

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE



DEPARTMENT OF BANKING AND FINANCE

**THE EFFECTIVENESS OF FRAUD PREVENTION AND DETECTION TECHNIQUES
IN COMMERCIAL BANKS: A CASE OF CBZ (2019-2022)**

BY

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REQUIREMENTS OF THE BACHELOR OF COMMERCE (HONOURS) DEGREE IN
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DECLARATION

I, Kudzai Dube, do hereby declare that this research report is the result of my own work, except to the extent indicated in the acknowledgements, references and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

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APPROVAL FORM

The undersigned certify that they have read and recommended to the Department of banking and finance, Bindura University of Science Education, for acceptance; a project titled, “the effectiveness of fraud prevention and detection techniques in commercial banks: a case of CBZ (2019-2022)”, submitted by Kudzai Dube in partial fulfilment of the requirements for the Bachelor of commerce (honours) degree in banking and finance

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Date

DEDICATION

I dedicate my dissertation work to my family and many friends. A special dedication goes to My father Mr Dube for his unwavering support and love. Their unequivocal support made the completion of this study, a reality. Thumps up to my Dad and my supervisor Dr. A, Maune, your inspiration has been a fundamental drive throughout the process of learning.

ABSTRACT

The study sought to decisively determine the effectiveness of fraud prevention and detection techniques in Commercial Banks using CBZ as a case study. What prompted the researcher to conduct this research was that, despite the efforts of annual forensic audits, imposed internal controls and other fraud prevention and detection measures brought forward, the cases of fraud activities are still at rise in Zimbabwean banking sector. In this quest of dealing with these rising fraud activities Central Bank of Zimbabwe is constantly experiencing serious unjustified financial loopholes which are still at large haunting its financial performance over the past decade. It is evident that, these financial loopholes as a result of fraudulent practices are far beyond CBZ's managerial and control capacity as manifested by continuous cases. Therefore, it is against this background that Zimbabwean commercial banks endure the fraudulent practices in this modern world of technology where it has become easier to detect and prevent such practices. However, this has triggered the researcher's interest to conduct an investigation on the topic titled, "effectiveness of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022. The persistent debate in the existing literature has captured the attention of the researcher and prompted the need to undertake further research study which will bridge the gap in literature and act as an integral point of reference. Furthermore, a descriptive research design was used in order to corroborate the requisite research instruments required in order to collect data from the respondents and interviewees. A stratified probability sampling technique with a random sampling technique was used in order to solicit heterogeneous and spontaneous responses from the sampled respondents. Measures of central tendency were used for data analysis while virtual aids such as tables' graphs and charts were used for data presentation. Furthermore, the triangulation method was used for data validity while a pilot run was used to decisively determine the reliability of data collected from the sampled respondents. Data collected was then summarized, concluded and recommendations for improvements were availed.

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DEFINITION OF KEY TERMS

Commercial Bank is defined as any financial institution that is responsible loan provision, enables cash withdrawals, facilitate local and international transactions and accepts deposits from its customers for profit generation (Sofia, 2016).

Fraud can be defined as any intentional act committed to deceive others in order to gain advantages that recipient otherwise is not legally authorised or entitled to have. Fraud within a business organisation is known as corporate fraud which may be committed by corporate officers or employees for or against the business organisation (Ghazali, Rahim, Ali, & Abudin, 2014).

Fraud referred to practices such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and extortion (CIMA, 2009).

Fraud detection refers to set of actions which are done to avoid money or assets from being owned through false representation (Dzomira S, 2015).

Fraud prevention is a strategy to identify any fraud transactions in order to prevent them from happening before they cause any harm to the bank and the customer (Consolata, 2020).

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

With the advanced modern technological landscape within the business arena, the greediness of people has unpleasantly manifested through fraud practices. This inevitably forced the commercial banks globally to constantly adopt fraud prevention and detection techniques towards curbing these undesirable acts. Since fraud activities have been regarded as billion-dollar business by fraudsters, the cases have significantly increased on the global level. For that reason, the increasing need for adoption techniques that would curb the likelihood of fraud happening is irrevocable. Failure of these measures to curb should be curtailed through development of fraud identifiers and preventive mechanisms (Consolata, 2020). Reliance of audit report by commercial banks may fail to achieve desired results even long after it has been effected. This may have consequential effect on loss of multiple organizational sustainability that would collapse the system deployed for service delivery. Moreover, this discovery may lead to reactive response instead of proactive approach by central government banks.

This study will look at the topic titled, “The effectiveness of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022.” This chapter explored the background to the study, statement of the problem and further the proposed research objectives with their corresponding research questions which will guide the conduct of this study. It further discussed the delimitations, limitations, significance of the study and suggested assumptions and finally defined key terms of the study.

1.1 Background of the study

Globally the issues of fraud remain extortionate and harmfully shakes financial performance of multiple organizations constantly. The Association of Certified Fraud Examiners, (ACFE, 2010), fraud resulted to unjustified financial losses approximately USD\$3.5 billion around the world annually. These losses are globally emanating from asset misappropriation, corruption as well as financial-statement fraud (Consolata, 2020). Internationally, the public sector of various governments continuously endures countless losses known as corporate fraud resulting in economic crimes and regulatory pitfalls. Mangala & Kumari, (2017) reiterates that, corporate fraud encompasses enormous money and elicits adverse snowballing effects on various

sections of the socio-economic arena. It is increasingly becoming important that commercial organisations adopt a proactive-based approach more willingly than being reactive for plugging in the gaps which mainly resulting in fraudulent practices. Mangala & Kumari (2017) further postulates that, corporate fraud is not a new phenomenon, it has been there for years and has been intensified by the rising internet of things.

The act of fraud over decades has become known as one of the most expensive crime in the entire commercial world. CIMA (2009) posits that, the projected fraud loss to a typical firm is approximately 6% of the overall revenue annually which resulted into global-fraud loss of about \$7.2 billion. Additionally, median fraud loss caused to an organisation is estimated to be USD\$250,000 inclusive of losses of no less than USD\$1.5 mill to 24% of cases under investigation. The advanced technological landscape and changes in global business environment have resulted in increased growth of fraud (Mangala & Kumari, 2017). It is omnipresent as well as be inherent in every type of commercial organisation regardless of location, size as well as nature (Ghazali, Rahim, Ali, & Abudin, 2014). Association of Certified Fraud Examiner, (2016) reported the same amount of median loss for both the SME's as well as large firms across world. Although median loss for both the categories is equivalent, overall impact on commercial banks is catastrophic.

In a world economic forum report 2019, approximately 50% of Australian banks suffered some form of fraud in-between 2006 to 2008 (Mwonge & A, 2021). The fraud costs Australian business and government an estimated figure of USD\$6 billion per annum that is third of the total cost of all crimes reported in Australia (Australian Institute of Criminology's 2003). The Economic Crime Survey, (2008) reiterates that, 22% of Australian respondents suffered losses in excess of USD\$1.5 mill within the period of 2008 to 2009. Shah, (2012) posits that, poor fraud prevention and detection techniques activities, is a consequence of poor governance that is detrimental to any economic development. The snowballing speed of globalization and the development in technology has inflamed the degree of fraud in commercial banks in the past decade (Sofia, 2016). The fraud chances can be immensely difficult to discover as a consequence of the complexity in technology therefore, organizations may use substantial means trying to discover and preventing fraud (CIMA, 2009).

Zamzami, et al., (2016) mentioned that there are three main categories of fraud as openly identified and already uncovered fraud that which is discovered by the institution but is still concealed to the public and fraud which is yet to be identified. Another category of fraud

includes, that which is committed by management employee including financial statement fraud, bribery and corruption. Even though commercial banks are well-known as one of the most strictly regulated sectors, bank is still a definite target for fraudsters (Rahman & Anwar, 2014). Rahman & Anwar, (2014) further posits that, the reasons are absolutely obvious banks are the first option and the best place to come to, due to their role in capital raising and capital intermediation. The consequences of this murkiness are not small, instead may cause banking failure and distress (Rahman & Anwar, 2014).

In the African contest, Tanzanian banks is where some of the fraud scandals include but are not limited to DECI, TPA losses, as well as BAE radar fraud (Malle, Mwonge, & Naho, 2021). Additionally, prominent fraud scandals reported in the Tanzanian Local Government Authorities (LGAs) was evidenced at Kishapu District Council in 2012. According to the special audit conducted in the stated LGAs, missing payment vouchers amounted to TZS\$2 bill at minimum, forged bank statements and cheques amounted to TZS\$240 mill and TZS\$600 mill respectively (Malle, Mwonge, & Naho, 2021). Furthermore, there was insufficient segregation of duties, poor internal controls systems, and non-functioning of the internal audit unit (Audit-Report, 2013). In this context, this point toward the presence of feeble internal-controls in Tanzanian organizations.

In this quest, while African studies on fraud prevention and detection mechanism are vital for enhanced policy formulation with regard to fraud prevention to both public and private sectors, a number of studies (Malle, Mwonge, & Naho, 2021). Malle, et al., (2021) further posits that, fraud studies have mainly focussed on private sectors, neglecting the public sectors where massive of frauds are taking place resulting in retardation of development initiatives. Alternatively, in Tanzania, there are controls on the issue of fraud however, there is a paucity of information with regard to its effectiveness as fraud cases are still prevailing (Malle, Mwonge, & Naho, 2021). This study therefore aimed at investigating the effectiveness of the fraud prevention and detection methods in selected Zimbabwean banking sector entities.

Furthermore, amplified fraud cases in Central Africa, Nigeria in particular has been held responsible on dilapidation of provision of social amenities by government (Consolata, 2020). In the recent studies conducted by Mangala & Kumari, (2017), cited that, there is negative perception towards government auditors since they have failed to rescue money laundering and embezzlement of public resources. As a result, there is an increasing need for forensic auditing. The situation has been considered grave since 75% of revenue generated within the Nigerian

economy and is incurred by only 25% of whole populace (Consolata, 2020). This has been held responsible for creating skewed-distribution of resources. Even though, Nigeria the greatest oil producer in Africa, at least 68.5% of its population lives below poverty line courtesy of corruption and mismanagement of resources.

Regardless of the fact that several laws like the Bribery Act 2016, Public Procurement & Disposals Act 2016 and Proceeds of Crime & Anti-Money Laundering Act 2009 were put in place to prevent fraud, the cases of fraud are still at large haunting the commercial banks within developing countries. The Ethics and Anti-Corruption Commission (EACC) report of 2016 survey reveals that individuals pay bribes to obtain government services. In Zimbabwe, CBZ has documented the greatest 85% amount of those seeking public services paid bribes for the services while ZB Bank has recorded 78.5%. This study is envisaged to underwrite to the bank practitioners to evaluate understanding and awareness of their bank employees towards the various types of fraud mitigation strategies as well as experience on the fraud occurrence inside the bank. Thus, with this knowledge, the management of the banks may improve their anti-fraud program or consider their future commercial bank fraud policy.

Concerning this study, the researcher sought to establish the effectiveness of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022. It is evident that, local Zimbabwean commercial banks are faced with fraud risks which are mainly stemming from poor fraud detection and prevention techniques leaving financial loopholes with continuous losses. Therefore, this study is going to provide answers to the ways in which the fraud activities within the banking institutions can be alleviated.

1.2 Justification

This particular research is going to take an exceptional investigation on effectiveness of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022. It is evident that, little explorations have been done so far around this latent variable in relation to Zimbabwean commercial banks particularly CBZ. For that reason, the case study to be used gives the researcher a unique approach towards answering the problem under study. Various studies that have been conducted so far using Central Bank of Zimbabwe none of them have covered the fraud prevention and detection and how is it affecting the overall performance of CBZ as a commercial bank.

1.3 Statement of the problem

Despite series of forensic auditing and fraud investigation exercises, cases of corruption, cash embezzlement and substantial system override has been on a raise. Lately, series of corruption cases have been identified mostly in Zimbabwe's banking sector. What is shocking or rather devastating is that some cases of corruption that happened a long time ago are only coming to light now when the nation is already soaked wet in economic strains caused by those cases. This prompts one to question the relevance of forensic auditing and fraud investigation in Zimbabwe. A raft of measures were enacted by the government in order to curb raising cases of fraudulent activities in the banking sector these includes the formation of anti-corruption commission, reinforcement of internal controls, open door policy for whistle blowers and tip offs. Despite the enactment of these measures, cases of fraud in Zimbabwe has been raising. This significantly affects the financial status of Zimbabwe and lower the living standard of its employees. Therefore, this academic inquiry seeks to decisively ascertain the effectiveness of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022.”

1.4 Research objectives

- i. To determine the effectiveness of forensic auditing on fraud prevention at CBZ.
- ii. To determine the effectiveness of internal controls on fraud prevention and detection at CBZ.
- iii. To establish the mitigations strategies that can be implemented to curb fraud activities in commercial banks.

1.5 Research questions

- i. Is there any effectiveness of forensic auditing on fraud prevention at CBZ?
- ii. Is there any effectiveness of internal controls on fraud prevention and detection at CBZ?
- iii. What are the mitigations strategies that can be implemented to curb fraud activities in commercial banks?

1.6 Study significance

The study will be of substantial importance to the following stakeholders:

- i. **To Bindura University of Science Education**

The university will also benefit from this research through enriching its institutional repository since it will always remain the property of BUSE. The findings of this study can also be used in banking law module review as it contains most recent information from industry perspective. The study can also be resemblance of quality research that is commendable to future academics.

ii. Future academics and the researcher

Future academics will have access to this thesis and be able to benchmark their research quality based on the output provided by this study. This study will also help as secondary data to upcoming researchers. The researcher will benefit from conducting this study through improving his research skills since the academic supervision will be supplementing extra knowledge acquisition from various sources surrounding the latent and explanatory variable of the study.

iii. To Central Bank of Zimbabwe

This study will be of unquestionable importance to CBZ since it can also make use of the research findings in regulating the current implemented fraud detection and prevention techniques with positive results. This will also benefit its customers through ensuring that, the risks of fraudsters perpetrating their financial reserves. Furthermore, this research will enable the CBZ to identify opportunities to improve the staff training process to ensure that the users maximise their usage of the technological capabilities within their business units to alleviate fraud activities. The study will also go a long way in helping CBZ management in understanding fraud prevention and detection techniques that positively influence its performance thereby management can allocate adequate resources related towards dealing with fraud activities.

1.7 Study assumptions

This study is conducted based on these assumptions:

- i.** The data to be collected in this study will be reliable.
- ii.** The chosen population sample in this study is a true representation of the entire CBZ employees that shares common characteristics.
- iii.** The topic understudy is researchable and its objectives are achievable.

1.8 Delimitations of the study

- i. Geographical delimitation**

The researcher is exploring the topic entitled, “effectiveness of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022”. This study is only limited to CBZ headquarters located in Harare central business district. The researcher chose CBZ Headquarters located in Harare as a case study because of its operating nature where a lot of activities took place and this was also influenced by researcher’s easier accessibility to large population concerning the study.

Furthermore, this research covered a period from 2019 to 2022. The motive for covering this period is to ensure that CBZ studied encompass at least 4 years in business. This period is satisfactory for organization to achieve a certain level of fraud prevention and detection.

1.9 Limitations

This study has the following constraints:

i. Financial resource constraint

The researcher lacked sufficient financial capacity that it constrained the researcher’s capability to administer large population sample concerning the study. As a result, the researcher resorted to a reasonably small population representing the entire CBZ employees based in Harare head office which possess know how regarding the effectiveness of information communication and technology on organisational performance.

ii. Confidentiality constraint

The researcher had limited access to relevant information that concerns the successfulness of the topic under study. The participants concerning the research were insecure of providing the required information as it was regarded as trade secrets and confidential. Therefore, the researcher first sought authority from top management and assured the employees of their anonymity.

1.10 Definition of terms

Commercial Bank is defined as any financial institution that is responsible loan provision, enables cash withdrawals, facilitate local and international transactions and accepts deposits from its customers for profit generation (Sofia, 2016).

Fraud can be defined as any intentional act committed to deceive others in order to gain advantages that recipient otherwise is not legally authorised or entitled to have. Fraud within a business organisation is known as corporate fraud which may be committed by corporate

officers or employees for or against the business organisation (Ghazali, Rahim, Ali, & Abudin, 2014).

Fraud referred to practices such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and extortion (CIMA, 2009).

Fraud detection refers to set of actions which are done to avoid money or assets from being owned through false representation (Dzomira S, 2015).

Fraud prevention is a strategy to identify any fraud transactions in order to prevent them from happening before they cause any harm to the bank and the customer (Consolata, 2020).

1.11 Chapter Summary

This study fragment explored, the background of the study pertaining the issues around effectiveness of effectiveness of fraud prevention and detention techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022. It also looked at problem statement, scope of the study, research objectives and aligning research questions, assumptions of the study and briefed the delimitation and limitations, and finally definition of terms.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This research fragment sought to divulge available and most relevant theoretical as well as empirical literature concerning the topic understudy. It further contextualize and conceptualized the literature in alignment with latent and dependent variable of the study titled, “effectiveness of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022.” Not several studies has yet existed steered within this current topic hence limited models were also adopted. An exhaustive analysis of obtainable literature from prior successful investigations was also borrowed. The justification as to why this investigation was pursued is also detailed under study gap.

2.1 Theoretical literature

The aim of this research is to explore an in-depth analysis of models relating and aligning to the variable under investigation as guided by research objectives. This study will be informed by The Fraud Triangle Theory and Fraud Management Lifecycle.

2.1.1 The Fraud Triangle Theory

The fraud triangle theory was developed by Cressey, (1953) in the year 1950 the criminologist carried out a study to know the motives behind people committing fraud and examined 250 criminals within 5 months (Abdullahi, Mansor & Nuhu, 2015). From the findings Cressy, (1953) discovered that fraud is committed based on three major reasons; pressure, opportunity and rationalization. Hence the birth of the fraud triangle theory came into being. Pressure is the chief motive that leads someone to perpetuate a fraudulent action (Consolata, 2020). More so, the pressure motivated factors that can lead an individual in committing fraud includes, a pressing financial need to pay a personal debt or hospital bills, greed.

Additionally, the opportunity on the other hand, is a weakness in an organization that presents a chance for an employee with powers to use that power at his or her own advantage to perpetuate fraud without being easily identified (Consolata, 2020). For that reason, when a firm’s internal control system is weak, it presents a great opportunity to commit and hide fraud. The contended that an individual may be faced with excess pressure, but still do not commit fraud unless an opportunity exists (Consolata, 2020). This means that weak fraud prevention

or detection techniques leads to fraudulent issues. Finally, rationalization which is personal justification of a fraudulent act occurs when a fraudster has to convey different types of morally acceptable deeds used to justify the idea of perpetuating a fraud crime. The relevance of fraud triangle theory to the study given the fact that the accounting practitioners from whom the data is drawn have the opportunity, may be in pressure of financial need and can equally rationalize their financial processes' executors and policy implementers and may choose to implement the systems or ignore the policies for their own personal interest. The theory supports the essence of examination of fraud detection and prevention measures adopted by Kenyan County government. Therefore, this theory will be of pertinent importance to the commercial banks in fighting against fraudulent practices.

2.1.2 The Fraud Management Lifecycle

According to Wilhelm (2004), effective management of fraud management lifecycle begins by mutually accepting different phases in the cycle. This is a system where by every phase of the cycle is aggregated and interconnected. It has interdependent and independent actions, purposes and procedures (Albrecht, 2000). The fraud management lifecycle consists of four stages namely deterrence stage, involving ending fraud before its occurrence. Deterrence is realized by generating fear of penalties that discourages fraudulent activity from being tried (Kimani, 2011). The second stage which is regulatory procedures must pursue preventive value, decreasing loss, operational scalability and cost effectiveness (Wright, 2007). These policy development may include continuously congregating the circumstances in the analysis stage, combining it with internal, external and interactive environmental factors in order to create focused policies (Wilhelm, 2004). Those who make policies are mostly leaders in the fraud management organization and they consider all disciplines within the fraud management department as well as the needs of the rest of the organization at large (Consolata, 2020).

The relevance of this theory is pegged on the fact that fraud management life cycle involves deterrence stage which is stopping fraud before it happens which also speaks to the prevention as well as detection of fraud in an organization. In this case financial practitioners at the county governments' offices who are managing the financial processes can decide never to give attention to the policies that points to preventing or detecting fraud so as to give them opportunity for personal gains (Consolata, 2020).

2.2 Bank fraud

Banking fraud refers to the unlawful act made by fraudsters with the intention of obtaining money or assets owned by a financial institution (San-Jose, Retolaza and Gutierrez-Goiria, 2011). Archibong (1992) also defined fraud as an intentional and well planned manipulation of books of accounts by people with the objective of gaining advantage from the third party. Bank fraud is classified in many different ways which includes cash shortages, cheating; forgery .It may be caused by ignorance of both the customers and the staff employee dissatisfaction, and advances in information technology and poor books of accounts Bhasin (2016).

Bank intruders or fraudsters often attack banks which are weak in the above stated causes. If the banks and customers have no full knowledge on fraud precautionary measures there is high chance of fraud attacks (Usiman and Shah, 2013; Bhasin, 2016). Also advances in technology have become the major cause of fraud in banks. Bhasin (2016) postulated that changes in technology have brought positive impact and negative impacts to banks. They brought about easy way of banking but on the other hand it's the tools which are used by perpetrators in fraudulent works. Poor books of accounts have also led to the rise in fraud activities where the accountants are failing to produce the correct recording of transactions and fraudsters are taking advantage of that. They try by all means to find a loop hole to such financial institutions.

2.2.1 Fraud detection

Fraud detection is a process which protects and uncover threats of fraud of the bank from perpetrators or fraudsters from obtaining the money or bank assets through false action(Adeniji 2004) .Fraud is a serious crime which needs to be identified and prevented immediately to avoid bank risks .Bank frauds costs the banks as a result there is a reason for the implementation of detection techniques to solve the rapid growth of fraud activities in banks. Fraud detection has its techniques in computers which includes statistical data analysis technique, AI based techniques .Statistical data analysis deals with operations of data collection of previous trends using quantitative data. So the banks will be checking the trends of the types of frauds and how they were mitigated. So they can detect fraud quickly by looking at the trends which helps it to prevent it before it occurs. AI based technique is a way of detecting fraud through the use of technological machines .Advance in technology has led to the use of using machines rather than conclusion from people's perceptions . A good example is of the Covid 19 era from March 2020 and 2021 banks were now using recent technology because they were operating from a distance than usual.

2.2.2 Fraud Prevention

Adeniji (2019) defined fraud prevention as the procedures to stop and prevent fraud from occurring in order to avoid risk, imbalances in the books of accounts and preventing loss from happening. Fraud prevention is found in many forms which are proper delegation of duties, employing qualified employees which suit certain positions, regular checks of books of accounts and constant training of the staff to suit with the changes in technology. Therefore, modern banks need to be more vigilant and accurate thus avoiding severe risks occurrences.

2.3 Forensic Auditing

It is defined as the analysis of the firm's financial records if they are accurate and up to date. It requires high qualified experts who have full knowledge of a variety of investigations. It could also involve issues of fraud, bankruptcy, the closure of the business, theft of business. The main reason of these investigations will be to come up with evidence if there is any which will be used in court. Many big companies especially banks are the most targeted by fraudster so they use a technique of forensic audit to continuously assess their business accounts and check if there is any gap for fraud.

2.2.3 Effectiveness of fraud prevention and detection in Zimbabwean banking sector.

Bank fraud activities are increasing much in Zimbabwe because the banking industry is the centre for all payments of the country. Fraud activities have increased due to the ineffectiveness of the fraud prevention and detection techniques. Therefore there is need to check the effectiveness of those techniques on our banks. Fraud is being prevented and detected by many factors which includes auditing, internal controls whistle blowing. Recently this year CBZ Senior banker was found in a fraud activity from whistle blowing. This activity was investigated by the financial intelligent unit and at least 30% of its customers were victims of the fraudulent activity. Zimbabwean banks are also using internal control to enable safe and sound operation of the business.

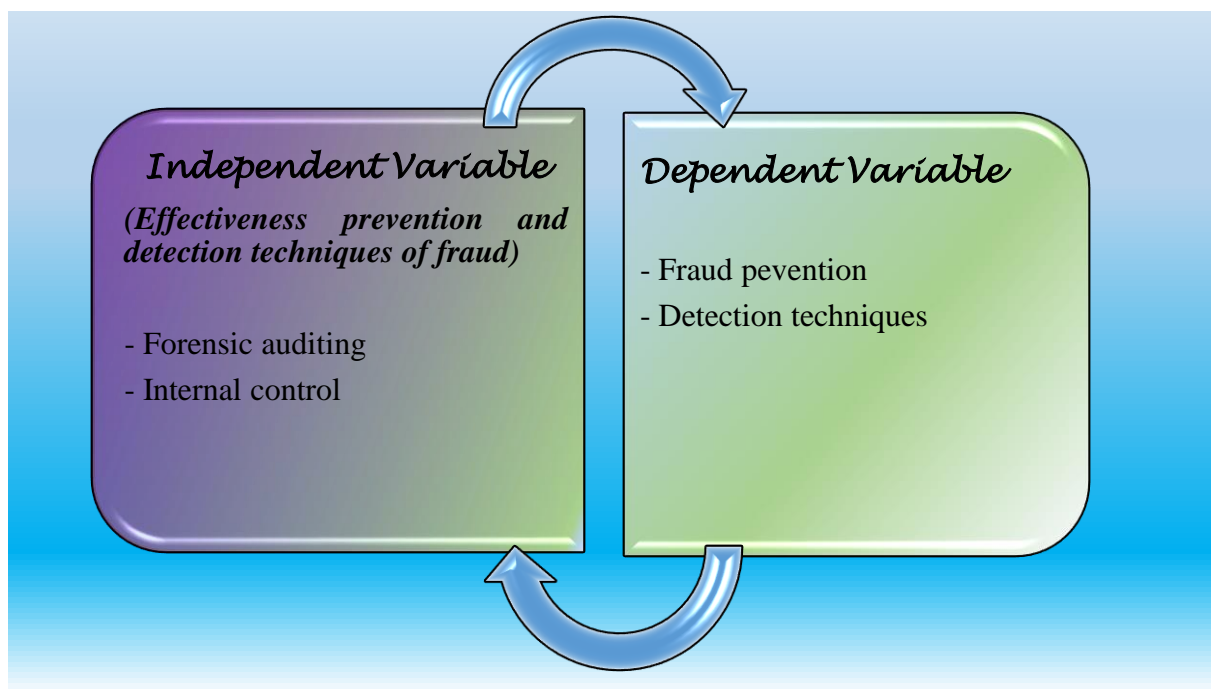
2.4 Internal controls

David Onditi (2019) defined internal controls as an action taken by any business to protect its business from any threats at the same time improving efficiency, analysing and evaluating the performance of the business within the organization. These controls are also done to match current business performance with its objectives, they safeguard the resources of the business, ensure that all the loopholes and all irregularities which arise in the bank are uncovered and at

the same time avoided. It includes all the policies made within the bank by its officials. Internal controls are generally effective if there is an organisational structure which states each responsibility of each employee. DiNapoli (2005) postulates that internal control system include directive control, preventive controls, compensating controls, detective controls and corrective actions.

2.5 Conceptual framework

To demonstrate the essential elements of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022. The researcher constructed a conceptual framework that integrates the latent variable elements as well as the dependent variable elements. Mugenda & Mugenda (2003), described an independent variable is a property of a phenomenon which influences others while a dependent variable is one which is influenced by the independent variables. Therefore, the conceptual framework is thereby to illustrate the inter-connectedness of these two differing variables on the same model as shown on figure below.



Source: Author (2022)

Figure 1 conceptual framework

2.6 Empirical review

Oguda et al., (2015) conducted a study that was intended to determine the influence of internal controls on fraud prevention and detection within the Kakamega County District treasury. The study discoveries exposed an existence of substantial connection between the internal control structures and prevention and detection of fraud in the treasury of the District. The recommendation of the study specified an effective and efficient internal control guidelines and measures that ought to be employed in order to prevent and detect fraud within the treasury. Conversely it can be assumed that County governments are associated with weak controls generally and lack of respect for adherence to rules, regulations and controls by the elected officials and senior employees of the county governments who are in most cases the accounting officers of their respective offices.

2.7 Gap analysis

From all the previous studies researched by other researchers, the researcher find it necessary to go on with the research topic as there is no chances of duplication since most of this researches were made in foreign countries but my research is being carried out on CBZ Bank of Zimbabwe. It is also justified by the time frame, so researches were carried long back before 2019.

2.8 Summary

The chapter highlighted the theoretical literature work that includes the models which align with the investigation. It also highlighted theories of fraud prevention and detection, and the techniques of fraud prevention and detection preference. Lastly the empirical evidence by different authors was also brought out in this chapter and the research Gap analysis.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

A research methodology explains a particular approach that is selected in order to understand and provide solution to a problem under investigation (Saunders, Lewis, & Thornhill, 2007). (Orb, et al., 2001). This particular fragment emphasises around research methodology used in gathering data of the problem under investigation titled, “effectiveness of fraud prevention and detection techniques in commercial banks with specific reference to Central Bank of Zimbabwe for the period of 2019 to 2022.” Hereafter, the drive of this chapter is to discuss the research design, research instruments used and data collection plan adopted by the scholar. This chapter further explains how analysis and presentation of data will be executed in the proceeding chapter.

3.1 Research design

Welman and Kruger (1999) defined research design as, a series of well-drafted action plan guided by sequential strategies aimed at answering formulated queries of the topic under study. As a result, the researcher will adopt descriptive-research design approach with an ideology of determining the elements of both the latent and dependent variables of this topic understudy. The primary aim of adopting a descriptive research design is to profile the most critical elements of the problem of interest under investigation as suggested by Amin, (2005).

3.1.1 Descriptive survey research design

This investigation will be carried out using the descriptive research approach as perceived by numerous authors including Orb et al. (2001) that, it assist in attaining an all-inclusive and accurate explanation of the scenario at hand. Adding to that, the motivating factor about descriptive design is based on its suitability in easiness of converting qualitative data into quantitative form during and after gathering of data regardless of instrument used such as telephone interviews as well as questionnaires (Anderson et al., 2008). Conversion of qualitative gathered data into quantitative format in this study will be made possible through aid of E-vies Software Package in conjunction with use of Microsoft Office.

3.1.2 Justification of descriptive survey research design

This research will take advantage of using descriptive research design since it facilitates accessibility to bigger population sample without complexity. As emphasized by Mugenda and Mugenda (2003) that, its ability to handle such a function assisted the investigator in gathering of vast information without being limited thereby enhancing better conclusions to be drawn in preceding segments of the study. This research design will be adopted because of its nature and capacity to cater for both primary based data as well as data collected from secondary based sources before its conversion to numerical based indices (Albrecht, Albrecht, Albrecht, & Zimbelman, 2012).

3.2 Population

Population refers to a combined number of diverse individuals that however, retain at least one or two interests in common in an undertaken investigation or study of similar values and characteristics (Amin, 2005). It is not regarded as a “population” pertaining to the study if the individuals shows that they lack or does not share common interests thereby making the study impossible. The population concerning this particular study was made up of CBZ employees based in Harare.

3.2.1 Target population

The study targeted 45 employees working in the branches of CBZ in Zimbabwe. These employees were certified professionals with the prerequisite knowledge on the effectiveness of fraud prevention and detection techniques in commercial banks such as CBZ bank. The major justification for using the targeted population in question was because these were the accessible population and they allow the researcher to attain a reasonable assurance. Cooper & Schindler, (2008) posits that, a target population for any research must involve combination side-lined out of the mass thus where researcher will be able to derive validated links to make up a sound conclusion. This topic under study’s target population comprises of 45 employees drawn from Finance, ICT support, Administration and Marketing and Sales department of CBZ.

3.3 Sampling

Anderson, et al., (2008) posits that, a sample size comprise of a specific well selected percentage out of entire population concerning research that will take part in the investigation by means of offering opinions to the questions asked. They further stressed that, this certain percentage of chosen population is done based on defined-method of choice an investigator may adopt. For this investigation, the researcher will adopt a stratified random sampling technique which gave equal selection probabilities to the participants.

Yamane's formulae was used in this study in establishing sample size which details as:

$$(n) = \frac{N}{(1 + Ne^2)} \text{ (Yamane, 1967:25).}$$

(n)=Sample size

(N)=Target Population (45)

(e)=error of 5% point

Hence, calculated sample size (n) will be:

$$[n] = \frac{45}{\{1 + 45(.05^2)\}}$$

$$[n] = \frac{45}{\{1 + 45(.0025)\}}$$

$$[n] = \frac{45}{1.1125}$$

$$[n] = 40 \text{ respondents}$$

Table 1 Population, sample size and sample percentage.

Population identity	Targeted population	Sample size	Sample percentage (%)
Forensic auditors	11	11	100%
Fraud investigators	11	11	100%
Financial managers	10	8	80%
Accounting assistants	7	5	71%
Risk officers	6	5	83%
Total population	45	40	89%

Source: primary data source (2022)

Table 3.1 above revealed that, from the 45 targeted population 40 were sampled giving a total sample percentage of 89% which concurred with Obrien (2019) who averred that, data collected from more than three quarters of the targeted population is considered credible and reliance can be anchored on it.

3.3.1 Justification of stratified random sampling

In this study, the basis of adopting a stratified random approach was proved viable in this study because of the capability of the technique in collectively aggregating various forecasts amid of entire populace. As stressed by Amin, (2005), the researcher choose it as the best since it is precisely accurate and thereby warranting derivation of more appealing sample out of bigger available common participants to the study.

3.4 Research Instruments

“A justified useful apparatus or tool that has the potential of capturing differing views, values or information amid of differing individuals with little or no bias is identified as a research instrument” by Orb, et al., (2001). Questionnaires and telephone or face to face interviews are mostly well known of their flexibility as forms of data collection research instruments. This study will make use of primary data known of its uniqueness in character and it was gathered mainly by questionnaires. The collection of data will be largely executed by use of open ended designed questionnaires that were administered to CBZ employees based in Harare headquarters.

3.4.1 Questionnaire

Collection of data will be largely executed by use of close-ended-designed questionnaires that will be administered to CBZ employees. The researcher found it easier to mail the questionnaire copies to Finance, ICT support, Administration and Marketing and Sales department of CBZ since they were chosen departments concerning this research. The questionnaire will be designed in such a way that broadens the nature of information collected and respondents were provided with a Likert scale of five (5) rating the questions and scenario asked. The researcher will design the questions that best align with research questions to be answered.

3.4.2 Justification of questionnaires

The nature of information required for success of this study is likely to be sensitive, therefore, a questionnaire was chosen due to its capability to maintain respondent’s anonymity since it didn’t capture personal identification information. Questionnaires are basically cheaper to partake as compared to telephone interviews hence, the researcher’s financial incapacitation was smoothened by emailing copies of questionnaire which was cost effective. Lancaster, (2006), further emphasized on supporting administering questionnaires when collecting data since there will be sufficient time frame to respond also with privacy of not being known.

3.5 Data analysis procedures

After successfully gathering the required data, the researcher edited the responses before presentation and analysis. Analysis of obtained primary data was successfully done by the use of E-views Software and Microsoft Office where presentation was possibly made by use of tabulation of responses gathered aided by figures as well as graphical illustrations. The correlation and regression analysis were also computed and used to ascertain relationship that exist between variables of the problem understudy. The selected presentation techniques facilitated an easier means of findings quantification as well as articulating them qualitatively. Descriptive and inferential statistics were also used in the preceding segment of the study.

3.6 Summary

This part of study described and outlined how the data will be collected. The subjects included are research design, justification for the research design chosen

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter presents, data collected from both secondary and primary data sources before making sound analysis and interpretations. Collected data was scanned sifted and organized in order to decisively ascertain the effectiveness of fraud prevention and detection techniques in Commercial Banks using CBZ as a case study. Furthermore, special emphasis were also premised on the need to determine the effectiveness of forensic auditing on fraud prevention, internal controls on fraud detection and to also establish possible ways of curbing fraudulent activities in commercial banks. Lastly a chapter summary provides an insight on the major aspects which were addressed in the chapter.

4.1. Response rate analysis

Table 2 Questionnaire's response rate.

Population identity	Issued questionnaires	Completed and returned questionnaires	Response rate (%)
Forensic auditors	11	11	100%
Fraud investigators	11	11	100%
Financial managers	8	7	88%
Accounting assistants	5	4	80%
Risk officers	5	3	60%
Total population	40	36	90%

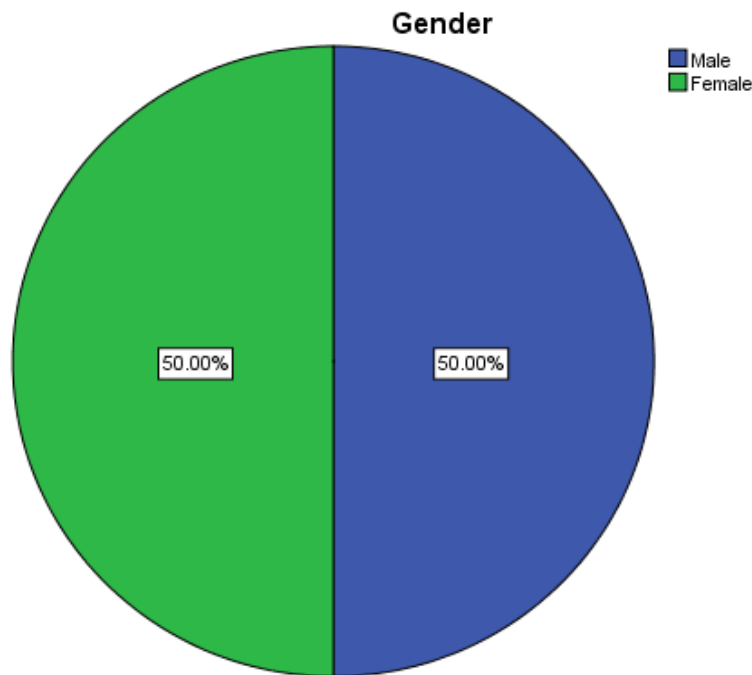
Source: primary data sources (2022)

Results revealed that, from the 40 issued questionnaires 36 were fully completed and returned thereby giving 90% response rate. Furthermore, from the remaining 4 questionnaires, 2 were not completed and returned at all by the respondents while the other 2 were partially completed such that, the researcher could not draw any reasonable conclusion from them. In support, Meyer and Meyer (2020) averred that, data collected from more than half of the issued questionnaires is considered credible and utmost credibility can be anchored on it. In light of the study, forensic auditors and fraud investigators formed the modal group of respondents with 100% response rate. This implies that, data used in this study was solicited from certified experts with unquestionable information on the implications of enacting fraud prevention and detection techniques as a measure to buttress fraud. Furthermore, financial managers also constituted 88% response rate since, these are financial experts who are well vested in financial related issues and can consult internal controls required in order to curb fraud. Furthermore, accounting assistants also constituted 80% response rate since these are the employees who work with accounting related quires on a daily basis. Risk officers also constituted 60% response rate since these are employees with enough knowledge on financial risks.

4.1.2. Interview responses.

Initially, the researcher intended to conduct 10 telephone interviews on the sampled fraud investigators and forensic auditors but due to connectivity problems, the researcher managed to conduct 8 interviews giving 80% response rate. The notion was supported by Makanga (2020) who averred that, data collected from more than three quarters of the interviewees is considered reliable.

4.2. Demographic profile.



Source: primary data sources (2022)

FIG 4.1.

Figure 2 Gender

Research findings revealed that, 50% respondents were male participants while the remaining 50% were female participants this implies that, data was equally collected without any discrimination on the basis of gender affiliation. Furthermore, the researcher took into consideration ethical norms and acceptable standards proliferating the notion that, there is equality between male and females. In support, according to (Mann, 2020) data collected from 50% of male and 50% of females is considered credible and free from discrimination on the basis of gender affiliation.

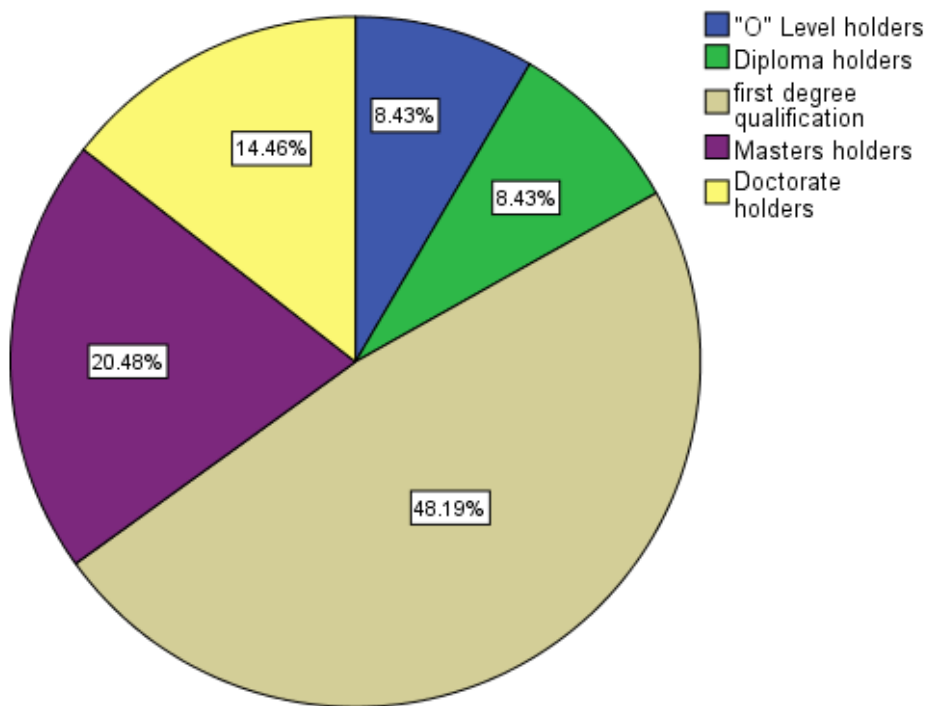


Source: primary data sources (2022)

Figure 3 Work experience

The findings reveal that, respondents with 11 to 14 years of working experience form the modal group of respondents with 35% response rate. This implied that, data was solicited from experienced professionals with undiluted intellectual knowledge on the effectiveness of fraud prevention and detection techniques in Commercial Banks such as CBZ bank. Furthermore, employees with more than 15 years of working experience also constituted 35% since these are the employees who has been working in the organization for many years so they now have the prerequisite knowledge on the effectiveness of fraud prevention and detection techniques. In that light, 23% of the respondents had worked in the banking industry for 7 to 10 years, so they are well vested with the repercussions of enacting certain fraud prevention and detection techniques. The other respondents were freshmen from colleges and universities with sound academic knowledge.

4.2.3. Highest qualifications



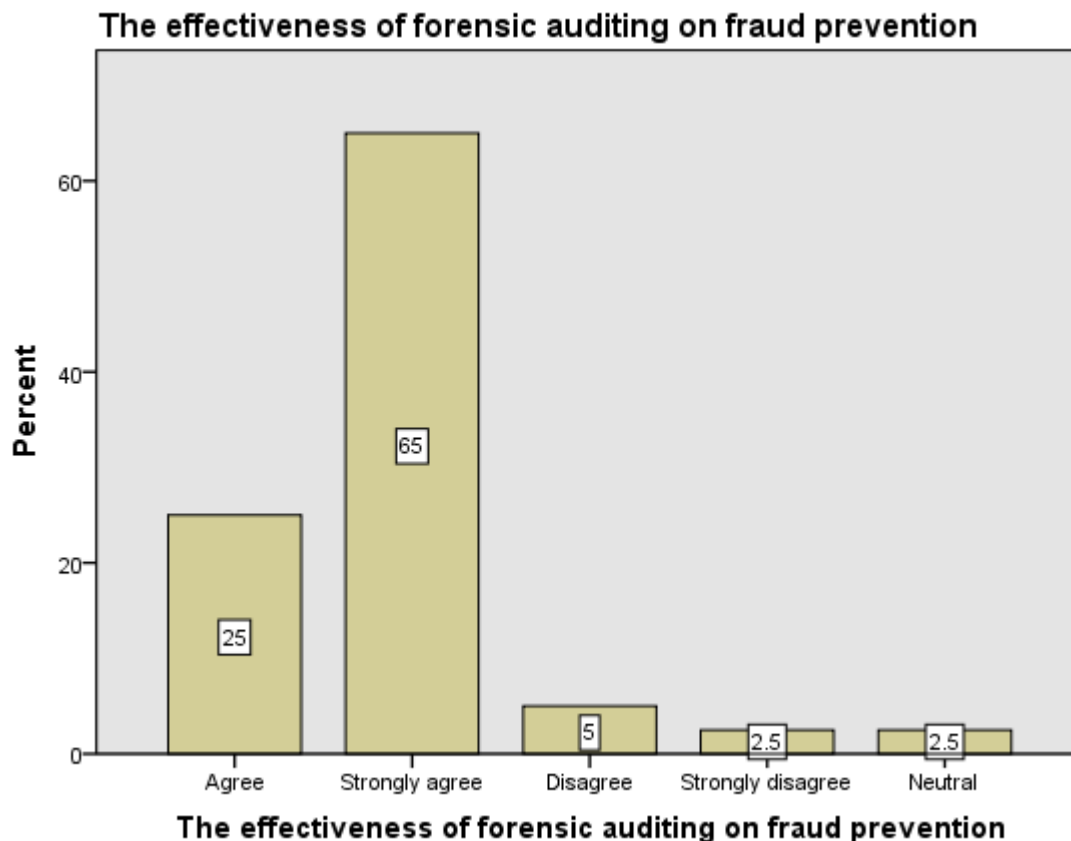
Source: primary data sources (2022)

Figure 4 Highest qualifications

Research findings unveiled that, the majority of the respondents were first degree holders with 50% respondents while 24% were master's holders. This implied that, data was collected from certified academic gurus with sound theoretic knowledge on the correlation between forensic auditing and fraud prevention. Furthermore, apart from 6% response rate for "O" level and diploma holder with years of working experience in the banking industry, 20% response rate were for holders of Doctorates. This unveils that, data used in this research was solicited from academic professionals who are well decorated as far as qualifications are concerned and who can refer to theoretic computations in order to draw a sound conclusion. According to (Taylor, 2020) averred that academic experts can consult inferential statistics and evoke proven theories in order to decisively ascertain the nexus between internal controls and fraud detection.

4.3. The effectiveness of forensic auditing on fraud prevention at CBZ.

In a quest to decisively attain the enacted research objective the researcher send structured close ended questionnaires to the respondents and also asked short and precise questions during telephone interviews. The responses were subjected to content analysis which helped to effectively answer the research question. Responses of respondents and interviewees on the effectiveness of forensic auditing on fraud prevention were analysed below:



Source: primary data sources (2022)

Figure 5 the effectiveness of forensic auditing on fraud prevention.

Results revealed that, 65% of the respondents strongly agreed while 25% agree giving a combined percentage of 90% response rate. Furthermore, 5% of the respondents disagreed with the notion while 3% strongly agreed giving a total percentage of 8% response rate. In that light 2% of the respondents were not sure or certain on the effectiveness of forensic auditing on fraud prevention.

Interpretations

The majority of the respondents with 65% response rate attested to the notion that, forensic auditing is effective as a fraud prevention technique. Furthermore, more than three quarters of the interviewees also concurred with the notion by averring that, forensic auditing equip auditors with the prerequisite knowledge on how to corroborate audit evidence in order to ascertain material misstatements in the financial statements. In that light, forensic auditing techniques help auditors to decisively ascertain the effectiveness of substantive procedures and test of controls put in place by banks in order to detect fraudulent activities. Furthermore, according to Makanga (2020) forensic auditing techniques allow auditors to evoke statutory laws, corporate regulations and ensure that they are decisively adhered to without any malicious deviations. Furthermore, 25% of the respondents unanimously agreed with more than 50% of the respondents on the notion that, forensic auditing help to reinforce internal controls and improve segregation of duties required to order to buttress the financial risk. All the respondents and interviewees supported the notion that, perpetrators of fraudulent activities are motivated by personal exigencies which were illuminated by the fraud diamond theory. Furthermore, 65% of the respondents averred that, forensic auditing in the ultimate solution required in order to bring sanity in the financial regiment since it can consult investigating and prevention techniques required in order to circumvent collusion between stakeholders which may compel them to circumvent laid down internal controls. However, a minority 8% of the respondents disagreed with the notion citing that, forensic auditing is just an aspect its effectiveness depends on the ability of auditors to corroborate different tools and equipment's in order to circumvent fraudulent activities.

4.3.1. Regression analysis

Linear regression and coefficients of correlation were used to analyse quantitative data so as to determine the effectiveness of forensic auditing on fraud prevention. Since measures of central tendency revealed that, 65% of the respondents strongly agreed and 3% strongly disagreed, therefore there was a need to narrow down a quantitative research study using a linear regression so as to determine the effectiveness of forensic auditing on fraud prevention.

Table 3 Model summary

Model	R ²	R Square	Adjusted R Square	Std. Error of the Estimate
1	.982 ^a	.866	.930	.853429

SPSS 21 results (2022)

Results of the linear regression which was computed using SPSSv21 unveiled that, R² which purports the coefficient of determination for both the dependent and independent variables was 0.982 which is close to 1 this revealed that, forensic audition positively enhance fraud prevention. Furthermore, R squared was 0.866 this revealed that, the variation of the dependent variable was significantly explained by the independent variable. Furthermore, the adjusted R squared of 0.930 reveals the accuracy of the computed correlation.

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.43426625	1	.049	19.790	.0008 ^b
	Residual	.	2	.002		
	Total	.052	3			
a. Dependent Variable: Fraud prevention						
b. Predictors: (Constant), forensic auditing strategies						

SPSS 21 results (2022)

Results revealed by the one-way ANOVA revealed that, linear regression model was applicable as a data analysis tool. The significant test was 0.0008 which is below the p-value of 0.05 which

reveals a null hypothesis. This advocates for the rejection of null hypothesis that, all population were sampled from the same mean.

Table 4 Correlation analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Forensic auditing strategies	1.130	.175614		3.756	.005
Fraud prevention	.581	.068	.981	7.512	.006

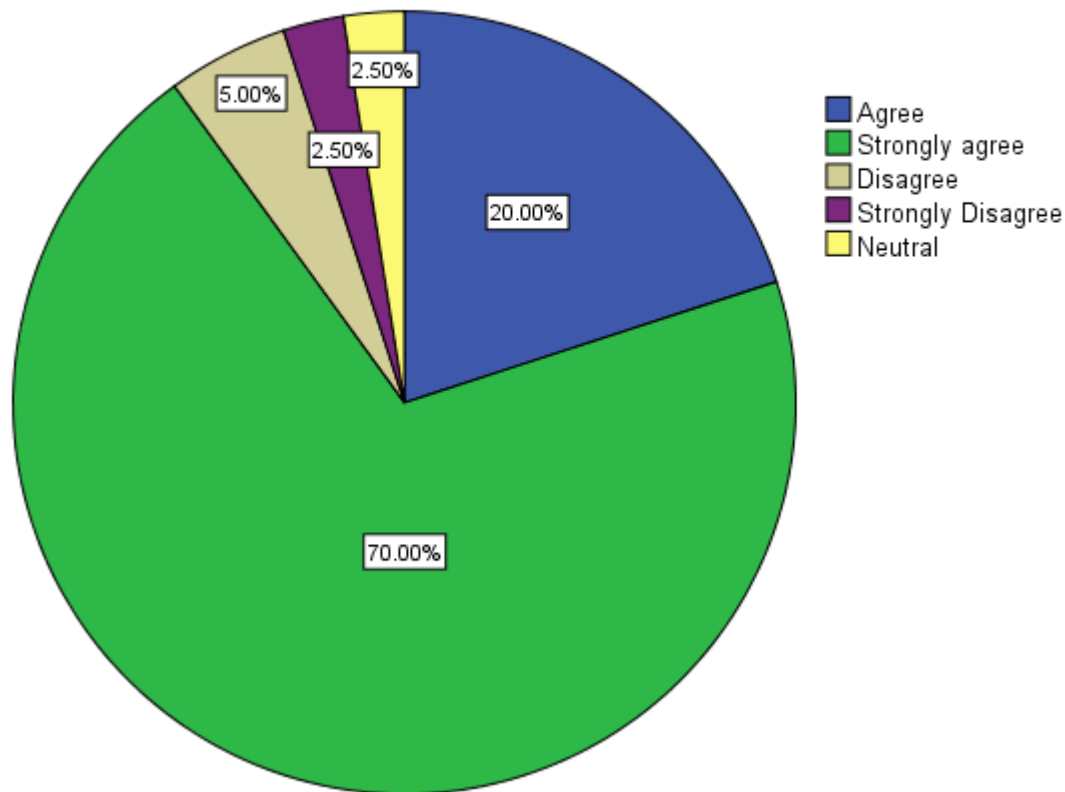
SPSS 21 results (2022)

Research findings revealed that, the t-test was 3.756 and the sig was 0.005 which was slightly below the p value of 0.005 this unveils that, data was significantly correlated. Data collected from secondary data sources and analysed using linear regression unveiled that, forensic auditing strategies are effective in preventing fraud.

4.4. The effectiveness of internal controls on fraud prevention and detection at CBZ.

In order to solicit information on the effectiveness of internal controls put in place by CBZ bank in order to prevent and detect fraud, the researcher collected data from the sampled respondents and interviewees. In structured questionnaires which were distributed the researcher coined mind probing questions on the state of internal controls at CBZ bank. The responses of the respondents were, presented, analysed and decisively interpreted below:

The effectiveness of internal controls on fraud prevention and detection at CBZ.



Source: primary data sources (2022)

Figure 6 the effectiveness of internal controls on fraud prevention and detection at CBZ.

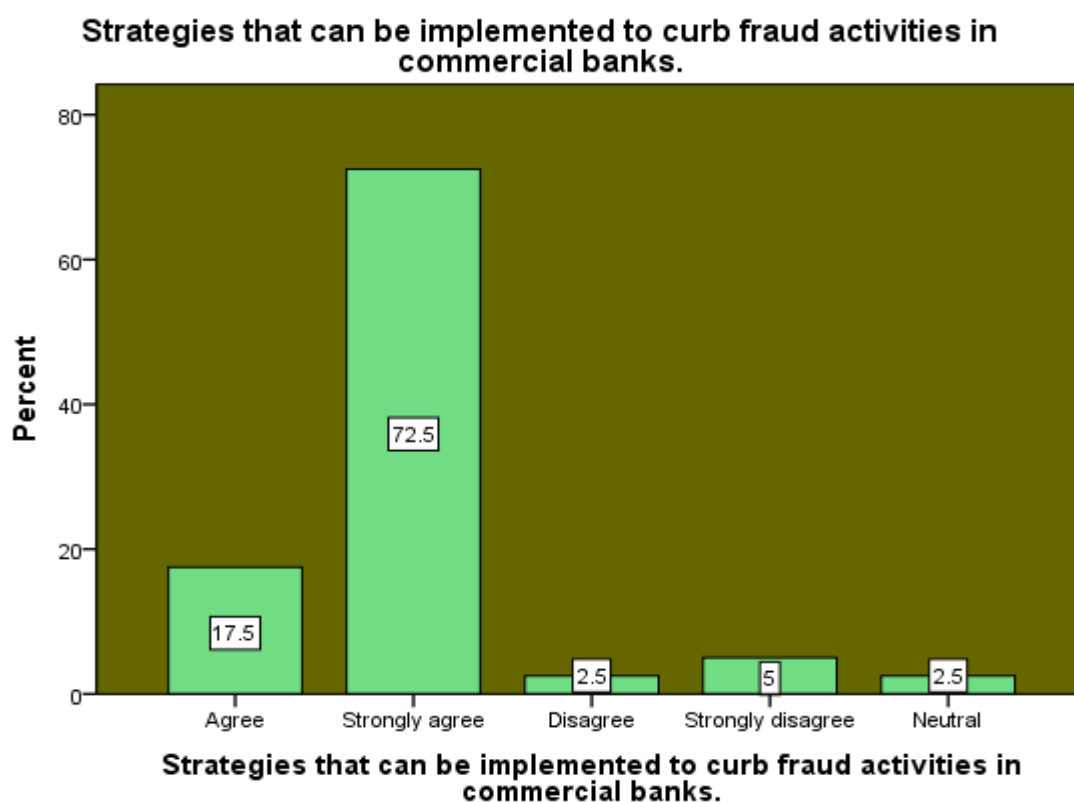
Research findings revealed that, 70% of the respondents strongly agreed with the notion while 20% also agreed giving a combined total response rate of 90% response rate. Furthermore, 5% disagreed with the notion while 3% of the respondents strongly disagreed giving a total response rate of 8%. In that light, 2% of the respondents were not so sure on the effectiveness of internal controls put in place by the commercial bank in order to prevent and detect fraudulent activities.

Interpretations

The majority of the respondents with 70% response rate concurred with the fact that, internal controls which were put in place by CBZ bank are effective in detecting and preventing fraudulent activities. Furthermore, the modal group of interviewees also concurred with the notion that, the bank have sound and running internal controls which are put in place in order to curb fraud. All the interviewees and respondents also averred that, the effectiveness of

internal controls differ basing on their ability to attain the intended objective. Furthermore, 20% of the respondents unanimously agreed with more than 75% of the respondents on the notion that, forensic auditing techniques put in place by CBZ help to reinforce internal controls and improve segregation of duties required to order to buttress the financial risk. All the respondents and interviewees supported the notion that, audit strategies can consult investigative and detection techniques required in order to circumvent collusion between stakeholders which may prompt them to circumvent laid down internal controls. However, in contrary, 8% of the respondents averred that, internal controls are the major impediments which are affecting auditors from detecting and preventing fraud since, system users are used to internal controls put in place by the bank and ways of circumventing them. Furthermore, 2% of the respondents who were not certain of the effectiveness of internal controls put in place by the bank asserted that, the internal controls are subjected to a raft of micro and macro-economic factors so their effectiveness is difficult to ascertain.

4.5. Strategies that can be implemented to curb fraud activities in commercial banks.



Source: primary data sources (2022)

Figure 7 Strategies that can be implemented to curb fraud activities in commercial banks.

Results revealed that, 72% of the respondents strongly agreed while 18% agree giving a combined percentage of 90% response rate. Furthermore, 3% of the respondents disagreed with the notion while 5% strongly agreed giving a total percentage of 8% response rate. In that light 2% of the respondents were not sure or certain on the strategies that can be implemented to curb fraud activities in commercial banks.

Interpretations

The majority of the respondents with a combined response rate of 90%, agreed with the notion that, there are a raft of strategies which can be deduced by commercial banks in order to curb fraudulent activities which are prevalent in the industry. Furthermore, 72% of the respondents strongly agreed with the fact that, strategies varies basing on the nature of fraud for instance, in multinational banks the major financial risk is related to exchange rates. Whereby employees can manipulate rates and ensure that, the majority of loans are issued in a less value currency at a high bank rate in order to harness excess proceeds. Furthermore, Swazi (2020) also complemented the notion and averred that, in commercial banks the majority of fraudulent activities are inclined to the exchange manipulations. Furthermore, before bring to light the possible strategies, all the respondents averred that, in commercial bank fraudulent activities are most prevalent in managerial levels whereby bank managers can embezzle corporate funds and channel them to personal business with the intentions of reimbursing before the cash count date. However, the majority of the interviewees suggested that, auditors should be periodically rotated and spot cash checks should be conducted more often. In that light, more than three quarters of the interviewees asserted that, forensic auditors and fraud investigators should be in tandem with the prevailing technological changes in order to avoid cyber users from embezzling crypto funds. Again, forensic auditors should be periodically attend seminars, workshops and trainings on fraud prevention and detection measures in order to boost their intellectual knowledge and cognitive abilities. Furthermore, all the respondents and interviewees unanimously allude that, auditors should have feasible annual activity plans, audit charters and other relevant documents which provides a road map on what should be done and how when. Furthermore, 72% of the respondents also supported the notion that, forensic auditors should be sceptical and inquisitive in order to circumvent fraudulent activities.

4.6. Chapter summary

This chapter presented, data collected from both secondary and primary data sources before making sound analysis and interpretations. Collected data was scanned sifted and organized in order to decisively ascertain the effectiveness of fraud prevention and detection techniques in Commercial Banks using CBZ as a case study. Furthermore, special emphasis were also premised on the need to determine the effectiveness of forensic auditing on fraud prevention, internal controls on fraud detection and to also establish possible ways of curbing fraudulent activities in commercial banks. The next chapter provides a summary of the research, conclusion and recommendations for improvements.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The chapter summarize research findings from data collected using research instruments which were enacted in chapter three. Furthermore, the chapter also unveils the research conclusion and made recommendations for improvements. Grey areas which require further studies were also highlighted.

5.1 Key conclusion from literature review.

The major conclusions from literature were analysed basing on the enacted research objectives. The analysis was unveiled below:

5.1.1. The effectiveness of forensic auditing on fraud prevention at CBZ.

Basing on the prior existing literature the researcher can conclude that, they are diverging thoughts between scholars and researchers on the effectiveness of forensic auditing on fraud prevention. Some of the researchers averred that, forensic auditing is a major tool which can be used by corporate entities in order to curb fraudulent activities while others argued that, forensic auditing is not an effective tool which can be used to mitigate fraud. Researchers like (Obrien, 2020) revealed that, forensic auditing strategies are effective in preventing fraudulent activities in commercial banks. Furthermore, (Makanga, 2020) also concurred with the notion by averring that, forensic auditing equip auditors with the prerequisite knowledge on how to corroborate audit evidence in order to ascertain material misstatements in the financial statements. In the same light, (Mwenda, 2020) that, forensic auditing techniques help auditors to decisively ascertain the effectiveness of substantive procedures and test of controls put in place by banks in order to detect fraudulent activities. However in contrary, (Dzomira, 2015) argued that, forensic auditing is a broad aspect its effectiveness depends on a raft of factors. Furthermore, (Mangala & Kumari, 2017) shared the sentiment that, forensic auditing techniques allow auditors to evoke statutory laws, corporate regulations and ensure that they are decisively adhered to without any malicious deviations.

5.1.2. The effectiveness of internal controls on fraud prevention and detection at CBZ.

There has been a persistent incomplete and inconclusive debate in literature concerning the effectiveness of internal controls on fraud prevention and detection at CBZ. The notion was debated to and from by different researchers and scholars and they failed to research a consensus. Researchers like, (Malle, Mwonge, & Naho, 2021) averred that, the effectiveness of internal controls differ basing on their ability to attain the intended objective. They also alluded that, forensic auditing techniques put in place by CBZ help to reinforce internal controls and improve segregation of duties required to order to buttress the financial risk. (Consolata, 2020) supported the notion that, audit strategies can consult investigative and detection techniques required in order to circumvent collusion between stakeholders which may prompt them to circumvent laid down internal controls. However in contrary, (Mann, 2020) argued that, internal controls are the major impediments which are affecting auditors from detecting and preventing fraud since, system users are used to internal controls put in place by the bank and ways of circumventing them.

5.1.3. Strategies that can be implemented to curb fraud activities in commercial banks.

Basing on the existing literature the researcher can conclude that, researchers and scholars are failing to reach a consensus on the possible strategies that, can be implemented in order to curb fraud activities in commercial banks. Furthermore, researchers like (Walliman, 2011) alluded that, there are a raft of strategies which can be deduced by commercial banks in order to curb fraudulent activities which are prevalent in the industry. Furthermore, they also noted that, strategies varies basing on the nature of fraud for instance, in multinational banks the major financial risk is related to exchange rates. The majority of researchers and scholars unanimously allude that, auditors should have feasible annual activity plans, audit charters and other relevant documents which provides a road map on what should be done and how when. (Consolata, 2020) Averred that, forensic auditors should be sceptical and inquisitive in order to circumvent fraudulent activities. The majority of researchers averred that, employees can manipulate rates and ensure that, the majority of loans are issued in a less value currency at a high bank rate in order to harness excess proceeds. Furthermore, in commercial banks the majority of fraudulent activities are inclined to the exchange manipulations. Before bring to light the possible strategies, all the respondents averred that, in commercial bank fraudulent activities are most prevalent in managerial levels whereby bank managers can embezzle

corporate funds and channel them to personal business with the intentions of reimbursing before the cash count date. However, many researchers failed to agree with the notion that, auditors should be periodically rotated and spot cash checks should be conducted more often.

5.2. Key conclusion from literature review.

All the respondents also averred that, forensic auditing techniques help auditors to decisively ascertain the effectiveness of substantive procedures and test of controls put in place by banks in order to detect fraudulent activities. Furthermore, forensic auditing techniques allow auditors to evoke statutory laws, corporate regulations and ensure that they are decisively adhered to without any malicious deviations. Furthermore, more than three quarters of interviewees availed that, forensic auditing help to reinforce internal controls and improve segregation of duties required in order to buttress the financial risk. Forensic auditing is the ultimate solution required in order to bring sanity in the financial regiment since it can consult investigating and prevention techniques required in order to circumvent collusion between stakeholders which may compel them to circumvent laid down internal controls. Research findings revealed that, the t-test was 3.756 and the sig was 0.005 which was slightly below the p value of 0.005 this unveils that, data was significantly correlated. Data collected from secondary data sources and analysed using linear regression unveiled that, forensic auditing strategies are effective in preventing fraud. Furthermore, the modal group of interviewees also concurred with the notion that, the bank have sound and running internal controls which are put in place in order to curb fraud. All the interviewees and respondents also averred that, the effectiveness of internal controls differ basing on their ability to attain the intended objective. Employees can manipulate rates and ensure that, the majority of loans are issued in a less value currency at a high bank rate in order to harness excess proceeds. Furthermore, in commercial banks the majority of fraudulent activities are inclined to the exchange manipulations. Before bring to light the possible strategies, all the respondents averred that, in commercial bank fraudulent activities are most prevalent in managerial levels whereby bank managers can embezzle corporate funds and channel them to personal business with the intentions of reimbursing before the cash count date. However, the majority of the interviewees suggested that, auditors should be periodically rotated and spot cash checks should be conducted more often. Forensic auditors and fraud investigators should be in tandem with the prevailing technological changes in order to avoid cyber users from embezzling crypto funds. Again, forensic auditors should be periodically attend seminars, workshops and trainings on fraud prevention and detection measures in order to boost their intellectual knowledge and cognitive abilities.

5.3 Recommendations

Forensic auditors should periodically attend seminars, workshops and trainings on fraud prevention and detection measures in order to boost their intellectual knowledge and cognitive abilities. Furthermore, auditors should strive to deduce sound and relevant measures which are in line with the changes in technology in order to effectively buttress all the possible factors which can prompt employees to engage in fraudulent activities.

Policy makers should enact new laws which can assist firms by curbing macro-economic factors which affects the forensic auditors from enacting sound strategies required to curb fraudulent activities. Furthermore, the government of Zimbabwe should also ensure that, stringent laws and regulations on fraudulent activities are constantly reviewed in order to ensure that, they are still relevant and applicable.

Commercial banks should constantly update and upgrade their internal controls in order to cover all the possible loopholes which may promote fraudulent activities. Again, banks should hire cyber experts and also utilize cloud accounting interfaces with end to end encryptions.

5.4 Overall study conclusions

Basing on data collected from the sampled respondents and interviewees the researcher can therefore concludes that, forensic auditing strategies are effective in preventing fraudulent activities in commercial banks. Furthermore, forensic auditing equip auditors with the prerequisite knowledge on how to corroborate audit evidence in order to ascertain material misstatements in the financial statements. Forensic auditing help to reinforce internal controls and improve segregation of duties required to order to buttress the financial risk. Perpetuators of fraudulent activities are motivated by personal exigencies which were illuminated by the fraud diamond theory. Forensic auditing is the ultimate solution required in order to bring sanity in the financial regiment since it can consult investigating and prevention techniques required in order to circumvent collusion between stakeholders which may compel them to circumvent laid down internal controls. Internal controls are the major impediments which are affecting auditors from detecting and preventing fraud since, system users are used to internal controls put in place by the bank and ways of circumventing them. Furthermore, there are a raft of strategies which can be deduced by commercial banks in order to curb fraudulent activities which are prevalent in the industry. Strategies varies basing on the nature of fraud for instance, in multinational banks the major financial risk is related to exchange rates. Again,

auditors should have feasible annual activity plans, audit charters and other relevant documents which provides a road map on what should be done and how when. Fraudulent activities are most prevalent in managerial levels whereby bank managers can embezzle corporate funds and channel them to personal business with the intentions of reimbursing before the cash count date. Therefore, auditors should be periodically rotated and spot cash checks should be conducted more often. Further studies should be premised on the effectiveness of fraud prevention and detection techniques in Commercial Banks using more than one bank as a case study in order to give reasonable assurance that, data collected is applicable to all commercial banks in Zimbabwe. Further studies should have a longer time interval and different data analysis techniques.

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Appendices

Appendix A: LETTER

BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE

Dear Respondent

This communication aims to introduce a final year student B190640A studying Bachelor of Commerce Degree in Banking and Finance. It is a prerequisite for me to conduct a study on a certain chosen industry or company to check if it is relevant so that I have a reason either to continue or not with my study. As such I am researching on a topic which reads: ***“Effectiveness of Fraud Prevention and Detection on Zimbabwean Banks”***. My topic is specializing on your bank CBZ Holdings. May you kindly assist me by answering this questionnaire and kindly note that every source you shall provide will be used for academic uses .Your help will be well appreciated.

Objectives

To establish the effectiveness of fraud prevention and detection techniques on CBZ.

To determine the effectiveness of forensic auditing on fraud prevention at CBZ.

To determine the effectiveness of internal controls on fraud prevention at CBZ.

To establish the mitigations strategies that can be implemented to curb fraud activities in commercial banks.

SECTION A: Questionnaire

Instructions

Please do not write your name on this questionnaire. Complete the questions by ticking where appropriate and writing in the blank space provided where necessary

Please place a visible cross (☒) in the appropriate box for close ended questions and write in your own words in the space provided when answering open ended questions.

Answered questionnaires can be forwarded to@gmail.com

Section A: Demographic information

	male	Female
Gender	<input type="checkbox"/>	<input type="checkbox"/>

	Below 2 years	Between 2 to 5 years	Between 6 to 10 years	Between 11 to 15 years	15 Years and above
Work experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Highest Qualifications Achieved	Diploma <input type="checkbox"/>	First accredited degree <input type="checkbox"/>	masters Degree <input type="checkbox"/>	Doctorate <input type="checkbox"/>	Other professional courses <input type="checkbox"/>
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5. Current Job Department

Tick where appropriate

Finance	Administration	Marketing and Sales	ICT Support
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION B : The Effectiveness of fraud prevention and detection techniques on CBZ

Use the scale below to rate the degree of the effectiveness of fraud prevention and detection techniques on CBZ

Tick the appropriate box

1. Agree
2. Strongly Agree
3. Disagree
4. Strongly Disagree
5. Neutral

Questions	1	2	3	4	5
Commercial banks are prone to fraud activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fraud prevention and detection techniques are effective	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fraud detection technique is effective	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fraud rate is very high on CBZ					
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SECTION C: The effectiveness of internal controls on fraud prevention and detection on CBZ

Questions	1	2	3	4	5
Internal controls are effective in preventing fraud					
There is need for internal controls in curbing fraud					
CBZ is using Internal Control technique in preventing and detecting fraud					
The effectiveness of internal controls is improving the efficiency of the bank					

SECTION D: The effectiveness of forensic auditing on fraud prevention at CBZ

Questions	1	2	3	4	5
Forensic auditing on fraud prevention and detection is effective					
Forensic auditing has much impact than internal controls					
It is contributing to the efficient of the business					
Forensic auditing has its common errors in curbing fraud					

SECTION E: The mitigations strategies that can be used to curb fraud activities in commercial banks

Questions	1	2	3	4	5
There are mitigation strategies to curb fraud on commercial banks					
Regular auditing ,internal controls can mitigate fraud on banks					
The mitigation strategies are being implemented					
The mitigation strategies are effective					

