



# Whistleblowing Policy and Fraud Prevention and Detection of Listed Deposit Money Banks: Experience from Ekiti State, Nigeria

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**Abstract:** Nigeria is a country engulfed in and defined by fraud and other forms of corruption. This has had a significant detrimental impact on the Deposit Money Banks in Nigeria and the country's reputation around the world. To this end, the federal government launched whistleblowing policy in 2015 to fight corruption. The whistleblowing initiative aims to encourage Nigerians with useful information about a breach of financial legislation, mishandling of government funds and assets to disclose it. It was considered fit to assess the effectiveness of whistleblowing policy on fraud prevention and detection on listed Deposit Money Banks in Ekiti State, Nigeria since the policy was formulated. The study's participants were all core and managerial workers of Ekiti State's fourteen listed deposit money institutions. The study's sample of 100 respondents was carefully chosen. The instrument utilized to obtain the essential data for the investigation was a questionnaire. The instrument was evaluated by two specialists, and the instrument's reliability was ensured, yielding a reliability coefficient of 0.89, indicating that the results are accurate enough to elicit responses for the study. Only 88 of the 100 questionnaires distributed were returned, indicating an 88 percent response rate. The data was examined using inferential statistics such as chi-square, analysis of variance ANOVA, and multiple linear regression. The study's findings discovered that there exist a positive significant relationship between whistle blowing policy and monitoring and mitigation of management and outsider fraud in Nigerian deposit money banks, as well as a significant impact on the monitoring and mitigation of employee fraud in Nigerian deposit money banks. The research advised that deposit money bank management continue to implement whistleblowing policies to prevent and detect fraud before it occurs, because is as an effective and efficient way of controlling the occurrences of fraud in deposit money bank.

**Keywords:** Deposit Money Bank, Fraud, Management, Employees, Outsiders

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## 1. Introduction

In terms of corruption and fraud, non-industrial nations, especially those in Africa, habitually acquire poor worldwide rankings. About ten out of forty-nine Sub-Saharan African nations have corruption discernment scores higher than the world average in 2020 Corruption Perception Index (CPI) surveys [19]. In Nigeria, fraud and corruption have become culture. Since the establishment of the First Republic in 1966, the military government has been accused of fraud and

corruption during the forcible acquisition of power. The military junta labeled the civilian government, led by Alhaji Abubakar Tafawa Balewa, as corrupt. Since then, corruption and fraud has become a major stumbling block to Nigeria's development. As a result, successive governments have made it a habit to accuse their predecessors of fraudulent activities and violations of constitutional prohibitions [9].

According to Okafor et al [16], Corruption as well as lack of transparency have long plagued Sub-Saharan Africa, particularly Nigeria. The rise and intensification of

corruption in Nigeria, in line with the study of Agbiboa [3], might well be attributed back to the earlier military involvement in the world of politics, which practically institutionalized corruption. Furthermore, the public sector was decimated by the abandonment of a fundamental principle of legitimacy and transparency, to the point where even guaranteed meager incomes were also not paid for extended periods of time, compelling government workers to seek better economic opportunities. This is worsened by the absence of alternative job opportunities outside of government.

Nigerian governments have tried a variety of transparency ways to counter corruption and fraud, including restructuring that included judicial and investigative agencies, as well as judicial and administrative panels of inquiry [14]. Similarly, legislative initiatives have yielded mixed results. These dismal results applied to international financial institutions' financial accounting and accountability reforms. The International Public Sector Accounting Standards (IPSASs) adoption by Nigerian Government was ineffective, according to Bakre et al. [6], owing to a frail policy requirements and deficient institutions of the state. According to the researcher, the innovations of western accounting flopped in Nigeria for the reason that they failed to take into consideration the nation's social, economic, political, and cultural whistleblowing to fight corruption and fraud context.

In 2015, a new government in Nigeria sparked a new initiative to mobilize citizens to fight corruption through a reporting program [5]. Despite President Buhari's overt proclamation during his Independence Day speech, the Ministry of Finance, led by Mrs. Femi Adeosun, launched the Whistle-blowing Policy, which serves as a deterrent against corrupt activities in Nigeria [19]. In line with the Federal Ministry of Finance [12], the Whistleblowing Initiative is intended to encourage Nigerians (anyone) who have helpful knowledge of a breach of financial regulations, mishandling of government funds and assets, financial mismanagement, fraud, or concealing to report material information. It is limited to violations and abuses of financial procedures, due diligence, and associated offences or matters in the public sector under the FMF whistleblowing program.

Whistleblowing, as defined by [8], comprises disclosing misconduct or unlawful behaviour inside an institution to people in positions of authority or the general public. When it is implemented in an organization, it reinforces ethical behaviour among employees. To blow the whistle is to alert a third party that someone has done or is doing something wrong. Whistleblowing literally implies making a loud noise to alert people to unethical behavior or misconduct. By blowing the whistle, one informs the corporation that its stakeholders are being victimized unfairly. It is well known by the majority of people in Nigeria that fraud and corruption are committed mostly at the management level in most organizations.

Despite the measures put in place to prevent and detect fraud and corruption in Nigeria through whistle blowing, yet the problem is on the increase side every day in all economic

sectors including banking industry. Despite the banking industry's reputation for being the most tightly managed and regulated in Nigeria, fraud has continued to plague the industry. It has infiltrated every unit and division of the financial industry. In today's Nigeria, the level of fraud has reached epidemic proportions [5, 7]. Fraud, in general, has its origins in the man's heart. It is axiomatic that man's heart is deceitful above everything else and profoundly wicked. According to Olaoye et al. [17], the banking sector is now one of the most essential areas and top echelons of the economic system, with practical consequences on the level and direction of socioeconomic development, as well as contentious topics such as inflation and unemployment, which have direct implications on the lives of our people. The entire integrity and viability of these noble duties of Nigerian banks has been called into question in the midst of recurring frauds and accounting scandals. It was suggested that the banking industry's constant scams had reached a point where many stakeholders are losing faith and confidence in the institution.

Similarly, Olaoye et al. [17] and Adeyemo [2] stated that the recent outbreak of fraud in the Nigerian banking sector has become a source of national disgrace, as evidenced by law enforcement officials' apparent endeavors to effectively track down the perpetrators. The number one nemesis of the corporate world is dishonesty. It affects everyone and everything. The fear is increasingly universal that the rising tide of fraud in recent years, if not addressed, will pose serious dangers to the economy, political stability, financial institution survival, and industrial performance. According to Okafor et al. [16], more financial resources are pilfered in or via financial institutions by pen fraud than via other scandalous means.

Theft of inventories, incorrect usage of expenditure accounts, highly classified commission and embezzlement, false payment processing, virtual and telecommunication fraud, unauthorised access and usage of information, forgery of cheque, cloning of cheque, falsification of financial statements, and many more are all examples of fraud committed by management, workers, and outsiders, and are all categorized under the three categories of fraud perpetrated by management, workers, and outsiders tagged management [1]. Various types of fraud in line with Olaoye et al. [17], can be committed in a variety of methods, including management, staff, and external fraud. Similarly, other experts favor a classification depending on the methods used, such as Erin et al.; Onakoya and Moses [9, 18]. There are three basic forms of fraud perpetration: internal fraud perpetrated by employees, external fraud perpetrated by outsiders, and management fraud perpetrated by management staff [17]. Because fraudsters are constantly inventing new tactics, the varieties of fraud are generally not exhaustive. Investment frauds, banking service scandal, government scandal, marine financial scandal, computer financial scandal, and smash and grab fraud are among the most important and common types of fraud, according to Hamilton and Justin [13]. Examining where the most fraudulent acts occur in deposit money banks

is critical in determining the level at which a whistleblowing policy is required.

### **1.1. Statement of the Problem**

Nigeria is a country that is heavily engulfed in and characterized by fraud and other forms of corruption. These have had a significant detrimental impact on the country's reputation around the world. Fraud and associated vices have wreaked havoc on the banking industry and Nigeria economy by extension, resulting in a enormous distress rate among businesses with consequential income losses [14, 15]. Misappropriation of funds, forgeries, funds diversion, embezzlement, obstruction of justice, nepotism, fabrication of records, and other forms of corruption have plagued banking business and public institutional activities in Nigeria. Ekiti State is no different from the rest of Nigeria when it comes to corrupt activities [8]. Aside from a rising level of public concern and an increase in managerial attentiveness as a result of computer technology, fraud, falsifications, and other corrupt acts have resulted in huge losses incurred for deposit money banks in Nigeria, and their customers, as well as the enormous loss of shareholders' funds and capital base [9]. In an effort to arrest the menace of fraud and corruption, the present regime in 2015 introduce whistleblowing policy into Nigeria system based on Fasua and Osifo [11] and Ayamba [5]. Overtime, since the introduction of whistleblowing in Nigeria, it was affirmed that there exist scanty studies on the relationship between effective whistleblowing policy and prevention and detection of fraud in Deposit Money Banks in Nigeria. The few studies maintained a neutral position on the direction of the relationship [4, 7, 16]. Another link of studies on whistleblowing policy did not establish the relationship with prevention and detection of fraud in Deposit Money Banks in Nigeria [18, 11]. It is against this backdrop that this study considered it appropriate to evaluate the relationship between effective whistleblowing policy and fraud prevention and detection of listed deposit money banks in Ekiti State, Nigeria

### **1.2. Purpose of the Study**

The main purpose of the study is to examine the relationship between effective whistleblowing policy and fraud prevention and detection in deposit money banks in Nigeria. The specific objectives are to:

- i. examine the relationship between whistleblowing policy and detection and prevention of management fraud in deposit money banks of Nigeria;
- ii. investigate the impact of whistleblowing policy on detection and prevention of employees' fraud in deposit money banks of Nigeria;
- iii. establish the relationship between whistleblowing policy and detection and prevention of outsiders' fraud in deposit money banks of Ekiti State, Nigeria.
- iv. To investigate the interactive effect of Whistleblowing policy on management fraud, employees' fraud and outsiders' fraud in deposit money banks in Ekiti State, Nigeria

### **1.3. Research Questions**

- i. what is the relationship between whistleblowing policy and prevention and detection of management fraud in deposit money banks?
- ii. what is the impact of whistle blowing policy on prevention and detection of employees' fraud in deposit money banks?
- iii. what is the relationship between whistle blowing policy and prevention and detection of outsiders' fraud in deposit money banks in Nigeria?
- iv. What is the interactive effect of whistleblowing policy on prevention and detection of management fraud, employees' fraud and outsiders' fraud?

### **1.4. Hypothesis of the Study**

- i. Whistle blowing policy has no significant relationship with prevention and detection of management fraud in deposit money banks in Nigeria;
- ii. Whistle blowing policy has no significant impact on prevention and detection of employees' fraud in deposit money banks in Nigeria;
- iii. Whistle blowing policy has no significant relationship on prevention and detection of outsiders' fraud in deposit money bank of Nigeria;
- iv. There no significant interactive effect of Whistle blowing on management fraud, employees' fraud and outsiders' fraud in deposit money banks in Nigeria.

## **2. Methodology**

This study adopted descriptive research design of a survey type. The population of the study consisted of all core and management employees of listed deposit money banks in Ekiti State, Nigeria. The sample of 100 respondents was purposively selected for the study. A questionnaire was the instrument used to collect the necessary data for the study.

### **2.1. Validity and Reliability of Instrument**

The instrument was validated by two experts and the reliability of the instrument was ensure, the reliability coefficient of 0.89 was obtained which indicated that the instrument is reliable enough to elicit response for the study. Out of the 100 questionnaires distributed only 88 were retrieved indicated a return rate of 88 percent. The inferential statistics such chi-square, Analysis of variance and multiple linear regression were used to analyze the data collected.

### **2.2. Model Specification**

This study is to examine the effect of whistle blowing on fraud detection and prevention in deposit money banks in Nigeria. To achieve this, two types of variables are involved in this study, these are, the explanatory/independent variable and regressand/dependent variable. The dependent variables in this study are the Fraud detection and prevention measured by: Management Fraud Detection and Prevention (MFD),

Employees Fraud Detection and Prevention (EFD) and Outsiders' Fraud Detection and Prevention (OFD); The independent variable in this study is the Whistleblowing Policy (WP). Thus,

$$Y=f(X, Z) \tag{1}$$

Y=Dependent Variables

Y=y<sub>1</sub>

X=Independent Variables

X=x<sub>1</sub>, x<sub>2</sub>, x<sub>3</sub>

Z=Error Term

Z=z<sub>1</sub>

Where:

y<sub>1</sub>=Management Fraud Detection and Prevention (MFD)

y<sub>2</sub>=Employees' Fraud Detection and Prevention (EFD)

y<sub>3</sub>=Outsiders' Fraud Detection and Prevention (OFD)

x<sub>1</sub>=Whistleblowing Policy (WP)

z<sub>1</sub>=Error term ( )

Thus, in line with the agency theory, signaling theory and arbitrage pricing theory adopted for this study and prior studies, the models are specified and justified as follows:

*Model 2*

The model is stated as follows:

$$EFD=f(WP, ) \tag{2}$$

$$EFD = \beta_0 + \beta_1WP + \varepsilon_1 \tag{3}$$

Where:

EFD is the Employees' Fraud Detection and Prevention

WP is the Whistleblowing Policy

is the error term.

*Model 3*

The model is stated as follows:

$$OFD=f(WP, ) \tag{4}$$

$$OFD = \beta_0 + \beta_1WP + \varepsilon_1 \tag{5}$$

Where:

OFD is the Outsiders' Fraud Detection and Prevention

WP is the Whistleblowing Policy

is the error term

*Model 4*

$$WBP=-.792 + 0.562 (MF) + 0.238 (EF) + 0.370 (OF) \tag{6}$$

WBP=Whistle blowing policy

MF=Management Fraud

EF=Employees' Fraud

OF=Outsiders' Fraud

*Table 1. Summary of Variable Measurements.*

Variables	Abbreviation	Definition
Management Fraud Detection and Prevention	MFD	Detection and prevention of all the frauds perpetrated by Management through whistleblowing based on the respondents view on Likert scale questionnaire.
Employees' Fraud Detection and Prevention	EFD	Detection and prevention of all the frauds perpetrated by Employees through whistleblowing based on the respondents view on Likert scale questionnaire.
Outsiders' Fraud Detection	OFD	Detection and prevention of all frauds perpetrated by Outsiders through whistleblowing based on the respondents view on Likert scale questionnaire.
Whistleblowing Policy	WP	Effect of Whistleblowing Policy on fraud detection and prevention based on the respondents view on Likert scale questionnaire.
Error Term		Other variable that may contribute to detection and prevention of all frauds perpetrated by Management, employees and outsiders but not captured in the model.

Source: Researcher's Computation, 2021

### 3. Empirical Review

Kenyan listed (publicly quoted) commercial banks' reaction measures to fraud were evaluated by Mbuguah [15]. The survey used in this study was a descriptive one. The research looked at eleven Kenyan commercial banks that are publicly traded on the Nairobi Stock Exchange. A semi-structured questionnaire was utilized to collect both primary and secondary data for this investigation. The research concluded that the leaders of fraud and investigations in publicly traded commercial banks have the necessary experience and knowledge to respond to frauds effectively and efficiently. It was also determined that the industry's whistleblowing policy, as well as its fraud policy, were extremely stringent, consistent with the company's fraud risk, and taking into consideration applicable legal issues.

Fakunmoju and Olukayode [10] investigated Effect of Fraud

Management Practices on Non- Financial Performance of Selected Deposit Money Banks in Lagos State, Nigeria. A questionnaire technique was used in this study. The study population includes all top and intermediate strategic managers from Nigeria's 22 publicly traded financial institutions, which are divided into domestic and international deposit money banks. The grand total population of the study is 568. The 292 were used in the study. Both inferential and descriptive statistic were used to analyze the data collected. The study found out that fraud management practices have positive and significant effect on bank efficiency and operational performance of the selected deposit money banks with (P<5%). The study concluded that fraud management practices have effect on bank operational performance and efficiency deposit money banks in Lagos State, Nigeria.

Whistleblowing, in light of Ayamba [11], is critical in addressing fraud, corruption, and other illegal acts within an organization. The effectiveness of a whistle-blowing

procedure and an audit committee in the Nigerian banking sector were investigated using a multi-variate regression technique. To estimate the hypotheses' postulated associations, a logistic regression analysis was utilized. According to the study, the Nigerian banking sector will be more likely to ensure effective whistleblowing mechanisms if more independent, meeting, expert, and diligent audit committees are established. The study discovers a substantial link between efficient whistleblowing mechanisms and audit committee independence, financial expertise, and audit committee meetings in the Nigerian banking sector.

Whistleblowing and the financial reporting quality in the Nigerian banking sector are investigated by Erin et al. [9]. The study tackles the research question by surveying the big four audit firms (KPMG, PWC, Ernst & Young, and Akintola Williams Deloitte) to examine the research hypothesis. The survey used a total sample size of 275 people. The impacts of whistle-blowing on the financial reporting quality in the Nigerian banking sector are investigated using regression analysis. The study's major statistic for gauging model specification is adjusted R<sup>2</sup>. The results show that the R square, or regression coefficients, has a significant value for all of the elements that contribute to the model's explanation (KPMG 72.8 percent, PWC 61.2 percent, Ernst & Young 58.2 percent, Akintola Williams Deloitte 64.0 percent). The experimental data show that in the banking sector in Nigeria, whistleblowing adoption has a favorable significant relationship with financial reporting quality. Regulators should put in place the appropriate processes to ensure that those in charge of compiling bank financial statements continue to do so.

Emeka-Nwokeji [8] conducted a study on whistleblowing: a panacea for fraud prevention and detection in Nigerian public

companies. As a result of high level of fraud and corruption in Nigerian public companies, local and foreign investors turn their back on our capital market and this affects the foreign investment of the country and the economy as a whole. This study examines whistleblowing as a necessary condition for fraud prevention and detection in Nigerian public companies. Survey design was used. Population of this study consists of employees of public companies with registered office in Anambra. Out of 132 questionnaires distributed, 98 were properly filled and returned representing 74% response rate which is considered appropriate. Data collected for the study were analyzed using descriptive statistics. One sample t-test was used for testing hypotheses one and three while hypothesis three was tested using Pearson product moment correlation coefficient. Analysis provides evidence that whistleblowing programme is significant in reducing fraudulent activities in public companies; that there is significant relationship between whistleblowing legislation and fraud prevention and detection in public companies. The result also shows that basic elements of whistleblowing have not been properly established in public companies.

## 4. Results

The data of the research was analyzed and results presented as descriptive result and test of hypothesis.

### 4.1. Descriptive Result

Research Question 1: what is the relationship between whistle blowing policy and prevention and detection of management fraud in deposit money banks?

**Table 2.** Mean scores and standard deviation on prevention and Detection of Management Fraud of Selected Deposit Money Banks in Ekiti State, Nigeria.

S/N	Item	N	Min	Max	Mean	Std. Dev.	Remark
1.	There are policies in the bank to report frauds committed by management to Audit Committee and regulations	88	4.00	5.00	4.05	0.23	Agreed
2.	There are deliberate policies to prosecute all management staff involved in fraud without fear of backlash	88	3.00	5.00	3.82	0.88	Agreed
3.	The Audit Committee take responsibility for monitoring fraud opportunities at board and executive level	88	3.00	5.00	4.31	0.49	Agreed
4.	There are no pressures on management to achieve excessive revenue bench march.	88	2.00	5.00	3.62	1.19	Agreed
5.	There are no recent changes in accounting proceeding within the organisations	88	2.00	5.00	3.57	0.93	Agreed
	<i>Weighted Mean</i>				<i>3.84</i>		<i>Agreed</i>

$\bar{X} \leq 3.00$  indicate Agreed otherwise "Disagreed"

The result presented in table 2 revealed the relationship between whistle blowing policy and prevention and detection of management fraud in deposit money banks. The mean values in the table are greater than 3.00 which indicated that majority of the respondents agreed with all statements in item 1- 5 that deposit money bank have: policies in the bank to report frauds committed by management to Audit Committee and regulations (4.05), they also have deliberate policies to prosecute all management staff involved in fraud without fear of backlash (3.82), Audit Committee take responsibility for monitoring fraud opportunities at board and executive level

(4.31), no pressures on management to achieve excessive revenue bench march (3.62), they revealed that no recent changes in accounting proceeding within the organisations (3.57). The weighted mean in the table is also greater than 3.00. This further justified that money deposit bank have whistle blowing policy to prevent and detect management fraud in banking sector.

Research Question 2: what is the impact of whistle blowing policy on prevention and detection of employees' fraud in deposit money banks?

**Table 3.** Mean scores and standard deviation on Prevention and Detection of Employee Fraud of Selected Deposit Money Banks in Ekiti State, Nigeria.

S/N	Item	N	Min	Max	Mean	Std. Dev.	Remark
6.	There are employees background check-up policies in the bank	88	4.00	5.00	4.17	0.37	Agreed
7.	There are policies in the bank to report staff fraudulent cases to management and regulations	88	3.00	5.00	4.10	0.34	Agreed
8.	There are deliberate policies to prosecute all fraudulent employees without fear of backlash	88	3.00	5.00	3.86	0.59	Agreed
9.	There are policies on the frequency of employees going on vacation	88	2.00	5.00	3.55	0.93	Agreed
10.	There are dual control policy guiding the consummation of transactions of the bank by the staff	88	2.00	5.00	3.65	0.96	Agreed
11.	The banks response hotline do act swiftly to anonymous tips	88	2.00	5.00	3.80	0.64	Agreed
					<i>Weighted mean</i>	3.86	<i>Agreed</i>

$\bar{X} \leq 3.00$  indicate Agreed otherwise "Disagreed"

The table 3 presented the responses of the respondents on the impact of whistle blowing policy on prevention and detection of employees' fraud in deposit money banks. The mean values in the table are greater than 3.00 which implies that majority of the respondents agreed with all statements in item 6- 11 that employees background check-up policies are in place in the bank (4.17), policies to report staff fraudulent cases to management and regulatory committee are in the bank (4.10), also, deliberate policies to prosecute all fraudulent employees without fear of backlash are in the money deposit bank (3.86), there are policies

on the frequency of employees going on vacation (3.55), dual control policy guiding the consummation of transactions of the bank by the staff (3.65), and banks response hotline do act swiftly to anonymous tips (3.80). The weighted mean in the table is also greater than 3.00. This also justified the claim that money deposit bank have whistle blowing policy that has impact on employees' fraud prevention and detention.

Research Question 3: what is the relationship between whistle blowing policy and prevention and detection of outsiders' fraud in deposit money banks in Nigeria?

**Table 4.** Mean scores and standard deviation on Prevention and Detection of outsider's fraud of Selected Deposit Money Banks in Ekiti State, Nigeria.

S/N	Item	N	Min	Max	Mean	Std. Dev.	Remark
12.	There is a policy in my bank to report fraud committed by outsider to the management /audit committee/ regulation	88	3.00	5.00	4.09	0.32	Agreed
13.	There is a deliberate policy to prosecute all outsiders involved in fraud related cases in my organization	88	2.00	5.00	4.06	0.78	Agreed
14.	There are measures in places like encryption, firewalls etc. to guide external inter reference into the web of my bank	88	3.00	5.00	4.34	0.50	Agreed
15.	Policy KYB and KYC are strictly adhered to in my bank	88	3.00	5.00	4.40	0.51	Agreed
16.	Suspicious transactions of the customers/ suppliers etc are swiftly reported to regulation	88	4.00	5.00	4.62	0.48	Agreed
17.	Address verifications are conducted on all bank customers	88	2.00	5.00	4.57	0.56	Agreed
					<i>Weighted Mean</i>	4.35	<i>Agreed</i>

$\bar{X} \leq 3.00$  indicate Agreed otherwise "Disagreed"

The table 4 presented the responses of the respondents on the whistle blowing policy on prevention and detection of outsider fraud in deposit money banks. The mean values in the table are greater than 3.00 which indicated that majority of the respondents agreed with all statements in item 12- 17 that policy in the bank to report fraud committed by outsider to the management /audit committee (4.09), deliberate policy to prosecute all outsiders involved in fraud related cases in my organization (4.06), measures like encryption, firewalls etc. are in place to guide external inter reference into the web of bank

(4.34), KYB and KYC policy are strictly adhered to in the bank (4.40), suspicious transactions of the customers/ suppliers etc are swiftly reported to regulatory authority (4.62), and verifications of address are carried out on all bank customers (4.57). The weighted mean in the table is greater than 3.00. This further showed that money deposit bank has whistle blowing policy on outsider fraud prevention and detention.

Research Question 4: What is whistle blowing policy in Deposit Money Banks in Ekiti State, Nigeria?

**Table 5.** Mean scores and standard deviation on whistle blowing in Deposit Money Banks in Ekiti State, Nigeria.

S/N	Item	N	Min	Max	Mean	Std. Dev.	Remark
18.	I am well familiarised with the whistle blowing Act of 2016	88	3.00	5.00	4.06	0.75	Agreed
19.	My organization has a formal mechanism that encourages reporting of wrongdoing (Whistle-blowing policies)	88	3.00	5.00	4.53	0.56	Agreed
20.	I would report any corrupt activity if there is a Incentive & Stipulations in the protection of informers	88	3.00	5.00	4.04	0.74	Agreed
21.	I am aware of instances of whistle blowing in my organization	88	3.00	5.00	4.12	0.79	Agreed
22.	There are whistleblower hotline facility available for employees, public, customers and suppliers to report suspected fraud and corruption	88	3.00	5.00	4.11	0.38	Agreed
23.	The identity of the whistleblowers remains confidential	88	2.00	5.00	3.19	1.15	Agreed
24.	Information provided is used and after preliminary analysis, investigation is opened into the matters.	88	2.00	5.00	3.36	1.02	Agreed
					<i>Weighted Mean</i>	3.92	<i>Agreed</i>

The table 5 presented the responses of the respondents on the impact of whistle blowing policy on prevention and detection of outsider fraud in deposit money banks. The mean values in the table are greater than 3.00 which revealed that majority of the respondents agreed with all statements in item 18- 24. This implies that majority of the respondents are familiar with the whistle blowing Act of 2016 (4.06), organization has a formal mechanism that encourages reporting of wrongdoing (Whistle-blowing policies) (4.53), majority of the respondents report any corrupt activity if there is a Incentive & Stipulations in the protection of informers (4.04), they are aware of instances of whistle blowing in their organization (4.12), whistleblower hotline facility available for employees, public, customers and

suppliers to report suspected fraud and corruption (4.11), the respondent indicated that the identity of the whistleblowers remains confidential (3.19) and information provided is used and after preliminary analysis, investigation is opened into the matters (3.36). The weighted mean in the table is greater than 3.00. This implies that money deposit bank has whistle blowing policy on fraud prevention and detention.

#### 4.2. Test of Hypotheses

H<sub>01</sub>: Whistle blowing policy has no significant relationship with prevention and detection of management fraud in deposit money banks in Nigeria;

**Table 6.** Chi-Square Tests for significant relationship whistle blowing policy and prevention and detection of management fraud in deposit money banks.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	330.915 <sup>a</sup>	70	0.000
Likelihood Ratio	210.970	70	0.000
Linear-by-Linear Association	65.795	1	0.000
N of Valid Cases	88		

P < 0.05 (Significant)

The result presented in table 6 revealed chi-square value (330.915), df=(1, 70) P. value (0.000) < 0.05 level of significant. Thus, the null hypothesis one was rejected. This means that whistle blowing policy has significant relationship with prevention and detection of management

fraud in deposit money banks in Nigeria

H<sub>02</sub>: Whistle blowing policy has no significant impact on prevention and detection of employees' fraud in deposit money banks in Nigeria;

**Table 7.** Analysis of variance (ANOVA) for the significant impact of whistle blowing policy on prevention and detection of employees' fraud in deposit money banks.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	24.231 <sup>a</sup>	7	3.462	55.515	.000
Intercept	679.723	1	679.723	10901.341	.000
EFPD	24.231	7	3.462	55.515	.000
Error	4.988	80	.062		
Total	1381.776	88			
Corrected Total	29.219	87			

a. R Squared=.829 (Adjusted R Squared=.814)

P < 0.05 (Significant)

The result presented in table 7 revealed the impact of whistle blowing policy on prevention and detection of employees' fraud in deposit money banks, F-cal=(55.515), df=(1, 80) and P-value (0.000) < 0.05 level of significance. This makes the null hypothesis two to be rejected. Therefore, the result indicated that whistle blowing policy has

significant impact on prevention and detection of employees' fraud in deposit money banks in Nigeria.

H<sub>03</sub>: Whistle blowing policy has no significant relationship on prevention and detection of outsiders' fraud in deposit money bank of Nigeria.

**Table 8.** Chi-Square Tests for significant relationship between whistle blowing policy and outsiders' fraud prevention and detection in deposit money bank.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	384.522 <sup>a</sup>	80	.000
Likelihood Ratio	212.900	80	.000
Linear-by-Linear Association	46.272	1	.000
N of Valid Cases	88		

P < 0.05 (Significant)

The result presented in table 8 revealed chi-square value (384.522), df=(1, 80) P. value (0.000) < 0.05 level of

significant. Thus, the null hypothesis three was rejected. This implies that whistle blowing policy has significant

relationship with prevention and detection of outsider fraud in deposit money banks in Nigeria.

H04 There no significant interactive effect of Whistle

blowing on management fraud, employees' fraud and outsiders' fraud in deposit money banks in Nigeria;

**Table 9.** Multiple Regression Analysis Model between predictor and Criterion Variables.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.924 <sup>a</sup>	.854	.849	22529	2.745

**Table 10.** Analysis of Variance for effect of whistle blowing on management fraud, employees' fraud and outsiders' fraud.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.955	3	8.318	163.896	.000 <sup>b</sup>
	Residual	4.263	84	.051		
	Total	29.219	87			

**Table 11.** Multiple Regression Coefficients on effect of Whistle blowing on management fraud, employees' fraud and outsiders' fraud.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.792	0.263		-3.007	0.003		
	MF	0.562	0.050	0.613	11.284	0.000	0.589	1.698
	EF	0.238	0.079	0.179	3.015	0.003	0.496	2.018
	OF	0.370	0.081	0.265	4.588	0.000	0.522	1.914

Table 11 presents the interactive effect of whistle blowing on management fraud, employees' fraud and outsiders' fraud in deposit money banks in Nigeria. The result in table 10 revealed that Whistle blowing has significant effect on management fraud, employees' fraud and outsiders' fraud as (F=163.896, P < 0.05). The null hypothesis is rejected. Therefore, there is the interactive effect of whistle blowing on management, employees' and outsiders' fraud prevention and detention in deposit money banks in Nigeria. The result of the model summary shows that whistle blowing accounted for 92.4% (R<sup>2</sup>=0.854) prevention and detention of fraud caused by management, employees and outsiders. The remaining 7.6% variance in could be attributed to other factors outside the regression model. This implies that possible inclusion or removal of variable (s) from the regression model will lead to corresponding increase or decrease in the predictive strength of the whistle blowing. The table 11 confirmed that management fraud (t=11.284, P < 0.05), employee fraud (t=3.015, P < 0.05), outsider fraud (t=4.588, P < 0.05), are instrumental to fraudulent act in deposit money banks at 0.05 level of significance in each case.

Considering the level of whistle blowing in money deposit banks, management fraud prevention and detention had the highest better weight of 0.562 which implies that whistle blowing at management level was high. This was closely followed by outsider fraud prevention and detention (β=0.370), while employee fraud prevention and detention (β=0.238) is the least level where whistle blowing is carried out in money deposit banks.

The regression equation is given as:

$$WBP = -.792 + 0.562 (MF) + 0.238 (EF) + 0.370 (OF) \dots (7)$$

- WBP=Whistle blowing policy
- MF=Management Fraud
- EF=Employees' Fraud
- OF=Outsiders' Fraud

### 4.3. Discussion of Findings

The finding of the study revealed that whistle blowing policy has significant relationship with prevention and detection of management fraud in deposit money banks in Nigeria. This shows as deposit money banks report cases of fraud committed by management to Audit Committee and prosecute all management staff involved in fraud without fear of backlash. The implies that whistle blowing policy prevent and detect management fraud in banking industry. The finding agreed with Mbuguah [15], that the introduction of a whistleblowing policy and a fraud policy was judged to be extremely stringent, corresponding with the firm's fraud risk and taking into account relevant legal issues.

The findings of the study also revealed that whistle blowing policy has significant impact on prevention and detection of employees' fraud in deposit money banks in Nigeria. The impact include; setting up of employees' background check-up and report of staff fraudulent cases to management and regulatory committee dual control policy guiding the consummation of transactions of the bank by the staff, prosecution of fraudulent employees without fear of backlash and others. The result of the study similar to the findings of Fakunmoju and Olukayode [10] that fraud management practices have effect on bank operational performance and efficiency deposit money banks in Lagos State, Nigeria

The finding of the study further showed that whistleblowing policy has significant relationship with prevention and detection of outsider fraud in deposit money banks in Nigeria. This is because whistleblowing policy exposed fraud committed by outsider to the management/audit committee for prosecution of all involved parties. Also, facilitate measures like encryption, firewalls etc. to guide external interference into the bank's website, and encourage strict adhered to KYB and KYC policy in the banks among others. The study corroborated with the

findings of Emeka-Nwokeji et al. [8] who revealed that whistleblowing programme is significant in reducing fraudulent activities in public companies and that there is significant relationship between whistle blowing legislation and fraud prevention and detection in public companies.

Finally, the study revealed that whistle blower report cases of corrupt activity even if there is an incentive and stipulations in the protection of informers, whistleblower hotline facility available for employees, public, customers and suppliers to report suspected fraud and corruption. This implies that the role of whistleblower in fraud prevention and detection cannot be underestimated. The conclusions of Fasua and Osifo [11] that there is a substantial link connecting efficient whistleblowing mechanisms in Nigerian banking and audit committee independence, audit committee financial expertise, and audit committee meetings were validated by the findings of this study. Furthermore, the findings are consistent with Erin et al. [9], who found that whistle-blowing adoption has a positive significant association with the financial reporting quality in the Nigerian banking sector.

## 5. Conclusion and Recommendations

Therefore, the study concluded that the use of whistle blowing policy in deposit money banks would prevent and detect management fraud within banking sector and beyond. Also, the occurrence of employee and outsiders' fraud could be prevented and detected through whistle blowing policy put in place in deposit money banks. Finally, whistle blowing policy is an important policy that can prevent deposit money banks from management, employee and outsider fraud. It is therefore, recommended that management of deposit money banks should continue to put whistle blowing policy in place to prevent and detect frauds before it occurs, because is as an effective and efficient way of controlling the occurrences of fraud in deposit money banks. The management of deposit money banks should further create an avenue for staff to raise the flag via the whistle blowing policy.

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