AN EMPIRICAL INVESTIGATION INTO THE EFFECT OF CORPORATE GOVERNANCE AND ECONOMIC CRIMES IN DEPOSIT MONEY BANKS

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Abstract:

The escalation in the incidence of bank failures worldwide has garnered substantial attention in contemporary discourse. Such occurrences reverberate beyond the confines of the failed financial institutions, exerting adverse repercussions on stakeholders and occasionally permeating the broader non-banking sector. As a result, the study investigated the effect of Corporate Governance and Economic Crimes in Deposit Money Banks in Nigeria. The study adopted a survey research design. The study population was the 685 employees in the operation, finance, accounting and audit departments of 16 DMBs in Nigeria using stratified sampling technique. The Taro Yamane sample size was employed in selecting the 253 respondents for the study. The study used primary data via a well-structured five-Likert scale dimension. Findings revealed that corporate governance have significant effect on Misappropriation of assets (Adj R^2 = 0.519, $F(9, 223)$ = 28.79, $p < 0.05$). The study concluded that corporate governance had significant effect on misappropriation of assets of DMBs in Nigeria. The study recommended that Management of deposit money banks should institute a well effective internal control system for effective corporate governance for smooth operations and reduction of economic crimes to the barest minimum. .

Keywords: Bank failures, Corporate governance, Economic crime, Fraudulent activities, Internal control system.

Introduction

Nigeria's public sector grapples with pervasive corruption and a deficiency in financial accountability, exerting detrimental effects on its responsiveness, productivity, legitimacy, governance, and the transparency of financial reporting. The adoption of forensic accounting is widely considered the most comprehensive strategy for forestalling financial crimes, amalgamating diverse investigative disciplines. Due to the continual evolution of accountability protocols, financial reporting standards, and advances in financial fraud techniques, the detection of fraud and illicit activities has grown progressively intricate (Afjal et al., 2023; Centobelli et al., 2022; Kgoale & Odeku, 2023).

A notable paradigm shift is underway, transforming the role of accountants in contributing value to organizations. In recent years, heightened emphasis has been placed on auditors' responsibility in proactively preventing and detecting misconduct across both public and commercial sectors. Intriguingly, a review of the literature reveals that a substantial portion of fraud within the public sector is attributable to management, who are entrusted with upholding internal controls, despite efforts to mitigate this through the inclusion of external auditors aimed at addressing independence concerns (Owolabi & Ogunsola, 2021). In essence, BOFIA 2020 represents regulatory reform aimed at adapting the fundamental provisions governing the

operations of commercial banks, specialized banks, and other financial institutions to align with contemporary dynamics within Nigeria's financial sector. This reform enhances regulatory oversight and fosters investor confidence in the sector (2021).

According to Mehmood et al. (2019), the overall macroeconomic development of a country hinges significantly on the stability and effectiveness of its listed deposit money institutions. However, a growing concern persists regarding the deficiency in corporate governance within banks, which is concurrent with lackluster performance and reporting standards. The cumulative impact of high-profile cases has eroded trust in banks' ability to manage credit risks and safeguard depositors' funds, resulting in a loss of investments and credibility (Okoli, 2021). The banking sector grapples with an array of challenges, including the absence of robust risk management protocols, inadequate safeguards, deficient corporate governance structures, heightened credit exposure, inadequate financial disclosure practices, and vulnerability within Nigeria's financial system (Joshua, 2019). Additionally, issues such as substantial non-performing loans, inter-bank leveraging, violations of supervisory and regulatory provisions, lax internal controls, conflicts of interest, significant concentration risk in a limited number of bonds, macroeconomic volatility, banking distress, and incurred losses further afflict the industry (Oyedokun & Akindele, 2021).

The concept of corporate governance initially emerged in the context of privately held listed firms (Hopt, 2021). However, its significance swiftly extended to encompass a broader spectrum of businesses, including banks, insurance companies, and various financial institutions. The aftermath of the financial crisis underscored the distinctiveness of corporate governance within banks and financial institutions compared to non-banking entities, prompting a surge of interest in corporate governance standards tailored to the unique nature of banks and financial organizations. In 1993 and 1997, King & Levine and Levine both underscored the critical role of corporate governance in emerging economies, particularly within the banking sector (Kafidipe, 2021).

They emphasized three pivotal points: Firstly, banks wield considerable influence over economic development in emerging nations, given their dominance in these countries' financial landscapes. Secondly, owing to the frailty of capital markets in these regions, banks frequently constitute enterprises' primary source of financing. Thirdly, banks serve as widely utilized payment mechanisms and often hold substantial savings balances within the economies of developing countries (Ibrahim & Danjuma, 2020; Kafidipe, 2021).

The significance of robust corporate governance cannot be overemphasized, as it serves as the cornerstone for fostering transparency, accountability, and ethical conduct within organizations (Kelly & Kellyiyi, 2022). Corporate governance frameworks within corporations facilitate prudent financial management, risk mitigation, and adherence to regulatory standards. By fostering an environment of trust and accountability in the workplace, corporate governance contributes to preventing and detecting financial improprieties (Joshua et al., 2019).

A robust corporate governance system nurtures integrity, accountability, and responsible financial management while acting as a deterrent against unethical behavior (Oyinloye, 2021). The establishment of internal controls, promotion of transparency, and assurance of compliance with legal and regulatory requirements complement the efforts of forensic accounting, enhancing the capacity to identify and prevent economic crimes. The fusion of forensic accounting and corporate governance holds the potential to create a more effective framework for combating economic crimes and upholding financial integrity (Zulfikar et al., 2022).

As a result of the aforementioned, the study investigated the effect between Corporate Governance and Economic Crimes in Deposit Money Banks in Nigeria with specific objective to examine the effect of corporate governance on

misappropriation of assets in deposit money banks in Nigeria.

H_{01}: There is no significant effect of corporate governance on the misappropriation of assets in deposit money banks in Nigeria.

Literature review/Theoretical Review
Conceptual Review
Economic Crimes

Jones (2022) underscores the fundamental principle that economic crimes breach the trust bestowed upon economic actors by individuals and organizations alike. This violation of trust reverberates throughout the financial landscape, undermining confidence in financial transactions, markets, and institutions. Economic crimes erode the very foundation upon which economic interactions and systems are built (Williams, 2021). Economic crimes represent a multifaceted challenge faced by deposit money banks in Nigeria. These crimes, including fraud, money laundering, and insider trading, have the potential to undermine financial stability (Fayomi & Adetula, 2020). Recent research has highlighted the need for a comprehensive understanding of the factors contributing to the incidence of economic crimes within banks, necessitating an examination of the interplay between forensic accounting techniques and corporate governance (Akindele & Ayoade, 2020).

In summary, economic crimes are multifaceted, encompassing a broad spectrum of illegal activities that exploit financial information and resources to achieve deceitful ends. These crimes not only harm individuals but also cast a shadow over the economy at large, jeopardizing trust, integrity, and stability within the financial landscape. Economic crimes can manifest in different ways such as misappropriation of assets, fraudulent financial reporting, money laundering and insider trading, among others. For the purpose of this study, these four main areas will be explored. Understanding the nature and impact of economic crimes is pivotal in the field of forensic accounting, where the detection and prevention of such offenses play a central

role in upholding the integrity of financial systems and institutions.

Misappropriation of Asset

Overall, misappropriation of assets is a serious problem that can have a significant financial impact on businesses of all sizes. Forensic accountants play a key role in detecting, investigating, and recovering assets that have been misappropriated. Forensic accountants play significant roles in investigating misappropriation of assets cases, including Detecting fraud: using their specialized skills and knowledge to identify potential red flags of fraud, such as unusual transactions, unexplained discrepancies, and suspicious behavior. (2) Investigating fraud: thorough investigations to gather evidence of fraud and to identify the perpetrators. (3) Recovering assets: developing strategies to recover assets that have been misappropriated. (4) Providing expert testimony: providing expert testimony in court proceedings related to fraud cases (Mukoro et al, 2020; ACFE, 2021).

Corporate Governance

Adegbite (2018) defines corporate governance as the system of rules, practices, and processes that are used to direct and control a firm. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

Corporate governance is the structure of rules, practices, and processes used to direct and manage a company. A company's board of directors is the primary force influencing corporate governance. Bad corporate governance can cast doubt on a company's operations and its ultimate profitability. Corporate governance entails the areas of environmental awareness, ethical behaviour,

corporate strategy, compensation, and risk management. The basic principles of corporate governance are accountability, transparency, fairness, and responsibility (Majumda, 2017).

Board Composition

Owiredu and Kwakye (2020) examine the influence of corporate governance principles on banks financial performance in Ghana. Data for the study was gathered from the annual reports and the financial statements of the sampled banks from the period 2007-2016. Random effect model was used to analyse the data. This study found a significant positive relationship between board size and financial performance measured by ROA and ROE of banks in Ghana. Additionally, the study found a statistically positive relation between foreign ownership and financial performance measured by ROE and ROE.

Interestingly, the study outcome further indicated positive but no statistically relationship between board independence and institutional ownerships and ROA and ROE of the sampled banks in Ghana. Generally, the study supports the view that an improved corporate governance practice is key to increasing firm financial performance.

Risk management processes

Risk management process is a systematic approach to identifying, assessing, and managing risks that an organization faces. It involves developing strategies to mitigate or avoid risks and monitoring the effectiveness of those strategies. According to the Institute of Company Secretaries of India, Risk Management Process is an essential component of corporate governance that helps organizations achieve their objectives while minimizing risks.

Internal Control Mechanisms

Internal control mechanisms encompass a comprehensive framework of policies, procedures, and processes meticulously crafted to ensure the effectiveness, efficiency, and compliance of an organization's operations with applicable laws and regulations. As revealed by Ajagbe and Oladele (2022), these mechanisms play a pivotal role in the sound management of Nigerian businesses. By implementing robust internal controls, organizations are equipped to identify and mitigate risks, prevent fraudulent activities, and uphold compliance with statutory requirements.

Furthermore, the importance of internal control mechanisms in Nigerian corporate governance is reinforced by Nwankwo (2021). This scholar emphasizes that these mechanisms serve as the bulwark against ethical lapses, protecting shareholder interests and bolstering the reputation of the Nigerian business community. Effectively designed and implemented internal controls not only enhance operational efficiency but also instill confidence among stakeholders, reflecting an unwavering commitment to transparent and accountable business practices.

Compliance Procedures

Compliance procedures constitute the framework of policies, processes, and protocols instituted by organizations to ensure adherence to prevailing laws, regulations, and ethical standards. Adebayo and Adediwura's (2022) empirical review underscores the indispensable role played by compliance procedures in maintaining the integrity of Nigerian financial markets and safeguarding the interests of investors. These procedures serve as the compass guiding organizations in identifying and managing compliance risks while ensuring strict conformity with regulatory requirements.

Moreover, Olaniyan and Adebayo (2021) reveal the positive impact of compliance procedures on corporate governance performance in Nigeria. These procedures, they argue, serve as the catalysts for strengthening internal controls, reducing risks, and augmenting transparency. In essence, compliance procedures are the guardians of regulatory adherence, preserving the ethical fabric of organizations and bolstering stakeholder confidence

Theoretical Underpinning
The Fraud Triangle Theory

The Fraud Triangle Theory was propounded by Donald Cressey in 1953. The theory was premised on the provision of answers to the reasons for the violation of trust by engaging in financial crimes. Cressey- a criminologist argued that there must be a reason for all human engagements. Dorminey, Fleming, Kranacher and Riley (2010) traced the origin of this theory to the work of Sutherland who coined the word "White Collar Crime" and Cressey as one of his disciples, improved on his work and propounded the Fraud Triangle. In the Fraud Triangle Theory, Cressey identified three key elements that led people to commiting fraud in any organisation. These are: (1) perceived pressure (2) opportunity and (3) rationalisation. On perceived pressure, Cressey (1953) stated that perceived pressure can be seen when people in a position of trust conceive themselves as having some financial obligations that must be satisfied any means possible- private or secret.

Then, perceived opportunity occurs when such individuals see a way to use their position of trust to solve the financial obligations, with the knowledge that they are unlikely to be caught while for rationalisation, Cressey said such offenders now see themselves as honest individuals who are just caught in the act because they are first-time offenders with no such criminal records before. With this, they justify their actions in a way that makes it justifiable and acceptable. Explaining the three elements of the Fraud Triangle Theory, Albrecht (2008) likened them to oxygen, fuel and heat. To Albrecht, these three are needed for a fire to be made, the absence of them gives no fire. Thus, the presence of perceived pressure, perceived opportunity and rationalization gives rise to financial crimes while the severity of such crime depends on the strengths of each element.

The criticisms of the theory include the belief that the Fraud Triangle Theory has been misused by financial crimes researchers (Hubler, 2016). According to Hubler, the original concept of the theory as proposed by Cressey was to explain embezzlement and theft not fraud. As argued by Hubler, using the terms fraud and embezzlement interchangeably by fraud researchers is a misplacement. Another criticism was for not having enough empirical support, thus ignoring other factors which may contribute to fraud (Donegan & Ganon, 2008). To Donegan and Ganon, the theory basically presents a one-dimensional approach to the psychology of fraud perpetrators. Also, Trompeter, Jones, Carpenter and Riley (2013) said the theory ignore group dynamics and see fraud perpetration as a one-man show. They said group dynamism cannot be erased from crime perpetration. There is also the criticism that the theory ignored the contribution of collusion and cultural differences (Cieslewicz, 2015).

However, the supporters of the theory according to Hubler (2012); Smith and Crumbley (2009) disregarded the criticisms saying the Fraud Triangle Theory is highly effective in the investigation of fraud and forensic accounting research in all institutions. They evidenced this with the fact that there has been an increase in research of Fraud Triangle Theory in broadening understanding about the motivations behind fraudulent activities.

Empirical Review

Oyebisi et al. (2018) assessed whether forensic accounting helped in the detection and prevention of fraud in the Nigerian financial sectors. They used a descriptive research design and collected data from 120 respondents comprising auditors, accountants, bankers, and regulators. They found that forensic accounting had a positive impact on fraud detection and prevention and that there was a significant relationship between forensic accounting and corporate governance.

Oyebisi et al. (2021) explored the impact of forensic accounting on fraud detection and prevention in Nigerian deposit money banks.

They used a descriptive survey design and collected data from 150 respondents comprising of accountants, auditors, bankers, and regulators. They found that forensic accounting had a positive and significant impact on fraud detection and prevention and that

there was a strong relationship between forensic accounting and corporate governance.

Dugguh et al. (2023) analyzed the effect of forensic accounting on fraud reduction in Nigerian deposit money banks. They used data from the annual report of Nigerian Deposit Insurance Corporation (NDIC) for the period covering 2000 to 2022 and conducted panel data analysis using Fixed Effect Model (FEM). They found that forensic accounting had a negative and significant effect on fraud reduction in the long run and that there was a causal relationship between forensic accounting and fraud reduction.

Okoye et al. (2022) evaluated the role of forensic audit on management frauds in Nigerian deposit money banks. They used a case study approach and collected data from four selected deposit money banks using interviews, questionnaires, and document analysis. They found that forensic audit played a vital role in detecting and preventing management frauds in Nigerian deposit money banks and that forensic audit report could enhance the quality of financial reporting and accountability.

Alhassan (2021) explored the nexus between fraud detection, prevention, and forensic accounting in Nigerian government establishments sector via the instrumentality of a survey research design approach. Primary data was elicited from selected respondents and analysis of the collected data established the usefulness of forensic accounting as a panacea for both fraud prevention and detection in the public sector. The study found an urgent need for upskilling of forensic accountants to meet with emerging financial crimes challenges. Similarly, public servants should be encouraged to uphold high ethical conduct to mitigate incidences of financial frauds.

Okoye and Mbanugo (2020) examined the proprietary of using forensic accounting as a tool to foster fraud prevention and detection in selected educational establishments.

The study utilized a survey research design methodology using structured questionnaire and personal interviews as instruments for data collection from 350 respondents. Data collected was analyzed using the regression tool and the research made a case for the use of forensic accountants rather than conventional external auditors for the tasks of fraud detection and prevention in Nigerian educational institutions. This submission arose from the observed marked difference in outcomes between the engagements of forensic accountants and conventional external auditors.

Methodology

This study employed a survey research design. The population of this study was made of 685 employees in the Finance, Audit, Forex/International, Operations, Credit and Risk management departments of 16 deposit money banks – Access Bank plc, Citibank Nigeria ltd., Ecobank Nigeria Plc., FCMB plc., First Bank plc., Fidelity Bank Plc., Titan Trust Bank Plc., Keystone Bank Plc., Polaris Bank Plc., Providus Bank, Standard IBTC Bank Plc., Sterling Bank plc., United Bank of Nigeria Plc., Union Bank of Nigeria Plc., Wema Bank Plc., Zenith Bank Plc

The sample size was computed using the Taro Yamane (1967) formula as:

$$n = \frac{N}{\left(1 + N(e)^2\right)}$$

where N = population size, n = the sample size, e is the margin error, which could be at 10%, 5% or 1%. Employing the model, Taro Yamane for the 253-population target of this study at 5% error margin, the study sample size was computed as:

$$n = \frac{685}{\left(1 + 685(0.05)^2\right)}$$

$$n = \frac{685}{\left(1 + 685(0.0025)\right)}$$

$$n = \frac{685}{\left(1 + 1.71\right)}$$

$$n = \frac{685}{\left(2.71\right)}$$

$$n = 252.77$$

$$n \approx 253$$

Model Specification

The regression models are formulated as:

$MAA_i = \beta_0 + \beta_1 BOC_i + \beta_2 RMP_i + \beta_3 ICM_i + \beta_4 COP_i + \mu_{i_t}$----------------Model 1

 Where:

MAA = Misappropriation of Assets
BOC = Board Composition
RMP = Risk Management Process
ICM = Internal Control Mechanism
COP = Compliance Procedures

Results and Discussion
Descriptive
Misappropriation of Asset

Items	SA	A	UD	D	SD	$\bar{x}$	SD
	Freq.	Freq.	Freq.	Freq.	Freq.		
	(%)	(%)	(%)	(%)	(%)		
I can identify common signs and red flags associated with misappropriation of assets in financial records.	99 (42.5)	97 (41.6)	20 (8.6)	14 (6.0)	03 (1.3)	4.18	0.92
I am knowledgeable about internal controls and procedures that can help prevent misappropriation of assets.	87 (37.3)	100 (42.9)	31 (13.3)	09 (3.9)	06 (2.6)	4.09	0.94
I can assess the adequacy of internal controls in an organization to mitigate the risk of asset misappropriation.	81 (34.8)	92 (39.5)	38 (16.3)	18 (7.7)	4 (1.7)	3.99	0.99
I am proficient in investigating cases of misappropriation of assets and gathering evidence for legal action.	74 (31.8)	88 (37.8)	42 (18.0)	17 (7.3)	12 (5.2)	3.84	1.11
Average Mean						4.03	0.99

Source: Field Survey 2024

KEY: SA=Strongly Agree, A=Agree, UD=Undecided, D=Disagree, SD=Strongly Disagree, ***Decision Rule if mean is 1 to 1.49 =Strongly Disagree; 1.5 to 2.49 = Disagree; 2.5 to 3.49 =Undecided; 3.5 to 4.49= Agree; 4.5 to 5 = Strongly Agree

Table 4.2a shows the response on misappropriation of asset, 42.5% of the respondents strongly agreed that they can identify common signs and red flags associated with misappropriation of assets in financial records, 41.6% of them agreed with this assertion, while 8.6% of the respondents were undecided. This makes those that strongly disagree and disagree alone to be just 1.3% and 6.0%, respectively. The mean values show the opinion of all the respondents on the particular question on the average. The mean value of 4.18 – which is Agree on the Likert scale used for the study – for this question shows that on the average the respondents agreed that they can identify common signs and red flags associated with misappropriation of assets in financial records.

Based on the response on question 2 of this variable, 37.3% of the respondents strongly agreed that they are knowledgeable about internal controls and procedures that can help prevent misappropriation of assets, 42.95% of them agreed while only 13.3% were undecided with the opinion. This makes those that disagree and strongly disagree alone to be just 3.9% and 2.6%, respectively. The mean values show the opinion of all the respondents on the particular question on the average. The mean value of 4.09 – within 3.5 to 4.49 range, which is Agree on the Likert scale used for the study – for this question shows that on the average the respondents agreed that they are knowledgeable about internal controls and procedures that can help prevent misappropriation of assets.

Evidence from the response on the third question of this variable shows that, 34.8% of the respondents strongly agreed that they can assess the adequacy of internal controls in an organization to mitigate the risk of asset misappropriation, 39.5% of them agreed while only 16.3% were undecided with the opinion. This makes those that disagree and strongly disagree alone to be just 7.7% and 1.7%, respectively. The mean values show the opinion of all the respondents on the particular question on the average. The mean value of 3.99 – which is Agree on the Likert scale used for the study – for this question shows that on the average the respondents agreed that they can assess the adequacy of internal controls in an organization to mitigate the risk of asset misappropriation.

Finally, response on question 4 shows that 31.8% of the respondents strongly agreed that they are proficient in investigating cases of misappropriation of assets and gathering evidence for legal action, 37.8% of the agreed while only 18.0% were undecided with the opinion. This makes those that disagree and strongly disagree alone to be just 12.5%. The mean values show the opinion of all the respondents on the particular question on the average. The mean value of 3.84 (which is Agree on the Likert scale used for the study) for this question shows that, on the average the respondents agreed that they are proficient in investigating cases of misappropriation of assets and gathering evidence for legal action.

Furthermore, Table 4.2a shows that generally participants agreed about the misappropriation of assets ($\bar{x}$ = 4.03). However, the standard deviation of 0.99 indicates a degree of variability in respondents' assessments. The standard deviation implies that there is some spread or dispersion in individual responses. This suggests that the respondents' responses clustered around the mean and thus proved that most of the respondents agreed to the fact and thus, the study concluded to misappropriation of asset

Table 4.2: Corporate governance and misappropriation of assets in deposit money banks in Nigeria.

N	Model	B	T	Sig.	ANOVA (Sig.)	R	Adjusted R^2	F (9,223)
	(Constant)	1.367	4.056	.000				
	BOC	-.019	-.244	.807				
	RMP	.081	.792	.429				
	ICM	-.131	-1.252	.212	0.000b	0.733	0.519	28.779
	COP	.026	.231	.818				
233	Predictors: (Constant) BOC, ICM, RMP, COP							
	Dependent Variable: MAA							

Source: Author's computation, 2024

Interpretation

Table 4.2 shows the multiple regression analysis results for the components of corporate governance on misappropriation of assets in deposit money banks in Nigeria. The results show that Corporate governance measures (RMP) ($\beta = 0.081$, t = 0.792, p > 0.05), compliance procedures (COP) ($\beta = 0.026$, t = 0.231, p > 0.05) and Ethical Guidelines (EGL) ($\beta = 0.116$, t = 1.254, p > 0.05). However, Board Composition (BOC) ($\beta = -0.019$, t = -0.244, p > 0.05) and Internal Control Mechanism (ICM) ($\beta = -0.131$, t = -1.252, p > 0.05) had a positive and insignificant effect on misappropriation of assets in deposit money banks in Nigeria and these were the only factors that showed a positive but insignificant effect on misappropriation of assets.

The R value of 0.733 supported this result and it indicated that forensic accounting techniques and corporate governance components had a strong positive relationship with misappropriation of assets in deposit money banks in Nigeria. The co-efficient of multiple determination Adj.R^2 = 0.519 indicated that about 51.9%% of the variation that occurred in the misappropriation of assets in deposit money banks in Nigeria could be accounted for by the components of forensic accounting techniques and corporate governance components while the remaining 48.1% changes that occurred were accounted for by other variables not captured in the model.

Also, the F-statistics (df = 9, 223) = 28.779 at p = 0.000 (p < 0.05) indicated that the overall model was significant in predicting the effect of corporate governance components on misappropriation of assets, which means that corporate governance components measured with Board composition, Risk management process, internal control mechanism, and Compliance procedures were important determinants in the misappropriation of assets in deposit money banks in Nigeria

Discussion of Findings

The results of the regression analysis which showed a positive relationship between forensic accounting techniques and the misappropriation of assets in deposit money banks align with the findings by Abu et al., (2022) who found that forensic accounting skills by accountants and forensic financial crime investigation have a positive and significant relationship with the detection of financial crimes in manufacturing firms in Nigeria. This is also confirmed by Ogunleye et al. (2021) who evaluated the impact of forensic accounting on fraud prevention in Nigerian deposit money banks and found a positive and significant impact.

Similarly, the regression analysis result that highlighted the positive impact of forensic

accounting investigation technique on the misappropriation of assets is confirmed by Okoye et al., (2020) who investigated the effect of forensic accounting investigation in detecting fraud in Nigerian deposit money banks and found a significant effect.

Conversely, the results of the regression analysis which found a positive relationship between forensic accounting techniques and the misappropriation of assets disagree with the findings by Dugguh et al., (2021) who discovered that forensic accounting had a significant effect on reducing fraud cases in Nigerian deposit money banks in the short run but not in the long run.

Also, the regression analysis result emphasized the positive effect of forensic accounting technique knowledge and investigation techniques on misappropriation of assets. This aligns with the study by Okeke et al., (2021) who found a significant role of forensic accounting in curbing financial crimes in Nigerian deposit money banks.

Conclusion and Recommendation

The study revealed that Risk Management Process (RMP), Compliance Procedures (COP), Board Composition (BOC), and Internal Control Mechanism (ICM) showed positive but insignificant effects. On the overall, corporate governance had a significant effect on economic crimes of deposit money banks listed in Nigeria. As a result, the study recommended that:

Management of deposit money banks should institute a well effective internal control system for effective corporate governance for smooth operations and reduction of economic crimes to the barest minimum.

Contribution to Knowledge

The findings of this study have implications for accounting practices, particularly in the areas of forensic accounting and corporate governance. By highlighting the importance of enhancing forensic accounting capabilities and implementing effective corporate governance mechanisms, the study underscores the role of accountants and governance professionals in preventing and detecting economic crimes. Practitioners can leverage these insights to strengthen internal controls, improve risk management processes, and enhance compliance procedures within deposit money banks, ultimately contributing to greater financial integrity and transparency. Contribution to Policy and Concept: Finally, the study contributes to policy development and conceptual understanding by shedding light on the factors influencing economic crimes in the banking sector.

Policymakers can use the findings to formulate regulations and guidelines that promote the adoption of best practices in forensic accounting and corporate governance, thereby fostering a more resilient and secure banking environment. Additionally, the study advances the conceptual understanding of fraud by demonstrating the interplay between individual capabilities, environmental opportunities, and organizational factors in shaping fraudulent behaviour within deposit money banks. This conceptual clarity can inform future research and policy initiatives aimed at addressing economic crimes more effectively.

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