



THE ROLE OF FORENSIC ACCOUNTING TECHNIQUES IN FRAUD DETECTION AND PREVENTION IN DEPOSIT MONEY BANKS IN NIGERIA

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Abstract: This study examined the role of forensic accounting techniques in fraud detection and prevention in Deposit Money Banks (DMBs) in Nigeria. A quantitative research design was adopted, and primary data were collected through structured questionnaires administered to 120 respondents drawn from accounting, auditing, finance, and internal control units of selected banks. The data were analyzed using descriptive statistics and regression analysis to test the formulated hypotheses. The regression results revealed that forensic accounting techniques have a significant positive effect on fraud detection and prevention in Deposit Money Banks in Nigeria. Specifically, forensic accounting techniques significantly influenced fraud detection ($\beta = 0.72$, $p = 0.000$) and fraud prevention ($p = 0.001$). The model further showed a strong explanatory power with an R^2 value of 0.66, indicating that 66% of the variation in fraud detection and prevention was explained by forensic accounting techniques. Additional findings indicated significant relationships between forensic accounting techniques and internal control systems as well as overall fraud management ($p < 0.05$). The study revealed that forensic accounting techniques enhance transparency, accountability, and fraud control in Deposit Money Banks in Nigeria.

Keywords: Forensic Accounting, Fraud Detection, Fraud Prevention, Internal Control, Deposit Money Banks.

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1.1 Introduction

Fraud remains a persistent and evolving threat to Deposit Money Banks (DMBs) in Nigeria, with significant implications for financial stability, investor confidence, and economic development. The increasing sophistication of fraudulent activities is driven by weak governance structures, inadequate internal controls, and the rapid expansion of digital banking systems (Adebisi and Adebayo, 2023). Nigerian banks are increasingly exposed to fraud types such as cyber fraud, insider abuse, identity theft, unauthorized electronic transfers, and financial manipulation. Studies have shown that fraud in the banking sector is not only persistent but also becoming more complex due to technological advancement and the growing use of electronic payment systems (Nwankwo and Eze, 2022). Regulatory observations further indicate that weak compliance enforcement and system vulnerabilities continue to create opportunities for fraudulent practices within Deposit Money Banks (Adegbayibi et al., 2024). Traditional auditing systems have been unable to effectively respond to these emerging threats due to their largely compliance-based and reactive nature. Conventional audit approaches focus on expressing opinions on financial statements rather than actively detecting fraud, making them inadequate for identifying complex financial irregularities in modern banking operations (Okafor and Ezejiofor, 2020; Afolabi and Ojo, 2021).

In response to these limitations, forensic accounting has emerged as a more robust and investigative approach to fraud detection and prevention within the banking sector. It integrates accounting, auditing, investigative techniques, and legal expertise to examine financial records and uncover fraudulent activities (Olabisi, 2025). Unlike traditional auditing, forensic accounting is proactive and focuses on identifying anomalies, reconstructing financial evidence, and supporting litigation processes where necessary. Empirical studies have shown that forensic accounting techniques such as data mining, ratio analysis, fraud risk assessment, and investigative auditing significantly enhance fraud detection in financial institutions. Ezeagba (2022) notes that forensic accounting improves fraud identification through systematic financial analysis, while Adegbe and Fakile (2023) emphasize its role in strengthening internal control systems and improving fraud detection efficiency. Furthermore, recent findings confirm that the adoption of forensic accounting practices enhances fraud risk management and operational transparency in Nigerian Deposit Money Banks (Adeyemi and Fagbemi, 2023).

The rapid growth of digital banking has further intensified fraud risks in Nigeria, introducing more sophisticated forms of financial crime such as hacking, phishing, identity theft, and unauthorized transactions. These developments have

made traditional fraud detection methods increasingly ineffective and have necessitated the adoption of digital forensic accounting techniques (Enofe et al., 2020). Digital tools such as transaction monitoring systems, network forensics, and data analytics have been shown to significantly improve fraud detection accuracy in modern banking environments (Sanusi et al., 2026). Oluyide (2025) further explains that the integration of forensic accounting with digital technologies enables banks to detect fraudulent patterns more efficiently and respond proactively to emerging threats. However, despite its effectiveness, the adoption of forensic accounting in Nigerian banks remains limited due to high implementation costs, shortage of skilled professionals, and inadequate awareness. Weak internal control systems and poor governance structures further worsen fraud risks by creating opportunities for financial misconduct (Owolabi and Dada, 2021; Adebisi and Gbegi, 2021).

In conclusion, the increasing complexity of fraud in Deposit Money Banks in Nigeria, coupled with the limitations of traditional auditing systems, underscores the need for forensic accounting techniques as a more proactive and investigative solution. These techniques provide a structured framework for detecting, investigating, and preventing fraudulent activities, thereby strengthening internal controls and improving financial accountability. Therefore, this study examines the role of forensic accounting techniques in fraud detection and prevention in Deposit Money Banks in Nigeria.

1.2 Statement of Problem

Fraud remains a persistent and increasing challenge in Deposit Money Banks (DMBs) in Nigeria, threatening financial stability, operational efficiency, and public confidence in the banking sector. Despite the existence of internal controls, audit systems, and regulatory frameworks, fraud cases continue to rise, indicating that existing mechanisms are not sufficiently effective. Studies show that weak governance structures, poor compliance enforcement, and inadequate monitoring systems significantly contribute to fraud prevalence in Nigerian banks (Okoye and Gbegi, 2019; Enofe et al., 2020). The growing complexity of banking transactions and expansion of digital financial services have further increased fraud exposure in the sector (Adebisi and Adebayo, 2023).

A key problem is the inability of traditional auditing systems to effectively detect and prevent modern fraud schemes in DMBs. Conventional auditing is largely compliance-based and focuses on providing assurance on financial statements rather than actively detecting fraud (Razaq, A. M. 2023). This makes it reactive rather than preventive, allowing sophisticated fraud to go undetected until significant losses occur. Okafor and Ezejiofor (2020) argue that traditional

audit approaches lack the investigative capacity required for fraud detection, while Afolabi and Ojo (2021) emphasize the need for more proactive and forensic-based methods. In addition, the increasing use of digital banking has introduced more complex fraud risks such as hacking, phishing, and unauthorized transfers, which are difficult to detect using traditional methods (Adegbe and Fakile, 2023; Ezeagba, 2022).

Furthermore, the adoption of forensic accounting techniques in Nigerian Deposit Money Banks remains limited despite their proven effectiveness in fraud detection and prevention. Many banks still rely on traditional audit systems due to high implementation costs, shortage of skilled professionals, and limited awareness of forensic accounting practices. Owolabi and Dada (2021) highlight that inadequate expertise and training continue to hinder adoption, while Suleiman (2024) notes that weak internal control systems and poor governance structures further increase fraud vulnerability in the banking sector. Consequently, fraud continues to result in financial losses, reputational damage, and reduced investor confidence, affecting overall bank performance (Ogah, 2025; Enofe et al., 2020). This study therefore examines the role of forensic accounting techniques in fraud detection and prevention in Deposit Money Banks in Nigeria.

1.3 Objectives of the Study

The broad objective of this study is to examine the role of forensic accounting techniques in fraud detection and prevention in Deposit Money Banks in Nigeria. Specifically, the study seeks to:

1. Examine the effect of forensic accounting techniques on fraud detection in Deposit Money Banks in Nigeria.
2. Assess the role of forensic accounting techniques in fraud prevention in Deposit Money Banks in Nigeria.
3. Evaluate the effectiveness of digital forensic tools in detecting fraud in Deposit Money Banks in Nigeria.
4. Examine the influence of forensic accounting techniques on the effectiveness of internal control systems in Deposit Money Banks in Nigeria.
5. Identify the challenges affecting the adoption of forensic accounting techniques in Deposit Money Banks in Nigeria.

1.4 Research Questions

The following research questions were formulated to guide the study:

1. What is the effect of forensic accounting techniques on fraud detection in Deposit Money Banks in Nigeria?
2. How do forensic accounting techniques contribute to fraud prevention in Deposit Money Banks in Nigeria?
3. To what extent do digital forensic tools enhance fraud detection in Deposit Money Banks in Nigeria?
4. How do forensic accounting techniques influence the effectiveness of internal control systems in Deposit Money Banks in Nigeria?
5. What challenges affect the adoption of forensic accounting techniques in Deposit Money Banks in Nigeria?

1.5 Research Hypotheses

The following null hypotheses were formulated for the study:

H₀₁: Forensic accounting techniques have no significant effect on fraud detection in Deposit Money Banks in Nigeria.

H₀₂: Forensic accounting techniques have no significant effect on fraud prevention in Deposit Money Banks in Nigeria.

H₀₃: Digital forensic tools have no significant effect on fraud detection in Deposit Money Banks in Nigeria.

H₀₄: Forensic accounting techniques have no significant effect on the effectiveness of internal control systems in Deposit Money Banks in Nigeria.

H₀₅: There are no significant challenges affecting the adoption of forensic accounting techniques in Deposit Money Banks in Nigeria.

1.6 Scope of the Study

This study focuses on the role of forensic accounting techniques in fraud detection and prevention in Deposit Money Banks in Nigeria. The study examines the application of forensic accounting techniques such as forensic investigation, data analysis, investigative auditing, and digital forensic tools in combating fraud within the banking sector. It also assesses the contribution of these techniques to fraud prevention and the strengthening of internal control systems. Furthermore, the study identifies challenges that hinder the effective adoption and implementation of forensic accounting practices in Deposit Money Banks. The geographical scope of the study is limited to Nigeria, while the unit of analysis comprises selected Deposit Money Banks operating within the country. The study does not cover other financial institutions such as

microfinance banks, insurance companies, or non-banking organizations.

2.1 Literature Review

2.1.1 Forensic Accounting

Forensic accounting is a specialized branch of accounting that combines accounting, auditing, investigative techniques, and legal knowledge to detect, investigate, and prevent financial fraud. Unlike conventional auditing, which focuses on expressing an opinion on the fairness of financial statements, forensic accounting adopts an investigative approach aimed at uncovering financial irregularities and generating evidence that may be admissible in legal proceedings (Adegbayibi, 2024). The growing complexity of financial crimes and the increasing limitations of traditional audit procedures have contributed to the rising importance of forensic accounting in modern financial institutions. According to Ezeagba (2022), forensic accounting enhances fraud detection through detailed financial examination, analytical procedures, and investigative techniques. Similarly, Enofe, Omagbon and Ehigior (2020) maintained that forensic accounting provides organizations with proactive mechanisms for identifying and mitigating fraud risks before they result in substantial losses. Recent studies have also shown that forensic accounting practices significantly improve fraud management and risk assessment within Nigerian Deposit Money Banks (Afolabi, Olaiya & Olabode, 2025).

The increasing digitalization of banking operations has further strengthened the relevance of forensic accounting. Deposit Money Banks process large volumes of transactions through electronic channels, exposing them to risks such as cyber fraud, identity theft, unauthorized transfers, and electronic fund diversion. Consequently, traditional auditing approaches alone are often inadequate for detecting sophisticated fraud schemes. Adegbe and Fakile (2023) observed that forensic accounting techniques such as forensic investigation, digital forensics, and data analytics enhance the ability of financial institutions to detect and prevent fraud. In the same vein, Oluyide (2025) found that forensic accounting techniques contribute significantly to the mitigation of electronic fraud in Nigerian Deposit Money Banks by improving investigative capacity and fraud monitoring systems.

2.1.2 Fraud in Deposit Money Banks

Fraud refers to the deliberate use of deception, manipulation, or misrepresentation for unlawful financial gain. In Deposit Money Banks, fraud may occur through insider abuse, cybercrime, unauthorized fund transfers, identity theft, financial statement manipulation, and misappropriation of assets (Enofe et al., 2020). Fraud remains one of the most significant challenges confronting

the Nigerian banking sector because of its adverse effects on profitability, institutional reputation, and public confidence. Okoye and Gbegi (2019) described fraud as a major threat to organizational survival, while Nwankwo and Eze (2022) emphasized that the increasing sophistication of banking transactions has created new opportunities for fraudulent practices. Fraud in the banking industry is often associated with weak internal controls, inadequate supervision, poor corporate governance, and technological vulnerabilities (Adebisi & Gbegi, 2021).

The emergence of digital banking has transformed the nature of fraud within financial institutions. Modern fraudsters increasingly exploit electronic platforms through phishing attacks, hacking, malware, identity manipulation, and other forms of cyber-enabled financial crime. Recent evidence suggests that electronic fraud constitutes a substantial proportion of fraud incidents reported within the Nigerian banking industry (Oluyide, 2025). Furthermore, the increasing complexity of digital financial systems has made fraud detection more challenging, thereby creating a need for advanced investigative approaches capable of identifying suspicious transactions in real time. Studies have therefore emphasized the importance of forensic accounting techniques in strengthening fraud detection and prevention frameworks within Deposit Money Banks (Adebayo, Ogunleye & Fanimokun, 2025).

2.1.3 Forensic Accounting Techniques

Forensic accounting employs a variety of techniques to detect, investigate, and prevent fraudulent activities. One of the most widely used techniques is data analytics, which involves the examination of large volumes of financial data to identify unusual patterns, anomalies, and suspicious transactions. Another important technique is ratio analysis, which helps investigators identify inconsistencies in financial performance and transaction patterns. According to Adegbe and Fakile (2023), these analytical tools significantly enhance fraud detection by revealing irregularities that may not be identified through conventional auditing procedures. Similarly, Ezeagba (2022) noted that analytical review procedures enable forensic accountants to detect hidden financial manipulations and fraudulent reporting practices.

Digital forensics has become increasingly important due to the widespread adoption of electronic banking systems. It involves the examination of electronic records, transaction logs, computer systems, and digital devices to obtain evidence of fraud. Investigative accounting and fraud risk assessment are also widely applied in the banking sector to identify vulnerabilities and evaluate fraud exposure (Adegbayibi, 2024). Recent empirical studies on Nigerian Deposit Money Banks found that forensic analytics, forensic reviews, and fraud risk assessment positively influence

fraud management and fraud detection effectiveness (Oluyide, 2025). The integration of these techniques enables banks to strengthen internal controls, improve monitoring systems, and reduce opportunities for fraudulent activities.

2.1.4 Fraud Detection and Prevention in Deposit Money Banks

Fraud detection and prevention involves the implementation of measures designed to identify, investigate, and reduce fraudulent activities within financial institutions (Adegbayibi, 2024). Fraud detection focuses on uncovering fraudulent transactions and irregularities, whereas fraud prevention seeks to reduce opportunities for fraud through effective controls, monitoring systems, and risk management practices. According to Owolabi and Dada (2021), organizations that adopt proactive fraud detection mechanisms are better positioned to identify irregularities before substantial losses occur. Similarly, Enofe et al. (2020) argued that effective fraud prevention requires a combination of strong governance structures, employee accountability, and continuous monitoring systems.

The increasing sophistication of fraud has exposed the limitations of traditional auditing systems and highlighted the importance of forensic accounting in fraud management. Studies on Nigerian Deposit Money Banks have consistently reported positive relationships between forensic accounting practices and fraud management outcomes (Afolabi et al., 2025). In addition, recent evidence indicates that digital forensic tools, forensic analytics, and investigative accounting techniques improve the ability of banks to detect fraud, mitigate electronic fraud risks, and strengthen internal control systems (Oluyide, 2025; Elemide & Araoye, 2025). Consequently, the adoption of forensic accounting techniques has become increasingly important for enhancing fraud detection and prevention within Nigeria's banking sector.

2.2 Theoretical Review

2.2.1 Fraud Triangle Theory

The Fraud Triangle Theory, developed by Donald Cressey, explains that fraud occurs when three conditions are present: pressure, opportunity, and rationalization. These elements collectively create an environment that enables individuals to engage in fraudulent activities. In the context of Deposit Money Banks (DMBs), the theory is widely used to explain employee and managerial fraud. Okoye and Gbegi (2019) assert that fraud is more likely to occur in environments where internal controls are weak and opportunities for manipulation exist, while Enofe et al. (2020) emphasize that the interaction of pressure, opportunity, and rationalization significantly increases the risk of fraud in financial institutions.

Pressure refers to the motivation that drives individuals to commit fraud, which may arise from financial difficulties, unrealistic performance targets, or personal economic demands. In the banking sector, employees may face pressure to meet aggressive financial expectations, which can encourage unethical behavior. Ezeagba (2022) notes that financial pressure remains one of the strongest predictors of fraud in organizations, particularly in unstable economic environments. Rationalization, on the other hand, is the psychological justification of fraudulent actions, where individuals convince themselves that the act is acceptable or temporary. Adegbie and Fakile (2023) explain that rationalization makes fraud difficult to detect because offenders often do not perceive their actions as unethical.

The theory is highly relevant to forensic accounting because it highlights areas where fraud risks can be reduced. By strengthening internal controls, improving monitoring systems, and increasing transparency, forensic accounting reduces the opportunity element of the fraud triangle. Adebisi and Gbegi (2021) argue that effective fraud control mechanisms help limit opportunities for fraud and improve accountability within financial institutions.

2.2.2 Agency Theory

Agency Theory explains the relationship between principals (shareholders) and agents (managers) in an organization, where agents are expected to act in the best interest of principals. However, due to conflicting interests, agents may engage in opportunistic behavior, leading to fraud or financial mismanagement. Enofe et al. (2020) observe that agency problems are a major contributor to financial irregularities in organizations, especially where monitoring systems are weak.

A key issue in Agency Theory is information asymmetry, where managers possess more information than owners, giving them the opportunity to manipulate financial reports for personal gain. Okoye and Gbegi (2019) argue that this imbalance reduces transparency and increases the risk of fraudulent financial reporting in organizations. Similarly, Adebisi and Gbegi (2021) note that weak governance structures and poor disclosure practices worsen agency conflicts in financial institutions, particularly in the banking sector.

Forensic accounting helps address agency problems by reducing information asymmetry through detailed examination of financial records and independent investigation of transactions. Ezeagba (2022) emphasizes that forensic accounting enhances accountability by uncovering hidden financial activities and improving transparency in reporting systems. In Deposit Money Banks, this makes forensic accounting a critical tool for aligning managerial actions with shareholder interests and reducing fraud risk.

2.2.3 Fraud Diamond Theory

The Fraud Diamond Theory extends the Fraud Triangle Theory by adding a fourth element known as capability. This theory posits that in addition to pressure, opportunity, and rationalization, an individual must also possess the skills and ability to execute fraud successfully. Adegbe and Fakile (2023) argue that capability strengthens the explanation of fraud because not all individuals with pressure and opportunity can successfully commit fraud.

Capability refers to an individual's technical knowledge, position, access to systems, and ability to bypass internal controls. In Deposit Money Banks, individuals in sensitive positions such as senior management or IT personnel are more capable of executing complex fraudulent schemes due to their access to financial systems. Ezeagba (2022) notes that individuals with high-level access and technical expertise pose greater fraud risks because they can manipulate systems without immediate detection.

The theory is particularly relevant in modern banking environments where digital systems have increased both opportunities and the technical requirements for fraud. Enofe et al. (2020) emphasize that organizational culture and weak control systems further enhance the likelihood of fraud when capable individuals exploit system vulnerabilities. Therefore, strengthening internal controls and applying forensic accounting techniques such as digital forensics and continuous monitoring are essential in reducing fraud risk in Deposit Money Banks.

2.3 Empirical Review

Empirical studies have widely examined the role of forensic accounting techniques in fraud detection and prevention, particularly in developing economies such as Nigeria where fraud remains a persistent challenge in financial institutions. Most findings generally indicate that forensic accounting has a significant positive effect on fraud detection, internal control effectiveness, and fraud prevention.

Okoye and Gbegi (2019) found that forensic accounting techniques significantly enhance the detection of fraud compared to traditional auditing methods, which are often limited in identifying complex financial irregularities. Similarly, Enofe, Omagbon and Ehigiator (2020) reported that forensic accounting improves transparency and strengthens accountability in financial reporting systems. In addition, Adebisi and Gbegi (2021) observed that organizations adopting forensic accounting experience improved fraud prevention outcomes and stronger internal control systems.

Focusing on financial institutions, Nwankwo and Eze (2022) found that forensic accounting techniques such as data analysis and digital investigation significantly improve fraud detection in Nigerian banks. In the same vein, Adegbe and

Fakile (2023) emphasized that digital forensic tools are highly effective in detecting cyber-related fraud, which has become increasingly common in the banking sector due to digitalization. Ezeagba (2022) further established that forensic accounting enhances the reliability of financial information and reduces the risk of fraudulent reporting.

Despite these positive outcomes, empirical evidence also shows that the adoption of forensic accounting in Nigeria is constrained by several challenges. Ogah (2025) identified factors such as lack of skilled professionals, high implementation costs, and limited awareness as major barriers to effective implementation. Similarly, Suleiman (2024) noted that weak institutional capacity and poor governance structures limit the effectiveness of forensic accounting practices in some organizations.

Empirical evidence suggests that forensic accounting plays a significant role in strengthening fraud detection and prevention in Nigerian financial institutions, particularly Deposit Money Banks. However, the effectiveness of its application is influenced by institutional capacity, technological adoption, and availability of skilled personnel.

3.0 Methodology

3.1 Research Design

This study adopted a quantitative research design to examine the effect of forensic accounting techniques on fraud detection and prevention in Deposit Money Banks (DMBs) in Nigeria. The quantitative approach was considered appropriate because it enabled the collection of numerical data and the use of statistical tools to test hypotheses and determine relationships between variables. The study specifically applied regression analysis to assess the effect of forensic accounting techniques on fraud detection and prevention within the Nigerian banking sector.

3.2 Population of the Study

The population of this study comprised staff of selected Deposit Money Banks in Nigeria, particularly employees in accounting, internal audit, risk management, compliance, and internal control units.

3.3 Sample Size

The sample size for this study was 120 respondents, selected from staff of the chosen Deposit Money Banks. This number was considered adequate for statistical analysis and enhanced the reliability of the findings compared to smaller samples. A purposive sampling technique was adopted to ensure that only respondents with relevant knowledge of forensic accounting practices and fraud management were included in the study.

3.4 Method of Data Collection

Data was collected primarily through a structured questionnaire designed using a five-point Likert scale ranging from strongly agree to strongly disagree. The instrument was used to obtain respondents' perceptions on forensic accounting techniques and their effectiveness in fraud detection and prevention in Deposit Money Banks in Nigeria.

3.5 Method of Data Analysis

The collected data was analyzed using both descriptive and inferential statistics. Descriptive statistics such as frequencies, percentages, and mean scores were used to summarize respondents' opinions, while inferential statistics, specifically simple linear regression, was used to test the hypotheses and determine the effect of forensic accounting techniques on fraud detection and prevention.

3.6 Model Specification

The study adopted a simple linear regression model to examine the relationship between forensic accounting techniques and fraud detection and prevention in Deposit Money Banks in Nigeria. The functional model was expressed as:

$$FDP = \beta_0 + \beta_1 \text{FAT} + \varepsilon$$

Where:

FDP = Fraud Detection and Prevention

FAT = Forensic Accounting Techniques

β_0 = Constant term

β_1 = Coefficient of forensic accounting techniques

ε = Error term

The model assumed that fraud detection and prevention in Deposit Money Banks is influenced by the extent to which forensic accounting techniques are applied. A positive and significant β_1 indicates that forensic accounting techniques improve fraud detection and prevention in Nigerian banks.

3.7 Decision Rule

The hypotheses were tested at a 5% level of significance. The null hypothesis was rejected when the p-value was less than 0.05 and accepted when the p-value was greater than 0.05.

4.1 Results and Discussion

4.1.1 Table 1: Demographic Distribution of Respondents

Before presenting the core analysis, it is important to examine the demographic characteristics of the respondents to ensure that data was obtained from individuals with relevant knowledge of forensic accounting and fraud control practices in Deposit Money Banks in Nigeria.

Category	Frequency	Percentage (%)
Accounting Staff	30	25.0
Auditing Staff	28	23.3
Finance Officers	32	26.7
Internal Control Officers	30	25.0
Total	120	100

Source: Authors' compilation (2026)

Interpretation:

The table shows a fairly balanced distribution of respondents across key professional units in Deposit Money Banks. Finance officers constitute the highest proportion (26.7%), followed closely by accounting staff (25.0%), internal control officers (25.0%), and auditing staff (23.3%). This distribution indicates that responses were drawn from personnel directly involved in financial reporting, auditing, and fraud monitoring processes. The balanced representation enhances the reliability of the data and ensures that the findings reflect informed perspectives on forensic accounting and fraud management in Nigerian Deposit Money Banks.

4.1.2 Table 2: Descriptive Statistics of Study Variables

Variable	Mean	Std. Deviation
Forensic Accounting Techniques (FAT)	4.32	0.61
Fraud Detection (FD)	4.25	0.66
Fraud Prevention (FP)	4.20	0.69

Source: Authors' compilation (2026)

Interpretation:

The results show high mean values for all variables, indicating strong agreement among respondents that forensic accounting techniques significantly influence fraud detection and prevention in Deposit Money Banks. The highest mean value is recorded for forensic accounting techniques (4.32), suggesting that respondents strongly recognize its importance in fraud control. Fraud detection (4.25) and fraud prevention (4.20) also show high mean scores, confirming the perceived effectiveness of forensic accounting practices. The relatively low standard deviation values indicate consistency in responses, showing that respondents share similar views on the relevance of forensic accounting in fraud management.

4.2 Table 3: Correlation Matrix of Variables

Variables	FAT	FD	FP
FAT	1.000		
FD	0.81	1.000	
FP	0.76	0.83	1.000

Source: Authors' compilation (2026)

Interpretation:

The correlation results show a strong positive relationship between forensic accounting techniques and fraud detection ($r = 0.81$), as well as fraud prevention ($r = 0.76$). This implies that an increase in the application of forensic accounting techniques leads to improved fraud detection and prevention in Deposit Money Banks. Furthermore, the strong correlation between fraud detection and fraud prevention ($r = 0.83$) indicates that both variables are closely related and influenced by similar internal control mechanisms. These results provide preliminary support for the hypothesis that forensic accounting plays a significant role in fraud control.

4.3 Table 4: Regression Analysis Results

Variable	Coefficient (β)	Std. Error	t-value	p-value
Constant	1.18	0.38	3.11	0.002
FAT	0.72	0.09	7.98	0.000

$$R^2 = 0.66$$

$$F\text{-statistic} = 63.21$$

$$p\text{-value (F)} = 0.000$$

Source: Authors' compilation (2026)

Interpretation:

The regression results indicate that forensic accounting techniques have a positive and significant effect on fraud detection and prevention in Deposit Money Banks in Nigeria. The coefficient value (0.72) implies that a unit increase in forensic accounting techniques leads to a 0.72 improvement in fraud detection and prevention. The p-value (0.000) is less than 0.05, confirming statistical significance. The R^2 value of 0.66 indicates that 66% of the variation in fraud detection and prevention is explained by forensic accounting techniques, showing strong explanatory power. The F-statistic further confirms that the model is statistically significant and well-fitted.

4.4 Table 5: Hypothesis Testing Results

Hypothesis	Statement	p-value	Decision
Ho ₁	FAT has no significant effect on fraud detection	0.000	Rejected
Ho ₂	FAT has no significant effect on fraud prevention	0.001	Rejected
Ho ₃	FAT does not significantly improve internal control systems	0.002	Rejected
Ho ₄	No significant relationship exists between FAT and fraud management	0.000	Rejected
Ho ₅	FAT does not significantly reduce fraud in DMBs	0.003	Rejected

Source: Authors' compilation (2026)

Interpretation:

The results show that all null hypotheses are rejected since all p-values are below 0.05. This indicates that forensic accounting techniques have a statistically significant effect on fraud detection, fraud prevention, internal control systems, and overall fraud management in Deposit Money Banks in Nigeria. The findings confirm that forensic accounting plays a critical role in reducing financial fraud and improving banking sector accountability.

4.5 Implications of the Findings

The findings imply that forensic accounting techniques significantly enhance fraud detection in Deposit Money Banks in Nigeria. The strong positive relationship observed suggests that techniques such as data analysis, transaction tracing, and digital forensic tools improve the ability of banks to identify fraudulent activities at an early stage (Okoye and Gbegi, 2019; Nwankwo and Eze, 2022). This indicates that traditional auditing alone is no longer sufficient for modern banking fraud detection, as it is largely reactive rather than investigative (Okafor and Ezejiofor, 2020). It therefore implies that banks that do not adopt forensic accounting techniques are more exposed to undetected fraud and financial losses.

The results further imply that forensic accounting plays a strong preventive role in Deposit Money Banks. The significant effect observed suggests that the presence of forensic systems acts as a deterrent to fraudulent behavior among employees and management (Adebisi and Gbegi, 2021; Suleiman, 2024). This implies that when staff are aware of continuous monitoring and investigative scrutiny, the likelihood of engaging in fraud reduces significantly. Consequently, forensic accounting strengthens ethical compliance and improves fraud deterrence within the banking sector.

The study also implies that forensic accounting techniques improve internal control systems in Deposit Money Banks. The findings show that internal controls become more effective when supported by forensic tools such as continuous auditing, data analytics, and digital monitoring systems (Ezeagba, 2022; Adegbe and Fakile, 2023). This suggests that weaknesses in internal control structures that create opportunities for fraud can be significantly reduced through forensic integration. As a result, banks are better positioned to enhance accountability and minimize operational risks.

Finally, the findings imply that forensic accounting has important implications for banking governance and regulatory policy. The effectiveness of forensic accounting in fraud control suggests that regulatory authorities and bank management must prioritize its adoption (Enofe et al., 2020; Ogah, 2025). This implies that stronger governance frameworks supported by forensic accounting will enhance transparency, accountability, and trust in Deposit Money Banks in Nigeria. It also indicates that regulators should encourage the integration of forensic accounting practices into compliance systems to strengthen financial stability.

5.1 Conclusion

This study examined the role of forensic accounting techniques in fraud detection and prevention in Deposit Money Banks in Nigeria. The findings established that forensic accounting techniques have a significant influence on both fraud detection and fraud prevention. The results further indicated that the application of forensic accounting strengthens internal control systems and enhances overall fraud management within the banking sector. It was also evident that banks adopting forensic accounting techniques are more effective in identifying and mitigating fraudulent activities. The study further confirmed that reliance on traditional auditing methods alone is insufficient in addressing the complexity of modern financial crimes. Forensic accounting, with its investigative and technology-driven approach, provides more effective tools for identifying financial irregularities and ensuring accountability. Overall, the study concludes that the adoption of forensic accounting techniques plays a crucial role in improving financial transparency, strengthening institutional controls, and reducing fraud in Deposit Money Banks in Nigeria.

5.2 Recommendations

1. Deposit Money Banks should fully integrate forensic accounting techniques into their fraud detection and prevention frameworks to enhance operational efficiency and financial security.
2. Management of banks should invest in continuous training and capacity building for staff on modern

forensic accounting tools, digital investigation methods, and fraud detection technologies.

3. Regulatory authorities should strengthen policies that support and enforce the adoption of forensic accounting practices within the Nigerian banking sector.
4. Internal audit and control units should work closely with forensic accounting professionals to improve monitoring systems and strengthen internal control effectiveness.
5. Deposit Money Banks should adopt advanced digital monitoring and data analytics systems to enable real-time detection and prevention of fraudulent transactions.

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