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Accounting Ethics and Minimization of Financial Crimes in the Nigerian Banking Sector

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ABSTRACT

This study examined the role of accounting ethics in minimizing financial crimes in the Nigerian banking industry. Regression analysis found a significant positive influence of ethics on fraud prevention. Also, an independent samples t-test revealed a significant difference in financial crime rates between high versus low ethics compliance banks. The findings revealed that improving employee awareness of regulations reduces violations, but ethical breaches still occur due to ignorance, rationalization and pressure. Regular training programs on compliance are lacking. The study concludes that accounting ethics compliance plays a pivotal role in preventing financial crimes but concerted efforts are required to strengthen frameworks, monitoring, deterrence and continuous education to entrench ethical values. Key recommendations include regulatory agencies enhancing their oversight of banks' ethics compliance, mandatory ethics training for employees, establishing confidential whistleblowing channels, and management exemplifying ethical conduct.

Keywords: *Accounting Ethics, Fraud, Financial Crime, Fraud Prevention*

1.0 INTRODUCTION

Financial institutions especially banks are more regulated than other institutions worldwide because of their role as financial intermediaries. Banks mobilize funds from the surplus

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spending units at a cost for on-lending to the deficit spending units at a price. They provide an efficient payment mechanism in the economy; to settle the business, personal transactions, and international obligation of their customers. However, banks must operate within certain guidelines, either as defined by law, public policy, practice, or convention. In today's banking industry, the code of ethics and professionalism serves as the foundation upon which banks must make decisions based on honesty, integrity, confidence and trust (Sanusi, 2010).

A formalized code of ethics provides banks with an understanding and knowledge of what is expected of them in terms of responsibilities and behaviour. A code of ethics reflects the standards and establishes a realistic mode of behaviour that applies to staff in the bank, from the board of directors to the lowest level of workers. The reputation of a bank and its actions reflect the ethical conduct and professionalism that affects its potential for profit and growth.

The accounting profession has suffered scrutiny and criticism as a result of the increase in fraudulent practices and corporate scandals. The confidence repose on the accountant as a 'watch dog' of the society is fading away. Vital economic and business decisions are made by users of accounting information on the basis of the information provided by the accountant. Fraudulent accounting information leads to inappropriate decisions by companies' owners, management, investors and other stakeholders.

While being mindful of profitability and productivity, banks are obliged to obey certain ethical principles of banking profession and organizational ethics, which include honesty, integrity, social responsibility, accountability and fairness, to minimize fraudulent practices.

Frauds and mismanagement compound the ethical problems in Nigeria banks and may be contributory to the insidious systemic distress in the banking industry. More so, an ordinary bank customer may not have the opportunity and adequate information to understand banking transactions, as dictated by the ethics of disclosure in banking business (Frenkel and Lurie, 2003).

Consequently, different fraud preventive measures may have to be adopted by different countries including Nigeria, and many more are being envisaged to stop or reduce this cankerworm called fraud in both the public and private sectors of the economy. These frauds preventive measures are necessary because according to Abdullahi and Mansor (2015), it is less expensive and more effective to prevent fraud from happening than to detect it after the occurrence.

Ethical compliance by accountants becomes essential due to the nature of work carried out by them as stewards and custodians of funds, as well as professional services rendered by them. Just like most professions, the accounting profession is supposed to maintain high ethical standards which will enable accountants provide reliable information and design mechanisms for fraud prevention. Hence, this study aims at examining the imperative of accounting ethics in adopting fraud preventive measures in Nigeria and to show to what extent the code of ethics and professionalism has helped to sanitize the banking industry and ensured stability of the banking system.

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1.1 Statement of the Problem

The accounting profession play vital role in business and in modern society. Accountants provide information needed by users of accounting information to make informed decisions. Furthermore, they are custodians of funds both in the public and private sector of the economy. As custodians and trustees, they are expected to exhibit high level of professional ethics and fraud preventive skills. However, some of the corporate scandals and fraudulent acts have been linked to accountants. It has been argued that accountants use their knowledge and skills to manipulate financial information.

The Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC) were established in Nigeria to curb fraud and financial crimes. Policies such as the Treasury Single Account (TSA) have also been put in place in order to prevent the occurrence of fraud. Despite these measures, the rate at which fraud is being perpetrated in Nigeria is still alarming, with some accountants directly involved. This has stained the accounting profession and has questioned the level of ethical compliance by accountants. However, little attention has been given to the role of accounting ethics in the adoption of fraud preventive measures. Hence, the need to carry out an empirical studies, which this research sought to address.

1.2 Objective of the Study

The main objective of this study is to examine the imperative of accounting ethics in the adoption of fraud preventive measures in Nigeria

1.3 Research Hypotheses

The following null hypothesis were developed to guide the research:

$H_0$1: Accounting Ethics does not play a significant role in the adoption of fraud preventive measures in Nigeria.

$H_0$2: Compliance with Accounting Ethics does not prevent the occurrence of financial crimes in the Nigerian banking industry

1.4 Significance of the Study

By examining accounting ethics, the study aims to establish guidelines and principles that encourage ethical conducts within the banking industry. Ethical behaviour is maintaining public trust and confidence in the banking industry. Ethical accounting practices help banks comply with regulatory requirements. It contributes to the preservation pf the industry's integrity of raising awareness about ethical issues and providing guidelines for promoting ethical behaviour, reducing fraud, and ensuring the accuracy and reliability of financial information.

Engaging in the research allows the researcher to connect with other professionals, scholars and experts in the field. This networking and collaboration can lead to valuable

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opportunities for knowledge exchange, sharing of best practices and potential future collaborations, further enhancing the Researchers' professional growth and impact in the industry.

The public relies on banks to handle their finances securely and ethically. Research on accounting ethics and financial crimes minimization ensures that banking institutions uphold ethical standards protect the interest of their customers. This, in turn, enhances consumer confidence in the banking industry, encourages trust in financial institutions, and provides assurances that their funds and personal information are handled with integrity.

Engaging in research on accounting ethics and financial crimes allows future researchers to expand their knowledge and understanding of these complex and evolving areas. By delving into the intricacies of ethical considerations and financial crimes prevention, they can gain a deep understanding of the challenges and complexities involved, preparing them for future research and professional endeavors.

2.1 Overview of Ethics and Accounting Ethics

Ethics are moral principles and values that guides or govern the conduct of an individual, group, organisation or profession. According to Ogbonna and Appah (2011); Nwagboso (2008); Otalor and Eiya (2013), ethics is a criterion by which an individual distinguishes what is right or wrong. Ethics and ethical values border on our sense of morality, our sense of right and wrong. It centers on how we think, how we do things and what we say. According to Otalor and Eiya (2013), ethics is concerned with norms, principles, ground rules, values or behavioral conducts and practices exhibited by an individual, a group of people, community or profession. It is an acceptable standard of behavior or unwritten regulations or moral principles that guides an individual, an organization, a profession or society in their dealings with one another.

According to International Ethics Standards Board for Accountants (2018), Nwagboso (2008), and ICAN (2014), the fundamental principles of ethics (also known as code of ethics) applicable to accountants include the following:

i. **Integrity**: According to International Ethics Standards Board for Accountants (2018), to maintain and broaden public confidence, professionals should perform all professional responsibilities with the highest sense of integrity. Integrity is an essential ingredient to professional recognition. Integrity requires accountants to be honest, sincere, straightforward and transparent in professional and business dealings. International Ethics Standards Board for Accountants (2018) opine that a professional accountant shall not knowingly be involved with reports, returns, communications or other information, where the accountant believes that the information contains a materially false or misleading statement; information furnished recklessly; or omits or obscures information required to be included where such omission or obscurity would be misleading. According to ICAN (2014), example of lack of integrity in business might be where an accountant helps to cover up a fraud with false accounting entries.

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ii. **Objectivity:** According to International Ethics Standards Board for Accountants (2018), the principle of objectivity imposes an obligation on all professional accountants not to compromise their professional or business judgement because of bias, conflict of interest or the undue influence of others. An accountant should avoid any service, relationship, influences or act that can affect or influence the accountant's professional judgment with respect to that service. According to ICAN (2014), example of an objective accountant in business is in the preparation of prepayments, accrual and provision journals at month or year end. They should reflect the true state of affairs rather than an attempt to manage earnings and manipulate profit or tax figures.

iii. **Professional Competence and Due Care:** This principle entails a sense of duty, accuracy and skills. According to International Ethics Standards Board for Accountants (2018), the principle of professional competence and due care imposes on the accountant the obligation to maintain professional knowledge and skill at the level required to ensure that clients or employers receive competent professional service, and to act diligently in accordance with applicable technical and professional standards. Competent professional service requires the exercise of sound judgment in applying professional knowledge and skill in the performance of such service. According to ICAN (2018), professional accountants have a duty to carry out the instructions of an employer or client with care and skill provided these are in line with the ethical requirements of integrity, objectivity and (in the case of accountants in public practice) independence.

iv. **Confidentiality:** A professional accountant should respect the confidentiality of information acquired from the client in the course of performing professional services. According to International Ethics Standards Board for Accountants (2018), the confidentiality principle refrains an accountant from disclosing outside the firm or employing organization confidential information obtained in the course of professional and business relationships without any authority to do so or a legal or professional right and duty to disclose. The principle also refrains the accountant from using confidential information acquired as a result of professional and business relationships to their personal advantage or the advantage of third parties.

v. **Professional Behavior:** Accountants are required to observe relevant laws and regulations and to avoid any act that would discredit the accountancy profession. According to International Ethics Standards Board for Accountants (2018), this includes actions that a reasonable and informed third party, weighing all the specific facts and circumstances available to the accountant at that time, would be likely to conclude adversely affects the good reputation of the profession.

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2.2 Corporate and Accounting Fraud

Fraud is an issue of concern in Nigeria and other parts of the world, due to its devastating effect on the economy. Fraud according to Reynolds and Gavagni (2015) is defined as intentional pervasion of truth with the aim of inducing another to part with something of value or to surrender a legal right. It is a wrongful or criminal deception intended to result in financial or personal gain.

Accounting fraud according to Nickolas (2015) is an intentional manipulation of financial statements to create a facade of a company's financial health. This involves an employee, accountant or the organization itself which can mislead investors, and other stakeholders. A company or organization can falsify its financial statements by overstating its revenue or assets, not recording expenses, and under-recording liabilities.

Ernst and Young (n.d), James (2004), Reynolds and Gavagni (2015), and Adeniji (2004) summarized the types of fraud on the basis of methods of perpetration to include the following:

Misappropriation of Assets: This type of fraud includes theft or misuse of tangible and intangible assets and fraudulent expenditures. Fraudulent expenditures may include payroll fraud, employee expense fraud and cash skimming.

Fraudulent Financial Statements: This type of fraud includes misstatement or omission of material information/accounting records from financial statements; improper capitalization/deferral of expenses; improper revenue recognition; asset/liability manipulation; and improper manipulation of tax accounts.

Corruption Schemes: This involves utilizing influence in business transactions to obtain a personal benefit; bribery and/or extortion; aiding and abetting fraud. Many factors could be responsible for fraud perpetration by accountants, other employees and management of an organization. These are summarized into three components commonly known as the fraud triangle.

2.3 Theoretical Framework

The theoretical underpinning of this study is basically the deontological theory of ethics and the fraud diamond theory.

Deontological Theory of Ethics: The word 'deontological' comes from the Greek Deon, meaning 'duty'. According to Ronald (n.d), deontological theory is by definition duty based. That is to say, an action or decision is ethical if it will fulfill moral obligations, or duties. Duties, in the deontological tradition are most often associated with obeying absolute moral rules or universal principles. Hence, human beings are morally required to do (or not to do) certain acts in order to uphold a rule, law or standard. The focus of this theory is on doing what is right in

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line with the established principles, standards or rules rather than what will maximize societal welfare as in utilitarianism.

Fraud Diamond Theory: According to Abdullahi and Mansor (2015), the fraud diamond theory was first presented by Wolfe and Hermanson in 2004. It is viewed as an expanded version of the fraud triangle theory. In this theory, a fourth element named ‘capability’ has been added to the three components of the fraud triangle. Although perceived pressure might coexist with an opportunity and a rationalization, it is unlikely for fraud to take place unless the fourth element (capability) is also present. In other words, the perpetrator must have the skills and ability to commit fraud. For example, the accountant can use his ability and skills in accounting to manipulate financial records and to commit financial fraud. According to Wolfe and Hermanson (2004), opportunity opens the doorway to fraud, and pressure and rationalization lead a person toward the door. However, capability enables the person to recognize the open doorway as an opportunity and to take advantage of it by walking through repeatedly.

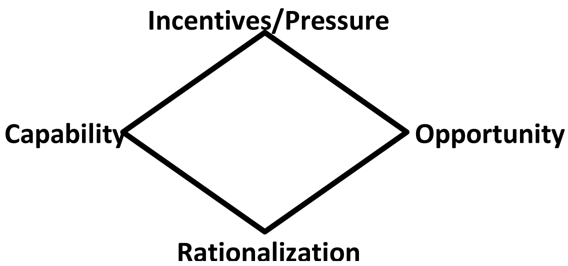

Figure 1: The Fraud Diamond Model
Source: Wolfe and Hermanson (2004)

Therefore, since the deontological ethical theory is focused on doing what is right in line with established principles, standards and rules, it becomes imperative for it to be adopted in this study. Accounting ethics are rules, principles, norms and standards that guides the conduct of accountants in a way that is ethically acceptable. The fraud diamond theory is also adopted in this study because of the fourth element introduced and added to the fraud triangle theory.

2.4 Empirical Review

Different studies have been conducted on accounting ethics and fraud. Some selected empirical studies are summarized on Table 1.

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Table 1: Summary of Empirical Studies

Author	Objective	Methodology	Findings
Javirah (2011)	To study the accounting fraud: causes, consequences and lessons.	The study adopted a research and analysis method.	The study discovered the lack of ethics, honesty, integrity and Accountants manipulate records due to pressure.
Pan, Seow, Suwardy and Gay (2011).	To conduct content analysis of articles on fraud and suggest future research areas.	The study used content analysis of 56 articles.	The study identified three fraud themes: antecedents, auditors' role, and IT fraud. It also suggested future research directions including the antecedents, the auditor decision-making, and IT fraud classification.
Amara *et al.,* (2013)	To examine factors contributing to fraud detection in financial statements.	The study used data analysis of financial statements.	The study discovered that Managerial performance pressure is linked to fraud.
Okoye and Gbegi (2013)	To observe the effects of fraud and related financial crime on inflation.	The study used data analysis and observation.	The study discovered that fraud and financial crime have no significant effect on inflation.
Abiola and Oyewole (2013a.b)	To evaluate the impact of internal control systems on fraud detection in Nigerian commercial banks.	The study used surveys and analysis	The study discovered the difficulty in eradicating fraud. It also discovered that employee renumeration, leadership and legislation can help minimize fraud.
Gbegi and Adebisi (2015	To analyze fraud detection and prevention strategies in the Nigerian public sector.	The study used questionnaires and analyzed mean scores.	The study explains the positive and significant relationship between management policies and fraud in the Nigerian pubic sector. The study revealed a lack of strong internal control system in the public sector, and management integrity was identified as crucial in preventing fraud.
Adegbie and Fofah (2016)	To examine the impact of ethics and corporate governance on financial reporting in the Nigerian banking industry.	The study used a survey research design with the use of structured questionnaire and analyzed using ANOVA	It was discovered that noncompliance with relevant ethical codes and poor corporate governance affected the preparation of quality and faithful financial reports.

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Eme *et al* (2016)	To assess the effectiveness of fraud prevention and detection mechanisms in Nigeria and identify areas for improvement.	The study used quantitative data from accounting practitioners.	This study explains the current fraud prevention and detection mechanism in Nigeria, such as internal controls, audits, and ethical codes, were found to be not proactive enough in dealing with fraud. More proactive measures were recommended for tackling fraud in Nigeria
Adeyeye (2018)	Examine role of accounting ethics in preventing financial crimes	Administered survey questionnaires to 185 accountants	Found significant relationship between adherence to ethical codes and reduction in fraud incidents. Concluded that ethical compliance should be prioritiz
Akume and Awolowo (2018)	Study forensic accounting techniques for fraud detection	Conducted content analysis of journal articles	Proposed enhanced use of data mining, visualization, and text analytics to uncover anomalies and suspicious bank transactions.
Oyebisi *et al.,* (2018)	Investigated the relationship between accounting ethics and the performance of accounting firms in Lagos, Nigeria.	Survey research design with primary data analyzed using Pearson product Moment Correlation Technique	Discovered a significant relationship between accounting ethics and the performance of accounting firms in Nigeria.
Okafor and Otalor (2019)	Assess awareness of accounting ethics standards among bank employees	Conducted interviews with 50 accountants	Discovered limited knowledge on codes of conduct, highlighting the need for robust ethics education. Adherence was constrained by pressure.
Nwaopara and Oladele (2019)	Examine corporate governance influence on anti-fraud measures	Analyzed annual reports of 10 banks	Found a strong positive association between boards' vigilance and fraud risk management effectiveness. Stated that boards must uphold diligent oversight and accountability.
Onaolapo (2019)	Assess compliance with accounting ethics standards by auditors of Nigerian banks	Survey of 150 external auditors	Found varying degrees of non-compliance driven by time constraints, workload pressures, and conflicts of interest. Recommended stronger regulatory enforcement and sanctions.
Martins and Adebayo (2020)	Evaluate corporate governance regulations on financial reporting ethics	Analyzed annual reports of 15 banks	Showed non-compliance with governance codes compromised accounting integrity. Recommended stronger enforcement and sanctions.

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Okafor and Ordu (2020)	Examine whistleblowing effectiveness on financial statement fraud	Survey of 87 bank employees	Showed whistleblowing aided external auditor evidence gathering but victimization fears constrained effectiveness.
Akande and Ojo (2020)	Investigate the adoption of technological aids for fraud detection by Nigerian banks	Interviews with IT and internal audit heads in 18 banks	Revealed limited application attributable to skills gap and legacy systems. Recommended focused data analytics training.
Okoro (2020)	Examine influence of professional accounting bodies' disciplinary actions on members' ethical compliance	Reviewed disciplinary records and interviewed 15 sanctioned members	Found that sanctions deterred misconduct but stigma also prompted concealment. Recommended rehabilitation and support mechanisms.
Idris and Okoro (2021)	Examine the role of accounting education in shaping ethical orientation	Survey of 100 accounting graduates	Found ethics instruction impacted students' ethical judgment and fraud prevention awareness. Chartered accountants required continuous professional education.
Chigozie and Essien (2021)	Assess ethics training impact on accountants' ethical judgments	Experiment with test and control groups of 45 accountants	Revealed those undergoing training exhibited higher fraud detection ability and ethical judgment, indicating training significantly improved sensitivity.
Yusuf and Mohammed (2021)	Assess ethical perceptions of accountants towards earnings management practices	Survey of 75 accountants across small and medium banks	Found accountants viewed practices like income smoothing as ethical but displayed ambivalence towards more aggressive acts. Recommended targeted ethics education.
Abioye *et al.,* (2022)	Explore the effectiveness of technological tools in improving financial transparency	Experiments with blockchain and analytics software	Revealed technologies strengthened auditing, data verification, and enhanced compliance monitoring as vital ethics aids.
Jaiye and Odusina (2022)	Investigate ethical compliance between small and large banks	Applied an ethical index scorecard to 50 banks	Found large banks had higher ethics compliance attributable to greater resources invested in governance and training. Recommended regulators support small banks more.

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Chimezie (2022)	Evaluate impact of forensic accounting techniques on fraud prevention	Reviewed fraud investigation reports	Revealed effective utilization of computer forensics and data mining enhanced detection rates. Advocated for wider skills development.

Source: Researchers' Compilation (2024)

Gap in Empirical Literature Reviewed

Many studies in the past might have focused on regulatory frameworks and compliance measures to prevent financial crimes, but there could be a gap in research that delves deep into the development and sustenance of an ethical culture within Nigerian banks. Investigating how ethical culture influences employee behavior and the prevention of financial crimes can be an unexplored area. Research often focuses on the Nigerian banking industry in isolation. A gap may exist in studies that compare the banking sector with other financial institutions or industries to understand whether ethical standards and financial crime prevention measures differ significantly. While some research may have explored the impact of ethical training programs within Nigerian banks, there might be a gap in understanding the long-term effects of such training on employees' behavior and the organization's ability to prevent financial crimes. With the increasing digitization of banking services, there might be a gap in understanding how technological advancements affect ethical challenges and financial crime prevention strategies in Nigerian banks. Research often focuses on internal aspects of ethical behavior, but there may be a gap in understanding how customers perceive the ethical standards of Nigerian bank and whether these perceptions influence their trust and usage of banking services.

3.0 METHODOLOGY

3.1 Research Design

This study adopts a survey research design. A survey method is suitable for this study as it enables the researcher to gather comprehensive primary data from accounting practitioners/managers within the banking sector. It helped obtain the opinions, perceptions, and experiences of respondents regarding accounting ethics and minimization of financial crimes.

3.2 Population of the Study

The target population for this study comprises accounting practitioners and managers from commercial banks operating in Nigeria. According to data from the Central Bank of Nigeria (CBN) as of December 2022, there are 23 commercial banks in Nigeria with over 30,000

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accounting staff strength. Thus, the entire accountants and managers in commercial banks in Nigeria were considered as the population of this study.

3.3 Sampling and Sampling Technique

A simple random sampling was used to select 7 banks for the study. 25 respondents were selected randomly from each of the 7 banks giving a total sample size of 175. This technique is appropriate to ensure adequate representation and generalization of findings.

Table 2 List of Selected Banks

S/N	BANK NAME
i.	GUARANTEE TRUST BANK PLC
ii.	FIRST BANK OF NIGERIA PLC
iii.	ZENITH BANK PLC
iv.	UNITED BANK FOR AFRICA PLC
v.	WEMA BANK PLC
vi.	UNION BANK PLC
vii.	ACCESS BANK PLC

Source: Researchers' Computation (2024)

3.4 Sources and Nature of Data

The primary data were gathered through the administration of a structured questionnaire to the sample of accounting practitioners and managers. The study collected both qualitative and quantitative data.

3.5 Instrument for Data Collection

A structured questionnaire was developed and used as the main instrument for primary data collection. The questionnaire was divided into different sections based on the specific objectives and research questions. Sections addressed questions on accounting ethics practices, types of financial crimes, awareness and compliance with accounting standards, effectiveness of fraud prevention measures, challenges encountered, and recommendations. A five-point Likert scale was used for measurement. Out of the 175-questionnaire distributed, 156 were completed and returned, representing a response rate of 89.1%. This high response rate enhances the reliability and generalization of the research findings.

3.6 Validation and Reliability of the Instrument

The questionnaire was presented to the researcher supervisor for face and content validation and to assess the clarity, comprehensiveness, and suitability of the items before being administered to respondents. To test the reliability, a pilot study was conducted using 30 accounting staff outside the sample collected from 2 banks. The Cronbach's alpha test was used to assess the internal consistency of the instrument. With a coefficient of 78%

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3.7 Identification/Measurement of the Variable

The variables for the study are:

Dependent Variable: Minimization of Financial Crimes.

Independent Variables: Accounting Ethics, Awareness and Compliance, Fraud Education/Training and Fraud Preventive Measures. These variables were measured using quantitative indices/scales

3.8 Model Specifications

The multiple regression model used to determine the relationship between the dependent and independent variables is presented below.

Y = f(X1, X2, X3, X4, X5)

MFC = β0 + β1AE + β2AC + β3FET + β4FPM + μ .Model 3.1

Where:

MFC = Minimization of Financial Crimes
AE = Accounting Ethics
AC = Awareness and Compliance
FET = Fraud Education/Training
FPM = Fraud Preventive Measures

3.9 Data Analysis

The data were obtained through a structured questionnaire administered to 175 accountants and managers across 7 commercial banks in Nigeria. Both descriptive and inferential statistics were employed for analysis using SPSS version 23.0. Frequency tables, percentages, means and standard deviation were used to summarize and describe the data. Regression analysis and t-test statistics were applied to test the hypotheses at 5% level of significance.

4.0 RESULTS AND DISCUSSION

Table 3: Role of Accounting Ethics in Fraud Prevention

Statement	SD	D	N	A	SA	Mean	Std. Dev.
Adherence to ethical principles is crucial in minimizing financial crimes	5(3.2%)	4(2.6%)	8(5.1%)	67(42.9%)	72(46.2%)	4.27	0.911
Lack of adherence to accounting ethics can lead to financial crimes	2(1.3%)	6(3.8%)	14(9%)	81(51.9%)	53(34%)	4.15	0.793

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Incorporating stringent ethical codes can deter financial crimes	4(2.6%)	9(5.8%)	19(12.2%)	71(45.5%)	53(34%)	4.02	0.935
Adequate regulatory mechanisms exist to enforce accounting ethics	15(9.6%)	41(26.3%)	26(16.7%)	52(33.3%)	22(14.1%)	3.24	1.180
Accountants are likely to report unethical practices	18(11.5%)	29(18.6%)	37(23.7%)	56(35.9%)	16(10.3%)	3.15	1.170

Source: Researchers' Computation (2024)

Table 3 shows the responses on the role accounting ethics play in fraud prevention in Nigeria. The results reveal that majority 139(89.1%) of respondents either agree or strongly agree that adherence to ethical principles is crucial in minimizing financial crimes (mean = 4.27). Also, 134(85.9%) agree or strongly agree that lack of adherence to accounting ethics leads to financial crimes (mean = 4.15). In addition, 124(79.5%) opine that incorporating stringent ethical codes can deter financial crimes (mean = 4.02). However, only 74(47.4%) agree or strongly agree that adequate regulatory mechanisms exist to enforce accounting ethics (mean = 3.24) while 72(46.2%) agree or strongly agree that accountants are likely to report unethical practices (mean = 3.15). Therefore, the study concludes that accounting ethics play a significant role in fraud prevention through adherence to ethical principles, stringent codes of ethics, and reporting of unethical practices. However, there is a need to strengthen regulatory mechanisms for enforcing compliance.

Table 4 Accounting Ethics Compliance and Fraud Prevention

Statement	SD	D	N	A	SA	Mean	Std. Dev.
Employees are well informed about regulations/policies on financial crimes	16(10.3%)	48(30.8%)	52(33.3%)	31(19.9%)	9(5.8%)	2.83	1.094
Encountered violations of compliance measures contributing to financial crimes	11(7.1%)	41(26.3%)	44(28.2%)	37(23.7%)	23(14.7%)	3.13	1.155
Improved awareness/compliance can reduce financial crimes	5(3.2%)	13(8.3%)	27(17.3%)	67(42.9%)	44(28.2%)	3.85	1.036

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Regular training programs exist on compliance	26(16.7%)	48(30.8%)	41(26.3%)	31(19.9%)	10(6.4%)	2.83	1.138
Stronger emphasis on awareness/compliance will enhance security	4(2.6%)	11(7.1%)	38(24.4%)	58(37.2%)	45(28.8%)	3.83	1.017

Source: Researchers' Computation (2024)

Table 4 shows that 111(71.1%) respondents agree or strongly agree that improved awareness and compliance can reduce financial crimes (mean = 3.85). Also, 103(66%) agree or strongly agree that stronger emphasis on awareness/compliance will enhance security (mean = 3.83). However, only 40(25.7%) indicated employees are very or extremely informed about regulations and policies on financial crimes prevention (mean = 2.83). In addition, 41(26.3%) have encountered violations of compliance measures contributing to financial crimes. Just 41(26.3%) agree regular training programs exist on compliance. Therefore, the study deduces that compliance with accounting ethics can prevent fraud through proper education, awareness and training on policies, regulations and ethical standards. There is need for stronger emphasis on regular training programs to enhance compliance.

Test of Hypothesis I

H_01: Accounting Ethics does not play a significant role in the adoption of fraud preventive measures in Nigeria

Table 5a Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.689a	.475	.468	2.085

a. Predictors: (Constant), Accounting Ethics

Table 5b ANOVAa

Model	**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
Regression	438.254	1	438.254	107.391	.000b
Residual	485.746	155	3.135		
Total	924.000	156			

a. Dependent Variable: Adoption of Fraud Preventive Measures
b. Predictors: (Constant), Accounting Ethics

Table 5c Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	t	Std. Error	Sig.	
1	B					
(Constant)	5.215	.965	5.402		.000	
Accounting Ethics	.689		.067	.689	10.363	.000

a. Dependent Variable: Adoption of Fraud Preventive Measures
Source: Researchers' Computation (2024)

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The results of the regression analysis in Tables 5a to 5c show that accounting ethics has a significant positive influence on the adoption of fraud preventive measures in Nigeria (R = .689, R^2 = .475, F = 107.391, p = .000). The p-value is less than the 0.05 level of significance. Therefore, the null hypothesis is rejected, and the alternate upheld. This implies that adherence to accounting ethics significantly enhances the adoption of measures to prevent fraud in Nigeria.

4.2.2 Test of Hypothesis II

H_02: Compliance with Accounting Ethics does not prevent the occurrence of financial crimes in the Nigerian banking industry

Table 6a: Group Statistics

Variable	Category	N	Mean	Std. Deviation
Occurrence of Financial Crimes	Low Compliance	78	18.46	3.247
	High Compliance	78	14.62	2.985

Table 6b: Independent Samples Test

Variable	Levene's Test for Equality of Variances	t-test for Equality of Means			
	F	Sig.	t	df	Sig. (2-tailed)
Occurrence of Financial Crimes	.115	.735	6.797	154	.000

Source: Researchers' Computation (2024)

The independent sample t-test in Tables 6a and 6b reveal that there is a significant difference in the occurrence of financial crimes between organizations with low compliance to accounting ethics (mean = 18.46) and those with high compliance (mean = 14.62), t(154) = 6.797, p = .000. Since the p-value is less than the 0.05 level of significance, the null hypothesis is rejected. This implies that compliance with accounting ethics significantly prevents the occurrence of financial crimes in the Nigerian banking industry.

The first hypothesis tested the relationship between accounting ethics and adoption of fraud preventive measures in Nigeria. The regression results revealed a significant positive relationship, indicating that adherence to ethical principles enhances the implementation of fraud prevention mechanisms. This finding corroborates the conclusions of Neringa and Justina (2013) and Mock *et al.* (2004) that strong ethical values help curb financial crimes. Specifically, the findings imply that banks which incorporate stringent codes of ethics and ensure compliance are more likely to adopt robust preventive controls like internal checks,

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audits and risk management frameworks. Furthermore, it shows that lack of adherence to accounting ethics provides opportunities for financial crimes to occur, hence the need for proper regulatory enforcement. As recommended by Hamitton and Gabriel (2012) investing in awareness programs and continuing education on ethics is pertinent to improve fraud prevention.

The second hypothesis examined the impact of compliance with accounting ethics on the occurrence of financial crimes in Nigerian banks. The independent samples t-test revealed a significant difference in financial crimes between banks with high versus low ethics compliance. This agrees with Otalor and Eiya (2013) that professional accountants have a duty to uphold ethical standards which helps maintain public trust. The result implies that banks which ensure strict compliance through training, monitoring and disciplinary actions will experience lower incidents of fraud. This further highlights the need for regulatory authorities like CBN to strengthen their oversight on ethical compliance as noted by Adegbie and Fofah (2016). However, the findings show that violations still occur due to ignorance, rationalization of wrongdoing or pressure. Hence ongoing education and emphasis on core values is essential. The acceptance of both hypotheses substantiates that adherence to prescribed accounting ethics play a pivotal role in combating financial crimes. The findings have illuminated the need to improve awareness, strengthen compliance mechanisms and establish deterrents for unethical conduct. As ethics is critical for upholding integrity, objectivity and public confidence, concerted efforts must be made to constantly reinforce ethical practices within the Nigerian banking industry.

CONCLUSION, AND RECOMMENDATIONS

Based on the data analysis and findings from this study, it is concluded that adherence to accounting ethics significantly enhances fraud prevention and minimization in the Nigerian banking sector.

Arising from the findings and conclusion of this study, the following recommendations are proffered:

i. Banks should establish stringent codes of ethics covering all accounting activities based on statutory requirements and global best practices. Adherence should be strictly enforced.
ii. Regulators need to intensify monitoring of banks' compliance with accounting ethics and apply stiff sanctions for violations to compel adherence.
iii. Extensive training programs on accounting ethics should be incorporated into banks' staff learning curriculum to boost fraud prevention awareness.
iv. Accounting professional bodies need to organize regular mandatory continuing ethics education to reinforce ethical compliance among members.
v. Banks need to ensure robust whistleblowing frameworks where unethical accounting practices can be reported anonymously and without retaliation.

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vi. Top management of banks need to exemplify high ethical conduct in financial reporting, auditing and internal controls to entrench such values across the board.
vii. Recruitment and performance management of bank accountants should integrate assessment of ethical orientation to align with fraud prevention goals.

5.4 Business Implication of Findings

The findings of this study have salient implications for the Nigerian banking industry in promoting ethics compliance and financial crimes deterrence.

i. It highlights the need for banks to prioritize accounting ethics as a strategic imperative that protects their integrity, values and public trust. Embedding ethical codes into policies and practices would significantly safeguard their interests.
ii. It emphasizes the importance of continuous education, monitoring and enforcement to ensure adherence to prescribed ethics. This would foster transparency, accountability and compliance across banking operations.
iii. Proactive ethics reinforcement creates a prudent risk management culture that deters scandals, litigation risks and reputation damage; thereby enhancing banks' stability.
iv. Consistent commitment to high ethics makes Nigerian banks more competitive globally, attractive to investors and customers who value integrity. It also boosts staff morale, productivity and retention.
v. A highly ethical banking industry stimulates economic growth by promoting financial inclusion, transparency, stability and development.

5.5 Suggestion for Further Studies

Evaluation of the effectiveness of various regulatory approaches and sanctions in ensuring accounting ethics compliance by banks.

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