BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF INTELLIGENCE AND SECURITY

Dissertation Topic

An Evaluation of the Strategies Used in Curbing Fraud in the Banking Sector. A Survey of Banks in Bindura.

BY

CHIPO GILLIAN FUKA

STUDENT NO. B1542901

A Research Project Submitted to the Bindura University in Partial Fulfilment of the Requirements of the Bachelor of Commerce Degree in Financial Intelligence

JUNE 2023

APPROVAL FORM

Title: An Evaluation of the Strategies Used in Curbing Fraud in the Banking Sector. A Survey of Banks in Bindura.

To be completed by the student

I certify that this dissertation meets the preparation guidelines as presented in the Faculty guideline and instructions for typing dissertations.

..../........../..........

(Signature of student) Date

To be completed by the supervisor

This dissertation is suitable for submission to the Faculty.

This dissertation has been checked for conformity with the Faculty guidelines.

..../........../..........

(Signature of Supervisor) Date

To be completed by the department chairperson

I certify to the best of my knowledge that the required procedures have been followed and the preparation criteria has been met for this dissertation.

..../........../..........

(Signature of Chairman) Date

RELEASE FORM

NAME OF STUDENT: CHIPO GILLIAN FUKA

DISSERTATION TITLE: An Evaluation of the Strategies Used in Curbing Fraud in the Banking Sector. A Survey of Banks in Bindura.

DEGREE TITLE: Bachelor of Commerce (Honours) degree in Financial Intelligence

YEAR GRANTED: 2023

Permission is hereby given to the Bindura University of Science Education Library to produce single copy of this dissertation and to lend or sell such copy for private, scholarly or scientific research purpose. Only the author reserves the other publication rights and; neither the dissertation nor extensive extracts from it may be printed or otherwise reproduced without the author's permission.

SIGNED ....

PERMANENT ADDRESS: 7610 Old Highfield, 9th Street, Harare.

TELEPHONE: +263777027240/ +263733856679

EMAIL: chipogfuka@gmail.com

DATE: ..../……..../............

DEDICATION FORM

I am forever grateful to my pillars for supporting me. For their continuous support, I would want to dedicate this dissertation to my parents Mr and Mrs Fuka and to my daughter Leandra Chiedza. I also need to express my gratitude to my sisters Jessie and Atronia. The continuous support I received from my supervisor, Mr Gombarume, should not be overlooked. I agree that my academic endeavors would not have been as successful as they have been without their ongoing, unwavering, and visionary support and advice. Above all, I thank the Almighty God for being my strength and for supporting me through the academic terrain, it was not easy but with Him it was made possible. I dedicated this research project to Him.

ACKNOWLEDGEMENTS

I would like thank the Almighty, the main reason behind this success. I would also like to thank my Academic Supervisor Mr Gombarume for providing me with the support and guidance to my research project. His support and guidance were a dear pointer to see me grow and learn successfully. Let me say thank you. I also want to thank all the participants that dedicate their time to participate in the research study.

To the Fuka family, for their continuous support throughout the duration of my studies, to my friends and colleagues.

ABSTRACT

The research study assessed the Strategies used in curbing fraud in the banking sector in Bindura. The mixed design approach was aimed at evaluating the response strategies used in curbing fraud in the banking sector of Bindura. This study examines the event of fraud and identifies that prior systems set up issues related to extortion are of importance due to the media's regular inclusion, which has harmed public trust. The study was guided by the following objectives: to assess the major types of fraud that hare experienced in the banking sectors of Bindura, to analyse the types of response strategies that have been established to curb fraud in the banking sectors of Bindura, to evaluate the effectiveness of response strategies that have been put in place to curb fraud in the banking sectors of Bindura and to establish the challenges encountered by the banking sectors of Bindura in the implementation of established strategies to curb fraud. The researcher used a sample size of 45 participants with the questionnaire and the interview as the main data collection instruments. Statistical Package for Social Sciences (SPSS) was used to analyse data which was represented using bar graphs, par charts and tables. According to the data, poor management practices and financial constraints appears to be the key causes of fraud, indicating that it is a significant concern. The analysis finds that when the perpetrators were apprehended and adjudged guilty, administration took decisive action on average. Also the findings indicated that card skimming, loan fraud, account fraud, online banking fraud and identity theft dominated in the banking sector of Bindura. The inside assessment survey, worker warning, and inadvertent revelation revealed the majority of misrepresentation events. According to the data, the majority of these firms lacked adequate fraud management procedures. The researcher strongly recommended more worker workshops and more activities to keep hunting and tracking bank fraudsters.

CONTENTS PAGE

List of tables and figures

CHAPTER ONE

INTRODUCTION AND PROBLEM SETTING

1.0 Introduction

This chapter is the backbone of the entire research study as it gives the foundation and guideline in which the study should proceed. It is therefore, important to note that the study attempts to evaluate the response strategies used in curbing fraud in the banking sector of Bindura. The chapter also covers topics on the background to the study, statement of the problem, justification of the study, research objectives and questions, delimitation of the study and definition of operational terms.

1.2. Background to the Study

Defining fraud has proved to be illusive due to the secretive nature of the crime. According to Fitch (2016), fraud includes activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and extortion. It is an intentional misrepresentation, concealment or omission of the truth or material facts for the purpose of deception or manipulation resulting to injury of a person or organization. Boois (2017) says that the effect of frauds can be seen in the downfall of entire organizations, massive investment losses, significant legal costs, incarceration of key individuals, and erosion of confidence in capital markets of countries, damage to reputations, brands, and images of many organizations around the globe. Anderson (2017) confirms that fraud cuts across all sectors of the economy, within and outside borders of a nation with the banking sector top of the most affected. The major types of fraud are asset misappropriation, accounting fraud, bribery and corruption fraud, cybercrime, money laundering, tax fraud, illegal insider trading and sustainability fraud. Darlington (2017) affirms that fraud occurs when a number of factors are in place, for instance pressure to meet goals, need for personal gain, motivation to commit fraud, existence of opportunity, week internal controls, poor organization culture and greed. Anderson (2017) says that when fraud is discovered, organization deal with it in different ways such as firing the employees involved, transferring staff, civil action, informing police, doing nothing, warning staff, reporting to relevant regulatory authorities. The fight against fraud faces a number of challenges across all sectors such as dilemma of reporting fraud, poor organization perception of fraud, lack of goodwill from top management in the fight against fraud, poorly established and equipped Judicial systems, lack of adequate technology, perceived damage to public image and reputation (Boois, 2017).

Fraud is an intentional misrepresentation, concealment or omission of the truth or material facts for the purpose of deception or manipulation resulting to injury of a person or organization (Anderson, 2017). Bank fraud refers to all forms of frauds committed against banks from internal or external sources. The effects of frauds are seen in downfall of organization as a result massive loss of revenue, tainted public reputation and image (Norton, 2018). Frauds comes in various forms, sizes, shapes and fashions which include identity theft, accounting fraud, fraudulent loans, ATM theft, cybercrime, skimming, false valuations, accounting fraud, check fraud and mail fraud (Wells, 2018). The banking sector thus, faces a never-ending task in seeking ways to stay one step ahead of the fraudsters in preventing fraud. It is therefore, important that the response strategies are evaluated to assess their effectiveness. The banking sector is a critical component of any economy and therefore, crafting effective fraud response strategies should be a top most priority for the management.

1.3 Statement of the Problem

Strategies provide an overview of the direction an organization intends to take in the short term and long-term period. Strategies are executable plan of actions that enable the banking sectors respond to internal and external challenges and describe how they will achieve their goals (Moyo and Zhou, 2017). Banking sectors often formulate company, product and service strategies to drive operational, support and managerial processes. When a bank is affected by fraud, the initial actions taken in the first few hours, days and weeks assist in limiting the impact of fraud. Banking sectors with effective response strategies to fraud are likely to reduce impact of fraud by preventing further lose, recovering any losses incurred, pursuing criminal action where necessary and safeguarding their reputation (Moyo, 2018).

Employees, customers and business organizations have committed various frauds against banking sectors of Zimbabwe. Employee frauds have taken the form of stealing cash directly from tills or intentionally crediting their accounts with customer funds. The customers and business organization commit frauds by colluding with employees who furnish them with client's data and the weak internal controls. Despite the several measures put in place committed as security camera's, access control, detection system, accounts monitoring systems, compliance units and staff code of conduct, fraud cases are still being reported hence the need to conduct this research study.

1.4 Purpose of the Study

The purpose of this research study is to evaluate the response strategies used in curbing fraud in the banking sector of Bindura. This would be done with a view to assess how effective are these response strategies, and if they are not effective, establish the best ways to make them effectively implemented.

1.5 Research Objectives

The following research objectives have been established to:

1. Assess the major types of fraud that hare experienced in the banking sectors of Bindura.
2. Analyse the types of response strategies that have been established to curb fraud in the banking sectors of Bindura.
3. Evaluate the effectiveness of response strategies that have been put in place to curb fraud in the banking sectors of Bindura.
4. Establish the challenges encountered by the banking sectors of Bindura in the implementation of established strategies to curb fraud.

1.6 Research Questions

1. What are the major types of fraud that hare experienced in the banking sectors of Bindura?
2. What are the types of response strategies that have been established to curb fraud in the banking sectors of Bindura?
3. How effectiveness is the response strategies that have been put in place to curb fraud in the banking sectors of Bindura?

4. What are the challenges encountered by the banking sectors of Bindura in the implementation of established strategies to curb fraud?

1.7 Significance of the Study

To the student

Along with offering the researcher with the opportunity to contribute to the advancement of the topic of national significance, it also gave her a strong insight of fraud. More so, the study certainly contributed significantly to the academic body of knowledge and allows the development of theoretical frameworks. The study was also worthwhile because it allowed the researcher to complete the prerequisites for the Bachelor of Commerce Honours Degree in Financial Intelligence.

To the Bank

The research study would significantly contribute knowledge to the banking sector systems by informing the general into the best strategies, which could be adapted to mitigate the fraud cases in the banking sector. This information is fundamental for improving the security system of the banking sector and ensure that such cases are drastically reduced.

To Bindura University

From the academic point of view, the study would also identify and document in empirical terms, critical information about the best measures that can be used to curb fraud cases in the banking sector in Zimbabwe. Future researchers looking into the same problem in the fields of fraud management should find the study quite interesting.

1.8. Assumptions

The research was guided by the following assumptions;

- The respondents from banks or workers had sufficient information regarding the issues around bank security and fraud.
- The information obtained from respondents was sufficient to find dependable data which helped in the analysis and conclusions of the issues surrounding bank fraud.

1.9. Delimitation of the Study

The research study focused on the banking sector in Bindura, Mashonaland Central Province and specifically assessed the response strategies used to curb fraud cases in the banking sector. Qualitative method was used to collect data from the participants (both male and female) whose ages was above 18 years old but the deaf and dump people was excluded in the research study.

1.10. Limitation of the Study

The research study came at a time when the country, like many parts of the world, is grappling with the effects and threats of Covid-19 pandemic. However, through following due processes and getting permission from the concerned and respective offices to conduct this research study, this challenge was mitigated. In fact, the researcher moved around with adequate bottles of sanitizers, face masks and always maintain social distance to ensure that participants would not contaminate the disease during the face-to-face interviews. In the event that the participants become skeptical and hesitant to provide important information to the researcher. However, the researcher would reemphasize on the significance of collecting the data and further explain to them that this collection of the data would be done for academic purposes only.

1.11. Definition of Operational Terms

Strategies – Anderson (2012) defines strategies as plans of action designed to achieve a long-term or overall aim. Musoni (2012) describes strategies as general plans or set of plans intended to achieve something, especially over a long period.

Banking Sector – Moyo (2016) describes banking sector as a sector composed of credit institution, financial institutions and associated companies. The banking sector plays a fundamental role by providing financial services to the public and other business organisations.

Fraud – Mutero (2013) defines fraud as the crime of using dishonest methods to take something valuable from another person. Therefore, fraud involves the false representation of facts, whether by intentionally withholding important information or providing false statements to another party.

Effectiveness – According to Thomas (2015), effectiveness is the degree to which something is successful in producing a desired result. Anderson (2017) defines effectiveness as the capability of producing a desired result or the ability to produce desired output.

Evaluation – Darlington (2016) describes evaluation as the making of a judgement about the amount, number or value of something. On the other hand, Coertz (2016) defines evaluation as the structured interpretation and giving of meaning to predicted or actual impacts of proposals or results.

1.12. Chapter Summary

Chapter one is the foundation of the whole document as it guided the researcher on the correct direction to proceed. The chapter also covered topics on the background to the study, statement of the problem, significant of the study, research objectives and questions, assumptions of the study, delimitation and limitations of the study and definition of operational terms. The next chapter two focuses on literature review.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Literature review focused on what other researchers and scholars have written and acknowledged about the research and the gap(s) of knowledge that justifies the study which was undertaken. Three types of literature were reviewed in this chapter thus conceptualization, theoretical literature which reviewed theories which were related to the area of study as well as empirical literature which reviewed studies that have been done by others around the same area of study. According to Arlen (2014), literature review plays the following roles: Seeking new lines of inquiry, gaining methodological insights and linking up with key researchers in the area. This chapter, therefore, reviews what other writers have said on the strategies used to curb fraud in the banking sector. The review also examined issues related to the nature fraud practices in the banking sector, the causes and impacts of fraud on relation to the case study, the theoretical framework and empirical evidence. According to Malikhah, I. (2021), leaving out literature review renders the whole research void. Conducting literature review helps in identifying other people working in the same field, it increases one's depth of knowledge and enables one to relate their work to that done by previous authors.

2.1 Theoretical Review

In-depth theories of fraud and theories of animal behavior have both attempted to incorporate the aspects that influence fraud. Beasly (2016) writes that there are a variety of reasons why people engage in fraudulent behavior, as mentioned above. It might be greedy or pathological. According to the pathological view, when a criminal's mental state predisposes and compels him to commit fraud, even though he or she is, culture's demands on the growth of taste are too expensive for the legitimate income of the individual. This is especially true with regard to fraud. The Nigerian banking sector's evaluation of fraud and control measures does not require the necessary resources.

According to the "greed theory of fraud," banks have consistently been targeted by persons from the underworld because they are thought of as the richest institution in the nation. The hypothesis goes on to list some of the causes of fraud, such unstable instincts for riches over authority concentration, inadequate security measures for critical advances, and others. According to Puryati, D., & Febriani, S. (2020), moral behavior begins in middle childhood, which is when fraudulent behavior begins to emerge.

2.1.1. Theory of Fraud Triangle

According to this idea, there are three main types of fraud: rationalization, perceived opportunity, and perceived pressures or motives. The word "perceived" is crucial in this situation since pressure, opportunities, and reasoning may occasionally obscure the fact that pressures, both financial and non-financial, are the primary motivations to commit fraud. Despite the fact that, according to Ngalyuka (2013), financial pressure accounts for 95% of frauds, it is not the only factor. This pressure may come in the form of loans, underpayments, employee family financial struggles, and work-related expectations to do better than others. The workers' unauthorized access to some basic information offers them the ability to engage in unethical activity and conceal it, which increases the likelihood that fraud would be committed at the bank (Chiezey & Onu, 2013). These opportunities, according to Kanu and Okafor (2013), are brought on by lax regulatory mechanisms, a lack of expectations for consequences that could act as a deterrent, and poor infrastructure. The perceived rationale is the third element of the fraud triangle. The justification of unethical behavior within a company that isn't unlawful in nature is called rationalization. According to Mahinda (2012), a person who is unable to justify their unethical activity is usually not going to perpetrate fraud. The aforementioned argument makes it clear that, in addition to internal control and corporate governance, strong adherence to banking ethics has a tremendous potential for averting opportunities for fraud and dismantling its justifications, which will ultimately end the fraud triangle.

2.1.2. Agency Theory

According to Onwujiuba (2014), the separation of ownership and management of a commercial concern without enough oversight creates a space for unethical action. The business owner must make sure that the workers serve the interests of the shareholders, and this may be done by offering both monetary and non-monetary incentives to the staff (Onwujiuba, 2014). These incentives will make sure that the worker remains motivated at all times, lowering the perception of pressure to engage in fraud. These inducements may be informed of leave benefits, medical insurance plans, staff loan availability, prompt assistance with their needs, etc. (Mutesi, 2011). It is true that today's materialistic inclinations have made incentive programs inefficient at reducing agency expenses. This might frequently be seen in the agents' (i.e., management's) use of dishonest hiring methods. As a result, compliance with banking ethics as well as internal control and corporate governance become crucial for the banking industry. Chemingui, S. (2020). examines the variables affecting the fraud prevention tactics used by Nigerian commercial banks. As part of a descriptive study technique, data was gathered using a questionnaire, and both descriptive and inferential statistics were used to analyze the findings. According to the study, internal control methods were less effective when the dual control element was not followed and when there was insufficient time to completely complete the multiple periodic tests. He advised the establishment of comprehensive anti-fraud procedures, enforcement of compliance with fraud mitigation techniques, and increased staffing in crucial areas. In order to prevent financial loss, Zuraidah et al. (2015) looked at banking institution fraud schemes and preventive measures. The study was concluded among management level in Malaysia banking institutions, with a focus on branch managers and assistants' managers who handles mortgage loan and hire purchase loan. The study finds out that perpetrators of fraud always have insights of the procedure and had taken advantage and capitalize on the process to penetrate and commit fraud. They concluded that it is impossible to achieve zero fraud risk in the banking institutions because fraudster will always find their ways, an opportunity for unethical behavior. The owner of the business must ensure that the employees work in the best inters of the shareholders, this can be achieved through the use of both financial and non-financial incentives to the employees (Onwujiuba, 2014). These incentives will ensure that the employee stayed motivated all times and thereby reducing the perceived pressure to commit fraud.

2.1.3. A-B-C Analysis Theory

According to a study by Ramamoorti (2008), conduct is the primary contributor to fraud. He investigated fraud using social and psychological methods. Ramamoorti (2009) proposed an A-B-C model to analyze and classify fraud a year later. A rotten apple, a bad bushel, and a terrible crop are three examples of fraud, according to Ramamoorti (2009). Fraud perpetrated by an individual is referred to as an "apple" in this context. Collusive fraud, or fraud performed in complicity, is referred to as "rotten bushels." The term "bad crop" also refers to fraud that is conducted in concert with social and cultural factors that influence the likelihood of fraud. The most hazardous of the three is a lousy crop. It is true that today's materialistic inclinations have made incentive programs inefficient at reducing agency expenses. This might frequently be seen in the agents' (i.e., management's) use of dishonest hiring methods. As a result, compliance with banking ethics as well as internal control and corporate governance have become crucial for the banking industry. Sang (2012) examines the variables affecting the fraud prevention tactics used by Nigerian commercial banks. As part of a descriptive study technique, data was gathered using a questionnaire, and both descriptive and inferential statistics were used to analyze the findings. According to the study, internal control methods were less effective when the dual control element was not followed and when there was insufficient time to completely complete the multiple periodic tests.

2.2. Concept of fraud

Fraud is very comprehensive field of crime under which exist a range of different activities, fraud is diverse in nature and as such getting a comprehensive definition is somehow difficult, (Beasly, 2016). Zuraidah et al. (2015) classify fraud together with white collar crime and defined them as illegal acts characterized by quit, deceit and concealment and are not dependent upon the application of physical force or violence threats there. Ogechukwu, 2013, in their definition, they agree that fraud is an action which involves the use of deceit and trick to after the truth so as to deprive a person of something which is or something to which he might be entitled,(Aucoin, P. and M. D. Jarvis 2018). Fraud is an intentional act of deception, with the idea of concealment done for financial advantage. As a result, defalcation is theft by a person in a position of trust, which is more than theft. Fraud may be committed by a single individual, someone in a different position from them, a manager and a subordinate, or even an insider and an outsider. D. Puryati, S. Febriani, and others (2020). Beasly (2016) suggested that a variety of factors, including pathological or greedy motives, the desire to be in acute need often referred to as dire need," and cultural demands on the cultivation of taste, among others are the driving forces behind fraudulent activities. When a criminal's taste of mind and disposition are pathological, it is considered that they are motivated by fraud in particular.

Fraud may occasionally take the form of theft, asset misappropriation, document manipulation, or even outright lying about the theft. In other words, it involves converting resources or property that have been stolen. According to Karim, L. A. (2019), there must be three components referred to as "WOE "for fraud to occur. The term "WOE" stands for "will, opportunity, and exit," which is also known as the "fraud triangle," which is made up of "perceived pressure," "perceived opportunity," and "rationalization." Fraud is a widespread occurrence that is not unique to the banking sector. Bank fraud can be committed in so many ways and most of the times it involves both insider (employee) and outsiders coming together to successfully commit an unethical behavior. As logically anticipated, fraud is perpetrated in several forms and guises, and usually have insiders (staff) and outsiders conniving together to effectively execute the act (Adeyemo, 2012). The following types which are not in any way absolutely complete are the most common types of bank frauds in Zimbabwe: (a) Forgeries which involve the deceptive copying and use of customer’s signature to draw huge sum of money from the customer’s account without previous permission of the customer. Such forgeries may be targeted at savings accounts, deposit accounts, current accounts or transfer instruments such as drafts. Experience has shown that most of such forgeries are perpetrated by internal staff or by outsiders who act in conspiracy with employees of the bank who usually are the ones who release the sample signatures being forged (Bridge, M., and Moss, I. 2019).

(b). Unofficial Borrowing in which instances, bank employees borrow from the vaults and teller tills off the record. Such unauthorized borrowings are done in exchange of the staff post-dated cheque or I.O.U. or even nothing. These borrowings are more rampant on weekends and during the end of the month when salaries have not been paid. Some of the unauthorized borrowings from the vault, which could run into thousands of naira, are used for fast businesses lasting a few hours or days after which the resources are replaced without any substantiation in place that they were taken in the first place. Such a practice when done recurrently and with no official records, soon very easily becomes prone to manipulations, whereby they resort to other means of balancing the cash in the bank's vault without ever having to replace the sums of money collected.

(c). Theft and Embezzlement represent another form of fraud which involve the illegal collection of financial items such as cash, travelers' cheque and foreign currencies. It could also involve the dishonest collection of bank property such as motor vehicles, computers, stationeries, equipment, and different types of electronics, owned by the bank.

(d). Fraudulent Money Transfer which may results from a request created solely for the purpose of committing a fraud or the alteration of a legitimate funds transfer request. A genuine request can be altered by changing the beneficiary's name or Account number or changing the amount of the transfer. These day "yahoo boys" the name giving to scammers in Nigeria that send fake e-mails to would-be victims, asking them to apply for fake contracts or fake lottery thereby winning non-existing money from a dead billionaire's account in different parts of the world. They connive with fraudulent bankers in the Western Union department to withdraw their ill-gotten hard currencies.

(e). Defalcation is the embezzlement of money that bankers are holding in trust for their clients. One typical type of bank fraud is the defalcation of clients' deposits by conversion or fraudulent alteration of deposit vouchers by either bank staff or consumers. When bank employees and customers work together to defraud, the fraud is typically well-planned and takes longer to uncover. They can only be easily seen during the bank account reconciliation of consumers.

2.3 Fraud prevention measures

2.3.1. Internal Control System and Fraud Prevention

ICAN (2015) defines internal control as the whole system of control, financial or otherwise, established by the management in order to carry on the business of an enterprise in an orderly an efficient manner, ensuring adherence to management policies, safeguarding the assets and secure as far as possible the completeness and accuracy of records. Internal control as defined by the Commission of Sponsoring Organization [COSO] (2019) is the process established by an organization's board of directors and management, which is designed towards providing a reasonable assurance in order to achieve their aims and objectives in an efficient and effective manner, and ensuring reliability of their financial statement and in conformity with relevant rules and regulations. Chemingui, S. (2020). opined that internal control is established in order to put management on alert towards likely problems, to ensure they are being controlled before it got escalated to a big issue. Although errors and misappropriation cannot be completely eliminated by these safeguards, they can reduce their frequency. Financial and non-financial issues plague financial institutions today, and a weak internal control system is the primary cause of these issues. A robust internal control system is the answer to the issues facing the banking sector; numerous banks have failed as a result of insufficient internal control (Tunji, 2013). According to Khanna and Arora (2009), inadequate internal control systems include gaps that fraudsters frequently find before engaging in unethical behavior. Although errors and misappropriation cannot be completely eliminated by these safeguards, they can reduce their frequency. Financial and non-financial issues plague financial institutions today, and a weak internal control system is the primary cause of these issues. A robust internal control system is the answer to the issues facing the banking sector; numerous banks have failed as a result of insufficient internal control (Tunji, 2013). According to Dinapoli T. P. (2019), inadequate internal control systems include gaps that fraudsters frequently find before engaging in unethical behavior

2.3.2. Corporate Governance and Fraud Prevention

Corporate governance refers to a system of procedures that guard outside investors from expropriation by insiders (such as management, family members, or governments). It primarily focuses on preventing theft or fraud, which can be cunningly carried out by the management, the board, or both (Institute of Chartered Accountants of Nigeria [ICAN], 2015). The three components of corporate governance—directorship, internal auditing, and external audits—were designed as monitoring methods to ensure excellent company governance Elder, R. J., & Yebba, A. A. (2017). The audit committee, the fourth component, was added by the Institute of Internal Auditors [IIA] in 2017. Corporate governance refers to a system of procedures that guard outside investors from expropriation by insiders (such as management, family members, or governments). It primarily focuses on preventing theft or fraud, which can be cunningly carried out by the management, the board, or both (Institute of Chartered Accountants of Nigeria [ICAN], 2015). The three components of corporate governance—directorship, internal auditing, and external audits—were designed as monitoring methods to ensure excellent company governance (Ojo, A. (2017)). The audit committee, the fourth component, was added by the Institute of Internal Auditors [IIA] in 2017.

2.3.3. Risk Assessment

Every entity faces a variety of risks from external and internal sources that must be assessed and managed. COSO (2019) describes risk assessment as the identification, measurement, and analysis of risks, internal and external, controllable and uncontrollable, at individual business levels and for the bank as a whole. Management therefore must assess all risks facing the bank because uncontrolled risk-taking can prevent the bank from reaching its objectives or can jeopardize its operations. Effective risks assessments help determine what the risks are, what controls are needed, and how they should be managed. Management establishes activity-level objectives and mechanisms for identifying and analyzing risks related to their achievement.

2.3.4. Compliance with Banking Ethics and Fraud Prevention

The well-founded principles of right and wrong that truly demonstrate what people should do or not do, primarily in terms of rights, obligations, benefits to society, justice, or particular qualities, are known as ethics. According to Idowu (2019), ethics are those that embody qualities like compassion, honesty, and loyalty. As a result, ethics is not the same as sentiments, religion, social norms, science, values, or morality; rather, it is an endeavor to state or establish what is right for each individual and society as a whole (ICAN, 2015). According to Idowu (2019), banking ethics outlined overarching concepts about the industry's stance on the matter, including quality, privacy, mission, and their environment. The rules and norms that are fixed, either officially or implicitly, to steer bankers' behavior against unethical action are the ethical concerns at stake in this situation. Banks are responsible for establishing stability and ensuring confidence in financial markets, as well as protecting the interests and rights of their numerous customers. As a result, it is crucial for banks to conduct their daily business in a manner that is morally upright and in accordance with the principles of impartiality, integrity, reliability, transparency, and social responsibility. Ojo, A. (2017) noted that a code of ethics is extremely important for both bankers and the general public.

The objective of setting ethical code of conduct is to enable bankers make their thoughts clear on what represent immoral and unethical conduct, this helps experts and professionals to know moral issues and figure out restrictions on what constitutes an acceptable or unacceptable attitude, towards curbing unethical behavior.

2.4 Empirical evidence

While several studies on fraud and its impact on bank performance have been undertaken in various nations, there is little empirical proof of the societal impact of fraud on the African banking sector (Adewumi, 2010). For instance, Adewumi (2010) identifies social-economic failures in society as contributing factors of fraud in his explanation of bank fraud. These failures include misplaced societal values, society's lack of skepticism toward the sources of wealth, the rise in societal expectations of bank staff, and the staff's subsequent desire to live up to such explanations. Research on job involvement/experience characteristics and fraudulent activity among serving and convicted bank employees was conducted by Adeyanju (2014).

The study found that level of job involvement has function of three factors; motivation, identification and a feeling of pride that people achieve in their jobs (Adeyanju, 2014). Institute of Internal Auditors (2015) did research on the means of minimizing the incidence of fraud in Nigeria banking industry. Funding of the study revealed that, so many factors contributed to the incidence of frauds in banks amongst which are poor management of policies and procedures, inadequate working conditions, bank staff staying longer on a particular job and staff feeling frustrated as a result of poor remunerations.

Mutesi (2010) investigated bank frauds using methodology of an interaction with bank staff of various cadres with structured questionnaire to identify the fraud forms and characteristics in the banking industry. The study reveals that some staff involve in fraud due to greediness and arrogance. In a different study, Rashid, C. A. (2017). carried out a study on the role of bank CEO in the perpetration of corporate executive frauds in the Nigerian banking sector. The study reveals that recent banking crisis in Nigeria have exposed the activities of bank executives in corruption and fraudulent practices using institutional anomie theory called American dream theory.

2.5 Research gap.

The other studies have concentrated on establishing the general effects of bank fraud on the economy ,social wellbeing of individuals and the image of the bank, however this study tried to establish the major effective measure to curb bank fraud in Bindura .other researchers did not focus much on the types of bank fraud and their preventive measures which were however evaluated in this study to figure their effectiveness in the banking sector in Bindura .the issue of bank compliance with fraud prevention ethics and good corporate governance were not addressed by other researchers a situation which needs to be addressed to curb fraud in the banking sector .

2.6 Summary

The chapter discussed several definitions of bank fraud, as well as different types of fraud and academic viewpoints on fraud in the banking sector. The empirical review of the study was also discussed in the literature review chapter.

CHAPTER THREE

Research Methodology

3.0 Introduction

The intention of this chapter is to cover the following aspects under the research methodology; philosophy, design, approach, strategy and main research methodology. The chapter further clarifies the beginning stages of the research study, conceivable ramifications of the research when it is finished, clarifies the writing the researcher is utilizing, the routines and the kind of examination that would be utilized to decipher the information and data gathered and gives an avocation for the methodology a researcher takes and exhibits that the researcher is not simply doing things on the grounds that it is helpful, modest, or they simply would prefer not to do whatever else might be available. Case in point, the methodology would clarify the explanations behind conversing with individual’s vis-à-vis or in gatherings or not conversing with individuals whatsoever, the explanations behind selecting some individuals and not all individuals.

3.1 Research Strategy

This research study used a mixed method to collect the data from the participants. The mixed method according to Cresswell (2011) is a combination of qualitative and quantitative method where data was collected using different research instruments. This method was critical in the collection of data from the participants in the sense that one method supported the other hence rich information was collected from the participants. mixed methods allowed the researcher to widen the inquiry with sufficient depth and breadth. For instance, when a researcher wanted to generalize the findings to a population and develop a detailed view of the meaning of a phenomenon or concept for individuals, Creswell, 2003 cited in Anderson (2014) confirm that the advantages of collecting both closed-ended quantitative data and open-ended qualitative data support understanding a research problem. Furthermore, qualitative data such as interviews provided depth in the research study inquiry as the researcher gained a deeper insight into the phenomenon from narratives. Then, a quantitative approach of data collection brought breadth to the research study by supporting the researcher to generate relevant data from the participants. Another driving motive for combining the two methods was the belief that both kinds of research had values and that in some respects they were complementary, and therefore, there was an added value in combining them. The researcher used both data sets to answer the same research questions, which produced greater certainty and wider implication in the conclusion.

3.2. Research Design

Pauline Young (2015) describes case study as "a comprehensive study of a social unit be that unit a person, a group, a social institution, a district or a community." In view of this a case study method is a form of both qualitative and quantitative analysis where in careful and complete observation of individuals or a situations or an institutions is done; efforts are made to study each and every aspect of the concerning unit in minute details and then from case data generalisations and inferences are drawn. Case study is a method of study in depth rather than breadth that places more emphasis on the full analysis of a limited number of events or conditions and their interrelations and deals with the processes that take place and their interrelationship (Dennis and Stuart, 2016). Thus, case study is essentially an intensive investigation of the particular unit under consideration. The objective of the case study method was to locate the factors that account for the behaviour-patterns of the given unit as an integrated totality (Anderson, 2016). As indicated by Ada (2009) the research design alludes to the clarification of the technique took on in the doing of the examination and is hence an arrangement or construction of any part of the exploration methodology. Graphic exploration method was utilized in the review. As indicated by Simiyu (2013) a spellbinding report empowers this depiction of the peculiarities being examined.

3.3. Study Area

The study took place in Bindura town. The town was specifically chosen as the researcher had a case study of banks in Bindura.

3.4. Population of the Study

Cherotich (2012) characterizes populace as whole gathering of people, occasions or articles having normal discernible attributes. Population refers to the set or group of all the units of which the findings of the research is to be applied (Indore, 2020). With regards to this review, the specialist designated the global firms in the financial area, worldwide in inspecting administrations and global organizations. It provides a pool of jurisdiction from where respondents are to be drawn from. The target population comprises of 70 employees from different banks in Bindura. This population comprised of all levels of employees. However, a sample representative was selected as the researcher could not collect data from the whole population due to limited time.

3.5. Sampling technique

According to Cochran (1963) cited in Cohen and Manion (2017), sampling technique is defined as the method or process used to select a sample from a target population. It is a procedure in which a smaller group or sample is selected from a larger group or population, with the aim of acquiring data or insights about the larger group. The goal of sampling is to obtain a representative subset of the population that is unbiased so that the information obtained from the subset can be used to make generalizations or inferences about the population as a whole. This subsection has analyzed the assurance of the example size utilized for the review and the testing procedure utilized. The basic arbitrary inspecting procedure was utilized for the review. As indicated by Ibrahim (2017), a basic irregular example of size n comprises of n people from the populace picked so that each arrangement of n people has an equivalent opportunity to be the example really chose. The researcher preferred simple random sampling technique.

3.5.1 Simple Random Sampling

This is a method where each member of the population had an equal chance of being selected for the sample. This means that the participants were randomly selected from the target population without any predetermined pattern or criteria. This was done to ensures that every member of the population to have the same chance of being selected.

3.6. Sample Size

The researcher used a sample size of 45 respondents which were drawn from each stratum as shown on table 3.1. Selecting a sample size of 45 respondents was done following Saunders et al (2013), who argues that a target population is well-represented when a sample is more than 10% of the target population, hence this sample size of 45 respondents 10%. According to Leedy (2004) as cited by Hulme (2017), a sample is a representative of the entire population taken to outline what the whole population is like.

Table 3.1: Sample Size

STRATUM	NUMBER OF RESPONDENT
Management	**4**
Security Department	**15**
Loss Control Department	**20**
Chief Auditors	**6**
Total	**45**

Source: Primary data (2022)

3.7. Research Instruments and Data Collection

Essential information was gathered through the use of questionnaires. In this technique, the surveys were first dispersed to respondents with a perspective on gathering them later. The benefit related with this technique is that it's advantageous to both the analyst and the respondents since the respondents fills the surveys at their helpful time. The data was collected using interviews, document views and questionnaires.

3.7.1. Interviews

Interviewing constitutes one of the most common methods of data collection in social science research and has a variety of forms, including face-to-face verbal interchange between researcher and participants at individual or group level and telephone inquiry (Fontana and Frey, 2016). Interview data are considered to be useful for developing an in-depth description of the case under study (Stake, 2015). Moreover, face-to-face interviews enabled the researcher to understand the significance of human experiences as described by participants. This method was necessary and important to achieve a holistic viewpoint of the participants on the subject matter of the inquiry and enabled the researcher to probe further in order to get rich data from the participants. During the collection of the data, the researcher became part and parcel of the research process. It was important to note that the responses from the interviews were very quick. On the same time, the researcher could also read the non-verbal cues posed by the participants and also read facial expressions.

3.7.2. Document View

The published and unpublished relevant document such as books and reports on community history, local demographic profiles, organisations' reports, and organisation meeting minutes, newspaper reports and development progress reports were collected and reviewed during the field work. These documents were very important to understand the research contexts and the ongoing and past development activities in the study area. Review of the organisations' and groups' meeting minutes helped the researcher to understand the group dynamics in development processes. The secondary information gathered enabled the researcher to understand the overall context of the study population and guided in the primary data collection process.

3.7.3. Structured Questionnaire

Gray (2017) regards a research instrument as a tool employed in the collection of data. The structured questionnaire was also considered to be more appropriate in the research study given a number of reasons. First, due to the Covid-19 pandemic and the related restrictions and guidelines, the researcher sought to minimize very close interactions with the participants, hence he also resorted to conducting a survey by distributing a structured questionnaire to the participants. Thus, voluminous data was collected in a shorter period of time, at less costs, whilst observing the Covid-19 restrictions, management protocols and guidelines. Secondly, a structured questionnaire was used and the research questions were broken down into smaller questions with possible answers from which the participants could choose.

3.8. Reliability and Validity

3.8.1. Reliability of Data

According to Bolarinwa (2015), reliability refers to the consistency or stability of data over time or across different observers or instruments. Specifically, it refers to the degree to which the same results are obtained each time the data is collected. Reliability is of great importance in producing precise and static results. In order to test the reliability of the research instruments that was used in the research study, pre-test and re-test of methods were done.

3.8.2. Validity of Data

Validity refers to the accuracy of data and the degree to which a study measures what it claims measure (DeVellis, 2012). The questions that were designed by the researcher were complete and to the point. This assisted the respondents to answer many questions within a short space of time. The questions were simple and understandable and objective which did not suggest answers. They were asked firstly general questions followed by sensitive questions at the end so as to enable the respondents to feel at ease throughout the session. This enabled the respondents to be more independent, cooperative and giving their best.

3.9. Data Analysis

3.9.1. Quantitative Data Analysis

Data analysis refers to a continuous, inductive process that involves sorting, sifting, reading and re-reading data (Trussel and Rose, 2019). Before the actual data analysis, the questionnaires were checked for completeness to ensure that every questionnaire was completed. The data obtained through questionnaires was validated and edited. The instruments were scrutinized to determine correctness and accuracy. The gathered information was coded and analyzed utilizing elucidating measurement and SPSS on its relative measures.

The Statistical Package for Social Sciences (SPSS) was utilized for the examination. The data which was collected was analyzed using both qualitative and quantitative data analysis methods. Graphical information show was additionally accessible, that is pie diagrams, structured presentations, and tables.

3.9.2. Qualitative Data Analysis

The qualitative data was thematically analyzed. This means that the researcher identified the ideas that were coming out repeatedly during the discussion with the respondents

3.10 Ethical Considerations

The research prioritized research ethics. According to Saunders et al. (2016), ethics refers to the appropriateness of the researcher's behaviour in relation to the rights of those who become the subject of the survey. Ethics in research refers to the code of conduct for behaviour while conducting research (Resnik, 2021). Ethical issues were taken into account throughout the whole process of this research, that is, before and after data collection. To protect participants' identities questionnaires will be regarded as coming from anonymous respondents. Permission to give out questionnaires was sought from bank management. The researcher made it clear that participation was voluntary and participants could withdraw from the exercise at their choice. One primary responsibility of the research was to treat the information given by respondents as strictly confidential and guard their privacy. Above all, all study respondents were treated with respect, fairness and dignity.

3.11 Chapter Summary

This chapter discussed the research methodology employed in the research study. The chapter outlined the research strategy and design, sampling techniques, research instruments and justification for each stage involved. It also looks at data validity and reliability, data analysis techniques employed and how it was presented. The next chapter (chapter four) focuses on the presentation, analysis and discussion of the findings.

CHAPTER FOUR

RESEARCH FINDINGS ANALYSIS AND INTERPRETATION OF THE RESULTS

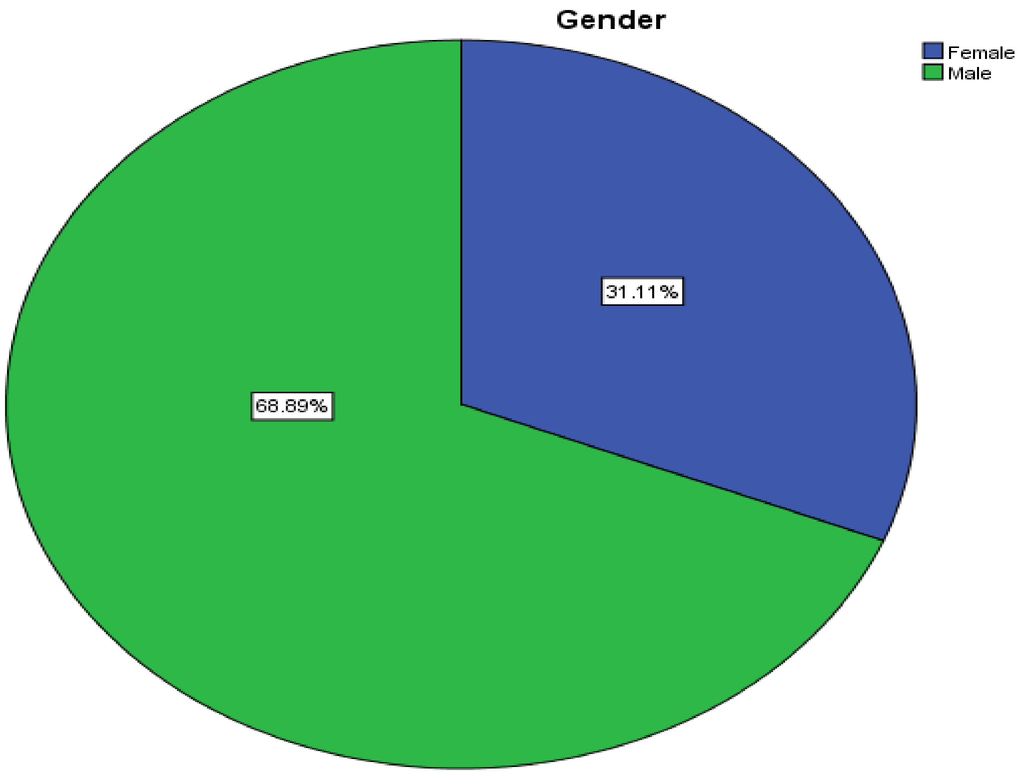
4.0 Introduction

While the major goal of this study was to discover the determinants in fraud in the banking environment the chapter presents a detailed analysis of the data. The findings were analysed using thematic analysis as well as the Statistical package for social sciences.

4.1 Demographic information

The demographic information of the participants was computed using descriptive statistics in SPSS. The figure 4.1 shows the gender distribution of the 45 participants that took part in the study, the figure illustrated that 68.89% of the participants were male participants while 31.11% were females.

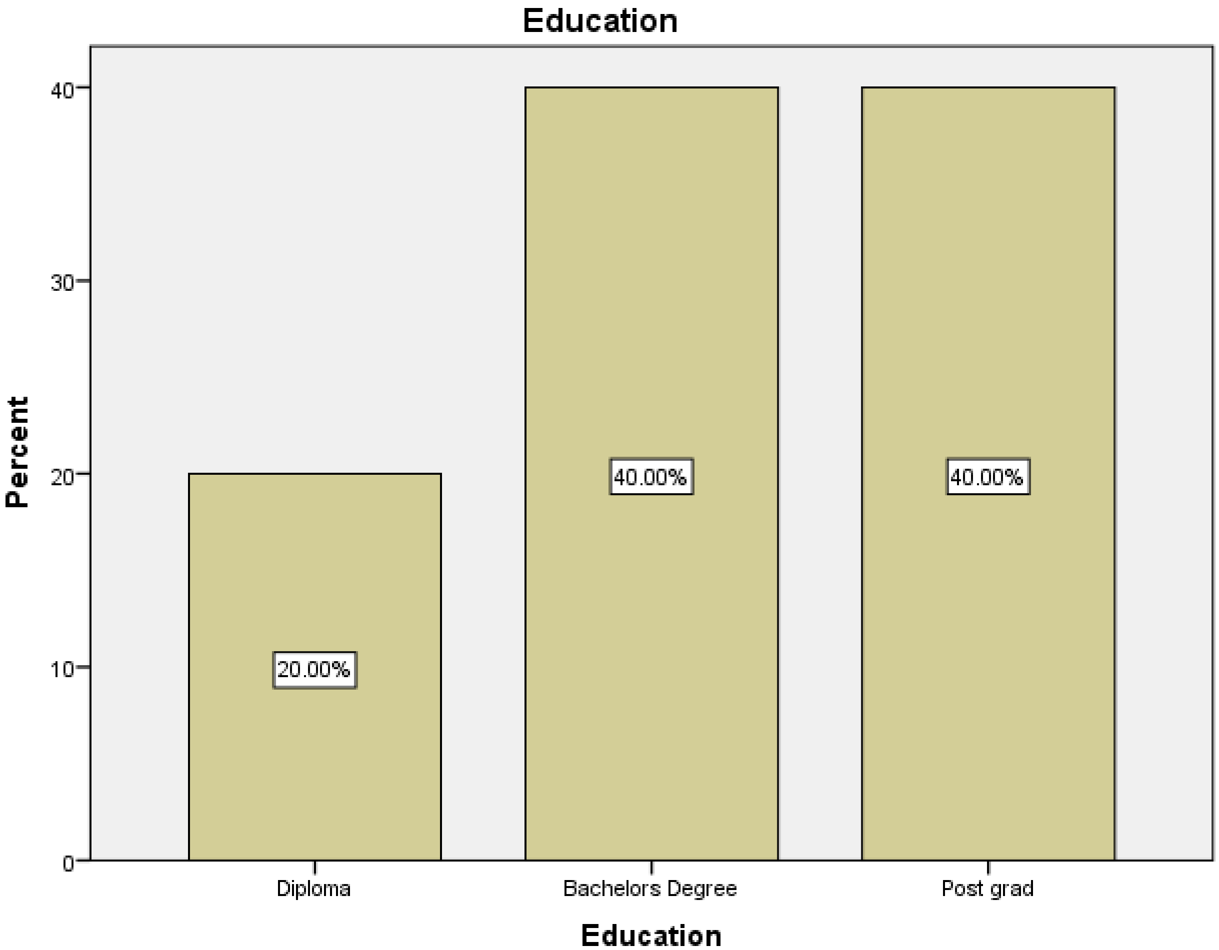
Figure 4.1



Source: Primary Data (2023)

In the education distribution it was observed that there were 20% diploma holders, 40% were bachelor's degree holders while, 40% were also post graduate holders. The findings relate to those by Ndengu and Leka (2022), that highly qualified employees, as well as expanding their function and significance in the job market, At the specialized departments of higher education institutions, creative groups of leading professors and business leaders serve as a framework for cooperation.

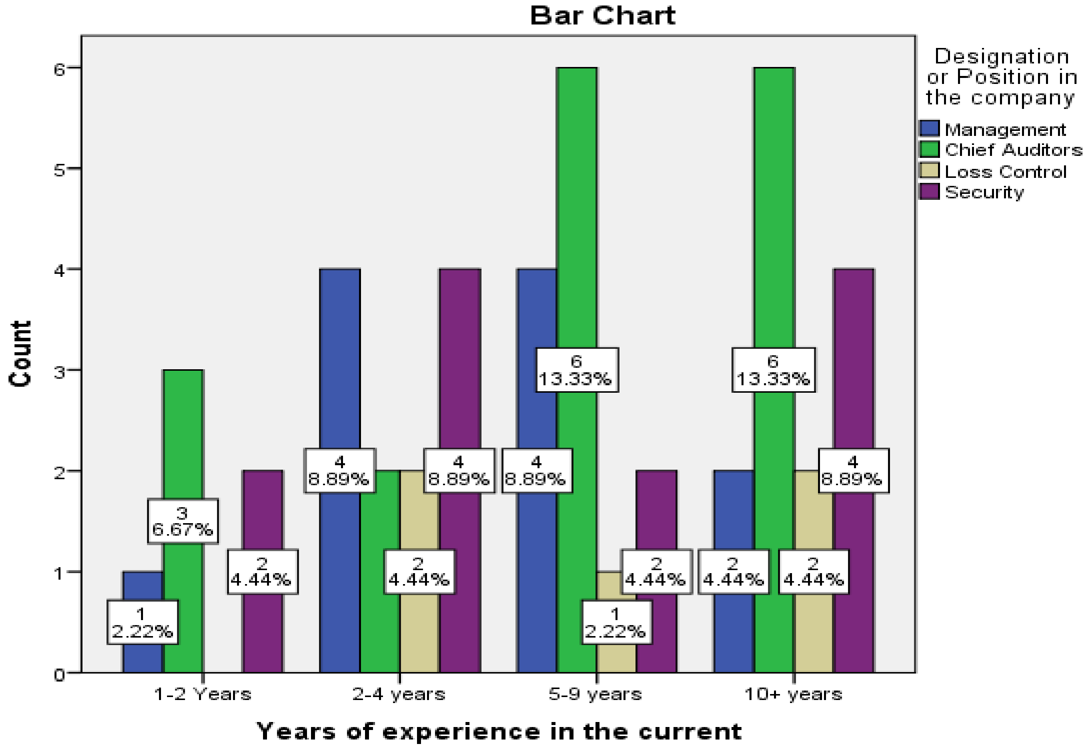
Figure 4.2



Source: Primary Data (2023)

The work position and years of experience nexus was assessed on cross tabulation computations and the findings points that 2.22% were managers with 1-2 years of experience in the current position, 6.67% were chief auditors in the 1-2 year, and lastly 4.44% security personnel. Figure 4.3 indicated in the 2-4 years of experience there were 8.89% managers, 4.44% was for chief auditors and loss controlling officers, in the 5-9 years there were 8.89% managers, 13.33% chief auditors, 2.22% loss control managers and 4.44% security, in the more than 10 years' experience post there were 4.44% managers, 1.33% chief auditors, 4.44$ loss control and lastly 8.89% securities.

Figure 4.3



Source: Primary Data (2023)

Table 4.1 shows age distribution of the participants. It was observed that there were 6.8% below 28 years, 13.6% 29-38 years, 35.6% 39-49 years, in 49-58 years old there 25% participants and lastly there were 18.2% participants that fell I the above 50 years class.

Table 4.1

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 28 years	3	6.7	6.8	6.8

	29-38 years	6	13.3	13.6	20.5
	39-49 years	16	35.6	36.4	56.8
	49-58 years	11	24.4	25.0	81.8
	Above 50 years	8	17.8	18.2	100.0
	Total	44	97.8	100.0	
Missing	System	1	2.2		
Total		45	100.0		

Source: Primary Data (2023)

4.2 The major types of fraud that hare experienced in the banking sectors of Bindura

The study observed that a wide range of Banking fraud refers to the use of illicit methods to obtain cash or other resources held by a financial foundation. As internet banking fraud continues to rise, more fraudulent individuals are becoming involved in schemes. Participants were made aware of the fraudulent acts that they had witnessed, such as skimming, which was defined as the illicit activity of duplicating the information present on the attractive section of a Visa. When a credit or check card is lost or stolen, the fraudster can skim the information on the magnetic strip or use the card online by entering the card details. If this feature is enabled, swindlers can use the card to make contactless payments.. An RFID reader can also be used to scan contactless cards through luggage, which is more common in congested places such as cities and on public transit. Furthermore, when a consumer uses their credit card to make a transaction, some stores and corporations have been known to take copies of the card's credentials in order to fraudulently exploit the customer's bank information. In most cases bank operators may physically stealing a person's card and PIN In-person fraud is a risky type of financial fraud since the perpetrator can obtain the victim's bank card and PIN by glancing over their shoulder while using an ATM or other distractions.

Participants explained that the fraudulent persons may occasionally engage the target in conversation in attempt to obtain extra identifying information about them. The card, like skimming, can be used in a variety of ways, but only when the PIN and card are entered correctly. Shopping in real-world retail becomes possible with the addition of any other information. Findings indicated that there is phone bank fraud is similar to internet banking fraud in that it attempts to persuade the victim to provide personal information or transfer funds to another account on their own. Typically, the fraudulent persons will try to persuade the victim to relocate money in order to protect and avoid losing their possessions. They may even fabricate fictional infractions and charge the target fees for "committing" them. Online banking fraud Online banking fraud includes phishing, virus assaults, catfish scams, and clone websites. Because so much banking is done online, it should come as no surprise that this is a frequent sort of bank fraud.

CEO fraud is common entails sending an email that looks to be from a senior employee to a company's accounts team. The email requests that a payment be made to a partner or supplier. It was highlighted that a number of banks were victims of management deception and lost money when fraudsters impersonating the organization's managers sent emails to a representative instructing them to transfer assets to what appeared to be the organization's bookkeeping business. However, because this was a fraudulent request, the monies were transferred to a con artist.. If the fraudster has compromised the provider's data, the solicitation may appear quite innocent because it appears to be genuine. Fraudsters are proving to be very skilled at invoice fraud is a sort of bank fraud in which a firm is targeted by posing as a supplier and sending an email requesting updated bank details.

Making convincing messages and websites, making it difficult for casualties to protect themselves. An example of online bank fraud would be the fraudulent persons impersonating a bank employee and alerting the victim that their account has been compromised and that money must be transferred to another account. On the other hand, a fraudulent person may request that their target 'confirm' their PIN, account secret key, or checking subtleties through email, again impersonating actual bank personnel. Authorized Push Payment (APP) Scams Any fraud in which the victim is forced to withdraw money from their account against their will. It is a typical approach in some types of financial fraud, but it can also be employed in other situations. Making convincing messages and websites, making it difficult for casualties to protect themselves. An example of online bank fraud would be the fraudulent persons impersonating a bank employee and alerting the victim that their account has been compromised and that money must be transferred to another account. On the other hand, a fraudulent person may request that their target 'confirm' their PIN, account secret key, or checking subtleties through email, again impersonating actual bank personnel. Another form of fraudulent activity noted was through Authorized Push Payment (APP) Scams Any fraud in which the victim is forced to withdraw money from their account against their will. It is a typical approach in some types of financial fraud, but it can also be employed in other situations in person or over the phone. Typically, the fraudulent persons will alert the target about a change in their record (typically an information breach that jeopardizes their cash) and urge them to either confirm their secret key, PIN, or other sensitive data to demonstrate their identity. Participants also indicated that application tactics are an example of bank misrepresentation, which can be more difficult to recover from. Even if pressed, banks will often refuse to automatically return any money lost if they believe the target gave it out of their own volition or was careless with their information.

Financial fraud is becoming more common. The fraudster will collect information from the magnetic strip, like in skimming; nevertheless, in counterfeiting credit card fraud, they will graft this data using new electromagnetic chip in order to continue utilizing it. Some cases explained were loan fraud is similar to card identity theft in that it includes taking out a loan in someone else's name using falsified or stolen documentation. This could be to benefit from someone else's better credit or to Avoid paying back the loan.

4.3. The types of response strategies that have been established to curb fraud in the banking sectors of Bindura.

Findings indicated that all the banks have took advantage of utilization of artificial intelligence and machine learning to reduce fraud, which is critical for maintaining merchant processing income. To combat various types of bank swindles, rules-based estimations are the principal deception device. The executives stage helps controls an account with catching up to more misrepresentation with exactness by combining advanced AI strategies with rules-based location by combining trend establishing innovation. The participants explained that artificial intelligence can reduce friction in genuine consumer transactions and save millions of dollars in fraud losses. A system that combines directed and autonomous AI to speed identification rethinks the board. Rethink incorrectly misrepresents the board with an erratic methodology that combines directed and unaided AI to accelerate location. This is accomplished through the use of an assisted learning approach, a user-friendly investigation module, and package identification with decisions. Using a guided learning strategy, a simple assessment module, and bundle recognition with options, but as digitisation improves clients' banking experiences, it also encourages criminals to use technology to defraud organizations and clients in novel ways.

Thus, multi-layered financial frauds can be avoided by employing proactive fraud prevention and risk management, as well as raising awareness and utilizing cutting-edge technology. A proactive approach to extortion awareness and counteraction is critical to ensuring customer trust, worker consistency, and overall improvement in functional effectiveness. A rigorous activity in watching and monitoring on transactions was rated to be essential in some crimes. Checking typical clients' web and application activity can help to stop the disruption. from truly developing. Check for internal threats as banks were addressing internal risks by training employees and providing them with a confidential hotline to provide tips on bogus activities. They can lessen internal threats by utilizing workforce analytics and behaviour profiling to go through a big volume of inactive account data. Regular internal audits and staff profiling at the HR level are two further techniques for lowering the possibility of internal threats. Customer education can help to reduce frauds such as phishing and identity theft. Businesses should provide safe transaction suggestions to their clients in order to reduce fraud. Add real-time data to the current database from various sources, digital services, and social networks. As a result of a more thorough client profile, predictive analytics benefit. Biometrics is the solution to verification concerns and credential theft prevention. Because biometric information is difficult to hack and copy, it adds another degree of security to accounts. Several biometric approaches, such as software that detects faces and fingerprints, are already in widespread use. To prevent fraud, banks use voice cadence, which also has a unique signature, as an additional layer of security. In most instances' banks were manually verifying a huge number of transactions takes a lot of time and error, monitors transaction checks and alerts artificial intelligence to suspect activities. The sector's consortium data provides collective intelligence on fraudulent activity. Furthermore, data integration can help to minimize organizational silos by providing a comprehensive view of consumer profiles and transactions. to identify dangerous conduct.

Further explanations added that for organizations on the digital transformation journey, agility is critical in responding to a rapidly changing innovation and commercial scenario. It is more crucial than ever to meet and exceed corporate goals with a strong digital mindset supported by innovation. Businesses must be able to detect, learn, respond, and evolve like living beings in order to achieve excellence. That is precisely what a comprehensive yet modular collection of services accomplishes. Live Enterprise is enabling connected organizations to collaborate on future innovations by providing intuitive decision-making that is computerized during magnitude, useful information generated by real-time solutions, a user experience that is available at any time and from anywhere, and comprehensive access throughout functions that leads to hyper-productivity.

4.4 The effectiveness is the response strategies that have been put in place to curb fraud in the banking sectors of Bindura

The use of systems of checks and balances managed to ensure that no single person had complete control over all aspects of a financial transaction, thus it was noted that this helped in reducing questionable conducts by workers. In key responses it was explained that by requiring a distinguished system in expenditure, payroll, and purchase authorisation from a specific individual helped in tracing handling (reception and storage) from record keeping (recording exchanges and accommodating records).

By separating purchasing and payables capabilities the cheque system helped to ensure that a cheque and other important transactions not authorised and signed by the same individual. Thus, before handing over transactions to the person in charge of depositing receipts, write or stamp them before opening them. Allow for the approaching genuinely take a look at log versus retailers on occasion. Consistently reconcile the financial balances of the firm. It was made possible to require all individuals in the banking system to have accounting liabilities or truly have a look at marking liabilities or demand administrative survey of the compromise. It was established that there were.

Multiple ranked system was effective in inspect transactions to ensure merchants are recognized, consumptions are related to office activity, marks are from authorised underwriters, and supports are appropriate. Also, a by examining unconfirmed and cancelled transactions as well as bank statements to determine that no out-of-order checks were issued proved to be effective in establishing if there were no misconducts taking place. The bank statements or reconciliation report were reported to be signed, dated, and filed to demonstrate that a review and reconciliation was performed. Use agency credit cards sparingly, and ensure that all charges to accounts or credit cards are valid business activities. By inform employees on proper card usage and forbidden purchases, the effectiveness was seen by maintain a close eye on the organization's financial operations and compare actual and anticipated income and expenses on a regular basis. Also, by Audit the real check register or general record on a regular basis to determine whether finance charges are paid on time. Implement Internal Controls The plans and/or programs that are put into place to protect your company's assets, ensure the integrity of its accounting records, and prevent and detect theft and fraud are known as internal controls. Isolation of duties is an important aspect of inner control that can reduce the possibility of deception occurring. A retail store, for example, has one cashier, one salesperson, and one management. One employee should total the cash and check register receipts, another should make the deposit sheet, and the third should deliver the deposit to the bank. This may aid in discovering any inconsistencies in the collection.

Documentation is another internal control that can help to reduce misrepresentation. Consider the following example: If the bank deposit and sales revenues are recorded in the books, the business owner can examine the records on a daily or weekly basis to ensure that the receipts were deposited into the bank.In addition, ensure all of which payments, orders for purchase, and checks are consecutively numbered. Employ "for store as it would" seals for every incoming payments in cash, demand a couple of marks on cheques over a particular amount of money, and avoid using a mark stamp. Be on the lookout for new vendors as well, as billing scheme crooks set up and send money to fictitious vendors via mail to a P.O. Box.

4.5 The challenges encountered by the banking sectors of Bindura in the implementation of established strategies to curb fraud

The participant responses helped to establish that there were a lot of production network finance frauds result in that undermining the accountability of monetary organizations such as banks, trust organizations, confidential assets, they are also detrimental to the financial ecosystems status. The participants explained that forgeries are difficult to detect due to the complexities of the working environment in store network money, such as the affiliation of several gatherings under distinct arrangements. Countering fraudulent supply chain financing necessitates a large amount of time and effort from typical financial institution tools. Furthermore, banks were unable to design a revolutionary rule-based fraud check module that examines documents shared by many parties to automatically identify suspicious fraud instances in a timely manner.

Banking organizations have little accountability, and antifraud procedures, such as inspection, frequently encounter limits due to institutional opposition and justifiable challenges. on the ground. Fraudsters are constantly on the lookout for new statistical and technological tests to detect strategic data manipulation that is consistent with fraud. These abilities aid in covering distorted expense reports and working with checking in difficult to-review settings, relying solely on organized detailing of information properly by storing away human-created information rather than reflecting societal predispositions and motivators to distort.

4.6 Chapter Summary

The chapter established that fraud has been recognized to be among of the world's most serious threats to the economy. It is an international problem primarily in terms of its impact on major enterprises and financial institutions, but also on smaller enterprises as well as the general public, who indirectly pay for private benefit. Countering scam has historically been and will continue to be a lengthy and tough task that requires the employment of specialized talents and resources to properly manage, investigate, and prosecute fraud cases.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The dissertation investigates the causes and effectiveness of the mechanisms to curb fraud in the Zimbabwean banking system. The study's findings, which were gathered utilizing a mixed methodology, were highlighted in the previous chapter. The results of the findings would be summarized using the programmatic manner outlined below: a review of the findings that demonstrated that the fraud emanates from greed, opportunity and other factors that differ from person to person.

5.1. Conclusions

According to the findings of this study, annual fraud rates for all banks businesses are estimated to be rising. Undetected interior issues like theft and resource misappropriation can leave banking business open to additional fraud monetary detailing, setting off public police inclusion and potential income misfortune. To lessen this loss, strategies for fraud prevention and detection are essential. Since it is much simpler to avoid fraud than it is to recover losses after one has occurred, every organization ought to have a strategy in place. These scenarios can be avoided and financial crimes can be found using forensic accounting services. It can assist you in determining where the stolen money has gone and how to retrieve it. Past extortion recognition frameworks, individual financial clients can diminish their gamble of misrepresentation by following a couple of best practices. Misrepresentation counteraction is the execution of a technique to recognize false exchanges or banking activities and keep these activities from causing monetary and reputational harm to the client and banks. A strong fraud prevention strategy will only become more important as the use of online and mobile banking channels increases and financial institutions continue to digitize. Misrepresentation avoidance and cybercrime are associated and continuously evolving. The arising pattern in misrepresentation recognition and counteraction right now is an emphasis on AI. Using artificial intelligence to enhance a system without being explicitly programmed to do so is known as machine learning. One of the best ways to stop fraudulent behaviour in the context of fraud prevention is to inform employees of the company policy. Finishing the arrangement and authorizing the prominent advances and results when somebody is gotten is critical to forestalling misrepresentation. A company will pay less to try to stop fraud than it will to pay for the fraud that does happen.

Implement Internal Controls The plans and/or programs that are put into place to protect your company's assets, ensure the integrity of its accounting records, and prevent and detect theft and fraud are known as internal controls. Isolation of obligations is a significant part of inner control that can diminish the gamble of misrepresentation from happening. A retail establishment, for instance, employs one cashier, one salesperson, and one manager. One employee should add up the cash and check register receipts, while another prepares the deposit slip and the third delivers the deposit to the bank. This may assist in identifying any collection inconsistencies. Documentation is another inner control that can assist with decreasing misrepresentation. Take a look at the example above: If the preparation of the bank deposit and the sales receipts are recorded in the books, the owner of the business can check the records on a daily or weekly basis to ensure that the receipts were deposited into the bank. Additionally, check that all invoices, purchase orders, and checks are sequentially numbered. Use "for store as it were" stamps on all approaching checks, require two marks on checks over a predefined dollar sum and try not to utilize a mark stamp. Be on the lookout for new vendors as well, as billing scheme crooks set up and send money to fictitious vendors via mail. Inward control projects ought to be observed and updated on a reliable premise to guarantee they are compelling and current with mechanical and different advances. You should hire an expert with experience in this field if you do not have an internal control procedure or an employee fraud prevention program in place. An expert will look over the company's policies and procedures, suggest suitable programs, and help put those programs into action. Positive work conditions can stop employee theft and fraud. There ought to be a reasonable hierarchical design, composed strategies and techniques and fair business rehearses. Employees are able to openly communicate with management thanks to an open-door policy, making it an excellent employee fraud prevention system.

Every employee, regardless of position, should be held accountable for their actions by senior management and business owners. Reduce their risk of misrepresentation by adopting a few standard practices. Misrepresentation counteraction is the implementation of a strategy to detect fraudulent transactions or banking activities and prevent them from inflicting financial and reputational harm to the client and financial institution (FI). As the usage of online and mobile banking channels grows and financial institutions continue to digitize, a good fraud protection strategy will become even more critical. Misrepresentation avoidance and cybercrime are inextricably linked and evolving. The current emerging tendency in misrepresentation recognition and counteraction is a focus on AI. Machine learning is the use of artificial intelligence to improve a system without expressly programming it to do so. One of the most effective methods of preventing fraudulent behaviour in the context One aspect of fraud prevention is informing staff about corporate rules. Completing the arrangement and authorizing the significant advances and outcomes when someone is gotten is vital to avoiding misrepresentation. A corporation will pay less to try to prevent fraud than it will to compensate for fraud that occurs.

Put in place internal controls Internal controls are the policies and/or processes put in place to secure your company's assets, assure the accuracy of its accounting records, and prevent and detect theft and fraud. Isolation of duties is an important aspect of inner control that can reduce the possibility of deception occurring. A retail store, for example, has one cashier, one salesperson, and one management. One employee should check the total cash and register receipts are handled by one person, whilst someone compiles the paperwork for deposit and another transfers the transaction to the bank. This may aid in discovering any inconsistencies in the collection.

Documentation is another internal control that can help to reduce misrepresentation. Consider the following example: If the bank deposit and sales revenues are recorded in the books, the business owner can examine the records on a daily or weekly basis to ensure that the receipts were deposited into the bank. In addition, ensure that all invoices, purchase orders, and checks are consecutively numbered. Use "for store as it were" stamps on all approaching checks, require two markings on checks exceeding a certain monetary amount, and avoid using "for store as it were" stamps. Make use of a mark stamp. Keep an eye out for new vendors, as billing scheme crooks set up and send money to phony vendors through the mail.

Inward control initiatives should be monitored and updated on a regular basis to ensure they are persuasive and up to date with mechanical and other improvements. If you do not have an internal control procedure or an employee fraud prevention program in place, you should contact an expert with experience in this industry. An expert will review the company's rules and procedures, recommend appropriate programs, and assist in putting such programs into operation.

Positive work environments help reduce employee theft and fraud. There should be a decent hierarchical structure, written strategies and techniques, and fair business practices. Because of an open-door policy, employees may freely contact with management, making it an excellent employee fraud prevention strategy. Senior management and business owners should hold every employee, regardless of status, accountable for their conduct.

The study found that there are multiple activities of fraud that were taking place within the Zimbabwean banking industry, such emanating from employee, hackers, management, and client fraud. The study also found that the most common cause of fraud was greed, pressure, as well as opportunity to do so. With this the most common fraudulent activities taking place involved but not limited to cash fraud, bank card fraud, fake identity, impersonation of bank executives. Findings relates to Zuraidag et al (2015), that in some cases victims were duped in online trade and transactions, where victims would lose their cash, without track, with some getting their accounts being hacked and get funds being used to pay for online items.

Findings also indicated that CEO fraud was observed to be catastrophic as they would leave banks and stakeholders devastated without anything else to do to recover, however in the Zimbabwean banking industry CEO fraud was not widely experienced as compared to embezzlement credit card fraud or online trade fraud was.

5.2 Effectiveness of the strategies to curb fraud

The study observed that in trying to end fraud the banks that were examined had put in place a number of policies against such actions as embezzlement, corruption, theft with criminal sanctioning. Embezzlers, fraudster, thieves and related culprits were to face criminal sanctioning. The effectiveness was noted in that the culprits were to face arrest, getting assets and properties taken by the banks. In such a manner the policies made individuals to be well behaved within the determined means to avoid criminal sanctioning or losing assets. Such findings relate to those by Munets (2011) that it was observed that militating against fraud was essential in fraud prevention.

Role separation was examined to have a positive response in fraud prevention, since separation of roles removed total control of transactions from a single person or group of workers since they could take advantage of the situation. The study findings towards role separation are synonymous with those by the study by Zuraidah et al., (2015) that separation of purchases, payments, receiving, payroll and other handlings was essential in avoiding a single entity to enjoy the precedence the receiving and authorize all the activities. This was observed to enable other departments to handle such dealings as deposits, receiving, and approving payments. This allowed misconducts to be easily detected.

The study found that since stakeholders, clients and workers were main targets of fraud, thus informing clients about possible signs of fraud, causes and who to report to and what to if one suspects fraud was essential to protect the client's, stakeholders and worker business safe.

5.3 Recommendations

The researcher prescribed the following recommendation as informed by research findings

- More worker workshops should be put in practice to educate workers on how best they can keep their bank services safe.
- There should be more activities to keep hunting and tracking bank fraudsters so that the opportunity for bank fraud would be reduced.

5.4. Chapter summary

The chapter acts as the final section of the current study that concluded that According to the findings of this study, annual fraud rates for all banks businesses are estimated to be rising. Undetected interior issues like theft and resource misappropriation can leave banking business open to additional fraud monetary detailing, setting off public police inclusion and potential income misfortune.

References

Akinyomi O. J (2010), The Effect of Internal Control System on Nigerian Banks, International Journal of Accounting, 2(1), pp 123-129.

Association of Certified Fraud Examiners (1999), Report on the Nation Occupational Fraud and Abuse, available at http//www.efenet.com/summary, accessed during June 2012.

Hunkin, J. S. (2002). Ethics in business and everyday life. Canada: Gale Group.

Institute of Chartered Accountants of Nigeria [ICAN]. (2010). Financial reporting and ethics. Lagos: VI publishing limited.

Idolor, E. J. (2010), Bank Fraud in Nigeria: Underlying Causes, Effects and Possible Remedies, African Journal of Accounting, Economics, Finance and Banking Research, 6(6), pp 62.

Khanna, A., & Arora, B. (2009). A study to investigate the reasons for bank frauds and the implementation of preventive security controls in Indian banking industry. International Journal of Business Science and Applied Management, 4(3).

Kudanga, D., Mthombeni, A., Chinongwa, E., Singende, M., Tsuma, E. and Tembo, E.B., The Role of Technology in Evidence Gathering for Cases of Fraud: Case of Bulawayo Central Business District, Zimbabwe.

Kumar, R., Grover, N., Singh, R., Kathuria, S., Kumar, A. and Bansal, A., 2023, March. Imperative Role of Artificial Intelligence and Big Data in Finance and Banking Sector. In 2023 International Conference on Sustainable Computing and Data Communication Systems (ICSCDS) (pp. 523-527). IEEE.

Mugari, I. and Olutola, A.A., 2021. Electronic Card Payment Risks: Combating Card Fraud amidst Liquidity Crisis in Zimbabwe. African Journal of Business & Economic Research, 16(3).

Musarurwa, A., Renaud, K. and Schurmann, T., 2020, September. Zimbabwean non-uptake of protective point-of-sale behaviours: is this a risk homeostasis response?. In Proceedings of the 35th IEEE/ACM International Conference on Automated Software Engineering Workshops (pp. 1-6).

Mutesi, J. (2011). Information sharing, risk management and financial performance of commercial banks in Uganda. Journal of Emerging Issues in Economics, Finance and Banking (JEIEFB), 2(2).

Nyakarimi, S.N., Karwirwa, M. (2015), Internal control system as means of fraud control in deposit taking financial institution in imentic North sub-country. Research Journal of Finance and Accounting, 6(16), 118-128.

Onibudo, A.T. (2007), Bank Frauds Problems and Solutions Unpublished B.Sc Research Project. Nigeria: University of Benin.

Unegbu, O. C. K. (2003). Corporate governance in banking and other financial institutions: Laws, issues and ethics. Lagos: The CIBN Press Limited.

Zhou, S., Mazhambe, Z. and Njaya, T., 2022. An Analysis of Governance and Fraud Risk Management Processes in Zimbabwe's Local Authorities.

Zuraidah, M. S., Mohd, N. F. R., & Yusarina, M. I. (2015). Fraud schemes in the banking institutions: Prevention measures to avoid severe financial loss. Procedia Economics and Finance, 28(2015), 107-113.

APPENDICES

APPENDIX 1: RESEARCH ASSISTANCE LETTER

Bindura University of Science Education

P. Bag 1020

Bindura

To whom it may concern.

RE: REQUEST FOR RESEARCH ASSISTANCE.

My name is Chipo Gillian Fuka, an undergraduate student at the Bindura University of Science Education, studying for a Bachelor of Commerce (Honours) Degree in Financial Intelligence. As a requirement of my studies, I'm carrying out a research titled, **"AN EVALUATION OF THE STRATEGIES USED IN CURBING FRAUD IN THE BANKING SECTOR. A CASE STUDY OF BANKS IN BINDURA".**

It would be much appreciated if you could participate in this process by sharing your experiences pertaining to fraud. May you kindly assist me by completing the attached questionnaire.

Your participation in this study is voluntary and should you at any moment decide to withdraw your participation, you are free to do so without any prejudice. You are also advised that no financial or any other benefit will accrue to you for your participation the study.

I do hereby provide assurance that the data gathered will be only used for the purpose of this research and will be treated with utmost confidentiality.

Yours Faithfully

C.Fuka

Chipo G. Fuka

APPENDIX 2 Questionnaire Guide

Section A: **Respondent Demographic Data**

Where suggested responses are given, put an X in the appropriate response shaded box.

A1 Gender of Respondent

1		2	
Male		Female	

A2 Age of Respondent

1		2		3		4		5	
Below 28 years		29-38years		39-49 years		49-58 years		Above 50 yrs	

A3 Highest Educational Qualification Attained

Secondary		Diploma		Bachelor's Degree		Post Grad	
1		3		3		4	

A4 Designation or Position in the company

Management		Chief Auditors		Loss Control Dpt		Security Dpt	
1		2		3		4	

A5 Years of experience in the current

1-2 yrs		2-4yrs		5-9 yrs		10yrs and above	
1		2		3		4	

Section B. What are the major types of fraud that are experienced in the banking sectors of Bindura.

B1 Which types of fraud are most common in the banking sector?

Types of fraud in banks	**Tick where appropriate**
1. Account fraud	
2. Check fraud	
3. Credit card fraud	
4.Loan fraud	
5.Identity theft	
6.Wire fraud	

B2Any other types of fraud?

………………………………………………………………...

....

B3 How frequently have you experienced fraudulent activities in the banking sector of Bindura.

B4 What impact does fraud has on the reputation of the banking sector.

Section C. What are the types of response strategies that have been established to curb fraud in the banking sectors of Bindura?

C1 What measures has your bank taken to prevent fraud in the banking sector?

………
………
………………………………………………

C2 What strategies can banks in Bindura adopt to improve their fraud prevention measures?

………
……………………………………………………………………………………

C3 To what extent do you think technology can be used to minimize fraud in the banking sector?

………
……………………………………………………………………………………

Section D. How effectiveness is the response strategies that have been put in place to curb fraud in the banking sectors of Bindura?

D1 How effective do you think the current strategies employed by the banking sector in curbing fraud are?

Effective [ ] Very Effective [ ]

Not effective [ ] Very ineffective [ ]

D2 On a scale of 1 to 5, how equipped do you feel your bank is in preventing and detecting fraud?

Tick where appropriate

1	**2**	**3**	**4**	**5**
Not equipped	Less equipped	Moderately equipped	Equipped	Very equipped

Section E. What are the challenges encountered by the banking sectors of Bindura in the implementation of established strategies to curb fraud?

E1 What are the challenges faced by the banking sector in curbing fraud?

……
……
………………………………………………

E2 How important is it for the banks to collaborate with regulatory bodies in preventing fraud.

Important [ ]   Very important [ ]

Not important [ ]   Less Important [ ]

E3 In your opinion, what role should the government play in curbing fraud in the banking sector.

……
……
………………………………………………

End of Questionnaire

Thank you

APPENDIX 3 Interview Guide

Interview Questions

1. How long have you been working in the banking sector in Bindura?

2. What do you know about the different types of fraud in the banking sector, such as check fraud, credit card fraud, identity theft, etc.?

3. What measures has your bank put in place to prevent and detect fraudulent activities? Please describe in detail.

4. How often do you receive training on how to identify and prevent fraud in your bank?

5. What do you think are the most effective measures for detecting and preventing fraud in the banking sector?

6. Have you ever encountered a case of fraud in your bank? If yes, how was it handled?

7. What tools or resources do you need to improve your ability to prevent, detect, and investigate fraud in the banking sector?

8. How likely are you to report fraudulent activities that you witness or become aware of?

9. What are the challenges you face in preventing and detecting fraud in your bank?

End of interview

Thank you