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FRAUD PRESSURE AND FRAUD PREVALENCE IN NIGERIAN DEPOSIT MONEY BANKS

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ABSTRACT:

The study examines the effect of fraud pressure elements of fraud pentagon on fraud prevalence in Deposit Money Banks (DMBs) in Nigeria. The study adopted the ex post facto research design. This is because the Independent variables were studied in retrospect for seeking possible and plausible relations. The population comprised of quoted Deposit Money Banks. The final sample delimited to thirteen (13) Deposit Money Banks listed on the Nigerian Exchange Group (NGX) as at end of 2021. The data utilised in the study were drawn from the annual report and accounts of the Deposit Money Banks for the years 2012-2021. The data were analyzed using descriptive and inferential statistical analyses. The hypotheses were tested using the multiple linear regression technique. The study finds that there is a significant (negative) effect of pressure on fraudulent financial reporting in deposit money banks ($p<.05$). Based on this, the study recommends that auditors should look out for the pressure risk in examining financial transactions in order to control fraudulent financial reporting in Deposit Money Banks. Managers and shareholders strengthen corporate governance practices in the DMBs.

Key words: *Deposit Money Banks, Fraud, Fraud Pentagon, Fraud Pressure.*
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1. INTRODUCTION

Fraud is usually intended to deceive users; particularly, investors and creditors. Marks (2012) found evidence that 70% of fraud perpetration was caused by arrogance/greed and individual pressure. The anomalies has been noted to be committed by the top-level management, for example, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) (Nwoye, Ekesiobi & Abiahu, 2017). The foundational records for assessing a company's financial standing are its financial statements (Ravisankar, Ravi, Rao, & Bose 2011). These manipulations are intentionally done to deceive the users of such reports such as investors/shareholders; employees; lenders; suppliers; customers; government and the general public. The distortion in financial reports affects the predictive ability of users to evaluate past and/or forecast future performance; and, jeopardizes the quality of the decision made from such reports (Nzotta, 2008). In the Nigerian context, wide escalation in financial statement frauds was primarily "due to dishonest management decisions and outright cover-up by accounting firms" (Okoye & Alao, 2008). Several forms of management fraud were perpetrated by managers [that is, agents] entrusted by the shareholders [that is, principals] to safeguard their investment. Management fraud is defined as "deliberate fraud committed by management that injures investors and creditors through materially misleading financial statements" (Eliott & Willingham, 1980). Attempts to manipulate such information reappeared in the wake of numerous large-scale business failures, including Enron, WorldCom, Cadbury, African Petroleum, Intercontinental Bank, and Afribank (Vladu, Amat, & Cuzdriorean, 2017; Uwuigbe, Peter, & Oyeniyi, 2014). The majority of these cases were ascribed to financial statements that contained misleading financial reporting. Falsified financial statements that alter numbers by overstating assets, inserting fictitious sales and profit entries, or understating liabilities, debts, expenses, and losses are considered fraudulent financial reporting (Yue et al., 2007).

There are a plethora of factors that could lead someone to commit fraud. One essential component of fraud is pressure which is a perceived, mostly unshareable financial need on the part of the fraud perpetrator. Detecting such frauds has always been an important but complex task for accounting professionals (Ngai *et al.*, 2011; Nwoye, Ekesiobi & Abiahu, 2016). This is further compounded by limitations of standard auditing procedures which are insufficient (Fanning & Cogger, 1998); with, most auditors not being able to effectively deploy Computer Assisted Audit Techniques to traditional audits. The Association of Certified Fraud Examiners (ACFE) (2020) states that fraud poses a tremendous threat to all organizations regardless of type and size globally. Of the three categories of occupational fraud identified in its report, asset misappropriations were the least costly, next was corruption schemes; while, the last and most costly form of occupational fraud is financial statement fraud (ACFE, 2020). According to Olorunsegun (2010), fraud is a major challenge of the banking industry and this makes all banks vulnerable. The fraud triangle model presents three components which must be present for fraud occurrence: opportunity, pressure, and rationalization; while, in contrast, the fraud diamond model identifies four elements for fraud occurrence: opportunity, pressure, rationalization and capability. This study specifically tested the pressure component of the fraud pentagon on the fraudulent financial reporting of DMBs. According to the first factor, pressure, a person may have an apparent hidden financial issue. Additionally, this financial issue poses a threat to their ability to maintain a successful, honorable, and trustworthy reputation at work or among friends and family. The objective of the study is to examine the effect of pressure on fraudulent financial reporting in deposit money banks.

1.1 Objective of the Study

The objective of this research work is to ascertain the effect of fraud pressure on the prevalence of fraud in Nigerian Deposit Money Banks

1.2 Hypothesis

H_{O1}: Fraud pressure has no significant effect on the prevalence of fraud in Nigerian Deposit Money Banks.

2. LITERATURE REVIEW

2.1 Conceptual review

2.1.1 Fraud

Fraud has been described as a pandemic socio-economic disease that can be found in both public and private sectors of the economy as well as in developing and developed nations of the world (Udeh & Ugwu, 2018). Gbegi and Adebisi (2014) further described the fraud as endemic and gradually becoming a norm in Nigeria, cutting across all sectors of society, especially the public sector. The spate of fraud and corruption in Nigeria is so alarming that no sector of the economy is free from fraudulent activities. Nigeria was 136th out of 174 countries ranked by the Transparency International Corruption Perspective Index 2014, scoring 27 percent. Worthy of note is her score of 25 and 27 percent in 2013 and 2012 respectively; showing inconsistency in the fight against corruption. In West Africa, she achieved the 'prestigious' 3rd most corrupt nation after Guinea and Guinea Bissau (Ejike, 2018). The situation seems to be getting worse even with the efforts of the anti-corruption agencies, Nigeria's corruption data remains worrisome as a recent study in 2021 ranks the country as the second most corrupt in West Africa and 154th (down from 149 in 2019) out of 180 countries globally in 2020. No sector of the economy is shielded from these fraud and corruption indices as even with the extent of regulation in the financial sector, it is still faced with high and increasing levels of fraudulent practices. This might not be unconnected with the volume of transactions in cash and the object of trade-cash which is enormous and hence very attractive to fraudsters. Owolabi (2010) opines that bank frauds have far-reaching consequences for the stakeholders and the nation's economy at large. There has been large-scale fraud in Nigerian banks which at various times, among other factors, have resulted in bank distress. A banking system that is in crisis cannot carry out its intermediation role effectively as there will be a credit crunch in which case there is a halt to new lending. There may be a low capital adequacy ratio of the bank or a shortfall in liquidity.

2.1.2 Types of Fraud

Corporate fraud which is a typical type of loan fraud in banks occurs when credit is extended without following the credit policy, law, rules, and regulations. Loans and other forms of credit extensions to businesses and individual customers constitute the main function of financial institutions. Inadequate or absence of collateralized and diversion of loans for other uses different from which it is given constitute fraud. Advanced perpetrations of credit fraud go to the extent of applying credit facility approval for one customer to the credit of another who is often unrelated to the first customer. These decisions are made in accordance with the normative goals of the firm, its standard operating procedures, and its cultural norms, and are intended to benefit the corporation itself. Within the definition of corporate crime are the following:

i. All those acts and omissions that existing bodies of law proscribe and/or require, and
ii. All social harms–encompass a wide range of acts and omissions that may not be expressly addressed in the laws.

Wells (2007) defines occupational fraud and abuse to fall into three broad categories which comprise fraudulent financial reporting, misappropriation of assets, and bribery and corruption. Singleton and Singleton (2006) summarized the topologies of corporate fraud under three distinct headings; namely:

a) **Insider Fraud against Company.**

This comprises the following acts:

i. Cash diversions, conversions, thefts,
ii. Cheque raising and signature or endorsement forgeries,
iii. Debtor's manipulations, such as lapping and fake credit memos,
iv. Creditors manipulations, such as raising or fabricating vendor invoices, benefits claims, and expense vouchers, and allowing vendors, suppliers, and contractors to overcharge,
v. Payroll manipulations, such as adding non-existing employees (ghost workers) or altering time cards,
vi. Inventory manipulations and diversions, such as specious reclassifications of inventories to obsolete, damaged, or sample status, create a cache from which thefts can be made more easily; and
vii. Favours and payments to employees by vendors, suppliers, and contractors.

b) **Outsider Fraud against the Company**

This covers the following:

i. Vendor, supplier, and contractor frauds, such as shipping goods, substituting goods of inferior quality, over billing, double billing, billing but not delivering or delivering else-where (air supply),
ii. Vendor, supplier, and contractor corruption of employees; and
iii. Customer corruption of employees.

c) **Fraud for the Company**

This consists of:

i. Smoothing profits (cooking the books) through practices such as inflating sales, profits, and assets, understating expenses, losses, and liabilities, not recording or delaying the recording of sales returns, early booking of sales, and inflation of ending inventory,
ii. Cheque kiting and price fixing,
iii. Cheating customers by using devices such as short weights, counts, and measures; substituting cheaper materials, and false advertising,
iv. Violating governmental regulations, occupational and safety standards, environmental securities, and tax violations,
v. Corrupting customer personnel,
vi. Political corruption; and
vii. Padding cost on government contracts.

2.1.3 Fraudulent Financial Reporting

The National Commission on Fraudulent Financial Reporting defines fraudulent financial reporting as-intentional or reckless conduct, whether by act or omission, that results in materially misleading financial statements‖ (NCFFR 1987). This can be due to a failure to disclose significant information, overstating earnings, inflating assets, or inappropriate accounting procedures (Beasley, Carcello & Hermanson, 2001). 0raudulent financial reporting may be accomplished by:

1. Manipulation, falsification, or alteration of accounting records or supporting documents from which financial statements are prepared;
2. Misrepresentation in or intentional omission from the financial statements of events, transactions, or other significant information;
3. Intentional misapplication of accounting principles relating to amounts, classification, manner of presentation, or disclosure (AICPA, 2002).

Financial reporting fraud involves a whole lot of possible areas of fraudulent activity. These include:

i. Fictitious or overstated revenue and assets, in order to inflate income on financial statements, incomes could be overstated by omitting elements that would lower actual revenue. Yet another practice could be premature revenue recognition, for example, inflating earnings when sales have not been completed, or recognizing revenues whose receipt is contingent upon the completion of a contract. The goal could be present pictures of financial buoyancy that may not be real;
ii. Fictitious reduction of expenses and liabilities to mask a firm‘s true losses or debts, and thereby improve the bottom line on financial statements; 29
iii. Deliberate misclassification of revenues and assets. This is quite common in the area of security investments;
iv. Over-valued assets or under-valued expenses and liabilities. These constitute assets whose prices cannot be supported by standard business valuations. When sold, they artificially boost income; and when held in the books, they present a false picture of sound financial position;
v. Omission of liabilities and improper disclosures. A portfolio of non-performing assets deliberately loaded into a firm‘s balance sheet can give a picture of false buoyancy;
vi. Related-Party Transaction: referring to interactions between two parties, one of whom can exercise control or significant influence over the operating policies of the other. Usually, a special relationship may exist between the parties, to the extent that the major partner carries out acts or omissions through the minor party.

2.1.4 Fraud Pressure

According to Cressey (1953), a condition that is always present in cases of financial statement fraud is pressure. Skousen, Smith, and Wright (2009) prove the existence of a significant relationship between pressure and financial statement fraud. Pressure has remained a significant risk factor for fraudulent financial reporting (Sihombing & Rahardjo, 2014). Pressure arises if a company's performance falls below the industry average and management may manipulate the company's financial statements by providing the appearance of stable growth (Skousen, Smith, & Wright, 2009). Some of the events that could lead to the pressure to commit fraud include the following:

i. The incentive to misstate earnings
ii. Family problem including marital and sickness
iii. Inability to pay one‘s bill
iv. Meeting of production target at work
v. Desire of status symbols, houses, cars etc.
vi. Gambling or drug addition
vii. Meeting of debt covenant
viii. Stock option compensation

2.2 Theoretical Review

The study is anchored three theories fraud triangle theory, fraud diamond theory and fraud pentagon theory.

2.2.1 The Fraud Triangle Theory

The Fraud Triangle Model was created by Dr. Donald R. Cressey (1953), an American sociologist and criminologist. He focused his research on the circumstances that lead individuals to engage in fraudulent and unethical activity. Later, his research became known as the Fraud Triangle Model (Dorminey et al, 2010; 2012; Ruankaew, 2013). According to Cressey, fraud is the result of a set of circumstances which come together at a particular time and place causing someone to become a fraud perpetrator, particularly a trusted employee. The U.S. exposure draft released for public comment in February, 2002 introduces three categories of factors that may be inter-related to represent these circumstances. These are: pressure or incentives, opportunities, and attitudes or rationalizations. Cressey (1953) as cited in Montgomery, Beasley, and Palmrose (2002) described these three factors as the Fraud Triangle which involves:

a. **The motive or pressure to commit fraud**: This is perceived in the form of real or perceived financial need or moral needs such as getting back at the employer. By this individual feels that he wants to, or has a need to, commit fraud.
b. **The perceived opportunity to commit fraud and get away with it**: This arises as a result of these enabling factors: deficient internal controls and weak corporate governance. When one or two of these factors weigh(s) heavily in the direction of fraud, the probability increases.
b. **The rationalization of the perpetrator**: This is achieved through finding a morally acceptable excuse that justifies why their action is not considered as a crime.

2.3 Empirical Review

Devi, Widanaputra, Budiasih, and Rasmini (2021), investigated the effect of fraud pentagon theory on financial statements. The population consisted of state-owned companies listed on the Indonesia Stock Exchange. The period of the study was from 2014 to 2019. The study utilized secondary data from the annual financial statements. The data were analyzed using the simple linear regression technique. The empirical results showed that the fraud pentagon theory had a positive effect on the financial statement fraud of state-owned companies. This is an indication that a high level of fraud pentagon in a company leads to a higher indication of financial statement fraud.

Antawirya, et al (2019) investigated the application of the fraud pentagon in detecting financial statement fraud. The sample was purposively selected from the financial sector listed on the

Indonesia Stock Exchange. The study utilized secondary data from 2015 to 2018. The data were analysed using the multiple regression technique. The results showed that financial sets had a positive effect on fraudulent financial statements and the number of audit committee meetings negatively affects fraudulent financial statements.

Haqq and Budiwitjaksono (2019) investigated the utility of fraud pentagon in detecting financial statement fraud. The study specifically evaluates the financial target, financial stability, external pressure, ineffective monitoring, nature of the industry, change in auditor, change in director, CEOs photo frequency, political connection, and company existence in financial reporting. The sample comprised 78 companies listed on the LQ45 index on the Indonesian Stock Exchange (IDX) during the period 2015-2017. The data were analyzed using the multiple regression technique. The results indicate that financial stability and CEO photo frequency can be used to detect fraud in financial reporting. However, financial targets, external pressure, ineffective monitoring, nature of the industry, changes in auditor, changes in director, political connection, and company existence cannot be used to detect fraud in financial reporting.

Olabamiji and Suleiman (2021) examined the effect of fraud on profitability of listed deposit money banks in Nigeria. The study focused on 14 listed DMBs for a six-year period (2012-2017). Panel multiple regression technique was used to estimate the model of the study. The findings showed that fraud (proxied by actual loss from fraud and staff involvement in fraud) has a negative and significant effect on profitability (proxied by return on asset) of listed DMBs in Nigeria.

Mawutor, Enofe, Embele, Ndu and Awodola (2019) examined the effect of fraud on performance of deposit money banks in Nigeria (2006-2016). The Ordinary Least Square (OLS) was used to predict the impact of fraud on DMBs after fulfilling major regression assumptions. It was revealed that total fraud amount was negative, although insignificantly affect the performance of DMBs; the number of reported cases significantly and positively affect the performance of DMBs and lastly it was discovered that the total staff involved also significantly and positively affect the performance of DMBs in Nigeria.

Utami and Pusparini (2019) examined the analysis of Fraud Pentagon Theory and Financial Distress for Detecting Fraudulent Financial Reporting in Banking Sector in Indonesia (Empirical Study of Listed Banking Companies on Indonesia Stock Exchange in 2012-2017) multiple linear regression models which were processed using SPSS 15.0. The result shows that quality of external auditor has a positive effect on fraudulent financial reporting, change in auditor has a negative effect on fraudulent financial reporting, director change has a positive effect on fraudulent financial reporting, frequent number of CEO picture has a positive effect on fraudulent financial reporting, and financial distress has a positive effect on fraudulent financial reporting.

Agboare, (2021) examined the impact of forensic accounting on financial fraud detection in deposit money banks in Nigeria. The data were tested using descriptive statistics and regression analysis on Statistical Package for Social Sciences (SPSS version 20.0). The study findings showed that forensic accounting techniques of conducting investigation, analyzing financial transactions and reconstructing incomplete accounting records have significant effect on financial fraud detection in deposit money banks in Nigeria.

Ololade, Salawu, and Adekanmi (2020) examined E-fraud in Nigerian banks. Data were analysed using simple percentages. Results revealed that e-frauds were perpetrated by the employees whose employment was threatened as a result of not achieving deposit targets and using either expert or legitimate power to connive with other employees to commit e-fraud against the Banks.

Puspitha and Yasa (2018) utilized the fraud pentagon analysis to detect fraudulent financial reporting in Indonesia. The sample comprised of non-financial firms. The study utilized secondary data from 2012 to 2016. The data were analysed using logistic regression analysis. The results prove that external pressure, ineffective monitoring, auditor switching, change of director, and the frequency of CEO's pictures can predict fraudulent financial reporting. However, financial stability, personal financial needs, financial targets, nature of the industry, and organizational structures do not predict fraudulent financial reporting.

Pamungkas, Ghozali, Achmad, Khaddafi, and Hidayah (2018), studied the role of corporate governance mechanisms in preventing accounting fraud. The authors utilized the fraud pentagon model. They specifically examined financial targets, ineffective monitoring, change in auditor, change in direction and arrogance on accounting fraud; and, the moderating effect of corporate governance mechanism on fraud pentagon model. The sample comprised 12 fraud and 32 non-fraud companies listed on the Indonesian Stock Exchange during 2012-2016. The data were analysed using logistic regression. The results showed that risk factors in the fraud pentagon significantly affect accounting fraud. As a moderating variable, corporate governance mechanisms ownership weakens the relationship of change in direction in the accounting fraud.

Nindito (2018) analyzed financial statement fraud from the perspective of the fraud pentagon model. The sample comprised of 14 companies listed on the Indonesia Stock Exchange that incurred sanctions from the Financial Services Authority, and 14 comparable companies as a control sample that was similar in both industry and size. The study utilized secondary data from 2013 to 2015. The data were analyzed using logistic regression analysis. The results show that free cash flow as a proxy of pressure; independence of the audit committee as a proxy of opportunity, total accruals as a proxy of rationalization, and disclosure of doubtful debts as a proxy of capability have significant negative effects on financial statement fraud.

Rabiu, and Mansor, (2018) examined fraud prevention initiatives in the Nigerian public sector: Understanding the relationship of fraud incidences and the elements of fraud triangle theory empirical survey that employed the use of quantitative approach. Their findings have revealed that the presence of pressure and opportunity may not necessary lead a person to commit fraud unless the person can be able to justify the evil action. They emphasize that the above three element as pressure, opportunity and rationalization must all be present at the same time before a fraudster could commit a crime.
Egolum, Okoye, and Eze, (2019) examined the effect of fraud pentagon model on fraud assessment in the deposit money banks in Nigeria (2005-2014). The multiple regression technique was the main statistical tool used in the study. In order to verify the quality of the data used, VIF was employed to test for multicollinearity among the variables. The result showed that the Behavioral Trait (BET) factor has a positive significant effect on fraud risk.

3. MATERIAL AND METHOD

The study adopted the ex post facto research design. This design is suitable because no attempt is made to control or manipulate the relevant independent variables and their manifestations have already occurred. The population of the study comprised of thirteen (13) Deposit Money Banks listed on the Nigerian Exchange Group (NGX) as at end of 2021. The study employed the purposive sampling technique and all the twelve (12) DMBs mentioned in table shown below were sampled. See Table 1 in Appendix I.

The study utilized data extracts from the annual report and accounts of the sampled deposit money banks for the years 2012 - 2021. Data collated were further analyzed using descriptive and inferential statistical analyses. The descriptive statistical analysis was used to describe the research variables. The inferential statistical analysis used here is multiple regression analysis to test the proposed hypotheses. The selected variables utilized in the study are described in the table below as follows:

Table 2: Description of variables

	Indicator	Measurement	Source
FIP	Financial Pressure	CFTR+WOCR+NPLA+PNPL	Lokanan & Sharma (2018); Skousen *et al.* (2009); Chen and Elder (2007) Egolum, Okoye, and Eze, (2019);
	CFTR(Cash flow trend)	Change in cash flow = average $CF_t - CF_{t-1}$	
	WOCR(Working capital Ratio)	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	
	NPLA(Non-performing Loan and Advance)	$\frac{\text{Non-performing loan}}{\text{Total loan}}$	
	PNPL(Provision for Non-Performing Loan)	$\frac{\text{Prov. for non-performing loan}}{\text{Total non-performing loan}}$	

The dependent variable is represented by fraudulent financial reporting used the mean-score variables of the fraud risk factors incorporated in the fraud pentagon model to predict the status of Nigeria's DMBs (Unuafe & Afolabi, 2014).

Table 3: Rating system used in the study

Class	Composite Score %	Rating	Rank
A	86 – 100%	Very Sound	1
B	71 – 85%	Sound	2
C	56 – 70%	Satisfactory	3
D	41 – 55%	Marginal	4
E	0 – 40%	Unsound	5

Source: Sebe-Yeboah and Mensah (2014)

3.1 Model Specification

The model formulated for this study is based on the objectives of the study to test the null hypotheses. The model used in this study was adapted from the work of Onodi *et al.* (2015); and, Sebe-Yeboah and Mensah (2014) is as follows:

$FRD = f\,(FIP)$ ……………... (1)

This can be econometrically expressed as follows:

$FRD = \beta_0 + \beta_1 FIP_{it} + \varepsilon_{it}$ ……………… (2)

FRD = Fraud Classification
FIP = Fraud Pressure (CFTR+WOCR+NPLA+PNPL)
ε = error term
β_1 = represent estimated coefficient for specific bank *i* at time *t*

4. RESULT AND DISCUSSIONS

4.1 Data Analysis

Table 4: Descriptive statistics of fraud pressure variables

	CFTR	WOCR	NPLA	PNPL
Mean	1.808639	0.580508	0.091900	0.950681
Median	-0.793042	0.300202	0.037377	0.023933
Maximum	276.0980	22.27469	1.069484	108.8586
Minimum	-36.37410	0.011781	0.000000	-42.89627
Std. Dev.	25.26842	1.968462	0.177664	10.53418
Skewness	9.941561	10.45873	3.772201	7.883773
Kurtosis	108.5522	115.3186	18.02911	88.51294
Jarque-Bera	62489.97	70703.81	1531.791	40955.84
Probability	0.000000	0.000000	0.000000	0.000000
Sum	235.1230	75.46600	11.94695	123.5885
Sum Sq. Dev.	82365.63	499.8545	4.071842	14314.99
Observations	130	130	130	130

Source: E-Views 10

Key: CFTR-Cashflow Trend; WOCR-Working Capital Ratio; NPLA-Non Performing Loan and Advance; PNPL- Provision for Non-Performing Loan.

4.2 Test of Hypothesis

H_{O1}: Fraud pressure has no significant effect on the prevalence of fraud in Nigerian Deposit Money Banks.

The linear regression results used to test the hypotheses is reported in this section:

Table 5: Panel EGLS (coefficients) analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.375836	0.132092	17.98623	0.0000
FIP	-0.013067	0.004909	-2.661791	0.0088

Source: E-Views 10

Table 6: Panel EGLS (weighted statistics)

	Weighted Statistics		
R-squared	0.052449	Mean dependent var	2.482327
Adjusted R-squared	0.045047	S.D. dependent var	1.575086
S.E. of regression	1.575755	Sum squared resid	317.8246
F-statistic	7.085130	Durbin-Watson stat	1.868776
Prob(F-statistic)	0.008769		

Source: E-Views 10

The output shows the values of R-squared (0.052) and Adjusted R-squared (0.045), which explains the amount of variance in the dependent variable (FRD), i.e., 4.5% of the variation in FRD is accounted for by the explanatory variables. The model's statistical significance was determined using the F-statistic (7.0851), which produced a p-value of less than.05. The model has explanatory power, according to the F-test, at significance levels of 1 and 5%. This suggests that the model is valid for statistical inference. The Durbin-Watson statistic is a test for autocorrelation in a regression model's output. The observed value of 1.8688 is below 2; which suggests that there is a positive autocorrelation. The *coefficient* and *t-statistic* of our variable of interest (FIP) are negative and statistically significant [t-statistic (FIP = -0.013067, p (0.0088, <.05)].

4.2.1 Decision: Since the p-value is less than 0.05, the alternate hypothesis is accepted and null rejected. Therefore, "There is a significant effect of pressure on fraudulent financial reporting in deposit money banks".

In view of the above finding- a significant (negative) effect of pressure on fraudulent financial reporting in deposit money banks, it could also be noted that Sawaka and Ramantha (2020) using a moderated regression analysis found that the pressure negatively affects the perception of fraudulent financial reporting. Thus, this finding is supported by Christian, Basri, and Arafah (2019) using a sample of 310 firms in Indonesia analyzed using the OLS technique showed that the fraud pentagon had a significant effect on corporate fraud. Also, Puspitha and Yasa (2018) using a sample of non-financial firms in Indonesia from 2012 to 2016 analyzed using logistic regression analysis finds that external pressure was a predictor of fraudulent financial reporting. The study by Nindito (2018) on a sample of 14 companies listed on the Indonesia Stock Exchange, and 14 comparable companies from 2013 to 2015 analyzed using logistic regression analysis finds that free cash flow as a proxy of pressure has a significant negative effect on financial statement fraud.

Heru (2018) also investigated the effect of pentagon fraud on financial statement fraud and firm value evidence in Indonesia from 2012 to 2016. The method of data analysis uses partial least squares. The results of the study show that pressure affects financial report fraud. Using a survey of public sector employees, Rabiu and Mansor (2018) studied the elements of the fraud triangle theory using a quantitative approach finds that the presence of pressure must be present before a fraudster could commit a crime. Also, Rizki, Prajitno, and Wayasti (2017) used data mining techniques to detect fraudulent financial statements among publicly listed companies in Indonesia, using two algorithms, i.e., the SVM and artificial neural network (ANN) in the study. The results showed that the most significant indicators for detecting fraudulent financial statements were profitability and efficiency. However, this finding is inconsistent with Devi, Widanaputra, Budiasih, and Rasmini (2021) in Indonesia looked into how financial accounts were affected by the fraud pentagon conducted from 2014 to 2019 finds that fraud pentagon theory had a positive impact on financial statement fraud. This is also supported by Antawirya *et al.* (2019) using a sample of firms from the financial sector listed on the Indonesia Stock Exchange analyzed using multiple regression techniques showed that financial sets had a positive effect on fraudulent financial statements.

Haqq and Budiwitjaksono (2019), using a sample of 78 companies listed on the LQ45 index on the Indonesian Stock Exchange (IDX) during the period 2015-2017 analyzed using the multiple regression techniques finds that financial targets, external pressure, and ineffective monitoring cannot be used to detect fraud in financial reporting. Triastuti, Rahayu, and Riana (2020) examined the determinants of the fraud pentagon theory and its effects on fraudulent financial statement in mining companies listed on the Indonesia Stock Exchange finds that financial target and external pressure has no effects on Fraudulent Financial Statement. Akbar (2017) used the pentagon theory on manufacturing companies in Indonesia, from 2013 to 2015. The data were analyzed using Structural Equation Modeling (SEM) and factors affecting the occurrence of fraudulent financial reporting on manufacturing companies in Indonesia during the observation period were caused by pressure.

CONCLUSION AND RECOMMENDATIONS

The study concludes that the financial pressure in fraud pentagon is capable of detecting fraudulent financial reporting from Deposit Money Banks in Nigeria. The study finding there is a significant (negative) effect of pressure on fraudulent financial reporting in DMBs. Their findings have revealed that the presence of pressure would lead a person to commit fraud. Based on this, the study recommends that the higher the relevant fraud probability model, i.e., *pressure* the lower the bank rating, which implies a deterioration in performance. Auditors should look out for the pressure in financial control mechanisms in order to control fraudulent financial reporting in Deposit Money Banks.

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APPENDIX I

Table 1: Public Listed Deposit Money Banks

S/N	Names Of Deposit Money Banks In Nigeria
1	Access Bank PLC
2	Eco Bank Transnational incorporation
3	Fidelity Bank PLC
4	First City Monument Bank (FCMB) PLC
5	Guarantee Trust Bank (GTB) PLC
7	Skye Bank PLC
8	United Bank for Africa (UBA) PLC
9	Union Bank of Nigeria PLC
10	Unity Bank PLC
11	Wema Bank PLC
12	Zenith Bank PLC

Source: The Nigerian Exchange Group [NGX] (2021)