
Systematic Review

The Dark Psychology of Bank Fraud: A Psychopathology Perspective

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Abstract: Bank fraud remains a pervasive issue in financial institutions, with perpetrators often displaying distinct psychological traits and cognitive distortions that enable deceptive practices. This review paper examines the dark psychology of bank fraud, focusing on the psychopathological characteristics of fraud perpetrators. Using a psychopathological perspective, the study explores personality disorders, cognitive biases, and emotional detachment as core factors influencing fraudulent behaviour. The paper also investigates how organizational culture, workplace dynamics, and systemic loopholes contribute to financial fraud. A qualitative research approach is employed, utilizing secondary data sources such as peer-reviewed journals, books, financial crime reports, forensic psychology studies, and regulatory documents from institutions. Thematic content analysis is used to identify recurring psychological and organizational patterns associated with bank fraud. Findings reveal that many fraud perpetrators exhibit antisocial tendencies, impulsivity, and a lack of moral restraint, allowing them to manipulate financial systems. Additionally, toxic workplace cultures, weak ethical climates, and inadequate internal controls create enabling environments for fraud to thrive. The study emphasizes the need for financial institutions to implement stricter ethical oversight, psychological risk assessments, and fraud detection mechanisms to mitigate fraudulent activities.

Keywords: Bank Fraud, Dark Psychology, Psychopathology, Financial Crime, Forensic Psychology

Introduction

The banking industry is the bedrock of national development, and it contributes towards infrastructural growth and development. This is done through the provision of capital in the form of loans, letters of credit, and grants that enable business sectors and other parts of the economy to grow, build and expand both their business frontiers and

infrastructure, as well as for the creation of employment (CBN, 2016). Through this development in the banking sector, banks are able to transform through the use of computers and other gadgets like ATM (automatic teller machines) and POS (point of sale machines) to improve the smooth operation in their discharge of services to their customers. This leads to an improvement in the financial system amongst commercial and merchant banks (Oluwatolani et al., 2011).

In this era of 21st century, banking industry have experienced a remarkable impact in the area of electronic developments that cut across supervision, money transfer, electronic finance, electronic exchange, insurance and electronic banking. This electronic innovation has resulted in the growth of banks and other financial institutions. Fonchamnyo (2013) stated that electronic banking aid in the quick delivery of financial services through the advancement in technology and rapid growth in banking industries. In this era, electronic banking has contributed a lot to reduce the amount of stress customers undergo in the process of transactions. Before the advent of electronic banking, customers have to be available physically in the bank to perform their transactions. Often, they have to queue up for many hours just to pick a teller, make deposit, withdraw money or transfer money which is time consuming and full of frustrations leading to customers' dissatisfaction. Over time, experts like bankers, IT, entrepreneurs among others suggested that electronic banking is easier and quicker to operate and also saves a lot of time unlike the normal old ways of transactions (Siyabola, 2013; Aguolu, 2018). The emergence of globalization has brought about an increase in many structures both in economic growth and government which spans from one country to another with the purpose of expanding the global market and economic values (Busch, 2009).

These critical parts of the economy are often under a consortium of stress that interfere with its proper activities of which one of them is fraud (Ojeaga et al., 2014). The advancement in technology and globalization have brought about rapid growth in fraud and other fraudulent activities (Zagaris, 2010). Due to high technology, detection of fraud could be a difficult one because of the equipment the perpetrators used in carrying out fraudulent activities. There is a need for banks to increase their funding of research in internet security and upgrading on their anti-fraud technology to avert fraud and also to reduce the impact on their customers (Kranacher et al., 2011). In the process of identifying and preventing fraud, banks go through stress because of the rules and laws binding the banking sectors. In as much as there are regulatory body manning the affairs of banking industries in Nigeria, fraud and its activities are difficult to control even with the existence of these laws.

Moreover, many Nigeria banks are facing financial difficulties because of fraud which have kept some banks in a state of disequilibrium. Oseni et al. (2016) postulated that stakeholders have lost the trust they have in the banking sectors because of continuous rise in fraud. Adeyemo (2012) stated that for fraud to take place, there must be somebody within the bank that work hand in hand to release the information to the perpetrators. It is anticipated that banks should be able to discharge their activities without fear or any acts of double-dealing. This will go a long way to alleviate fraud in the banking industry or reduce it to the barest minimum. The consequences of fraud include loss in the assets of an

organization, loss of fidelity and customers confidence in the bank as well as liquidation. Through the growth of information and communication technology, there has been an increase of fraud and other vices that happens in the bank. According to Berney (2008) who stated that the availability of internet banking have increased customers reliability to the banks, and promoted the ease of banking due to banks online presence. Galliers et al. (2009) in his research mentioned that even with the supervisory role of Central Bank of Nigeria (CBN) and Nigeria Deposit Insurance Corporation, perpetrators of frauds and fraudulent activities defrauds customers online more because they cannot be seen to ascertain the genuineness of the internet transactions. Series of investigations and examinations have been conducted by the NDIC which reported various weaknesses that prevail in the banking industry. Some of these weaknesses are reduction in assets quality, poor financial reporting, weak record keeping, management inefficiency, fraud, weak compliance with banking rules, laws and regulations etc. Although, these weaknesses prevail, the biggest of all challenges remains fraud. (NDIC Annual Reports 2008, Okpara, 2009; Lister, 2017).

Many studies in the past have examined various causes of bank fraud but none have been able to look at the psychological aspect of bank fraud. Thereby necessitating the need for this study. Hence this review seek to examine the psychopathology of the perpetrators of bank fraud, the factors that enhance the ease of fraudulent activities in the bank and suggest ways of controlling or managing bank fraud. In the light of this objective, this paper is divided into five sections: Section one this paper gives introduction, objective, and methodology used to carry out the study. The section two is the review of literature, which covers conceptual clarifications, characteristics of perpetrators and predisposing factors to bank fraud perpetration. While, theories underpinning bank fraud were elucidates and current debate on the psychopathological foundations of bank fraud perpetration occupies section three. Section four deals with psychopathological factors and psychological intervention of bank fraud. Of course, section five espouses, conclusion, policy recommendations and study's contribution to knowledge.

Methodology

This study adopted a qualitative research design to explore the psychological mechanisms underlying bank fraud from a psychopathology perspective. Specifically, a phenomenological approach was used to gain in-depth insights into the lived experiences, cognitive distortions, and behavioural patterns of individuals involved in bank fraud, as well as the perspectives of experts in financial crimes and forensic psychology.

Conceptual Clarifications

Fraud - In a nutshell is an unjustifiable ways of deceiving people by claiming their assets without their consent. It could be in the form of money laundering, or embezzlement of funds.

Bank – This is a financial institution licensed with the responsibility of receiving deposit and give loans to their customers. They provides financial services to their customers such

as wealth management, exchange of currency and also provide a safe place for them to store their cash.

Bank fraud – This is the use of illegal means to distort money, assets, or other property owned by a financial institution. It is also an unethical or criminal act by an individual or organizations to illegally attempt to possess or receive money from a bank or financial institution through the use of credit cards or internet.

Psychopathology – This is the scientific study of mental illnesses its causes, which can be genetic, psychological, social and its effects. It is also a way of identifying problems associated with mental health.

Characteristics of Perpetrators of Bank Fraud

The human mind is the most difficult and powerful tool on earth. Human mind has the power to do good or bad. At times we often think we know someone when in the actual sense we do not. Often time people wear mask and portrays themselves in such a way that is difficult to understand the true nature of their being. Their personalities and characters motivates their actions in maladaptive ways. Fraud perpetrators possesses greedy attitude, fear of losing status, revenge, excitement, functional equality with others, and loss of moral control.

Bank fraud has become a thing of concern in Nigeria, everyday customers are complaining of how their money is been tampered without their consent. One of the characteristics of perpetrators of bank fraud is that they have strong ambition. They are internally driven to be rich with strong desired to be successful at all cost. Because of the kind of life style they have put themselves into, they can no longer live a normal life, they distance themselves from people, they don't keep relationship, they are always on the move and unable to understand them due to their self-interest (Murphy & Free, 2016).

Secondly, perpetrators of bank fraud are always withdrawn, they don't interact with their co-workers in the work place or in a social gathering or belong to any group. They are always restless, nervous, and also keep away from the company of people. Because of the rude behaviour of the perpetrators of fraud and their tyrannical nature, employee avoid them at all cost. They abuse substance and very secretive in nature (ACFE, 2014).

Thirdly, most of the perpetrators work in isolation with poor or no supervision. They are the first to come to work and the last to close from work. They are not easily identify, looks like a normal hard working individual not knowing that there are other hidden motives behind his actions. Most perpetrators entertain fear especially when they are on leave because they are afraid of being exposed (Coenen, 2008; Silver et al., 2008).

Another characteristics of perpetrators of bank fraud is that they are always not satisfied with their current job, and as such they believe that they were underpaid and more qualified than their co-workers (ACFE, 2014; Coenen, 2008).

Again some of the perpetrators of bank fraud do that because of family problems, poor financial background, Unemployment, human insatiability which result in unethical

behaviour like forgery, theft, embezzlement and always looking for shortcuts to justify their actions. (ACFE, 2014; Dorminey et al., 2010; Mohamed et al., 2015). Finally, perpetrators of bank fraud engage in fraud to meet up with life expectations and also to live above their standard and to acquire material possessions. (Cohen et al., 2010a; Dalal, 2001; Goyal & Dhamija, 2010).

Predisposing Factors to Bank Fraud Perpetration

Bank fraud is a pervasive issue that undermines the integrity of financial institutions and poses significant threats to economic stability. Understanding the predisposing factors to bank fraud is essential for developing effective prevention and mitigation strategies. This analysis delves into the various factors contributing to bank fraud. We discuss these factors in detail below:

1. Institutional Factors

- i. Institutional factors refer to internal weaknesses within banking organizations that create opportunities for fraudulent activities. Key factors include:
- ii. Weak Internal Controls: Inadequate internal control systems can fail to detect or prevent fraudulent activities. A study highlighted that poor internal controls are a significant contributor to fraud in Nigerian banks
- iii. Inadequate Supervision: Lack of proper oversight and supervision of employees can lead to unauthorized activities. Research indicates that insufficient supervision contributes to the prevalence of fraud in banks
- iv. Non-adherence to Know Your Customer (KYC) Policies: Neglecting KYC procedures can result in banks unknowingly facilitating fraudulent transactions. The disregard for KYC norms has been identified as a factor enabling fraud
- v. Poor Information Technology and Database Management: Outdated or poorly managed IT systems can be vulnerable to breaches. Studies have shown that inadequate IT infrastructure contributes to the rise of e-banking fraud

2. Employee-Related Factors

- i. Employees within banking institutions can sometimes be perpetrators of fraud, influenced by various factors:
- ii. Greed and Financial Pressure: Personal greed and financial pressures can motivate employees to commit fraud. A study found that greed is a foremost cause of fraud among bank staff
- iii. Collusion: Collaboration between bank employees and external fraudsters can facilitate complex fraudulent schemes. Research indicates that internal staff often collude with outsiders to perpetrate fraud
- iv. Inadequate Training: Lack of proper training can result in employees being unaware of fraud detection and prevention techniques. Studies have emphasized the need for continuous training to combat fraud effectively

3. Technological Factors

- i. The advancement of technology, while beneficial, has introduced new avenues for fraudulent activities:
- ii. E-Banking Vulnerabilities: The rise of electronic banking has been accompanied by an increase in related frauds. In Nigeria, ATM, mobile, and web-based frauds have been identified as prevalent
- iii. Insider Threats: Bank employees with access to sensitive information may exploit technological systems for personal gain. Reports have highlighted instances where bank staff sold client data to scammers, leading to significant financial losses

4. Environmental and Societal Factors

- i. External factors rooted in the broader socio-economic environment also play a role in predisposing banks to fraud:
- ii. Societal Pressure and Corruption: A societal inclination towards wealth accumulation, coupled with systemic corruption, can create an environment conducive to fraud. Studies have linked societal expectations and corruption to increased fraudulent activities in banks
- iii. Legal and Regulatory Challenges: Inefficient legal processes and regulatory loopholes can hinder effective fraud prevention and prosecution. Research has pointed out that slow legal proceedings contribute to the persistence of fraud in the banking sector.

Theories Underpinning Bank Fraud Behaviour

Understanding the psychological theories that elucidate the motivations and behaviors associated with bank fraud is essential for developing effective prevention and intervention strategies. Below is a detailed examination of four prominent theories:

Criminologist Donald R. Cressey (1953) introduced the Fraud Triangle Theory, which identifies three primary factors that contribute to fraudulent behavior: Pressure: Individuals may face financial difficulties, such as mounting debts or unexpected expenses, leading them to consider fraud as a solution. Opportunity: Weak internal controls or oversight within an organization can provide individuals with the chance to commit fraud without detection. Rationalization: Perpetrators often justify their actions to themselves, believing they are entitled to the illicit gains or that their actions are harmless. Cressey's Fraud Triangle has been instrumental in understanding bank fraud. A study examining corporate fraud in Brazilian banking institutions utilized the Fraud Triangle to identify 32 variables related to fraud, which were then reduced to seven latent variables through principal component analysis. The study found that pressure, opportunity, and rationalization significantly influenced the occurrence of fraud within these institutions. These components suggest that when individuals experience financial pressure, perceive an opportunity, and can rationalize their actions, the likelihood of fraudulent behavior increases.

Psychopathy and White-Collar Crime Theory was developed by various researchers, notably Robert D. Hare (1993) to explain that a personality disorder characterized by superficial charm, manipulateness, lack of empathy, and antisocial behaviors. By extension, individuals exhibiting psychopathic traits may be more inclined to engage in bank fraud due to their manipulative nature and disregard for ethical standards. Research indicates that psychopathy is a significant predictor of white-collar crime, as these individuals often possess the interpersonal skills necessary to deceive others in financial contexts.

Dark Triad Traits Theory by Paulhus and Williams (2002) to examine the interplay of three malevolent personality traits Machiavellianism- manipulative strategies and a focus on self-interest. Narcissism- Grandiosity, entitlement, and a need for admiration. and psychopathy impulsivity, lack of empathy, and antisocial behaviour. This perspective has been widely applied to various behavioral tendencies. For example, individuals with high Dark Triad traits are more likely to engage in unethical behaviors, including bank fraud. A meta-analysis found that these traits are strongly linked to counterproductive work behaviors, such as deception and manipulation, which can create opportunities for fraudulent activities in financial settings.

Cognitive Dissonance Theory by Leon Festinger (1957) to explain the psychological discomfort experienced when an individual holds conflicting beliefs or behaviors, leading to efforts to reduce the dissonance. In application, perpetrators of bank fraud may experience cognitive dissonance when their actions conflict with their moral beliefs. To alleviate this discomfort, they might employ rationalizations, such as viewing their actions as harmless or justified, thereby facilitating continued fraudulent behavior. This moral justification allows individuals to engage in unethical practices without perceiving themselves as unethical.

Current Debate on the Psychopathological Foundations of Bank Fraud Perpetration

In our society today, human beings exhibit a certain kind of behaviour that is not socially and culturally acceptable in the society and these abnormal behaviours have led people to indulge in different kinds of criminal activities of which fraud is our focal point. These behaviours are been perpetrated by individuals with psychopathological attributes. Psychopathology is a term used to describe abnormal behaviour that is not acceptable or that deviates from social and cultural norms. People with psychopathology or mental disorder don't do things the way and manner others do things. They behave in a certain manner especially in the area of thinking, feeling and association with others. Norms are described as socially acceptable behaviours. Social norm differs from culture to culture and therefore a behaviour that is considered abnormal in a particular culture may be normal with other cultures. In other words, beliefs, values and historical practices of a particular culture determine who is accepted or rejected in a society.

From the social constructionism perspective, psychopathology is said to be an abstract idea which is not scientifically proven but instead are socially constructed. Social constructionism is a process by which people were able to give account, explain the world

in which they live (Gergen, 1985). It is also a way of investigating ways by which people comprehend the world or society, social and political processes that affects how people see and understand the world. According to this perspective, psychopathology and mental disorder manifest from historical and cultural comprehension rather than general concept of human experience (Bohan, 1996). In other words, perpetrators of fraud view the act as a way to belong to the social class and also to be able to meet societal expectations.

Essentialist perspective, is of the opinion that existing class and all members of a given class share an essential attribute (Rosenblum & Travis, 1996). For instance, the essentialist perspective sees class of race, sexual orientation and social class as the main categories that are not controlled by social or cultural processes. It views these class as taking the place of scientific evidence closer among and differences between people (Rosenblum & Travis, 1996). In other words, the essentialist view psychopathologies and mental disorders as natural tendencies which can be discovered and describe according to scientific evidence which is found in people. They are innate and causes them to behave in a certain way by defrauding people to earn a living. Unlike the social constructionist that categorises the way people think, believes and try to make differences among people which are not made known by scientific method rather the meaning is been constructed and negotiated (Baumeister, 1987).

Furthermore, Social construction of psychopathology tries to observe the way people behave, thinks, feel or desire that differs from the normal ways of living due to human imperfection that made people to have more severity than others. According to them, these disorders can be prevented, controlled and treated. Such disorders include OCD (Obsessive-Compulsive Disorder), ADHD (Attention-Deficit/Hyperactivity Disorder) and BDD (Body Dysmorphic Disorder). As the awareness of the disorder increases, medical and mental health practitioners begin diagnoses and treatment which led the clinicians and clients seeks for health insurance policies to cover the treatment. According to Lawrie Reznek (1987) who postulated that people with such conditions of diseases are not able to lead a good and meaningful life.

In other words, the main task of psychopathology can be seen in three categories, firstly, to keep records and been able to describe the behavioural abnormalities and changed behaviours associated with mental illness. Secondly, to be able to explain how it came about, the causes and the stages of the behavioural abnormalities. Thirdly, try to understand these behavioural abnormalities which indicate psychopathological characteristics and be able to diagnose the nature of the abnormalities and proffer solutions to it.

However, fraud in its actual sense is not like kleptomania, fraud itself is a serious crime which only the news about it keeps one imagining how the perpetrators commit such acts. In kleptomania, the thief doesn't desire what he or she steals. The items have no important or of any value and provides no sense of fulfillment to the thief other than succour after committing the act. Fraud, on the other hand involves the illegal means of stealing peoples valuables without any remorse about it such as properties and assets. Fraud may be consciously perpetrated through deception.

In many cases, for fraud to take place, there must be a hole in financial system of an organization that is been exposed by accident and thereby paving way for fraudsters to have access to the accounting system which has been porous for the perpetrators. Often time, fraudsters becomes dependent on the act and it also becomes part of them. For someone to engage in fraud he or she is consciously aware of the illegality of the act before perpetrating it. In line with the Association of Certified Fraud Examiners Report to the Nations survey data, from the research carried out, it was confirmed that fraud is not due to mental illnesses rather the fraudsters have a criminal mind set.

Consequently, iintellectual disability has a role to play with psychopathology. These individuals have deficit in the way they communicate, socialize and in their living skills. Of which the disability ranges from mild to profound. For individuals in the mild range, culture plays an important role whereas individual with profound have a genetic syndrome which is identifiable.

According to psychological school of thought, psychologist believed that minds of the fraudsters are the cause of their behaviour. They classify their behaviours as people with mental anomalies. Sigmund Freud also postulated in his work that mental problems was because of the three elements of personality that make up the structures of the mind which include the Id, which is the unconscious drive. Ego, which is the self or human personality, and the superego which is the person's conscience. He also posits that deviant behaviour is as a result of conflict between the Id and the ego or the Id and superego. He noted that it is because of the weakness of the ego which supersede the superego that makes people to indulge in fraudulent behaviour and crime (George, 2011; Ovbiagele, 2001).

From the psychological view point, psychologist argued that the perpetrators of fraud and crime is as a result of "greed, dishonesty and lack of integrity". Psychology in the actual sense is seen as a science of mind and mental processes such as perception, cognition and learning. Psychologist tries to understand behaviours in people with regards to their individual personality and also their association with social environment. According to Ovbiagele (2001) who stated that feelings and emotions, motives and drives and the combination of all these are term personality. According to Lambroso theory, who tries to understand the physiological signs of an individual's criminal disposition discovered a theory on the bases that criminals were "atavisms" which means throwback to an earlier, less civilized kind of person. Hence, the study tries to set up a system whereby exposure to indulge in antisocial behaviour could tell on the basics of physical characteristics. Also poverty, bad governance, bad advice, wrong association and also great desire to live a life of affluence amounted to criminal or fraudulent behaviour (Ogwumike 2002).

Psychopathological Factors Influencing Bank Fraud

Psychopathology refers to the study of mental disorders, and several psychological factors have been identified as influential in facilitating bank fraud in Nigeria. These factors can be broadly categorized as follows:

Personality Disorders

Certain personality disorders, such as Narcissistic Personality Disorder (NPD) and Antisocial Personality Disorder (ASPD), have been linked to a higher likelihood of committing fraud. These individuals often display traits such as:

- i. Lack of empathy: Fraudsters may disregard the impact of their actions on others.
- ii. Grandiosity and entitlement: A sense of deserving financial gain, irrespective of ethical or legal norms.
- iii. Narcissism: Narcissistic individuals possess a grandiose sense of self-importance and entitlement, which can lead them to rationalize fraudulent actions as deserved rewards. Both vulnerable and grandiose narcissism have been identified as risk factors for engaging in financial misconduct.

A study by Gibson et al. (2019) on the role of personality in financial crimes suggests that individuals with high levels of narcissism and sociopathic tendencies are more likely to engage in fraudulent behaviors, including bank fraud. Research conducted in Nigeria by Adebayo et al. (2021) found that 42% of bank fraud perpetrators in Nigeria had traits indicative of personality disorders, with Narcissistic Personality Disorder being most prevalent among the offenders.

Cognitive Distortions, Rationalization and Risk-Taking Behavior

Cognitive distortions play a significant role in the perpetration of fraud. These include biased or illogical thinking patterns that enable fraudsters to justify their actions. Common cognitive distortions observed in fraudsters are:

- i. Minimizing the consequences: Believing that the fraudulent activities will have no significant consequences.
- ii. Entitlement: Feeling that they deserve the money they are stealing, often rationalized by dissatisfaction with their current financial status.
- iii. Blaming others: Perpetrators often attribute their actions to external factors such as corrupt systems or lack of opportunity.
- iv. Risk-Taking Behavior: Traits associated with psychopathy, such as impulsivity and sensation-seeking, contribute to a propensity for high-risk behaviors, including fraudulent activities. The antisocial facets of psychopathy are particularly linked to decision-making under risk, leading to reckless financial misconduct.

A research study by Okoye et al. (2022) found that individuals involved in banking fraud in Nigeria were more likely to use rationalization to justify their fraudulent behaviors, thereby reducing feelings of guilt or moral conflict. A study by Nigerian Banking Security Association (NBSA) in 2023 revealed that over 65% of financial fraudsters in Nigerian banks admitted to rationalizing their behavior by blaming external factors such as economic hardship and corrupt banking practices.

Impulsivity, Low Self-Control, and Decision-Making Deficits

- i. **Impulsivity and Low Self-Control:** Individuals with low self-control are more susceptible to fraud victimization, as they may make hasty decisions without thorough consideration. Conversely, fraud perpetrators often exhibit impulsivity, leading them to engage in opportunistic fraudulent acts without regard for long-term consequences.
- ii. **Decision-Making Deficits:** Deficits in decision-making processes, particularly under risk and ambiguity, are associated with psychopathic traits. These deficits can result in poor judgment and an increased likelihood of engaging in fraudulent schemes

Emotional Detachment and Lack of Remorse in Fraud Perpetrators

- i. **Emotional Detachment:** A hallmark of psychopathy is emotional detachment, characterized by shallow affect and a lack of empathy. This detachment allows individuals to commit fraud without concern for the impact on victims
- ii. **Lack of Remorse:** The absence of guilt or remorse is a critical feature in many fraudsters, particularly those with antisocial personality disorder. This lack of moral inhibition facilitates repeated engagement in fraudulent behavior

Greed and Materialism

Greed and a strong desire for material wealth have been identified as key psychological motivators for individuals engaging in fraud. This is especially prominent in societies where wealth is highly admired, and there is intense pressure to maintain a certain social status. Gordon (2020) notes that materialistic values often drive individuals to exploit financial systems, and the temptation to achieve social standing or financial success without considering ethical boundaries can lead to fraudulent behavior. According to Nigeria's Financial Intelligence Unit (NFIU), in 2024, over 40% of fraudsters cited the desire for financial advancement as their primary motive for engaging in fraudulent activities.

Psychological Stress and Economic Strain

Economic factors are closely linked to psychological stress, and individuals under financial strain are more likely to engage in fraudulent activities as a way of alleviating their distress. The Theory of Relative Deprivation (Crosby, 1976) suggests that individuals who feel deprived of wealth and status may resort to crime, including fraud, as a way to level the playing field. According to the Stress Strain Theory, individuals who experience significant stress, particularly financial stress, may resort to fraud as a way of managing their distress. In Nigeria, where many face economic instability, individuals under stress may find fraudulent behavior more appealing as a way of relieving financial burden. Research by Omotayo (2023) found a strong correlation between financial stress and the likelihood of engaging in bank fraud, particularly among employees of financial institutions. In a survey conducted by The Nigerian Bureau of Statistics (NBS) in 2022, 58% of bank fraud cases were linked to employees who faced significant financial difficulties or personal crises at the time of the fraud.

Low Moral and Ethical Standards

Low moral and ethical standards are also significant factors influencing bank fraud in Nigeria. An environment where corruption is normalized or where unethical behavior is rarely punished can encourage individuals to act in ways they might not otherwise consider. This is particularly evident in situations where employees feel that the system is inherently corrupt or unfair. In Nigeria, corruption within the financial system and a history of impunity for fraudsters can contribute to the erosion of moral values among bank employees. The absence of strong ethical guidelines and a lack of deterrence increase the likelihood of fraudulent activities. Onwudinjo (2021) highlights that a high tolerance for unethical behavior, both in society and within banks, significantly contributes to the prevalence of fraud in Nigerian banks. Research by The Nigerian Financial Intelligence Unit (NFIU) indicates that 62% of bank employees involved in fraud felt that their actions were justified due to the widespread corruption and lack of consequences for similar behaviors in the sector.

Psychological Intervention for Perpetrators of Bank Fraud

Intervention in its simplest term is a way of coming to peoples rescue. It is much like a daily experiences whose purpose is to change or modify ways in which people think or feel in the way they live their lives and to help them blossom. The tendency is to produce a positive attitude or result. Psychological intervention to perpetrators of bank fraud are as follows:

Firstly, knowing your employees. Fraud perpetrators often portrays behavioural traits that can indicate the intention of committing fraud. Observing and listening to your employees can help you identify fraud risks. For instance, if an employee feels that he or she is no longer appreciated by the owner of the business, this could lead him or her to commit fraud for revenge. Once an employer notices any form of attitudinal change among his employees, he needs to pay close attention to the employee. By doing so, it reduces the impact of fraud in the bank and make the organization more efficient.

Secondly, make employees aware by setting up a reporting system. Awareness of fraud affects all employees. Everyone within the organisation should be aware of the fraud risk policy and the punishment that awaits such employee. This will help those who want to perpetrate fraud to deviate from doing so knowing fully well that the management is watching them. Because fraudsters are not easily detected, setting up a reporting system will go a long way to curb the menace within the bank.

Thirdly, implement internal control. Internal control are policies or plans put in place to safe guard organizational assets, ensure the credibility of their accounting records, and detect fraud and theft easily. Separation of duties is an essential factor of internal control which helps to reduce the impact of fraud. Documentation is also another internal control measures which put in place helps to reduce fraud in the bank sectors. For instance if bank employees would be able to keep records of all deposits, tellers, and all transactions made on a daily or weekly basis it will help to reduce the risk of fraud to the barest

minimum. Internal control policies should be monitored and reviewed from time to time to make sure that they are efficient and effective using current technological trend.

Fourth, Hire trustworthy experts. Experts like Certified Fraud Examiners (CFE), Certified Fraud Forensic (CFF), and Certified Public Accountant (CPA) play significant role in curbing the menace of fraud and creating anti-fraud policies and procedures. It is important to know that when hiring these experts who will have direct access to the company sensitive information such as bank account numbers. It is crucial to ensure these company and individuals have a good reputations to be able to deliver quality work and trustworthiness. Through this way you can be assured that your internal control audits, financial consulting services and forensic analysis are good and your information will never be tampered with.

Fifth, fraud detection method. A good detection method put in place in an organization makes employees to be aware of risk of fraud. According to the Association of Certified Fraud Examiners (ACFE) the awareness of these control acts as one of the best discouragement to fraudulent behaviour. It is crucial to continuously update and monitor your fraud detection strategies to ensure they are working well. It is important to document fraud detection strategies including the individuals and the teams in charge of each task. Once the fraud detection plan have been put in place, all employees should be aware of the plan and how it will be executed. Employee awareness is prevention in itself.

Sixth, employees requires to logout especially when they leave their work stations. If an employee with high level access leaves their computer on without shutting down, a wicked employee could have access to the system and hack it or initiate fraud from their computer. To avoid this, make sure that all employees understand the importance of logging out, even if they want to step out for some time.

Conclusion

Bank fraud has become a subject matter in our society today. Too much exposure to the internet have made the younger generation to indulge in fraud, deceiving people to collect their assets and property without any form of remorse. In our society today, a lot of illegal activities are going on every day of which fraud is the most area of interest which if not well handled could lead to disequilibrium, fear, and lack of trust. Fraud degrade the entire system. Youths no longer want to stress themselves again instead they look for where they can get things done quick and fast. Government has a role to play to curb this menace called fraud by providing youths with adequate skills, employment, entrepreneurial skills and programmes. Also adequate psychological interventions should be applied to redirect the thought, energy and behaviour of youth towards engaging in meaningful endeavour. To this end, we believe that there is a link between psychopathology and fraud.

Policy Recommendations

Based on the findings from the psychopathology perspective on bank fraud, the following policy recommendations aim to enhance fraud prevention, detection, and intervention strategies in financial institutions:

1. Implement psychological profiling during hiring processes to assess traits linked to financial fraud, such as narcissism, impulsivity, and lack of remorse. And of course, develop behavioural integrity assessments to identify candidates prone to ethical violations.
2. Conduct mandatory training for bank employees on the psychological tactics used by fraudsters (e.g., manipulation, deception, and rationalization). Train compliance officers and auditors in behavioural risk indicators to detect early signs of internal fraud.
3. Strengthen whistle-blower protection laws to ensure employees can report unethical behavior without fear of retaliation. Implement anonymous reporting channels specifically designed to report fraud-related psychological manipulations
4. Promote a culture of transparency and accountability by ensuring that top management upholds ethical banking practices. Establish ethical training programs to reinforce financial integrity at all levels.
5. Introduce mandatory psychological assessments for individuals in high-risk financial roles. Implement stricter penalties for corporate fraud to serve as a deterrent.
6. Offer mental health and counseling services to employees who may experience financial pressure or ethical dilemmas. Implement stress management programs to reduce vulnerabilities that may lead to fraudulent behavior. These policies, if implemented effectively, will help mitigate the psychological factors that contribute to bank fraud while fostering a more ethical financial environment

Overall Study's Contributions to Knowledge

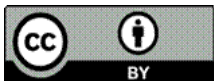
The study on the dark psychology of bank fraud from a psychopathology perspective contributes significantly to forensic, organisational, and criminological psychology by revealing the deep psychological underpinnings of financial crimes. It moves beyond traditional rational-choice explanations to emphasize how personality disorders particularly psychopathy, narcissism, and Machiavellianism influence fraudulent behavior through traits such as impulsivity, emotional detachment, and manipulateness (Boddy, 2021; Hare, 2019). By integrating cognitive distortions and moral disengagement into the analysis, the study extends Cressey's (1953) Fraud Triangle with psychological insights drawn from the Dark Triad Model (Paulhus & Williams, 2002; Murphy & Dacin, 2022). It also advocates the inclusion of behavioral and psychological profiling rather than relying solely on forensic accounting and AI-based systems to assess fraud risk in financial institutions (Babiak & Hare, 2020). Ultimately, the study reframes bank fraud as a psychologically motivated act rooted in maladaptive personality traits and cognitive biases, offering an interdisciplinary framework that bridges psychology, criminology, and

behavioral science for improved prediction, prevention, and rehabilitation of fraud perpetrators.

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