ANNUAL FRAUD *Landscape*

## Jan to Dec 2023

NIBSS

Content

Introduction

Despite economic uncertainties, the Nigerian financial sector exhibited unwavering resilience in tackling fraud in 2023, confronting challenges heightened by a notable rise in system glitches amongst other emerging trends.

The fraud data submitted to NIBSS by financial institutions via the Industry Fraud Reporting Portal reflected a **6%** decrease and **23%** increase in fraud count and actual loss respectively in 2023 when compared to 2022.

As observed in 2022, individuals aged **40** and above continued to be the primary targets for fraudsters in 2023, signifying a persistent focus in their targeting strategy. This sustained trend emphasizes the enduring appeal of the demographic group as potential victims, reinforcing the need for continuous efforts to educate and protect individuals in this category from fraudulent activities.

While there has been a notable decline in the overall count and loss attributed to **Social Engineering,** it remains a persistent and predominant technique employed by fraudsters. The **9%** decrease in fraud count and **14%** decrease in fraud loss recorded by this technique signals progress in preventive measures, however the enduring prevalence of Social Engineering underscores the continued significance of addressing this technique as a primary threat.

A total of **80,658** unique customers succumbed to fraud in 2023 which is **4%** less than **84,130** customers recorded in the previous year. This decline, though apparent, does not diminish the severity of the issue, urging the financial industry to remain vigilant, enhance security measures and collaboratively address the tenacious challenges posed by fraud. Some regulations need thorough examination, modification, and reinforcement to reduce potential for fraud and enhance the chances of successful recuperation.
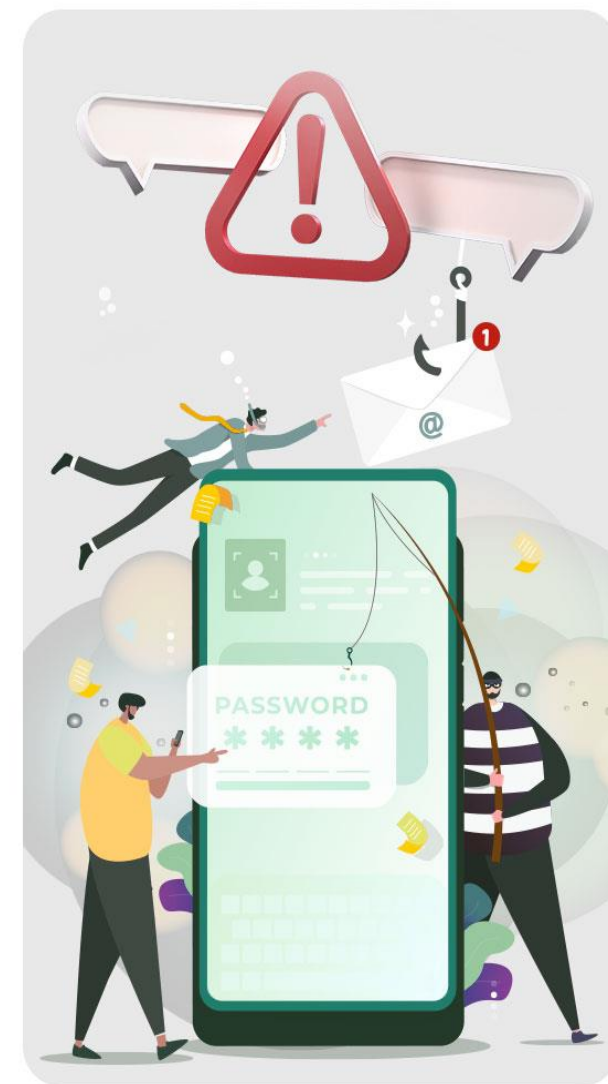
Executive Summary

6%
Fraud count reduced to 95,620 in 2023 when compared to 2022

Q1
Quarter with the highest fraud volume in 2023

May
Month with the highest fraud count of **11,716** in 2023

Lagos
The state with the highest fraud count of **48%** and actual loss value of **49%** experienced in Nigeria

23%
Amount lost increased to **N17.67b** in 2023 when compared to 2022

Q4
Quarter with the highest fraud value in 2023

October
Month with the highest actual loss in 2023 with **N3.7billion**

47%
Fraud volume ratio reduced to **0.0008%** in 2023

In comparison to 2022, the preferred method of utilizing fraud proceeds, through **withdrawals** decreased in fraud count by **4%.**

The **Mobile** channel saw a **5%** rise compared to 2022, thereby emerging as the most selected means for fraud.
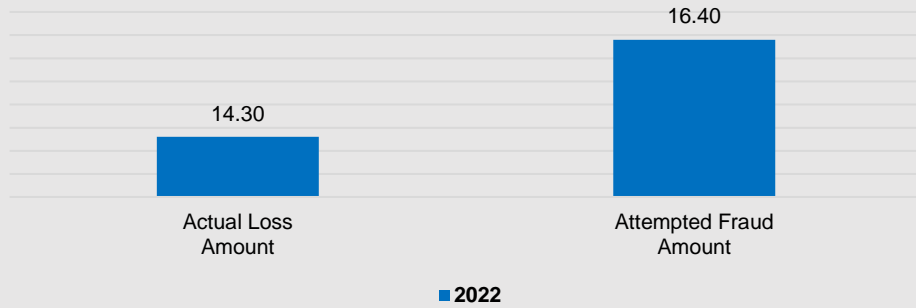
Social Engineering was the dominant technique for fraud witnessing a **9%** and **14%** decrease in fraud count and actual loss value respectively when compared to 2022.
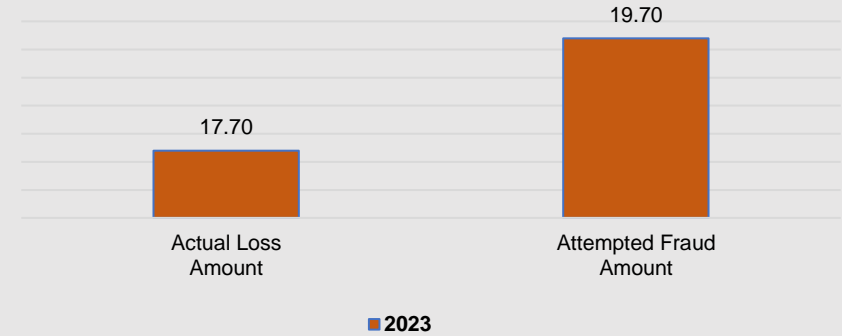
Attempted Fraud Amount– 2022 vs 2023

FRAUD VALUE

Attempted Fraud Value vs Actual Loss Value (NGN, in Billions)

- Actual Loss Amount: 14.30
- Attempted Fraud Amount: 16.40

■ 2022

Attempted Fraud Value vs Actual Loss Value (NGN, in Billions)

	Actual Loss	Attempted Amount
Q4 2022	4.5	5.3
Q3 2022	2.3	2.4
Q2 2022	2.0	2.0
Q1 2022	5.5	6.6

FRAUD VALUE

Attempted Fraud Value vs Actual Loss Value (NGN, in Billions)

- Actual Loss Amount: 17.70
- Attempted Fraud Amount: 19.70

■ 2023

Attempted Fraud Value vs Actual Loss Value (NGN, in Billions)
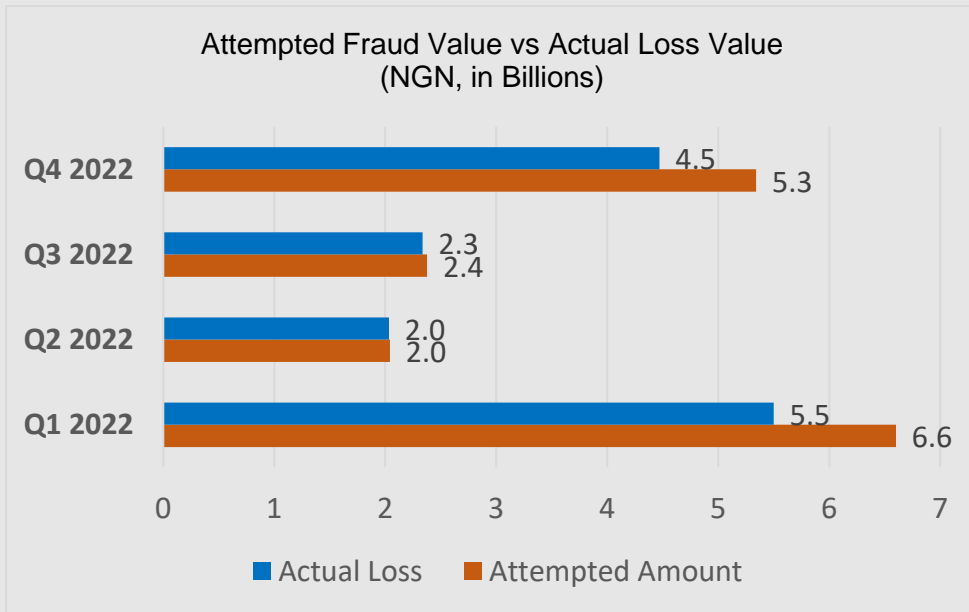
	Actual Loss	Attempted amount
Q4 2023	5.5	5.6
Q3 2023	3.8	3.9
Q2 2023	3.3	3.4
Q1 2023	5.1	6.8
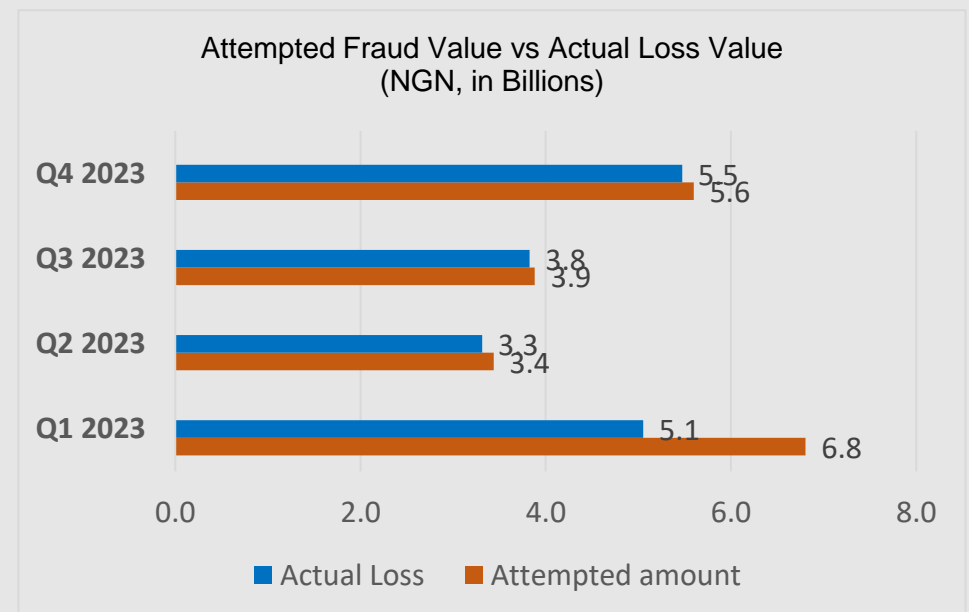
Notes
- Total attempted and actual loss between 2022 and 2023 increased by 20% and 24% respectively.
- Q1 of 2022 and 2023 recorded the highest attempted value loss for their respective year. However, Q1, 2023 had a 3% increase when compared with Q1 2022

+ *Attempted fraud value* refers to the total amount that was stolen by fraudsters, while actual loss value is the amount lost and unrecovered.

Industry fraud trend in the last 5 years – 2019 - 2023

Fraud count in the last Five Years

- **2019:** 44,947
- **2020:** 101,624 (+126%)
- **2021:** 123,918 (+22%)
- **2022:** 101,669 (-18%)
- **2023:** 95,620 (-6%)

Amount Lost to Fraud in the Last Five Years (NGN, In Billions)

- **2019:** 2.96
- **2020:** 11.61 (+292%)
- **2021:** 12.77 (+10%)
- **2022:** 14.32 (+12%)
- **2023:** 17.67 (+23%)
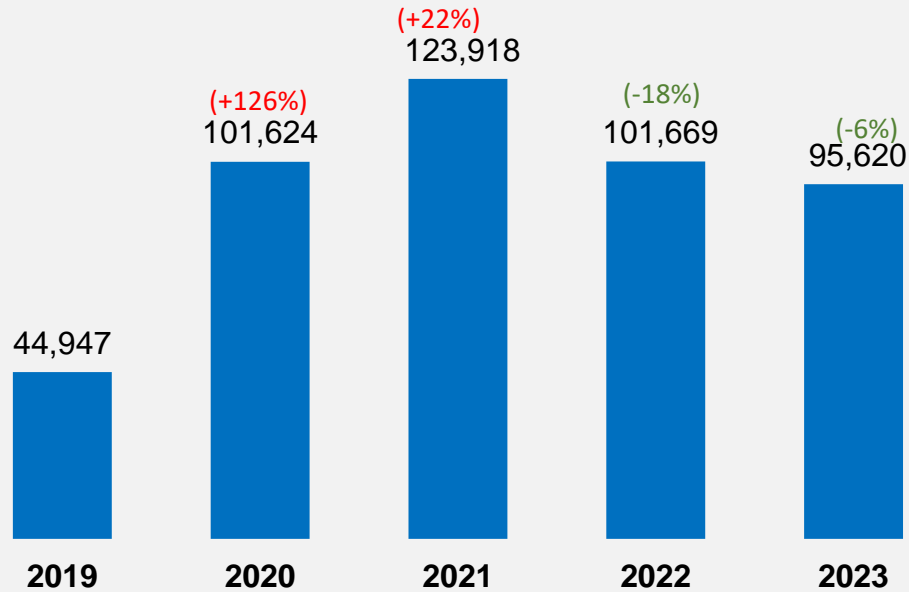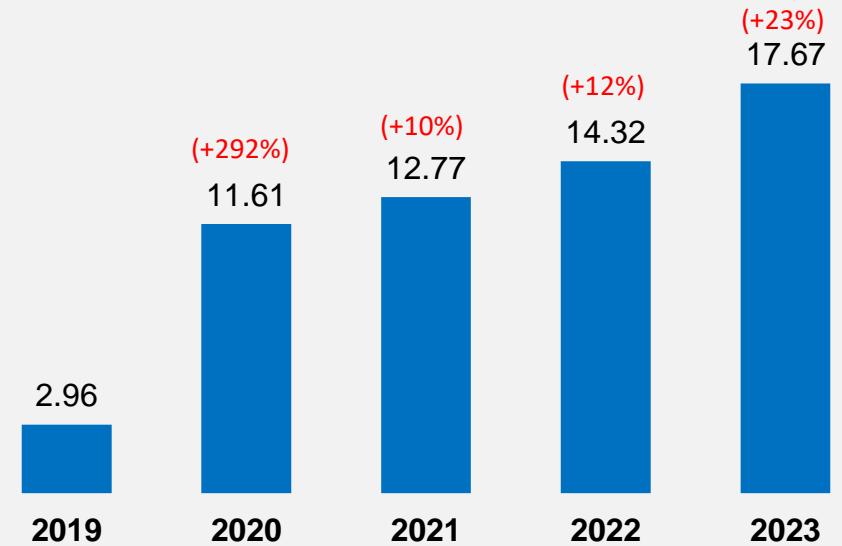
Fraud Ratio (Value) 2019 - 2023

- **2019:** 0.0019%
- **2020:** 0.0053%
- **2021:** 0.0034%
- **2022:** 0.0028%
- **2023:** 0.0022%
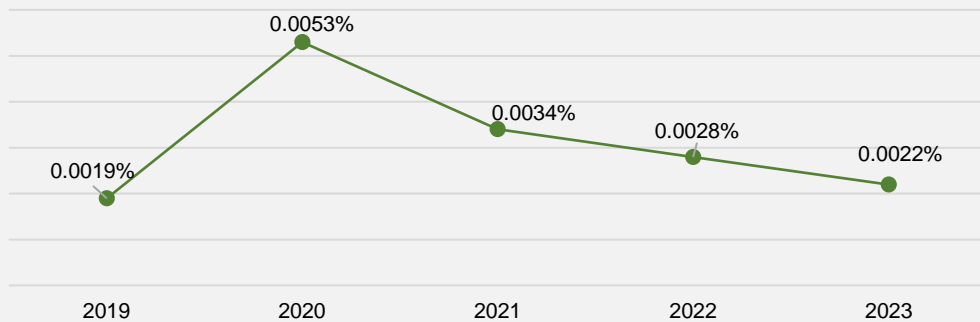
Notes

a. The amount lost to fraud has increased over the past five years along with the growth of financial transactions in the digital payments sector.

b. Annual fraud count has increased by **112%** from **44,947** in 2019 to **95,620** in 2023, while the amount lost to fraud has grown by **496%** from **₦2.9bn** to **₦17.67bn** within the same time.

c. The ratio of total reported fraud value to the total value of transactions recorded over the last five years shows an increase between 2019 and 2023 from **0.0019%** to **0.0022%**.

Fraud by Month – 2022 vs 2023

**Fraud Count by Month
Jan till Dec (in Thousands)**

2022 values: Jan 8,067; Feb 7,460; Mar 12,939; Apr 10,697; May 7,043; Jun 6,847; Jul 6,487; Aug 9,501; Sep 7,797; Oct 7,613; Nov 10,305; Dec 6,912

2023 values: Jan 9,234; Feb 9,492; Mar 8,829; Apr 8,234; May 11,716; Jun 6,240; Jul 8,649; Aug 8,207; Sep 7,503; Oct 6,860; Nov 6,367; Dec 4,289

─○─ 2022   ─●─ 2023

**Actual Loss Value by Month
Jan till Dec (NGN, in Millions)**

2022 values: Jan 489.8; Feb 1,939.2; Mar 3,052.2; Apr 772.1; May 720.2; Jun 540.4; Jul 573.6; Aug 956.8; Sep 806.3; Oct 871.0; Nov 1,024.1; Dec 2,575.1

2023 values: Jan 2,745.2; Feb 1,352.8; Mar 956.3; Apr 1,113.1; May 1,552.1; Jun 755.5; Jul 1,167.2; Aug 1,381.7; Sep 1,276.9; Oct 3,763.8; Nov 1,029.4; Dec 680.6

─○─ 2022   ─○─ 2023

Notes

a. The highest fraud count for **2023** was recorded in the month of **May** with **11,716** records followed by **Feb** with **9,492.**

b. **March 2023** witnessed the highest fraud count of **12,939** as compared to **2023 May** which recorded the highest count of **11,716 resulting in a 9%** decrease**.**

c. The month of **Oct** recorded the highest actual loss value totaling approximately **₦3.7bn**. This is followed by Jan with **₦2.7bn** as reported.

Fraud by Channel – 2022 vs 2023

Fraud Count by Channel 2022 vs 2023

MOBILE: 45,090 / 47,526
WEB: 30,260 / 21,887
POS: 16,273 / 17,560
INTERNET BANKING: 5,544 / 5,381
e_COMMERCE: 2416 / 2449
ATM: 2031 / 722

■2022 ■2023
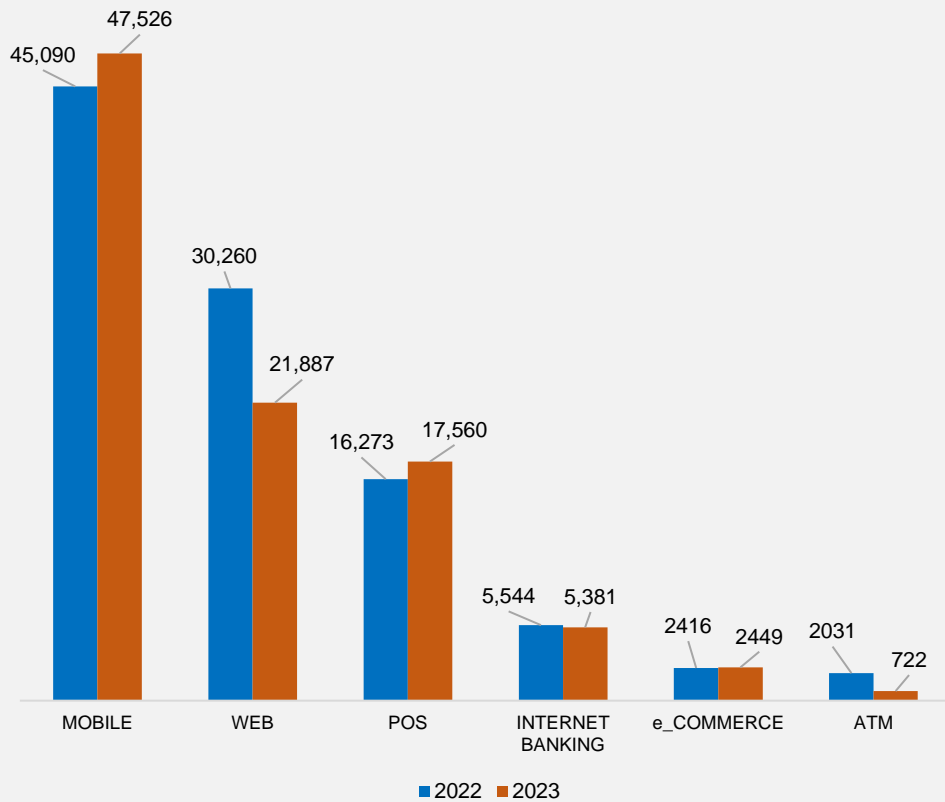
Actual Loss Value by Channel 2022 vs 2023 (NGN, in Millions)

MOBILE: 4,804.7 / 5,691.7
WEB: 3,476.5 / 2,223.6
POS: 2,577.5 / 4,415.8
INTERNET BANKING: 963.6 / 4,097.3
ATM: 672.2 / 63.6
e_COMMERCE: 47.3 / 144.1

■2022 ■2023
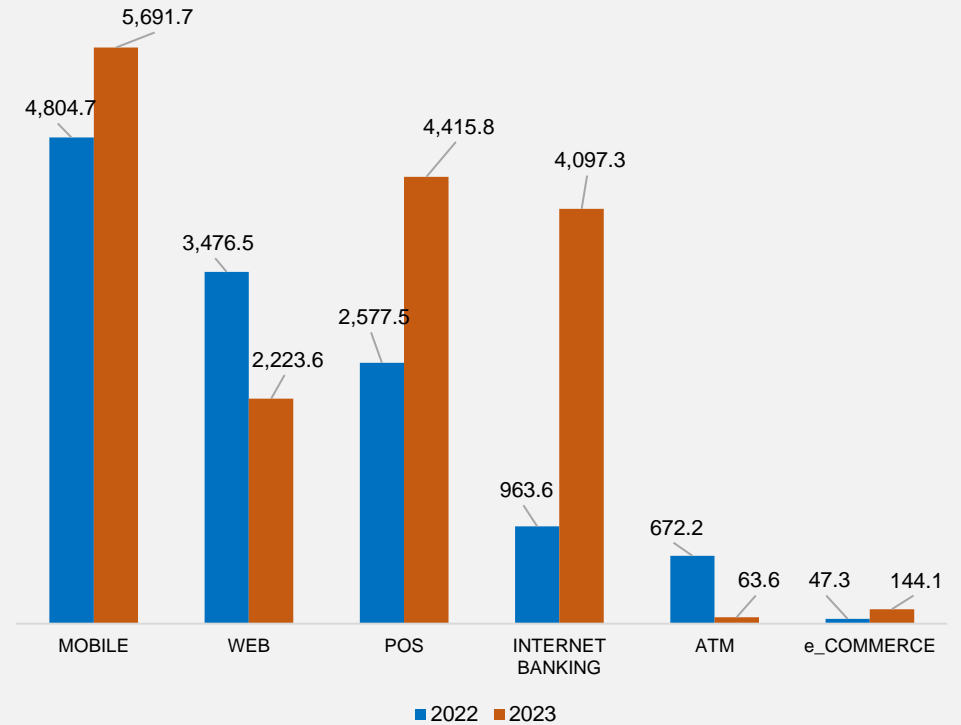
Notes
a. The Mobile, Web, and POS channels are reported to be the most exploited payment channels by fraudsters in 2023 as indicated in the graph.
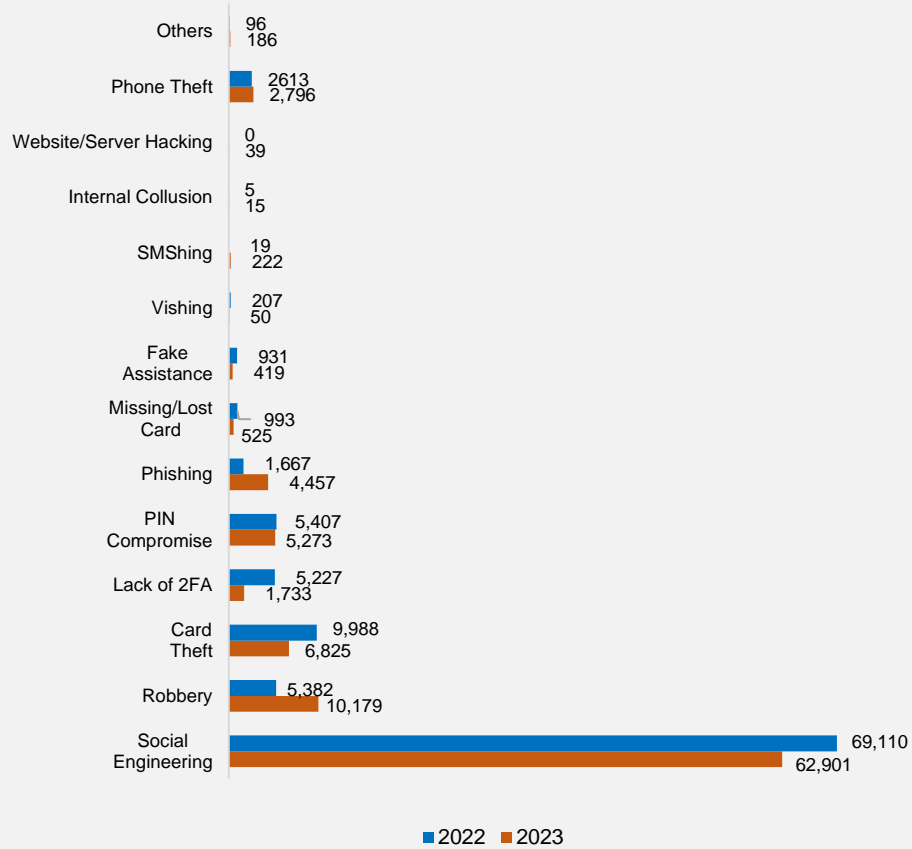b. The count of Web Fraud decreased by 38% and ATM fraud recorded a 64% reduction from 2022 to 2023.
c. Fraud loss via Internet Banking increased by 325% between 2022 and 2023. This is largely due to a ₦2.4bn internal fraud on corporate accounts reported by a DMB
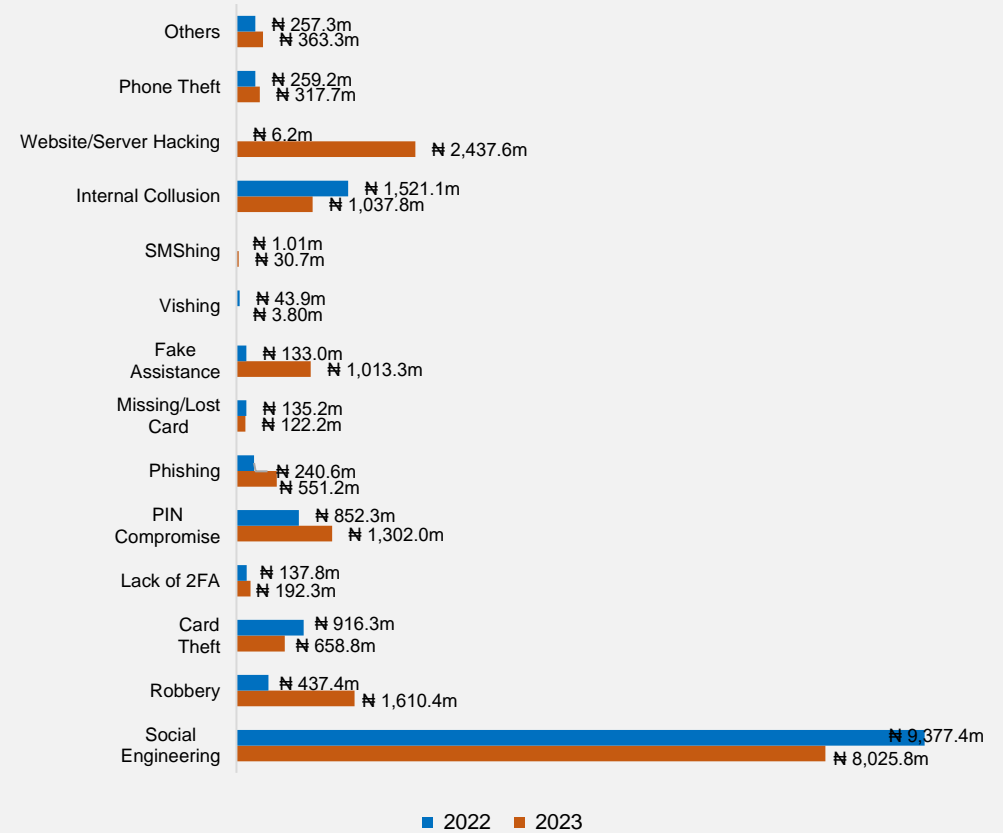
Fraud by Technique – 2022 vs 2023

Fraud Count by Technique
2022 vs 2023

Technique	2022	2023
Others	96	186
Phone Theft	2613	2,796
Website/Server Hacking	0	39
Internal Collusion	5	15
SMShing	19	222
Vishing	207	50
Fake Assistance	931	419
Missing/Lost Card	993	525
Phishing	1,667	4,457
PIN Compromise	5,407	5,273
Lack of 2FA	5,227	1,733
Card Theft	9,988	6,825
Robbery	5,382	10,179
Social Engineering	69,110	62,901

Actual Loss Value by Technique
2022 vs 2023
(NGN, in Millions)

Technique	2022	2023
Others	₦ 257.3m	₦ 363.3m
Phone Theft	₦ 259.2m	₦ 317.7m
Website/Server Hacking	₦ 6.2m	₦ 2,437.6m
Internal Collusion	₦ 1,521.1m	₦ 1,037.8m
SMShing	₦ 1.01m	₦ 30.7m
Vishing	₦ 43.9m	₦ 3.80m
Fake Assistance	₦ 133.0m	₦ 1,013.3m
Missing/Lost Card	₦ 135.2m	₦ 122.2m
Phishing	₦ 240.6m	₦ 551.2m
PIN Compromise	₦ 852.3m	₦ 1,302.0m
Lack of 2FA	₦ 137.8m	₦ 192.3m
Card Theft	₦ 916.3m	₦ 658.8m
Robbery	₦ 437.4m	₦ 1,610.4m
Social Engineering	₦ 9,377.4m	₦ 8,025.8m

■ 2022 ■ 2023

Notes

a. The fraud count and actual loss value for Social Engineering in 2023 decreased by **9%** and **14%** respectively when compared to 2022.
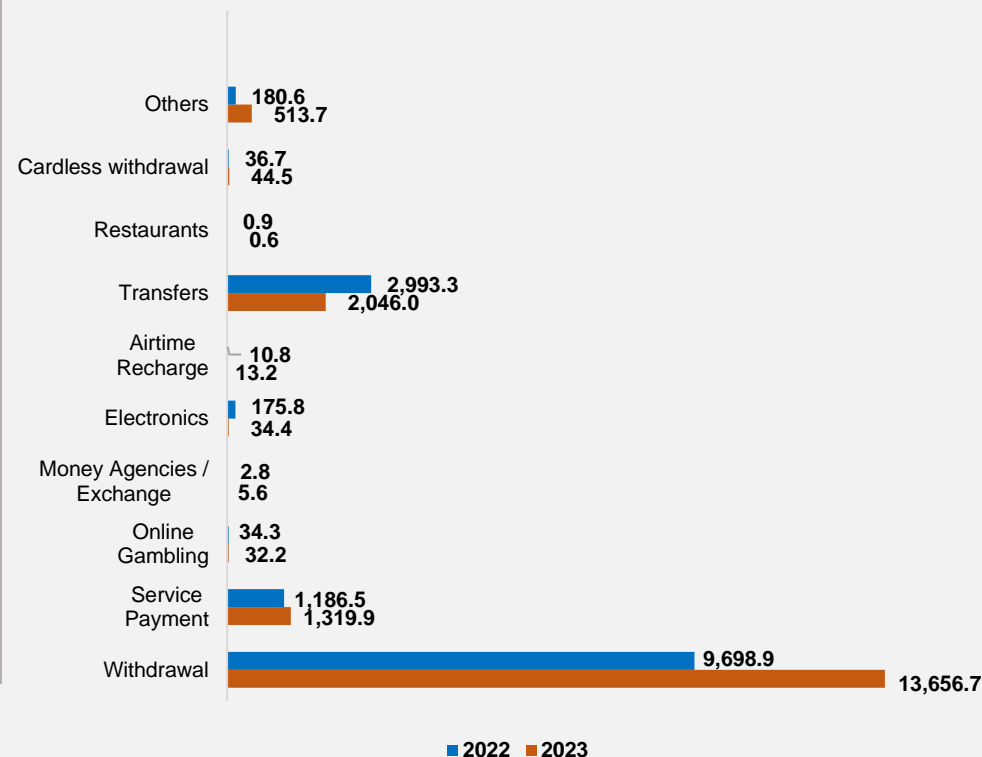
Others as shown in the charts comprises the following; Compromise terminal, Fake instructions, Fake mobile app, Cloned cheque, Cash deposit suppression, Chargeback, Stolen/Lost cheque, Merchant collusion, Sim swap, Forged signature, Fake internet banking website, Cash theft, Malware attack, Skimming.

Fraud by Proceeds Utilization– 2022 vs 2023

Fraud Count by Proceeds Utilization 2022 vs 2023

Category	2022	2023
Others	1,106	1,827
Cardless withdrawal	249	746
Restaurants	5	6
Transfers	10,636	12,992
Airtime Recharge	1,404	902
Electronics	2,423	296
Money Agencies / Exchange	34	34
Online Gambling	413	493
Service Payment	13,412	9,257
Withdrawal	71,987	69,067
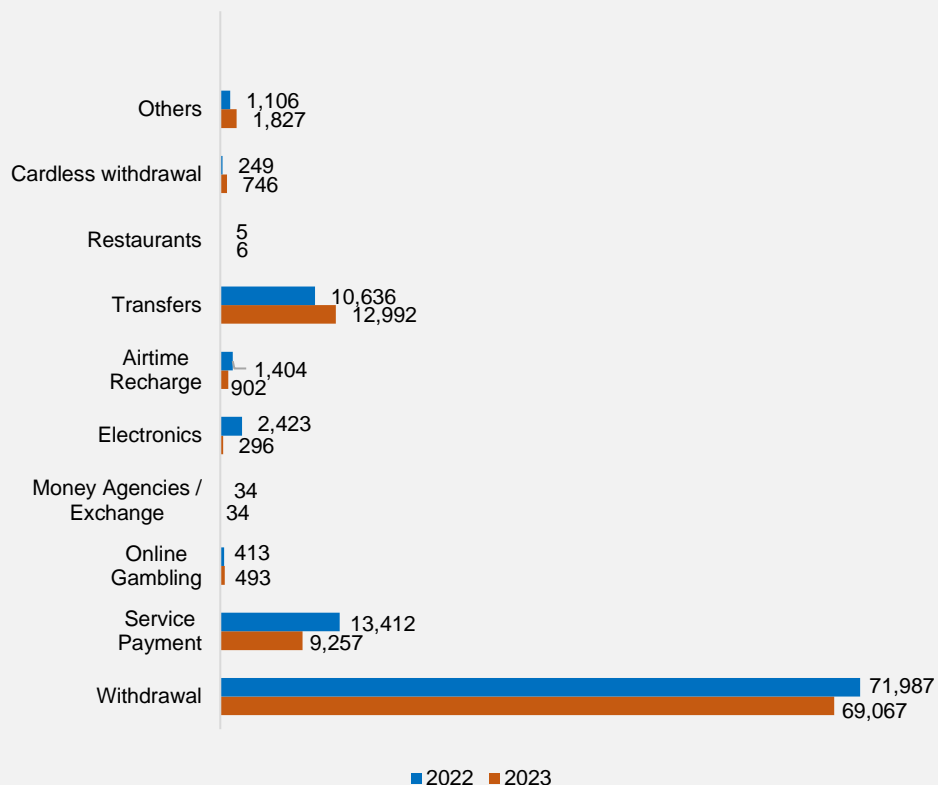
Actual Loss Value by Proceeds Utilization 2022 vs 2023 (NGN, in Millions)

| Category	2022	2023
Others	180.6	513.7
Cardless withdrawal	36.7	44.5
Restaurants	0.9	0.6
Transfers	2,993.3	2,046.0
Airtime Recharge	10.8	13.2
Electronics	175.8	34.4
Money Agencies / Exchange	2.8	5.6
Online Gambling	34.3	32.2
Service Payment	1,186.5	1,319.9
Withdrawal	9,698.9	13,656.7

Notes

a. In 2023, a significant amount of fraud proceeds were utilized via **Withdrawal** with **69,067** in fraud count. Also, the fraud loss value increased by **41%** from **9.6B** in 2022 compared to **13.6B** in 2023.

b. Fraud via Withdrawal saw an increase in value at **41%** followed by Money Agencies/Exchange with a **100%** increase in value. Fraud Count in Transfers and Cardless withdrawals witness an increase of **22% and 199%** respectively.

*Others as shown in the charts comprised of the following; **Service payment, Online gambling, Electronics, Airtime recharge, Restaurants, and others.**
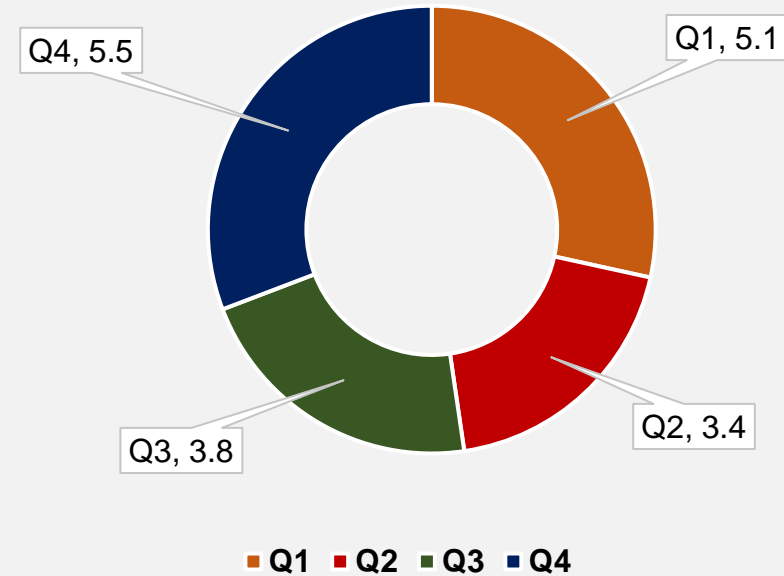
Fraud Volume and Value Per Quarter
Q1 to Q4 2023

Fraud Volume Per Quarter

Q4, 17,516
Q1, 27,555
Q3, 24,359
Q2, 26,190

■ Q1 ■ Q2 ■ Q3 ■ Q4
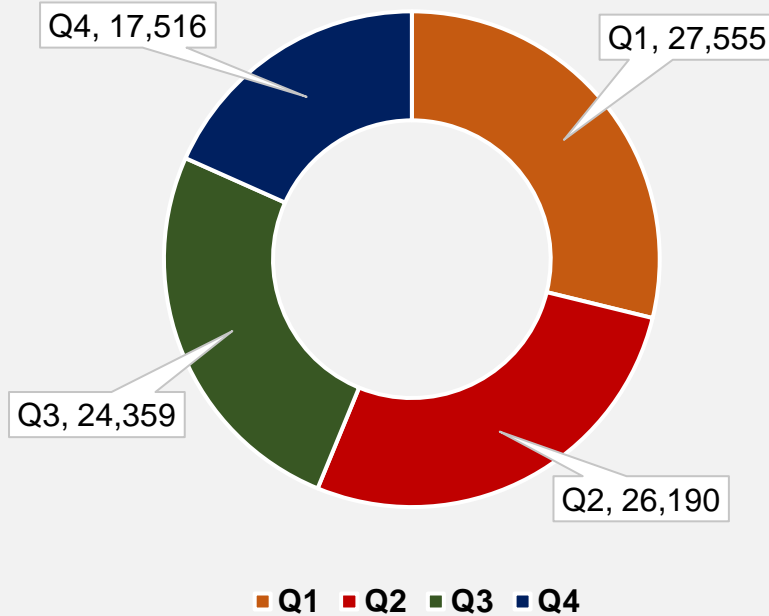
Actual Loss Value Per Quarter (In Billions, NGN)
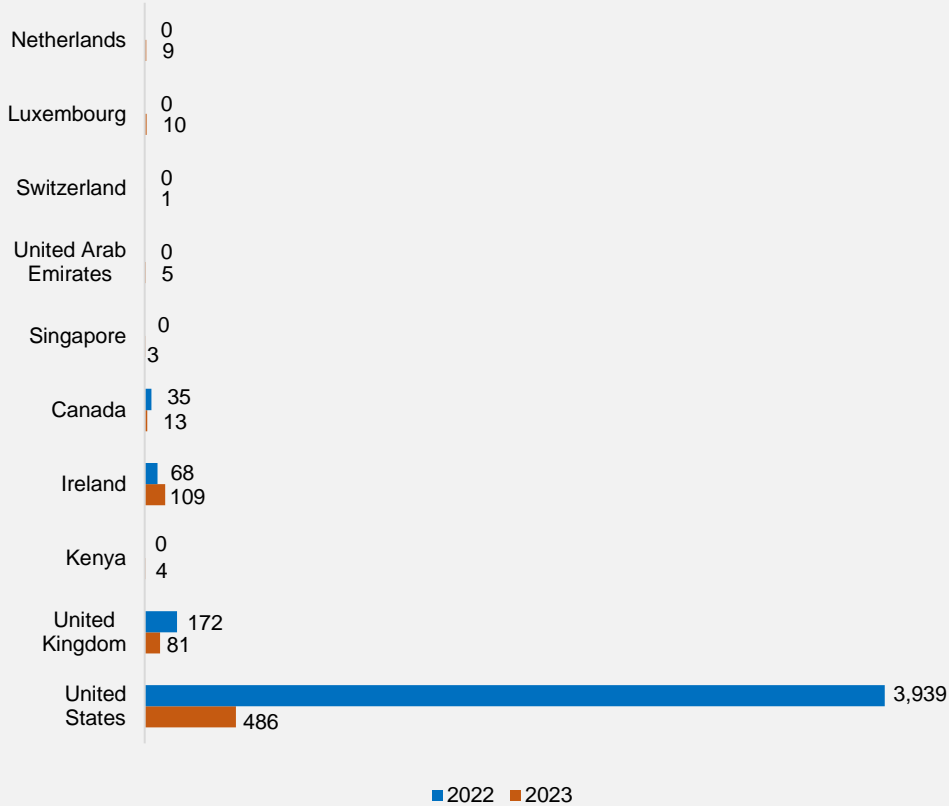

Q4, 5.5
Q1, 5.1
Q3, 3.8
Q2, 3.4

■ Q1 ■ Q2 ■ Q3 ■ Q4

Notes
a. The financial institutions reported the highest fraud count and Value of 27,555 in Q1 and 5.5bn in Q4 respectively
b. Between Q1 and Q4 of the year under review, the count of reported fraud cases consistently decreased, while the fraud value fluctuated between 3.4B and 5.5B each quarter.
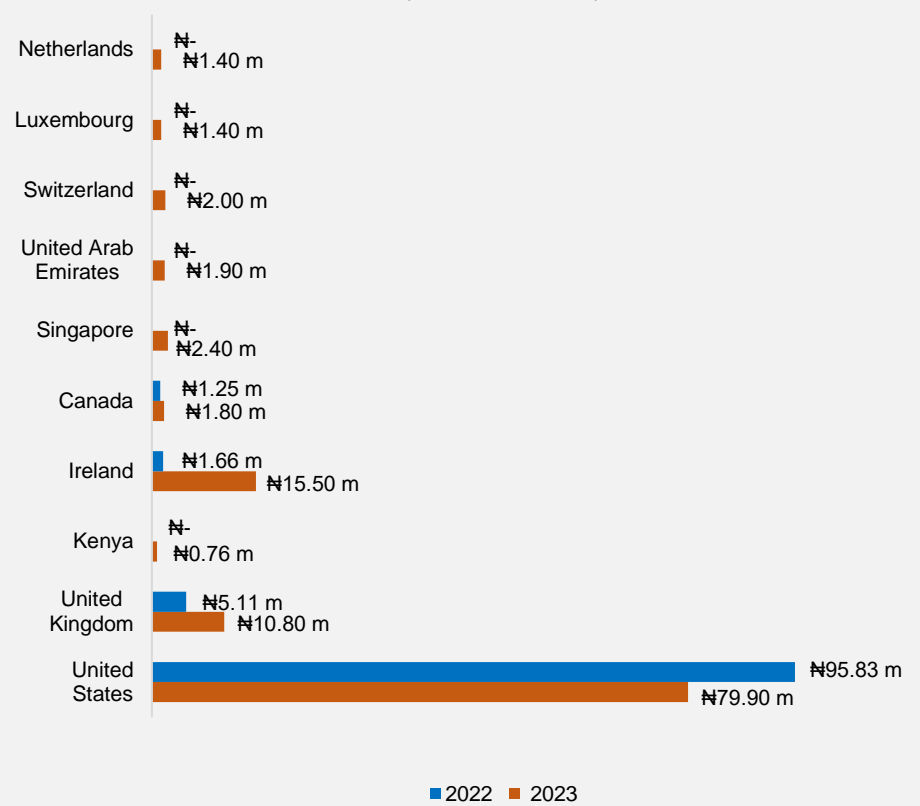
Fraud by Country – 2022 vs 2023
Top Foreign countries where Nigerian banks' customers were defrauded (Fraud Volume & Value)

Fraud Count by Country
2022 vs 2023

Country	2022	2023
Netherlands	0	9
Luxembourg	0	10
Switzerland	0	1
United Arab Emirates	0	5
Singapore	0	3
Canada	35	13
Ireland	68	109
Kenya	0	4
United Kingdom	172	81
United States	3,939	486

Actual Loss Value by Country
2022 vs 2023
(NGN, in Millions)

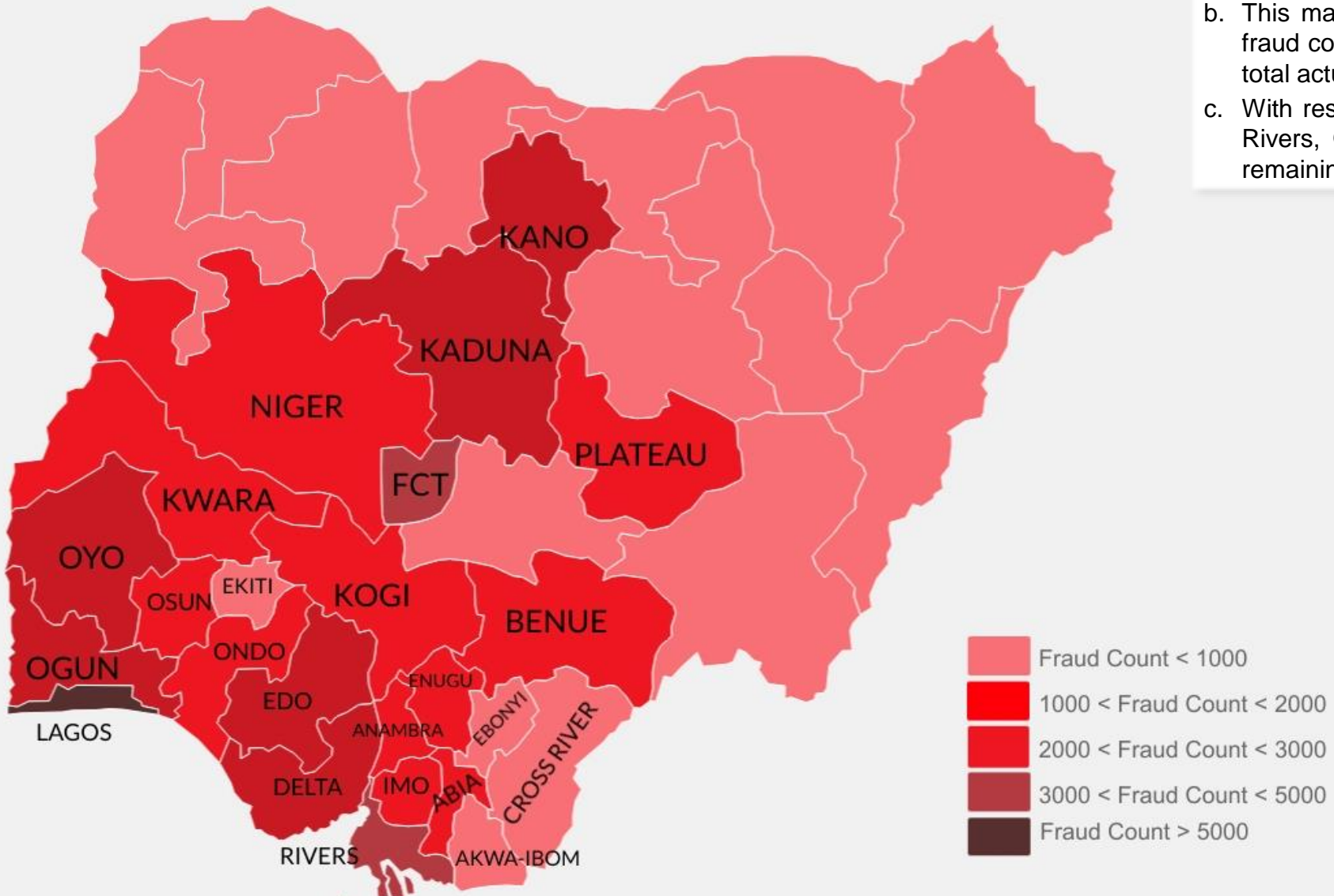| Country	2022	2023
Netherlands	₦-	₦1.40 m
Luxembourg	₦-	₦1.40 m
Switzerland	₦-	₦2.00 m
United Arab Emirates	₦-	₦1.90 m
Singapore	₦-	₦2.40 m
Canada	₦1.25 m	₦1.80 m
Ireland	₦1.66 m	₦15.50 m
Kenya	₦-	₦0.76 m
United Kingdom	₦5.11 m	₦10.80 m
United States	₦95.83 m	₦79.90 m

Notes

a) Among foreign countries where customers of financial institutions in Nigeria were defrauded, The United States recorded the highest threat In the month of January with 87 and a total count of **486** with an actual loss value of **N79.90m**, followed by the United Kingdom and Ireland. These cases were majorly perpetrated through Social Engineering

b) The fraud count and fraud loss recorded from The United States decreased by **88%** and **17%** respectively when compared with 2022.
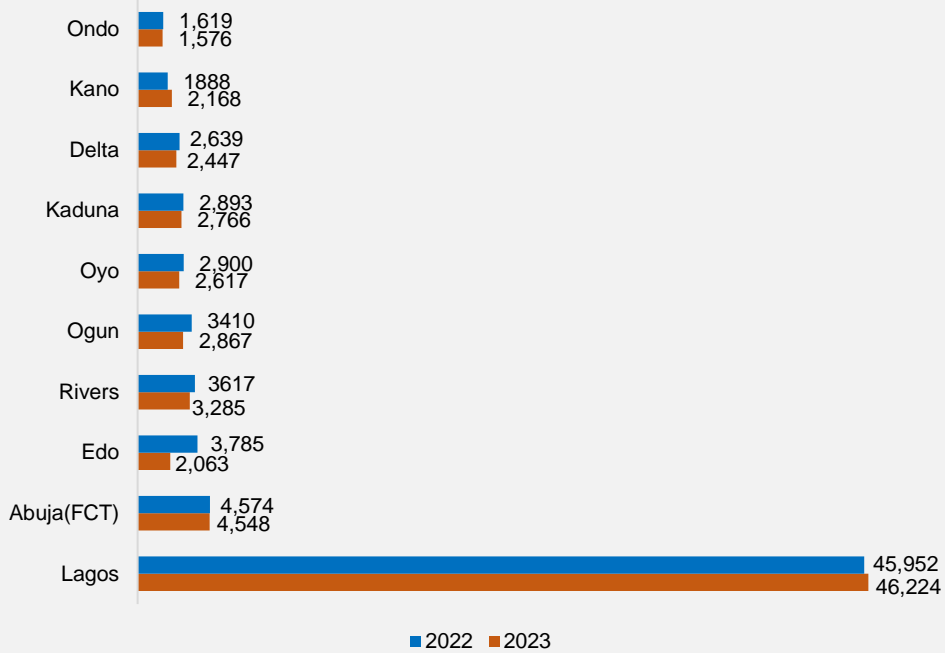
Fraud by States in Nigeria

Notes

a. In terms of fraud count and actual loss, Lagos state recorded the highest values.

b. This makes up **48%** of the total reported fraud count within Nigeria, and **49%** of the total actual loss value.

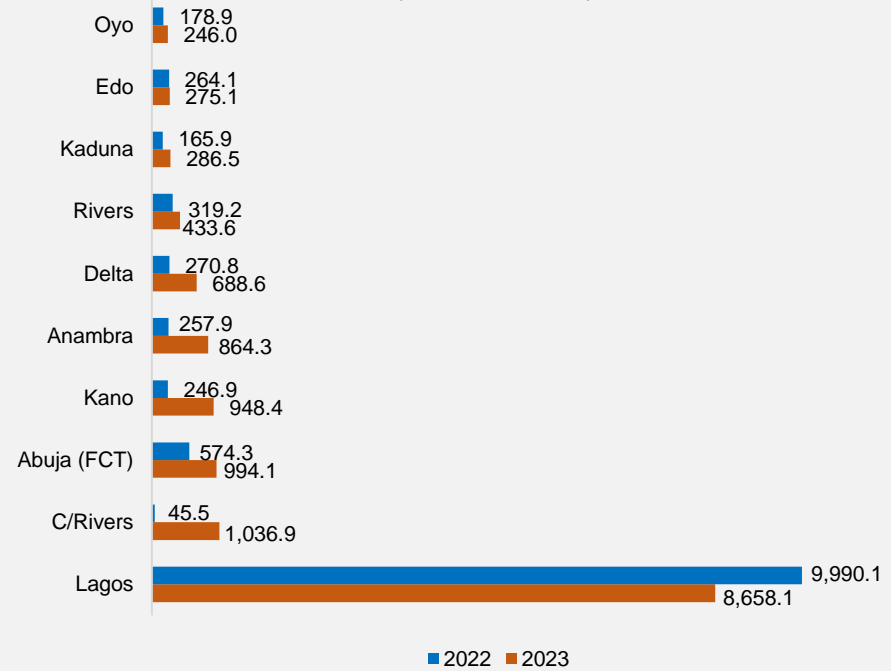c. With respect to fraud count, Abuja (FCT), Rivers, Ogun and Kaduna consist of the remaining top five states.

Legend:
- Fraud Count < 1000
- 1000 < Fraud Count < 2000
- 2000 < Fraud Count < 3000
- 3000 < Fraud Count < 5000
- Fraud Count > 5000

Fraud by States in Nigeria – 2022 vs 2023

Fraud Count by State
2022 vs 2023

State	2022	2023
Ondo	1,619	1,576
Kano	1888	2,168
Delta	2,639	2,447
Kaduna	2,893	2,766
Oyo	2,900	2,617
Ogun	3410	2,867
Rivers	3617	3,285
Edo	3,785	2,063
Abuja(FCT)	4,574	4,548
Lagos	45,952	46,224

Actual Loss Value by State
2022 vs 2023
(NGN, in Millions)

State	2022	2023
Oyo	178.9	246.0
Edo	264.1	275.1
Kaduna	165.9	286.5
Rivers	319.2	433.6
Delta	270.8	688.6
Anambra	257.9	864.3
Kano	246.9	948.4
Abuja (FCT)	574.3	994.1
C/Rivers	45.5	1,036.9
Lagos	9,990.1	8,658.1

Fraud Count Trend in Nigeria
Jan - Dec 2023

Month	Count
Jan	9,044
Feb	9,312
Mar	8,746
Apr	8,179
May	11,664
Jun	6,187
Jul	8,616
Aug	8,161
Sept	7,457
Oct	6,808
Nov	6,331
Dec	4,252

— Jan-Dec
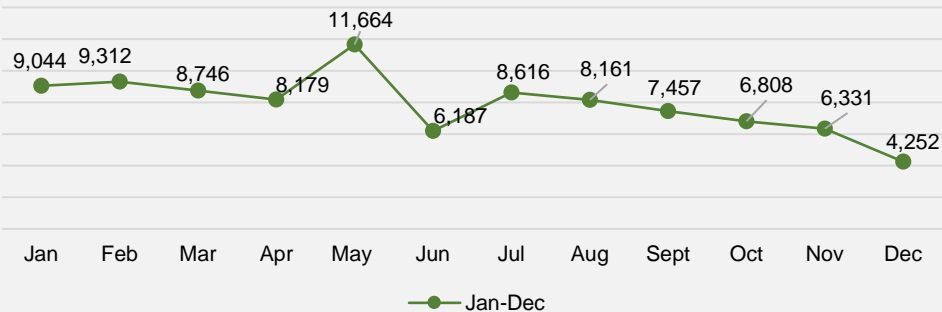
Notes

a. The fraud count in Lagos saw a less than **1%** increase between 2022 and 2023, however, there was a **12%** decrease in actual loss from ~~N9.9bn~~ to ~~N8.7bn~~.

b. The total fraud count in Nigeria from Jan to Dec 2023 is **94,757**.

c. The total reported fraud count in Nigeria for H2 2023 was **41,625** records, which is a **21.7%** decrease from **53,132** reported in H1 2023.

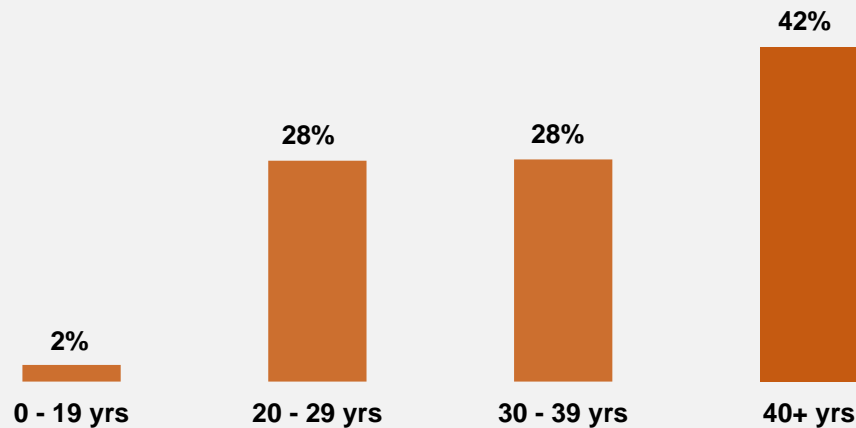# Fraud by Unique Defrauded Customer – 2023

80,658
Unique Customers Defrauded
(Reported in 2023)

📍 **23%** Unique defrauded customers reside in Lagos State (Reported in 2023)

Age Distribution

0 - 19 yrs	20 - 29 yrs	30 - 39 yrs	40+ yrs
2%	28%	28%	42%

Notes

a. A total **80,658** unique individuals were reported to have been defrauded in 2023.

b. The highest percentage of defrauded individuals reside in Lagos (**23%**), followed by Rivers (**6%**), Abuja (**5%**), Ogun (**5%**) and Oyo (**5%**).

c. Based on the report, individuals over the age of **40 years** are the most targeted demographic by fraudsters in 2023.

Fraud Ratio and Fraud Interest Index (FII)

Fraud Interest Index (FII)

Fraud Channel	FII
Across Counter	0.30%
ATM	0.38%
Cheque	0.21%
E-Commerce	0.86%
Internet Banking	24.47%
Mobile	33.99%
Non-Electronic	0.15%
POS	26.37%
Web	13.28%
GRAND TOTAL	**100.00%**

Notes

The Fraud Interest Index shows the channels with the best return on interest (ROI). It can also be used to determine how likely fraudsters would attempt to exploit and circumvent controls around such channels.

The Mobile channel was statistically the most profitable channel for fraudsters in 2023 with an FII of **34%**. It is followed by Internet Banking and POS with **33.99%** and **26.37%** respectively.

Fraud Ratio (Volume)

Quarter	Fraud Volume	Total Transaction Volume	Fraud Volume Ratio
2022	**101,669**	**6,753,572,647**	**0.0015%**
2023	**95,620**	**11,274,704,942**	**0.0008%**

Fraud Ratio (Loss Value)

Quarter	Loss Value	Total Transaction Value	Loss Value Ratio
2022	**14,320,597,280.18**	**518,725,034,444,425.00**	**0.0028%**
2023	**17,666,836,034.00**	**800,878,379,937,613.00**	**0.0022%**

Notes

a. The fraud ratio is calculated to determine the actual impact of fraud against the total transaction volume and value.

b. Between 2022 and 2023, the fraud ratio analysis shows a decrease in volume from **0.0015%** to **0.0008%** and a decrease in value from **0.0028%** to **0.0022%**.

Overview of Major Fraud Incidences in 2023

The security defence of a PSSP was breached which enabled malicious individuals to gain unauthorized access to the system, compromising user's accounts and manipulating financial data.

IMPACT – ₦2.9bn

A PSSP discovered **9,584** unauthorized transactions to various accounts in **37** different finanacial institutions were carried out due to a system glitch.

IMPACT – ₦22bn

A system glitch caused a momentary lapse in the security protocols of a PSSP. This lapse allowed over **13,500** unauthorized transfers to different accounts in 20 financial institutions.

IMPACT – ₦2.7bn

February — March — October — October — November

A financial institution detected unusual payouts from their instant payment endpoints. These payouts which had unusual transaction references were transferred to various accounts in **6 different institutions**.

IMPACT – ₦1.1bn

A DMB experienced a cyber attack that led to unauthorized fund transfers. The fraudsters exploited vulnerabilities in the system and gained access to sensitive financial data, leading to **399** fraudulent transactions.
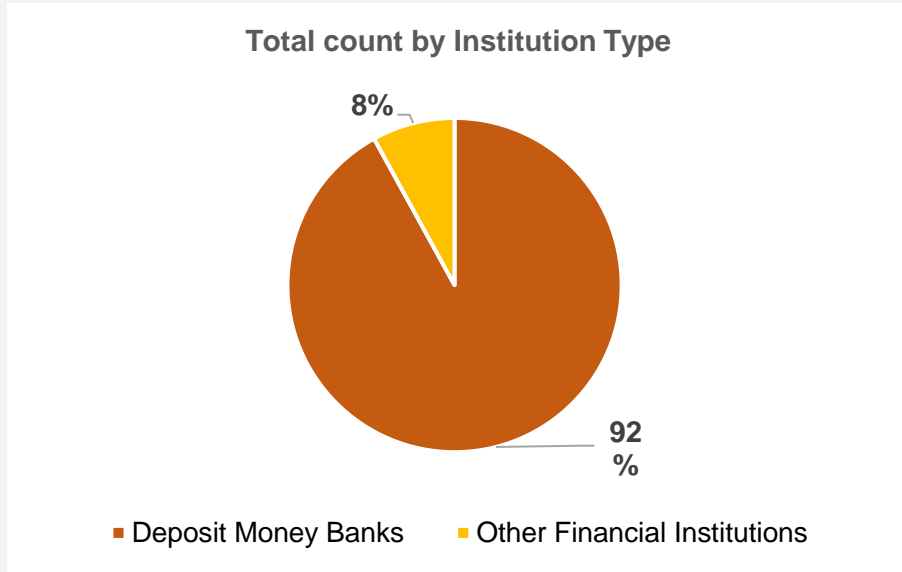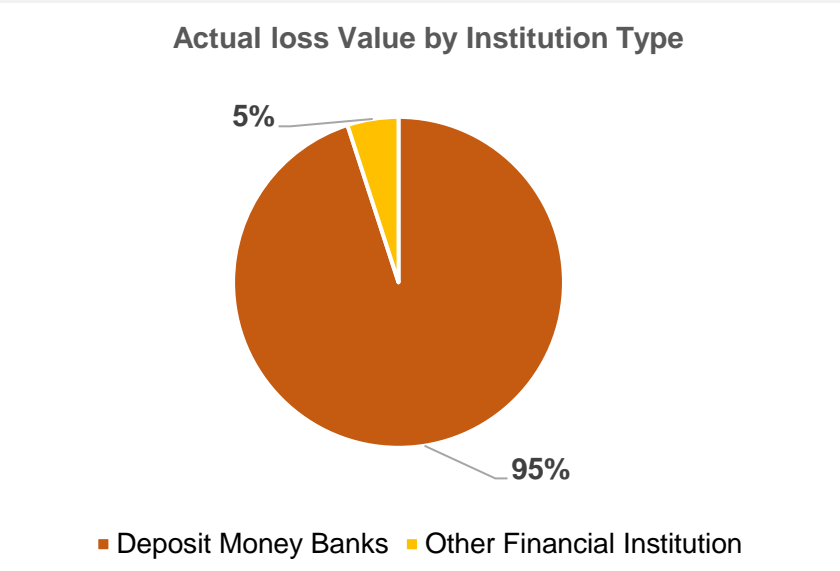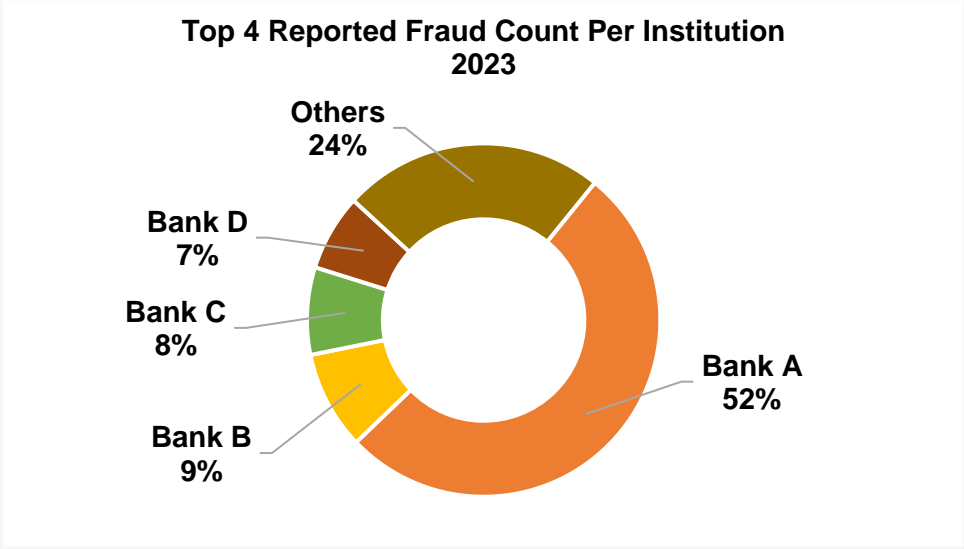
IMPACT - ₦2bn

*Some of the fraud cases were not reported to NIBSS via the Industry Fraud Reporting Portal by the financial institutions.

Fraud Advisory - Preventive Measures

Wallet Fraud	Social Engineering	Internal Fraud	System Glitch
Biometric Authentication Implement biometric authentication options, such as fingerprint or facial recognition, to enhance user verification.	**Protect Personal Information** Banks should sensitize her customers to avoid sharing sensitive information. Banks should also sensitize her customers to adopt SIM lock in addition to phone lock control to prevent phone theft fraud.	**Access Control/Segregation of Duties** Implement strict access controls to limit employees' access to sensitive information and systems based on their job responsibilities.	**Backup and Redundancy** Implement robust backup procedures to ensure that critical data is regularly backed up and can be restored quickly in case of a system glitch.
Transaction Limits & Controls Set transaction limits for bank wallet transactions to minimize potential financial losses	**Report Suspicious Activity** Banks should sensitize her customers to immediately report any suspicious emails, messages, or phone calls to your bank.	**Whistleblower Program** Establish confidential whistleblower programs to encourage employees to report suspicious activities or concerns without fear of retaliation.	**Regular System Audit & Review** Conduct regular audits of the bank's systems and software to identify vulnerabilities and potential glitches.
Fraud Detection & Monitoring Deploy advanced fraud detection algorithms to monitor and identify suspicious or abnormal account activities.	**Implement Email Filtering** Banks should configure filters to identify and flag incoming emails with suspicious content or external links.	**Regular Internal Audits** Use internal audit findings to identify potential weaknesses and improve processes.	**Monitoring and Alerts** Implement real-time monitoring systems to detect unusual activities, anomalies, or signs of potential glitches.
Compliance with Regulatory Standards Ensure compliance with relevant data protection and financial regulations.	**Implement Multi-Factor Authentication** MFA requires users to provide multiple forms of identification, making it more difficult for unauthorized individuals to gain access. Banks should implement this.	**Monitoring and Surveillance** Set up alerts for suspicious or anomalous behavior and investigate any flagged activities promptly.	**Vendor Risk Management** Evaluate and monitor the security practices of third-party vendors providing software or services to the bank.

Caveat on Completeness of Reported Fraud and Impact of Accuracy of Fraud Reporting

a. Financial institutions reported a total attempted fraud value of ₦19.7bn with 17.7bn total loss and a total count of 95,620.

b. In 2023, A total Fraud count of 95,620 was recorded. The Deposit Money banks hand a total of 92% (88,112), and Other Financial Institutions with 8% (7509) respectively.

c. Out of 163 institutions profiled in 2023, 60 reported. This resulted in an overall compliance rate of 37%, with 63% being non-compliant.

d. *Non-reporting of fraud incidents is a breach of the CBN circular on the Establishment of Industry Fraud Desks.*

Top 4 Reported Fraud Count Per Institution 2023

- Others 24%
- Bank D 7%
- Bank C 8%
- Bank B 9%
- Bank A 52%

Actual loss Value by Institution Type

- 5%
- 95%

■ Deposit Money Banks   ■ Other Financial Institution

Total count by Institution Type

- 8%
- 92%

■ Deposit Money Banks   ■ Other Financial Institutions

The accuracy of the data in this report is subject to the Banks and other FIs diligently reporting their fraud data on the industry fraud reporting portal.

Thank You!