
FORENSIC ACCOUNTING A TECHNIQUE FOR COMBATING CYBERCRIME IN NIGERIA

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Abstract: *This paper is set to look at forensic accounting as an effective tool for combating cybercrime in Nigeria. The study employed multiple regression technique using Statistical Package for Social Science (SPSS) to analyze the empirical data obtained through questionnaire and hypotheses formulated were tested. The results of the hypotheses revealed that cybercrime reduction is significantly related to cybercrime investigation and detection through forensic accounting ($p=0.010$; $\beta_1=0.409$). Since $p=0.010$ is significant at 5%, the alternate hypothesis which said that cybercrime reduction is significantly and positively related to cybercrime investigation and detection through the employment of forensic accounting technique was accepted. Since anti-corruption commission have forensic accounting unit but with inadequate forensic accounting experts at the time of this study, it is therefore recommended that forensic accounting experts be made adequate and frequently trained by the commission. The study also recommended that professional accounting firms increase the trust of anti-corruption agency on their expertise to act as expert witness in courts for effective prosecution of persons involved in cybercrime practices.*

Keywords: Forensic Accounting, Cybercrime, Anti-corruption commission, Investigation, Nigeria.

1.Introduction

Nigeria today is increasingly relying on the internet and other information technology tools to engage in personal communication and conduct business activities among other several benefits. These developments allow for enormous gain in productivity, efficiency and communication but also create a loophole which may totally erode an economy. Cybercrime can be described as any criminal activity which involves the computer or the internet network (Okeshola, 2013). This term is used for crimes such as fraud, theft, blackmail, forgery, and embezzlement, in which computers or networks are used.

The proliferation of internet in Nigeria has indeed come with unintended consequence as a haven for criminals. With the ever-increasing population of Nigeria, it has revealed in recent statistics that about 28.9% have access to the internet (Hassan, 2012). It was also proven that 39.6% African users of internet are Nigerian, hence, the high increase in the internet crime in Nigeria (Hassan, 2012). According to check point, a global network cyber security vendor, Nigeria is ranked 16th highest country in cyber-attacks vulnerabilities in Africa (Ewepu, 2016). Similarly, according to annual corruption perception index (CPI) 2019 report released by Transparency international, Nigeria was ranked the fourth most corrupt country in West Africa and the 146th out of 180 countries in the world. Cybercrime has remained a challenging issue despite increasing awareness and attention to addressing the menace in Nigeria and across the globe. For instance, cybercrime as at May 2020, accounted for about 54% of the total monetary loss due to fraud in Nigeria. The losses have negative impacts both on individuals, businesses, and the government in terms of welfare losses, business disruption, profit

reduction/rising operating cost and revenue losses. The rising interconnectedness among countries and the use of electronic devices to ease financial and trade transactions call for increased regulation and check on illegal activities associated with technological advancement. The introduction of crypto currency (a novel form of technology platform for trading virtual currencies and carrying out other transactions) confirms the rapid global technological expansion and the need to regulate these activities.

Forensic accounting technique is fast becoming popular in providing evidence in the prosecution of corruption and assisting in dispute resolution. It provides an accounting analysis that is suitable to the court which will form the basis for discussion, debate and ultimately dispute resolution. Forensic accounting encompasses both litigation support and investigative accounting. Forensic accounting is known as the integration of accounting, auditing, and investigative skills. According to Okoye and Akamobi (2009), forensic accounting is the practice of utilizing accounting, auditing, and investigative skills to assist in legal matters. The increase in the number of cybercrime and other criminal activities in Nigeria and across the globe, has emphasized the need for forensic accountants. This technique can be employed to effectively investigate and detect cases of cybercrime practices in Nigeria.

1.1. Statement of the Problem

In Nigeria, several key factors such as high rate of unemployment, the quest for wealth, a lack of strong cybercrime laws, and incompetent security on personal devices amongst others have coalesced to make cybercrime a significant problem for the country. The estimated annual financial loss in Nigeria due to cybercrime was ₦250 billion (\$ 649 million) and ₦288 million (\$800 million) in 2017 and 2018 respectively. Cybercrime destroys the reputation of a country, thereby making the business environment difficult for start-up and small and medium sized enterprises while discouraging investment in the economy by foreign companies/investors.

With the obstruction in business activities and loss of jobs by people in the private sector caused by COVID 19 pandemic, many have gone into illegal businesses and the huge Federal Bureau of Investigation (FBI) bust of 77 Nigeria online scammers, Nigeria's cybercrime black market is currently in the international media limelight. A cybercrime also locally known as "yahoo yahoo" has invaded all levels of society from music – cue in Naira Marley's infamous debut single, 'Am I a Yahoo Boy?' – to EFCC Club busts. As a result of these, many foreign investors have lost several billions of dollars to fraudsters.

This study therefore is set to look at forensic accounting as an effective tool for combating cybercrime practices in Nigeria.

The objective of this study is to assess relevance of forensic accounting technique as the needed tool for combating cybercrime activities in Nigeria.

1.2. Statement of Hypothesis

H₀: Forensic accounting is not significantly related to cybercrime investigation and detecting in Nigeria.

2. Literature Review

The most popular forms of Nigerian cybercrime are fraudulent electronic mails, identify theft, hacking, cyber harassment, spamming and automated teller machine spoofing. But fraud emails is the highest. That is why the 80% internet scammers recently indicated by Federal Bureau of investment (FBI) could send a whopping 5 million emails in just 10 days. They send tailored phishing emails to a company or an individual to get someone to click a link and infect their computer or mobile device with malware. From there, they steal credentials to and from all sorts of accounts logged into the victim's computer frame, figure out how a company works, and understand who handles purchasing and other transactions. The scammers may even impersonate someone within the company and attempt to initiate a payment or pretend to be a company the victim contracts with and send the target an invoice.

2.1. Concept of Cybercrime

The word cyber is derived from cybernetics and is used to describe interactions that relate to or involve computers or networks while crime refers to the specific actions or inactions due to negligence that is injurious to public welfare or morals, and legally prohibited. Cybercrime also known as e-crime or hi-tech crime is a global phenomenon which takes place in the cyber space.

United Nations (UN) defines cybercrime as illegal behavior directed by means of electronic operations that targets the security of computer system and data processed by them; and any illegal behavior committed by means of or in relating to a computer system or network. In Maitanmi (2013), cybercrime was defined as a type of crime committed by criminals who make use of a computer as a tool and the internet as a connection in order to reach a variety of objectives such as illegal downloading of music files and films, piracy, spam mailing and the likes. The concept of cybercrime is historical. It was discovered that the first published report of cybercrime occurred on the mainframe computer in the 1960s (Maitanmi, 2013). Since these computers were not connected to the internet, the crime was committed by the employers inside the company, hence it was referred to as computer crime rather than cybercrime.

According to Broadhurt (2006), a computer crime encompasses criminal activities which can aptly be categorized by its unique typology of computer related crime, comprising conventional crimes in which computers are instrumental to the offence. Symantec corporation defined cybercrime as any crime committed using a network or hard devices (Theohary and Finklea, 2015).

Halder and Jaishankar (2011) defined cybercrime as an offence with a criminal motive, committed against an individual or group of persons intentionally to harm the reputation of the victims as well as cause irreparable damage to hardware of sensitive infrastructure including internet and mobile phones.

It can be summarized that cybercrime is any unlawful act committed through the internet. Cybercriminals can use hacks and codes to break into laptops, personal computers, corporate servers and wireless devices.

2.2. Concept of Forensic Accounting

According to the Association of Certified Fraud Examiner (ACFE), Forensic accounting is the use of skills in potential or real civil or criminal disputes, including generally accepted accounting and auditing principles; establishing losses or profits, income, property or damage, estimating of internal controls, frauds and others that involve inclusion of accounting expertise into the legal system. Forensic accounting according to Webster's dictionary means belonging to, used in or suitable to courts of Judicature or to public discussion and debate. Dhar and Sarkar (2010) defined forensic accounting as the application of accounting concepts and techniques to legal problems. It demands reporting where accountability of the fraud is established, and the report is considered as evidence in the court of law or in administrative proceedings. Jafaru (2011) sees forensic accounting as applying financial skills and mind set investigation to conduct as contained by the framework of the rules of evidence for resolving issues that are not resolved. Krell (2002) sees it as frequently involving in comprehensive detailed effort to penetrate tactics of concealment. Forensic accounting in summary, involves the use of accounting, investigating, and auditing knowledge, tactics and techniques in producing evidence of financial malpractices that meets the criteria to be used in the law court in the prosecuting of an individual, group or organization. The evidence can be used for or against the suspect in the court of law.

One of the challenges facing Nigeria as it concerns the application of forensic accounting according to Rihadu (2006) is insufficient professionals that are competent in handling corruption cases. Grippo and Ibex (2003) listed gathering of admissible information in the court room, the acceptability of proof in accordance with laws of evidence and inter-jurisdiction problem. Also, the laws in Nigeria are always not current when compared with least advancement in technology (Degboro and Olofinsola, 2007).

2.3. Forensic Accounting and Cybercrime

Price water House Cooper (2003) posited that dealing with suspicion of economic crimes, such as fraud issues requires much more than simple know-how. Adamu (2012) suggested that an aggressive study in forensic education to students, academicians, and practitioners with an opinion to address the horrible occurrence of fraud characterized by the considerable changes that business posed due to globalization, advancement in technology and soared financial scandals profile.

Adegbie and Fakile (2012) asserted that forensic accounting is a financial move towards controlling and resolving crimes in Nigerian economy. To them, in the financial statements forensic accounting provides investigative accounting. Howard and Sheetz (2006) asserted that the emergence of forensic accounting in recent times was in response to the development of the rising occurrence of frauds and malpractices in corporate management. While Ojaide(2000) and Izedonmi and Mgbame (2011) believed that there is need for the services of forensic accounting due to the disturbing pace at which fraudulent cases and its activities are increasing in Nigeria, Modugu and Anyaduba (2013) and Enofe et al (2015) are of the opinion that there is common anticipation that forensic accounting will probably have ability to limit the surge of financial malfeasance

experienced in the larger part of Nigerian Economy. Dada et al (2013) believes that reduction to fraud is considerably related to fraud investigation and detection through forensic accounting.

Therefore, there seems to be a universal believe that forensic accounting is significantly related to cybercrime investigation and detection in Nigeria.

3. Methodology

The study employed survey research design because the primary data for the study were gathered through questionnaire. The study relied heavily on primary data to ensure that reliable empirical data is obtained to test the relationship that exist between forensic accounting and Cybercrime investigation and detection to combat cybercrime activities in Nigeria. It was distributed to 100 staff of anti-corruption commission through simple random sampling from the targeted population. To assess the effect of forensic accounting in the investigation and detection of cybercrime in Nigeria, multiple regression analysis using statistical package for social sciences (SPSS) was employed. Correlation analysis was employed to confirm the kind of relationship that exists between the dependent variable (Cybercrime reduction) and the independent variable (Cybercrime investigation and detection).

3.1. Model of Specification

$$CCR = f(CCI, CCD) \dots\dots\dots (1)$$

$$CCD = \beta_0 + \beta_1 CCI + \beta_2 CCD + \mu \dots\dots\dots (2)$$

a priori expectation $\beta_0 > 0$; $\beta_1 > 0$; $\beta_2 > 0$;

Where,

CCR = Cybercrime Reduction

CCI = Cybercrime investigation

CCD = Cybercrime detection

β_0 = Intercept/autonomous variables. It depicts the degree of the need for forensic accounting even without the existence of Cybercrime.

β_1 = coefficient of investigation of Cybercrime. It depicts the degree of the need for investigation of Cybercrime by applying forensic accounting technique.

β_2 = coefficient of detection of Cybercrime. It depicts the degree of the need for detection of Cybercrime using forensic accounting technique.

4. Discussion

Summary of regression analysis for the testing of Hypothesis

Variables	β_0	β_1	β_2	F	R ²	P-value	Remark
Cybercrime Reduction	3	0.409	-0.432	5.200	0.206	0.010	Significant

Source: field survey 2020

The estimated model affirms the proposition of a positive relationship application of forensic accounting and cybercrime reduction. This is showed by the positive value of the coefficient of cybercrime investigation and detection using forensic accounting technique ($\beta_1 = 0.409$). The implication is that forensic accounting has positive effect on cybercrime deduction, therefore the more forensic accounting is applied in an organization the better its efficiency in crime deduction. Consequently, the estimated model is consistent with the a priori expectation of the study. However, there is a negative relationship between the involvement of forensic accountants in the investigation of cybercrime cases by anti-corruption commission ($\beta_2 = -0.432$). This is a confirmation that as at the time of this study, there are few and inadequate forensic experts in the forensic accounting unit of the anti-corruption commission. Only few forensic accounting experts are being trained and may not even been involved in the use of crime scene technology to solving complex crime cases. From the result of the regression analysis, the alternate hypothesis which said that “cybercrime reduction is significantly related to cybercrime investigation and detection through the employment of forensic accounting technique has been accepted because” P-value of 0.010 is significant. This indicates that forensic accounting is positively related to the investigation and detection of cybercrime but presently may have not been adequately applied in the investigating and detection of cybercrime by anti-corruption commission in Nigeria.

4.1. Conclusion

It is clear from the above discussions that less involvement of forensic experts in investigation is one of the challenges of the anti-corruption commission. Professional accounting firms with expertise investigative skills using forensic accounting technique should always be involved in the commission’s operations. Nigerians see corrupt practices as part of life, hence corrupt practices cannot be eradicated. This is an agreement with the concept of rationalization in Fraud Triangle resulting from the belief that everybody is doing it. Though the result of the study showed that forensic accounting is positively related to the investigation and detection of cybercrime, it has not been adequately employed in the investigation and detection of cybercrime especially by the anti-corruption agency in Nigeria. There is low awareness of the forensic accounting technique as an effective tool for investigating and combating cybercrime practices presently in Nigeria and as at the time of this study, there is forensic accounting unit in the anti-corruption agency with very few forensic expertise trained and involved in the application of crime scene technique in combating cybercrime in Nigeria.

4.2. Recommendations

- Forensic accounting experts from the professional accounting firms should be trained by the anti-corruption agency to carry out investigation and serve as expert witness that will assist the court reach conclusions on issues that the court itself may not have the knowledge to decide.
- Forensic experts in the forensic accounting unit of the anti-corruption agency should be frequently trained in the knowledge and use of latest crime scene technology so that enough evidence and facts can be presented in courts to eliminate technical issues that could lead to dismissal of clear cases of cybercrime.
- Professional accounting firms should increase the trust of anti-corruption agency on their expertise to act as expert witness in courts.
- Government should build a strong forensic accounting unit in the anti-corruption agency by investing more in the purchase of latest crime scene technology and see to it that enough forensic accountants are trained and involved in the use of the technology to combat cybercrime activities in Nigeria.
- Nigerian universities and colleges should include forensic accounting in accounting programme to ensure proper training of professionals and as well create more awareness.

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