eguando, 2023). As noted by Bako et al. (2022), the integration of technology in forensic auditing not only improves fraud detection capabilities but also enables banks to detect emerging fraud risks in real time. The shift towards technology-driven forensic auditing is particularly significant in Nigeria, where the rise of digital banking has introduced new vulnerabilities, making traditional audit methods less effective in addressing modern financial crimes (Osanyinbola, 2024). Furthermore, technology enhances the forensic auditor's ability to trace financial anomalies and reduce the time spent on manual investigation, thereby increasing the efficiency and effectiveness of fraud detection in Nigerian DMBs (Eguando, 2023). As Nigerian banks continue to evolve, the role of forensic auditors is expected to expand, particularly in terms of embracing advanced forensic tools to combat increasingly sophisticated fraud schemes.

Financial Fraud in Nigerian Banks

Financial fraud has been an endemic challenge in Nigerian banks, threatening their operational integrity, profitability, and public confidence. The prevalence of fraud in Nigerian banking institutions, especially since the introduction of electronic banking systems, has seen an alarming increase in recent years. Fraud in Nigerian banks ranges from insider fraud, such as embezzlement and misappropriation of funds, to external threats like cybercrime, ATM fraud, and internet banking fraud (Fatoki, 2023). The increase in electronic fraud, driven by advancements in digital banking, has exacerbated the vulnerabilities of the banking system.

Efraud techniques like phishing, pharming, and card skimming have become common, impacting both the banks' financial performance and customer trust (Jolaiya, 2024). Studies have shown that fraud, particularly in the form of electronic fraud, has significant negative effects on Nigerian banks' financial performance, leading to operational disruptions and financial losses (Ezu, 2020). Furthermore, the role of internal controls and regulatory frameworks has been increasing gly scrutinized, with a focus on strengthening mechanisms to combat fraud and mitigate its impact (Kasie & Akujinma, 2022). The regulatory environment, though evolving, still faces significant gaps in effectively curbing the rise of financial fraud in the banking sector.

Moreover, the root causes of financial fraud in Nigerian banks are multifaceted, ranging from weak internal controls, insufficient training, and high employee turnover to the growing sophistication of fraudsters utilizing advanced technology. The Fraud Diamond Theory, which highlights the elements of pressure, opportunity, rationalization, and capacity, offers a theoretical lens to understand why individuals commit fraud in Nigerian banks (Imagbe et al., 2020). This framework is critical in addressing the internal and external factors that contribute to fraudulent activities, especially among bank staff who may exploit their positions due to financial pressures or lack of oversight. The combination of high expectations placed on bank employees and insufficient internal security systems creates ripe conditions for fraud to thrive (Fatoki, 2023). Recent studies (Kasie & Akujinma, 2022; Tade, 2021) emphasize the importance of strengthening internal controls, improving employee training, and enhancing surveillance mechanisms to reduce the prevalence of financial crimes in Nigerian banks. As the financial industry moves toward a more digital ecosystem, the reliance on robust cybersecurity measures, as suggested by Fatoki (2023), becomes paramount in preventing fraud and safeguarding bank transactions from external attacks.

Theoretical Framework

For the theoretical framework of this study on forensic accounting and financial statement fraud in Nigerian Deposit Money Banks (DMBs), Agency Theory provides a solid foundation. Agency Theory explores the relationship between principals (shareholders) and agents (managers), emphasizing the conflicts of interest that may arise, particularly regarding financial decision-making and fraud. This theory helps explain how the lack of proper oversight and transparency can lead to fraudulent activities, which are a core concern of forensic accounting. Forensic accounting techniques, such as fraud investigation, financial transaction analysis, and forensic audit, are tools that mitigate these conflicts by ensuring that financial statements accurately represent the bank's financial position and preventing fraudulent behaviors that can arise due to principal-agent conflicts (Agboare, 2021). Agency Theory highlights the importance of having an independent and reliable mechanism, such as forensic accounting, to monitor the actions of managers and reduce the likelihood of financial statement fraud (Oluwapelumi, 2021).

The application of forensic accounting within the framework of Agency Theory addresses critical concerns in the banking sector, especially with the increasing instances of financial fraud. As financial institutions are prone to agency problems due to misaligned interests between shareholders and managers, forensic accounting methods play a vital role in fraud detection and prevention, ensuring that financial statements are transparent and accurately reflect the organization’s financial health. Studies have shown that forensic accounting techniques, like data mining and forensic audits, significantly enhance fraud detection and corporate governance in Nigerian DMBs (Bako et al., 2022). These techniques help reduce fraudulent behavior by holding managers accountable for their actions, aligning with Agency Theory's focus on reducing agency costs and conflicts (Garba, 2024). Through enhanced governance mechanisms supported by forensic accounting, DMBs can maintain financial integrity and ensure sustainable operations.

Empirical Review

Adesina, Erin, Ajetunmobi, Ilogho, and Asiriuwa (2020) examined the role of forensic auditing in mitigating financial frauds that threaten the stability and continuity of Deposit Money Banks (DMBs) in Nigeria. Using a survey design, primary data were collected through structured questionnaires administered to 17 out of 22 DMBs in the country, representing 77.3% of the banks. The study employed Ordinary Least Squares (OLS) regression for hypothesis testing and analysis. The findings revealed that the involvement of qualified and experienced forensic auditors significantly reduces financial frauds in DMBs, thereby promoting greater integrity and stability in Nigeria's banking sector. Agbaore (2021) expanded on this by investigating the impact of forensic accounting on financial fraud detection in Nigerian DMBs. Using a survey design and primary data from a Likert scale questionnaire, Agbaore found that forensic techniques such as conducting investigations, analysing financial transactions, and reconstructing incomplete accounting records significantly enhanced fraud detection capabilities within these banks.

Further research by Bako, Vincent, Usman, and Sitdang (2022) explored the effect of forensic accounting techniques like data mining, computer-assisted audit techniques, and trend analysis on detecting occupational fraud in Nigerian DMBs. Using primary data collected via structured questionnaires, their study found significant positive effects of these techniques on fraud detection, with high R^2 and adjusted R^2 values of 0.917484 and 0.901904, respectively. This highlighted the critical role of forensic accounting in detecting fraud in the banking sector. Building on this, Dada, Igbekoy, and Dagunduro (2023) investigated the combined impact of forensic accounting and corporate governance on the financial performance of Nigerian DMBs. Using ex-post facto and panel data research designs, the study analysed data from the annual reports of 15 listed DMBs over an 11-year period (2012-2022). Their findings demonstrated that both forensic accounting and corporate governance significantly influenced the financial performance of these banks, providing a solid foundation for the role of these factors in enhancing financial outcomes.

Lastly, Adekunle (2024) focused on the role of forensic accounting in detecting and preventing corporate fraud specifically in Nigerian DMBs located in Ekiti State. By employing a purposive sampling technique, Adekunle selected 10 employees from each of 10 banks, including key officials such as the Head of Operations and Cash Officials. Data were collected through a self-structured questionnaire, with a Cronbach Alpha coefficient of 0.782, indicating high reliability. Multiple regression analysis revealed that forensic techniques like forensic observation, interview, and interrogation significantly contributed to fraud detection and prevention. The study also found that forensic review, inspection, documentation, and forensic litigation played crucial roles in addressing corporate fraud, underscoring the vital contribution of forensic accounting tools in improving fraud prevention and detection in Nigerian DMBs

RESEARCH METHODOLOGY

The research methodology for this study will involve the collection of primary data through questionnaires distributed to selected auditors from five banks in Asaba, Delta State, specifically First Bank, Zenith Bank, UBA, Access Bank, and Union Bank. The study will adopt a descriptive survey research design, as it is well-suited for gathering in-depth insights from auditors regarding the role of forensic auditing in detecting and preventing financial fraud in Nigerian banks. The questionnaires will be structured to capture the auditors' perceptions, experiences, and the effectiveness of forensic auditing practices within their respective banks. To ensure the reliability and validity of the data, Cronbach's Alpha will be employed to assess the internal consistency of the questionnaire items, while interitem covariance will be used to examine the relationship between different variables. In addition, Ordinary Least Squares (OLS) regression analysis will be employed to test the study’s

hypotheses, exploring the correlation between forensic auditing techniques and financial fraud detection. The combination of these statistical tools will enable a thorough analysis of the data, ensuring the robustness of the findings and providing a reliable basis for drawing conclusions about the effectiveness of forensic auditing in the banking sector in Asaba.

DATA PRESENTATION

Summary of Descriptive Statistics

Table 1

Descriptive Statistics

Variable	Mean	Std. Dev.	Max	Min	Skewness	Kurtosis
FINC	4.48	0.3029	3.75	5.0000	-0.1886	2.4318
FRAUD	4.5125	0.2083	4.25	5.0000	0.0118	1.6890
AUDIT	4.575	0.2575	3.75	4.75	-1.0707	3.0723
AUDIP	4.4	0.1376	4	4.5	-0.9493	2.8533

Source: Researcher's Computation, 2025.

The descriptive statistics indicate that the respondents generally agreed on the high presence and effectiveness of forensic auditing components (fraud detection, audit timeliness, and audit procedures) in Nigeria's deposit money banks. The mean values for the forensic auditing variables — FRAUD (4.51), AUDIT (4.58), and AUDIP (4.40) — are all above 4 on a 5-point scale, suggesting that forensic auditing practices are perceived to be well-implemented and influential in curbing financial irregularities. The relatively low standard deviations (ranging from 0.14 to 0.26) show limited dispersion around the mean, implying that respondents' opinions were consistent. The negative skewness for AUDIT and AUDIP suggests that most responses were clustered at the higher end of the scale, indicating strong agreement on audit timeliness and procedures, while the near-zero skewness for FRAUD implies a balanced distribution of responses regarding fraud detection.

For the dependent variable, financial statement fraud (FINC) recorded a mean of 4.48 with a standard deviation of 0.30, indicating that respondents perceive financial fraud as a significant issue within Nigerian banks. However, the slightly negative skewness (-0.1886) and moderate kurtosis (2.43) imply that while most respondents recognize the problem of financial fraud, the occurrence or perception of such fraud is somewhat evenly distributed and not heavily concentrated around extreme values. Overall, the descriptive results suggest a strong presence of forensic auditing mechanisms in Nigerian banks, which may contribute positively to detecting and mitigating financial statement fraud, although perceptions of fraud remain relatively high.

Table 2

Cronboach Alpha

Item	Item-test correlation	Item-rest correlation	Average interitem covariance	Alpha
FINC	0.6824	0.1256	0.0024	0.1521
FRAUD	0.4523	0.0522	0.0055	0.2377
AUDIT	0.5878	0.1062	0.0034	0.1758
AUDIP	0.4449	0.1938	0.0031	0.1250
Test Scale			0.0036	0.2190

Source: Researcher's Computation, 2025.

The Cronbach's Alpha values in the table suggest that the internal consistency or reliability of the scales used to measure the forensic auditing variables (FINC, FRAUD, AUDIT, and AUDIP) is generally low. Specifically, the values for the individual items of financial statement fraud (FINC), fraud detection (FRAUD), audit timeliness (AUDIT), and audit procedures (AUDIP) are all below the generally accepted threshold of 0.70 for acceptable internal consistency. The highest alpha value is for FRAUD (0.2377), while AUDIP has the

lowest value at 0.1250, indicating weak internal consistency for that variable. The item-test and item-rest correlations also appear to be low, suggesting that the items within these scales do not correlate strongly with the overall scale or with other items, which may point to issues with the reliability of the measurement instruments used in the study.

Looking at the "Test Scale" row, we see a Cronbach's Alpha of 0.0036, which further confirms that the overall scale reliability is very poor. This extremely low alpha value suggests that the items combined may not be measuring the same underlying construct or may be poorly correlated with one another, which undermines the validity of the measures. The low average inter-item covariance (ranging from 0.0024 to 0.0055) further supports this interpretation, indicating that the relationships between the items in the scales are weak. Consequently, the reliability of the scales for assessing the impact of forensic auditing on financial fraud in Nigerian deposit banks may need to be reassessed or improved by revising the items or exploring alternative methods for measurement.

Table 3

Interitem Covariances

Variable	**FINC**	**FRAUD**	**AUDIT**	**AUDIP**
FINC	0.0918			
FRAUD	0.0059	0.0434		
AUDIT	0.0054	-0.0022	0.0663	
AUDIP	0.0030	0.0013	0.0082	0.0189

Source: Researcher's Computation, 2025.

The inter-item covariances presented in the table reflect the relationships between each pair of variables. For the financial statement fraud (FINC) variable, the highest inter-item covariance is with FRAUD (0.0918), suggesting a modest relationship between financial fraud and fraud detection measures. However, the covariances between FINC and the other two forensic auditing variables — AUDIT and AUDIP — are relatively low (0.0054 and 0.0030, respectively), indicating weak associations between financial fraud and audit timeliness or procedures. This could suggest that while there is some relationship between fraud detection and financial fraud, audit timeliness and procedures may not be as strongly related to financial fraud in the data.

Looking at the other variables, FRAUD shows a small positive covariance with FINC (0.0059) but has relatively low and even negative covariances with AUDIT (-0.0022) and AUDIP (0.0013). This suggests that fraud detection (FRAUD) has weak associations with both audit timeliness and procedures, with some inverse relationship to AUDIT. AUDIT and AUDIP have very weak inter-item covariances overall, ranging from -0.0022 to 0.0082, which suggests that the different aspects of forensic auditing (timeliness and procedures) are not strongly related to each other. This weak intercorrelation between the variables in the forensic auditing measures indicates that the items may not be capturing the same underlying construct or may not be aligned in a way that would strengthen the overall model. These low covariance values further support the concerns raised by the low Cronbach's Alpha values and suggest that revisions or adjustments may be necessary to improve the consistency and reliability of the measurement scale.

The regression results for the hypothesis testing of the impact of forensic auditing on financial statement fraud (FINC) in Nigerian deposit banks reveal mixed findings. The coefficient for Fraud Detection (FRAUD) is 0.0702, but the associated p-value is 0.569, which is greater than the standard significance level of 0.05. This suggests that fraud detection does not have a statistically significant impact on financial statement fraud in this study. This outcome aligns with findings in recent studies like Adekunle (2024), which propose that fraud detection systems, despite being a crucial part of fraud prevention

strategies, may not always directly correlate with the reduction of financial fraud (Adekunle, 2024). However, it contradicts research indicating the significant role fraud detection plays in mitigating fraud, as seen in studies that explore the increasing effectiveness of machine learning and AI-based fraud detection techniques Eguand, 2023).

Table 4

Test of Hypotheses

Dependent Variable: Financial Statement Fraud (FINC)

Variables	Symbol	Coefficient	Std. Err	t-Statistics	Sig.
Constant	_CONS	6.3724	1.0027	6.36	0.000
Fraud Detection	FRAUD	0.0702	0.1229	0.57	0.569
Audit Timeliness	AUDIT	-0.4300	0.1857	-2.32	0.023
Audit Procedures	AUDIP	-0.0495	0.0846	-0.58	0.560
F(3, 96)				2.03	
(Prob > F)				0.1149	
R-squared				0.0596	
Adj R-squared				0.0303	

Source: Researcher's Computation, 2025.

The coefficient for Audit Timeliness (AUDIT) is -0.4300 with a p-value of 0.023, which is statistically significant at the 0.05 level. This indicates that audit timeliness negatively affects financial statement fraud, meaning that more timely audits may reduce the likelihood of fraud. This result is supported by recent research such as that by Madu-Chimau, Egbunike and Okoro (2020), who emphasize the importance of timely audits in detecting and preventing fraudulent activities, particularly in complex environments. This finding also aligns with the notion that delayed audits allow fraudulent activities to persist and accumulate, making them harder to detect later.

For Audit Procedures (AUDIP), the coefficient is -0.0495 with a p-value of 0.560, which is also not statistically significant. This suggests that the specific procedures used in audits may not directly influence the occurrence of financial fraud in Nigerian banks. This contrasts with the findings of Jolaiya (2024), who discussed the evolving nature of audit techniques in combating fraud, particularly with the integration of machine learning and big data for fraud detection. These modern audit approaches may be more effective than traditional ones, which could explain why this study finds no significant relationship between audit procedures and fraud.

Finally, the overall F-statistic of 2.03 with a p-value of 0.1149 and R-squared of 0.0596 indicate that the model does not explain much of the variance in financial statement fraud. The low R-squared value suggests that other factors not included in the model might better explain the occurrence of fraud in Nigerian banks. This aligns with conclusions in various studies that indicate fraud is a multifaceted issue, often influenced by factors beyond just auditing practices (Onyema, Ojo & Adebayo, 2024). Thus, while forensic auditing measures like audit timeliness and fraud detection are important, they may not be sufficient by themselves to significantly reduce financial fraud without complementary measures, such as stronger internal controls or enhanced technological interventions.

CONCLUSION

This study examined the impact of forensic auditing on financial statement fraud within Nigerian deposit banks, with a focus on fraud detection, audit timeliness, and audit procedures. The results suggest that while fraud detection and audit procedures were not statistically significant in influencing financial fraud, audit timeliness demonstrated a significant negative relationship with financial statement fraud, indicating that timely audits may help reduce fraudulent activities. However, the overall model's low explanatory power suggests that other external factors, such as internal controls and technological innovations,

may play a crucial role in combating financial fraud. These findings underscore the importance of timely and efficient auditing practices, while highlighting the need for further research to explore additional factors and advanced techniques, such as machine learning and big data, in the fight against financial fraud in the banking sector.

Recommendation and Contribution to Knowledge

This study recommends that Nigerian deposit banks prioritize improving audit timeliness as a key strategy in reducing financial statement fraud, while also exploring the integration of advanced technologies like machine learning and big data analytics to enhance fraud detection and prevention efforts. Additionally, it suggests that banks invest in continuous training for auditors to adapt to evolving fraud schemes and ensure more effective audit procedures. The contribution to knowledge lies in highlighting the nuanced impact of forensic auditing components on financial fraud in the Nigerian banking context, particularly the significant role of audit timeliness, while identifying gaps in current fraud detection measures and offering insights into the need for technological integration in auditing practices to enhance efficiency and effectiveness in fraud prevention.

Reference

Adekunle, O. (2024). Forensic Accounting and Corporate Fraud in Deposit Money Banks in Nigeria. *African Journal of Accounting and Financial Research, 7*(2), 133-149. https://doi.org/10.52589/ajafr-aayztclw.

Adesina, K., Erin, O., Ajetunmobi, O., Ilogho, S., & Asiriuwa, O. (2020). Does forensic audit influence fraud control? Evidence from Nigerian deposit money banks. *Banks and Bank Systems*. https://doi.org/10.21511/bbs.15(2).2020.19.

Agboare, E. (2021). Impact of Forensic Accounting on Financial Fraud Detection in Deposit Money Banks in Nigeria. *African Journal of Accounting and Financial Research, 4*(3), 74-119. https://doi.org/10.52589/ajafr-ruc0s0iq.

Bako, D., Vincent, A., Usman, D., & Sitdang, C. (2022). Forensic Accounting and Detection of Occupational Fraud in Nigerian Deposit Money Banks. *International Journal of Social Science and Education Research Studies*. https://doi.org/10.55677/ijssers/v02i12y2022-10.

Dada, S., Igbekoy, O., & Dagunduro, M. (2023). Effects of Forensic Accounting Techniques and Corporate Governance on Financial Performance of Listed Deposit Money Banks in Nigeria. *International Journal of Professional Business Review, 8*(10), 1-26. https://doi.org/10.26668/businessreview/2023.v8i10.3547.

Eguando, T. (2023). Technological Forensic Auditing and Financial Crime Detection in Nigeria: A Study of Selected Deposit Money Banks. *African Journal of Accounting and Financial Research, 6*(4), 70-80. https://doi.org/10.52589/ajafr-gu8bxjad.

Ezu, G. (2020). Electronic Fraud and Performance of Deposit Money Banks in Nigeria: 2008-2018. *Banking & Insurance eJournal, 15*(6), 13-25. https://doi.org/10.5539/ijbm.v15n6p126.

Fatoki, J. (2023). The influence of cyber security on financial fraud in the Nigerian banking industry. *International Journal of Science and Research Archive.* https://doi.org/10.30574/ijsra.2023.9.2.0609.

Garba, A. (2024). Impact Of Forensic Accounting on Fraud Detection in Nigerian Deposit Money Banks. *Journal of Advance Research in Business, Management and Accounting* (ISSN: 2456-3544). https://doi.org/10.61841/pm035a38.

Imagbe, V., Abiloro, T., & Saheed, G. (2020). Fraud Diamond and Financial Crimes in Nigerian Banking Industries. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 9*(4), 294-303. https://doi.org/10.6007/ijarafms/v9-i4/6922.

Jolaiya, O. (2024). Effect of Electronic Fraud on the Financial Performance of Banks in Nigeria. *Asian Journal of Economics, Business and Accounting, 24*(4). https://doi.org/10.9734/ajeba/2024/v24i41266.

Kasie, E., & Akujinma, A. (2022). Fraud and Its Effect on Banking Industry: A Study of Selected Banks in Nigeria. *International Journal of Social Sciences and Management Review.* https://doi.org/10.37602/ijssmr.2022.5402.

Madu-Chimau, L., Egbunike, A., & Okoro, E. (2020). Forensic Auditing and Fraud Detection in Nigeria: Evidence from Publicly Quoted Commercial Banks, 6, 17874. https://doi.org/10.18639/MERJ.2020.9900022.

Odukoya, O. (2021). An examination of Problem Representation on Mindset and Fraud Risk Assessment in the Nigerian Deposit Money Banks. *Asian Journal of Multidisciplinary Studies, 9.*

Onyema, C., Ojo, A., & Adebayo, M. (2024). Impact of forensic accounting on fraud management: an examination of some selected deposit money banks in Nigeria. *International Journal of Research and Innovation in Social Science.* https://doi.org/10.47772/ijriss.2024.804119.

Osanyinbola, O. (2024). Technology-based forensic auditing and financial crime detection: an empirical analysis of deposit money banks in Nigeria. *African Journal of Accounting and Financial Research, 7*(2), 121-132. https://doi.org/10.52589/ajafr-0q6dvldm.

Owolabi, P., & Ogunsola, O. (2021). Forensic auditing And Fraud Detection in The Nigerian Deposit Money Banks.

Oyedokun, O. (2024). Forensic Accounting and Financial Reporting Quality of Listed Deposit Money Banks in Nigeria. *UMYU Journal of Accounting and Finance Research.* https://doi.org/10.61143/umyu-jafr.6(1)2024.009.

Paymaster, B. (2021). Forensic Audit: A Tool for Fraud Detection and Prevention in Nigerian Banks.

Segun, A. (2020). Effect of Forensic Accounting Investigation in Detecting Fraud in Nigerian Deposit Money Bank.

Tade, O. (2021). Nature of frauds in Nigeria's banking ecosystem, 2015-2019. *Journal of Financial Crime*. https://doi.org/10.1108/jfc-08-2021-0185.

Author Contributions:
All authors contributed equally.
Conflict of Interest:
The authors declare no competing interests.
Ethical Approval:
No ethical approval required.
Funding:
The authors received no specific funding for this work.
Declaration:
We confirm that the manuscript is original, has not been published previously, and is not under consideration elsewhere.