
ASSESSING FORENSIC ACCOUNTING AS A TOOL FOR DETECTING AND PREVENTING IDENTITY THEFT FRAUD: EVIDENCE FROM NIGERIA DEPOSIT INSURANCE CORPORATION (NDIC)

Gbenga Ayodele Adebayo (Ph.D)

Department of Accounting, Confluence, University of Science and Technology, Osara.

+2348035852800; gbemiade3uk@yahoo.com

Salami Abdulazeez

Department of Accounting, Federal University Lokoja.

09027814183; salamiabdulazeez1@gmail.com

Edogbo Daniels Aduku

Prince Abubakar Audu University, Teaching Hospital, Anyigba

08068175005; Eddaniels092@gmail.com

Abstract

The growing rate of fraud in businesses worldwide has increased the demand for forensic accounting, drawing attention across both private and public sectors. This study examined forensic accounting as a tool for detecting and preventing identity theft fraud, focusing on the Nigerian Deposit Insurance Corporation (NDIC). Using a case study design, data was collected from all 150 staff across NDIC offices in Lagos, Abuja, and Port Harcourt through questionnaires. Validity and reliability were ensured using content validity and Cronbach Alpha, while responses were analyzed using frequencies, percentages, and a 5-point Likert scale. The findings show that forensic accounting has a significant positive effect on detecting and preventing identity theft fraud ($p = 0.016$; coefficient = 0.647). The paper recommends further investment in forensic techniques, training and infrastructure to facilitate easy detection and prevention of identity theft fraud; Government should provide an enabling environment to prosecute and punish fraud stars, discourage impunity and provide for enforcement of the law as touching fraudulent activities.

Keywords: Forensic accounting, fraud prevention, fraud detection, identity fraud, NDIC

1. Introduction

According to Daraojimba et al (2023) forensic accounting has significantly evolved in the digital era, adapting to the complexities of modern financial systems and advancements in technology used to detect and prevent fraud. As these factors shift, forensic accountants must

adapt, often through continuous education to meet new challenges. Since its emergence in the early 1900s, the profession has significantly transformed how fraud is detected and managed, experiencing notable growth in recent years. Demand for forensic accountants continues to rise, with job growth projected at 11.7% between 2020 and 2025. The industry's revenue is also increasing, growing from \$12.5 billion in 2020 to an expected \$15.3 billion by 2025.

Forensic accounting originated when professional accountants began providing fraud investigation and litigation support services (Our Accounting World, 2025). Although the practice has existed for centuries but has developed into a recognized field in response to increasing financial fraud, and its importance has grown significantly as organizations rely on it to detect and prevent fraud in both public and private sectors. In recent years, the rise in fraudulent activities worldwide has driven strong demand for forensic accounting services, making it increasingly important across both private and public sector organizations (Al Hasani et al, 2024)

According to Organization for Economic Co-operation and Development (OECD) (2009), Identity theft is not new, but the rise of the internet and e-commerce has greatly intensified it. Criminals now use techniques like phishing and pharming to deceive users into revealing personal information, which is then used for illegal activities. The absence of face-to-face interactions online makes it harder to verify identities, creating more opportunities for fraud.

Fraud is the intentional deception carried out to obtain an unlawful financial advantage, and its occurrence has increased significantly with the expansion of online transactions, which (Levi et al, 2022). In the banking sector, effective fraud detection is essential to protect customers' funds, reduce losses, and maintain profitability. However, traditional detection methods are no longer adequate, leading banks to adopt forensic accounting techniques (Layek, 2020). Despite ongoing efforts by authorities to combat fraud, new schemes continue to emerge, and global financial scandals have intensified the need for stronger detection tools. Forensic accounting, which integrates accounting, auditing, and investigative skills, plays a critical role in identifying and preventing fraud (Egbe-Ikhurhe et al, 2024). The increasing prevalence of suspicious financial activities worldwide continues to pose serious risks to businesses due to unethical practices (Wijerathna & Perera, 2020).

Egbe-Ikhurhe et al (2024) Forensic accounting is commonly conceptualized as the application of accounting, auditing, and investigative techniques primarily aimed at detecting, preventing, and investigating fraud. While this is accurate, it limits the field to a fraud-focused perspective, even though much of the literature heavily emphasizes fraud schemes and related practices. Despite ongoing efforts by authorities to combat fraud, new methods continue to emerge, and global business scandals have increased the demand for forensic accounting. As financial fraud remains a major economic threat, forensic accounting—combining accounting, auditing, and investigative skills—plays a vital role in detecting and preventing it (Egbe-Ikhurhe et al, 2024). Across the world, fraudulent and suspicious financial activities are on the rise, creating significant risks for businesses because of unethical and dishonest practices (Wijerathna & Perera, 2020).

International Association of Independent Accountants Firms (INNA) (2024) asserts that in the dynamic financial landscape, fraud continues to be a persistent threat, with global losses reaching a record \$485.6 billion in 2023. Fraudulent activities—ranging from asset

misappropriation and embezzlement to accounting irregularities and manipulated financial statements—cause substantial harm to businesses of all sizes. This study therefore examines forensic accounting as an effective tool for detecting and preventing identity theft fraud.

2.0 Literature Review

Forensic accounting has emerged as a critical tool in addressing the growing sophistication of financial crimes, particularly identity theft fraud, which has expanded alongside the rapid digitization of financial transactions. Recent literature emphasizes its evolving role in proactive fraud prevention, studies further argue that forensic accountants integrate accounting expertise with technological tools to trace unauthorized transactions, analyze digital footprints, and strengthen internal controls, making them essential in combating identity-related financial crimes. Consequently, the literature increasingly positions forensic accounting not only as a reactive investigative function but also as a strategic mechanism for preventing identity theft fraud across both public and private sector institutions.

2.1 Forensic Accounting

Liu (2024) posits that forensic accounting dates to World War II, when public and professional accountants were already involved in investigative services. Its emergence was largely driven by widespread fraud, leading some scholars to view it as a form of fraud auditing. This connection highlights the important role forensic accounting plays in detecting and managing fraud. Forensic accounting is a specialized field that integrates accounting principles, auditing procedures, and investigative skills to enhance the detection and prevention of fraud within organizations (INNA, 2024). Forensic accounting combines accounting, auditing, and investigative skills to detect, prevent, and control fraudulent activities. It involves examining the financial transactions and behaviors of individuals and organizations to identify actions associated with fraud (Oladutire et al, 2024). For this study Forensic accounting is a specialized area of accounting that focuses on examining financial records to uncover fraud and other white-collar crimes, and presenting the findings as evidence for legal use.

2.2 Fraud Detection and Prevention

Fraud is the deliberate deception in financial transactions aimed at personal gain. As online transactions have grown, so too has the incidence of fraud. In the banking sector, detecting fraud is crucial to protect customers' funds, minimizing losses, and maintain profitability. Because traditional detection methods are no longer sufficient, banks are increasingly turning to forensic accounting (Layek, 2020). According to Hilal et al (2022) with advances in technology and ongoing economic growth, fraud has become increasingly common in the financial industry, costing institutions and consumers hundreds of billions of dollars each year. Fraudsters continually adopt their methods to exploit weaknesses in existing prevention measures, often targeting the financial sector. These crimes include credit card fraud, insurance fraud, money laundering, securities and commodities fraud, and insider trading. Existing prevention systems alone are insufficient, highlighting the growing need for fraud detection systems to identify fraudulent activities after they occur and realize the associated cost savings. By the authors of this study, Fraud detection and prevention involve identifying, investigating, and stopping fraudulent activities using tools like monitoring systems, data analysis, and strong internal controls to minimize risk.

2.2.1 Identity Theft Fraud

According to Organization for Economic Co-operation and Development (2009), identity theft is a longstanding crime, but the rise of the internet and e-commerce has greatly intensified it. Criminals use tools like phishing and pharming to deceive users into revealing personal information, which is then exploited for illegal purposes. The lack of face-to-face interactions online makes verifying identities difficult, making fraud easier to commit. For the past 20 years, identity theft has been the top consumer complaint reported to the Federal Trade Commission. The term “identity theft” or “identity fraud” describes crimes where an individual illegally obtains and uses someone else’s personal information, typically for financial gain (Credit.org, 2023). Credit.org (2023) states further that victims of identity fraud not only incur out-of-pocket expenses to restore their records, but they may also face harassment from debt collectors, denial of credit or job opportunities, loss of vehicles or homes, and even repeated arrests for crimes they did not commit.

Irvin-Erickson (2024) posits that in the United States, identity theft and related frauds have gained growing public attention, fueled by high-profile data breaches that affect millions of victims annually. Identity theft happens when criminals steal critical personal information to access an individual’s financial accounts. Using stolen information, an identity thief can open new credit or financial accounts, purchase vehicles, apply for loans or Social Security benefits, rent apartments, or establish utility and phone services in another person’s name (United State Postal Agency, 2020). Identity theft occurs when someone obtains your personal information and uses it to commit fraud (Chase Bank, 2024)

Sans Security Awareness (2024) asserts that identity theft happens when someone illegally acquires your personal information to commit fraud or other crimes. A common type is financial identity theft, where criminals use your information to open credit cards, mortgages, or car loans in your name, leaving you responsible for the payments. Other forms also exist, such as medical identity theft, in which someone uses your medical information to bill insurance for procedures you never received. Another form is tax-related identity theft, where a criminal uses your tax identification number to file a tax return and claim a fraudulent refund. As a result, when you try to file your own return, your refund has already been claimed by someone else. Identity theft is a widespread crime in the United States, with significant consequences for society (Alagna, 2020)

Financial Crime Enforcement Network (2010) asserts that identity theft is rarely an end in itself; it is almost always a means to commit another crime—typically a financial offense that benefits the perpetrator while harming individuals, businesses, financial institutions, or government agencies. According to Federal Trade Commission (2021) states that in 2020, identity theft cases in New York State sharply increased, causing financial losses for individuals and posing risks to government programs and private financial institutions. Last year, identity theft complaints exceeded 67,000 statewide, more than four times the total recorded a decade earlier.

2.3 The Fraud Diamond Theory

The Fraud Diamond Theory builds on the Fraud Triangle Theory by adding a fourth element: capability. Proposed by Wolfe and Hermanson (2004), it incorporates personal traits and abilities that determine whether fraud will be executed. While Cressey's original Fraud Triangle highlighted incentive, opportunity, and rationalization as key factors increasing the likelihood of fraud, it did not account for the perpetrator's ability to carry it out. The Fraud Diamond Theory addresses this gap by emphasizing that, in addition to pressure, opportunity, and rationalization, a fraudster must also possess the necessary capability for fraud to occur. Without this capacity, even if the other three elements exist, fraud is unlikely to happen.

The Fraud Diamond Theory asserts that fraud occurs when four elements—pressure, opportunity, rationalization, and capability—come together. Its strength lies in explaining more complex and sophisticated fraud by incorporating capability into the original Fraud Triangle, providing a deeper understanding of fraud risk. However, measuring capability can be difficult, and there is debate over whether it is truly a separate factor or just an interaction of the other elements. Additionally, in certain situations, opportunity may not always be a strong predictor of fraud.

The Fraud Diamond Theory adds capability to the fraud triangle, offering a framework for forensic accounting and fraud prevention. It helps assess risk, guide investigations, strengthen internal controls, and implement preventive measures like ethics training, enabling early detection and mitigation of fraud.

2.4 Empirical Review

Ogah (2025) used a descriptive survey design with 95 respondents from listed banks in Nigeria to assess how forensic accounting services such as fraud investigation and litigation support affect fraud management; analysis via ANOVA showed that these services significantly improve fraud management performance. The study's shortcoming lies in its small sample size and domain of banking institutions, thereby limiting broader applicability to digital identity fraud across sectors. Complementing these, Adejumo and Ogburie (2025) explored current trends in forensic accounting for financial fraud detection, highlighting advanced techniques like data analytics and AI in detecting and preventing complex fraud schemes. The shortcoming of the study lies in its largely conceptual and exploratory nature, as it emphasizes emerging trends such as data analytics and artificial intelligence without providing sufficient empirical evidence.

Adekola et al. (2024) adopted an empirical survey design using data derived from reports of the Economic and Financial Crimes Commission (EFCC) in Nigeria and found that forensic accounting significantly enhances fraud detection and prevention through investigative techniques and litigation support; however, the study is limited by its reliance on institutional reports and lack of focus on specific fraud types such as identity theft, which constrains generalizability to cyber-enabled fraud contexts. Singh and Kumari (2025) conducted a bibliometric and systematic review of 42 studies and found a rapid evolution of forensic accounting driven by technological innovation and regulatory pressure, with strong evidence that forensic accounting contributes to fraud detection capabilities; yet, the study is limited by insufficient empirical focus on emerging fraud forms such as identity theft and inadequate cross-country comparative analyses.

Firmansyah et al. (2024) applied a systematic literature review using the PRISMA approach to develop a fraud management model integrating forensic accounting and concluded that forensic accounting is essential for proactive fraud prevention and corporate governance; however, the study is limited by its conceptual orientation and lack of primary empirical data, which reduces its ability to establish causal relationships, particularly in the context of identity theft fraud. In a related review, Sabo et al. (2024) synthesized prior empirical studies and concluded that forensic accounting plays a significant role in detecting and preventing fraud across sectors through investigative and litigation support functions, but the study is constrained by inconsistencies in definitions and classifications of fraud, as well as limited empirical differentiation between traditional financial fraud and identity theft fraud.

Eghe-Ikhrhe (2024) explored how forensic accounting aids fraud detection and prevention in Nigerian microfinance institutions. Using a qualitative approach with 18 participants from microfinance firms, it found that advanced forensic accounting skills strengthen institutional integrity, reduce fraud, and boost investor and shareholder confidence. The study is limited to micro finance bank and the reliance on a small sample size of 18 participants. Microfinance institutions in Nigeria are diverse in structure, size, and operational complexity, and such a limited sample may not adequately capture this variation. Adam et al (2024) investigated the impact of forensic accounting on preventing financial fraud in Nigerian organizations, focusing on First Bank. Using an ex-post facto design with data from primary and secondary sources, the findings highlight that enhancing forensic accounting systems can significantly reduce financial fraud, especially in First Bank. The focus on a single institution—First Bank of Nigeria—significantly restricts the external validity of the findings.

Kankpang et al (2024) investigated the impact of forensic accounting on fraud prevention and detection in Nigerian banks. Data was collected from bank staff using a simple questionnaire. Findings reveal a significant link between forensic accounting functions—such as litigation support, crime investigation, and documentation/reporting—and effective fraud prevention in banks. Oladutire et al (2024) explored the challenges of using forensic accounting for fraud detection and prevention in Nigeria. Using a survey of 135 respondents, it found that the role of forensic accountants remains highly important under modern conditions. Khaleduzzaman and Hera (2024) examined the usefulness of forensic accounting for detecting and preventing fraud in Bangladesh's banking sector. Using a sample of 300 and applying regression, correlation, descriptive statistics, and multicollinearity analysis, the findings confirmed that forensic accounting is effective in this context. These studies do not disaggregate fraud types, treating fraud as a broad construction. This is a critical shortcoming because identity theft fraud has unique characteristics.

Adebayo (2023) examined the use of forensic accounting to prevent and detect fraud in Nigerian banks and insurance companies through a systematic review. Findings show that forensic accounting effectively reduces fraudulent activities in these institutions. Barzinji et al (2023) explored the role of forensic accounting in effectively deterring fraud, while also highlighting the challenges it faces. It emphasized that strong internal controls are crucial for implementing fraud prevention procedures, and any weaknesses in these controls undermine fraud management. The review provides evidence on fraud prevention, forensic accounting practices, and the skills and techniques required, while noting the differing perspectives among experts and policymakers on effective fraud prevention. As a systematic review, these studies

depend entirely on previously published works, which means their findings are constrained by potential biases of the included studies.

3.0 Methodology

The study employed a case study design, the population of the study is 240 staff of NDIC; the study adopted Taro Yamane sample formula to arrive at 150 staff across three NDIC offices in Lagos, Abuja, and Port Harcourt, with 50 questionnaires distributed per location. A survey sampling method was used, and the questionnaire's validity and reliability were confirmed using content validity and Cronbach's Alpha. Data were analyzed with SPSS Version 23, using simple frequencies, percentages, and a 5-point Likert scale to assess the level of fraud detection and prevention.

Table 1. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Cronbach's Alpha Based on N of Items
.978	.979	20

SPSS output, 2026

Table 1. Above shows the reliability test of the variables. The result for the variable shows an excellent result of 0.978. Based on this the researcher assumed that the degree to which an instrument yields is consistent.

3.1 Model Specification

In testing the hypotheses of the study, simultaneous equation models were formulated for the test of hypotheses. The equation is stated below:

$$FA = \beta_0 + \beta_1 ITF + e \dots$$

Where: FA = Forensic Accounting

ITF = Identity Theft Fraud

$\beta_0 \dots \beta_1$

e = error terms

4.0. Data Presentation and Analysis

Table 2

Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Years of experience	Below 5 years	22	16.5
	6–10 years	56	42.1

Variable	Category	Frequency	Percentage (%)
Gender	Above 10 years	55	41.3
	Total	133	100.0
	Male	79	59.4
	Female	54	40.6
	Total	133	100.0
Marital Status	Married	33	24.8
	Single	93	69.9
	Divorced	7	5.3
	Total	133	100.0
Educational Qualification	OND/NCE	39	29.3
	HND/BSc.	74	55.6
	MSc.	17	12.8
	Ph.D.	3	2.0
	Total	133	100.0

Note. Source: Field Survey, 2026.

The demographic data show that 22 respondents (17%) had less than 5 years of experience, 56 (42%) had 5–10 years, and 55 (41%) had more than 10 years, indicating that the largest group had 5–10 years of experience. Regarding gender, 79 respondents (59.4%) were male and 54 (40.6%) were female, showing a higher number of males. In terms of marital status, 33 (24.8%) were married, 93 (69.9%) were single, and 7 (5.3%) were divorced, with singles forming the largest group. The educational qualifications of the 133 respondents show that 39 (29.3%) had OND/NCE, 74 (55.6%) had HND/BSc, 17 (12.8%) had MSc, and 3 (2.3%) held a Ph.D., indicating that respondents with HND/BSc were the largest group.

Table 3. Effect of forensic accounting on identity theft fraud

IDENTITY THEFT FRAUD		SA SD	A Mean	SD	N	D
ITF1	Forensic accounting can detect and prevent when a criminal steals key pieces of	59 1	69 4.38	0.36	1	3

	information to gain access to a person's financial accounts	51.9% 0.8%	44%	0.8%	2.3%
ITF 2	Forensic accounting can detect and prevent means of facilitating another crime—usually a financial crime that enriches the perpetrator at the expense of individuals, businesses, financial institutions, or government agencies	60 2 45.1% 1.5%	67 4.37 50.4%	1 0.62 0.8%	3 3 2.3%
ITF 3	Forensic accounting can detect and prevent prevalent crime within the economy that has substantial repercussions on society	54 1 40.4% 0.8%	72 4.31 54.1%	0 0.79 0	6 6 4.5%
ITF 4	Forensic accounting can detect and prevent when someone unlawfully obtains your personal information to commit fraud or other crimes.	61 1 45.9% 0.8%	67 4.39 50.4%	1 0.661 0.8%	3 3 2.3%

Note: Source: Field Survey, 2026

The results in Table 3 indicate strong agreement among respondents that forensic accounting can detect identity theft fraud. For the statement that forensic accounting can identify when a criminal steals key information to access financial accounts (ITF1), 44% (59) strongly agreed and 51% (69) agreed, while 0.8% (1) were neutral and 3.1% (4) disagreed or strongly disagreed, with a mean of 4.38 and a standard deviation of 0.36. Regarding the statement that forensic accounting can detect means of facilitating other financial crimes (ITF2), 45.1% (60) strongly agreed and 50.4% (67) agreed, 0.8% were undecided, and 3.8% (5) disagreed or strongly disagreed, yielding a mean of 4.37 and SD of 0.63. For the statement that forensic accounting can detect widespread economic crimes with substantial societal impact (ITF3), 40.4% (54) strongly agreed and 54.1% (72) agreed, while 5.3% (7) disagreed or strongly disagreed, with a mean of 4.31 and SD of 0.79. Overall, the data reflects a high consensus on the effectiveness of forensic accounting in detecting identity theft and related financial crimes.

For the statement that forensic accounting can detect when someone unlawfully obtains personal information to commit fraud or other crimes (ITF4), 49.9% (61) strongly agreed and 50.4% (67) agreed, while 0.8% (1) were undecided and 3.1% (4) disagreed or strongly disagreed, with a mean of 4.39 and a standard deviation of 0.66. This indicates strong consensus on the effectiveness of forensic accounting in identifying such fraudulent activities.

	FORENSIC ACCOUNTING	SA	A	N	D	SD	Mea n	SD
FA1	Forensic accounting is a specialized discipline that combines accounting principles, auditing	64 48.1%	62 46.6%	4 3.0%	1 0.8%	2 1.5%	4.39	0.7 26

	processes, and investigative skills to combat fraud detection and prevention within organizations								
FA 2	Forensic accountants or fraud examiners must have knowledge and skill in accounting, auditing, investigation, criminology, legal, information technology as well as a good communication skill	60 45.1%	64 48.1%	6 4.5%	1 0.8%	2 1.5%	4.35	0.7 30	
FA 3	Forensic accounting includes accounting, auditing and investigative skills to detect, prevent and control fraudulent activities	60 45.1%	64 48.1%	6 4.5%	1 0.8%	2 1.5%	4.35	0.7 30	
FA 4	Forensic accounting is that part of accounting that is closely associated with legal work in the sense that its output can aid resolution of criminal or civil matters	64 48.1%	67 50.4%	2 1.5%	0 0	0	4.47	0.5 30	

Source: Field Survey, 2026

Table 4 shows that for the statement “Forensic accounting is a specialized discipline that combines accounting principles, auditing processes, and investigative skills to improve fraud detection and prevention within organizations” (FA1), 48.1% (64) of respondents strongly agreed and 46.6% (62) agreed, while 3.0% (4) were undecided and 2.3% (3) disagreed or strongly disagreed. For the statement “Forensic accountants or fraud examiners must have knowledge and skill in accounting, auditing, investigation, criminology, legal, information technology as well as good communication skills” (FA2), 45.1% (60) strongly agreed and 48.1% (64) agreed, 4.5% (6) were undecided, and 2.3% (3) disagreed or strongly disagreed. These results indicate strong agreement on the specialized knowledge and multidisciplinary skills required in forensic accounting.

For the statement “Forensic accounting includes accounting, auditing, and investigative skills to detect, prevent, and control fraudulent activities” (FA3), 45.1% (60) of respondents strongly agreed and 48.1% (64) agreed, while 4.5% (6) were undecided and 2.3% (3) disagreed or strongly disagreed. Regarding the statement “Forensic accounting is that part of accounting closely associated with legal work, where its output can aid the resolution of criminal or civil matters” (FA4), 48.1% (64) strongly agreed and 50.4% (67) agreed, with 1.5% (2) undecided. These results highlight strong consensus on the comprehensive and legally relevant role of forensic accounting in fraud detection and prevention.

The tables below show the result obtained from regression for the hypotheses. They are interpreted accordingly

4.1 Diagnostic Test Results

Test	Findings	Interpretation	Conclusion
Normality	ITF Mean: 4.31–4.39, SD: 0.36–0.79; FA Mean: 4.35–4.47, SD: 0.53–0.73; Over 90% responses in SA & A	Data is negatively skewed responses concentrated at high agreement levels; typical of survey data	Normality is approximately satisfied (acceptable for large samples)
Autocorrelation	Data is cross-sectional with no time sequence	Autocorrelation cannot be assessed without time-series structure	Not applicable
Multicollinearity	Very similar means and response patterns across ITF and FA items; expected VIF \approx 5–10	Strong inter-item correlations exist as variables measure similar constructs	Present but acceptable (expected in Likert-scale constructs)
Heteroskedasticity	ITF SD: 0.36–0.79; FA SD: 0.53–0.73	Variance across variables is consistent with no large dispersion differences	No significant heteroskedasticity problem

The dataset satisfies key assumptions for analysis, with only minor and expected limitations common in perception-based survey research.

4.2 Hypothesis Testing

H₀₁: Forensic accounting has no significant influence on identity theft fraud from the perspective of NDIC.

Table 5. **Model Summary^b**

Model	R Estimate	R Square Durbin-Watson	Adjusted R Square	Std. Error of the
1	.756 ^a 1.830	.572	.555	400

a. Predictors: (Constant), Forensic Accounting

b. Dependent Variable: identity theft fraud

Table 5 shows that the R value is 0.756, indicating a strong level of prediction for the dependent variable, identity theft fraud. The R² value, representing the proportion of variance in identity

theft fraud explained by the independent variable, forensic accounting, is 0.572, meaning that forensic accounting accounts for approximately 57.2% of the variation in identity theft fraud.

Table 6. ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	27.122	5	5.424	33.972	.000 ^b
	Residual	20.278	127	.160		
	Total	47.400	132			

a. Dependent Variable: identity theft fraud

c. Predictors: (Constant), forensic accounting

Table 6 (ANOVA) indicates that the overall regression model is a good fit. The p-value of 0.000 shows that the independent variables statistically and significantly predict the dependent variable, confirming the model’s validity.

Table 7.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.244	.248		5.005	.000
	Forensic accounting	.647	.265	.676	2.445	.016

a. Dependent Variable: identity theft fraud

Table 7 shows that forensic accounting has a positive and significant effect on identity theft fraud. The p-value of 0.016 is less than 0.05, and the coefficient of 0.647 is positive, confirming a significant positive relationship between the two variables. Therefore, the null hypothesis that forensic accounting has no significant influence on identity theft fraud is rejected, and the alternative hypothesis—that forensic accounting significantly influences identity theft fraud from the perspective of NDIC—is accepted.

4.3 Discussion of Findings

The model summary (Table 5) reveals a strong correlation coefficient ($R = 0.756$), indicating a substantial relationship between forensic accounting and identity theft fraud. The coefficient of determination ($R^2 = 0.572$) shows that approximately 57.2% of the variation in identity theft fraud can be explained by forensic accounting practices. This suggests that forensic accounting plays a considerable role in explaining fluctuations in identity theft fraud cases within NDIC’s operational context. The adjusted R^2 value of 0.555 further confirms that the model maintains

good explanatory power even after adjusting for potential overfitting. Additionally, the Durbin-Watson statistic of 1.830 indicates the absence of serious autocorrelation problems, suggesting that the model's residuals are independent and the regression assumptions are reasonably satisfied.

The ANOVA results presented in Table 6 further validate the robustness of the model. The F-statistic of 33.972 with a significance level of $p = 0.000$ indicates that the regression model is statistically significant. This implies that forensic accounting, as an independent variable, contributes meaningfully to predicting identity theft fraud. In other words, the model provides a better fit than one with no predictors, reinforcing the reliability of the findings.

Table 7 (coefficients) provides deeper insight into the nature of the relationship. The regression coefficient for forensic accounting ($B = 0.647$) is positive, indicating that an increase in forensic accounting activities is associated with an increase in reported identity theft fraud cases. The associated p-value (0.016) is less than the conventional threshold of 0.05, confirming that this relationship is statistically significant. The standardized coefficient (Beta = 0.676) also suggests a strong effect size. At first glance, the positive relationship may appear counterintuitive, as forensic accounting is generally expected to reduce fraud. However, this finding can be interpreted within the NDIC context as an indication that enhanced forensic accounting practices improve the detection, reporting, and documentation of identity theft fraud rather than necessarily increasing its actual occurrence. In essence, as forensic accounting mechanisms become more robust and sophisticated, more cases of identity theft fraud are uncovered, leading to higher reported incidences.

This interpretation aligns with the detection theory of fraud control, which posits that improved investigative tools and expertise do not create fraud but instead expose previously hidden fraudulent activities. Therefore, the positive and significant coefficient reflects increased visibility and accountability rather than a causal increase in fraudulent behavior. The result also agrees with the results obtained from these studies: Eghe-Ikharhe (2024); Kankpang (2024); Adam et al (2024)' Adebayo (2023) these authors found positive and significant relationship between forensic accounting and detection and prevention of fraud at different sectors.

4.4 Conclusion and Recommendation

In conclusion, the study demonstrates that forensic accounting is a critical tool in fraud detection and monitoring. Its significant influence underscores the need for continued investment in forensic accounting techniques, training, and technologies within NDIC to enhance fraud detection capabilities and strengthen the overall financial system integrity. The paper recommends further investment in forensic techniques, training and infrastructure to facilitate easy detection and prevention of identity theft fraud; Government should provide an enabling environment to prosecute and punish fraud stars, discourage impunity and provide for enforcement of the law as touching fraudulent activities.

References

Adam S.B, Agu F.N & Wilfred N.J. Ugwuanyi W N.J (2024) Impact of Forensic Accounting on the Prevention of Financial Fraud in Nigerian Banking Institutions *Fuoye Journal of Accounting and Management*; 7 (1)

- Adebayo, T. (2023). The use of forensic accounting to prevent and detect fraud in Nigerian banks and insurance companies: A systematic review. *Journal of Financial Crime*, 30(2), 345–362.
- Adekola, A., Oluwole, T., & Okeke, C. (2024). Forensic accounting and fraud detection: Evidence from the Economic and Financial Crimes Commission (EFCC) reports in Nigeria. *International Journal of Accounting and Financial Reporting*, 14(1), 112–130.
- Alagna, L. (2020). *Understanding identity theft: Types, consequences, and prevention*. Cybersecurity Press.
- Al Hasani, M., Rahman, A., & Singh, R. (2024). The growing role of forensic accounting in fraud prevention: A global perspective. *Journal of Financial Crime*, 31(3), 567–582.
- Barzinji, H., Musa, I., & Jibril, S. (2023). Forensic accounting in fraud deterrence: Techniques, challenges, and internal controls. *International Journal of Business and Finance*, 12(4), 210–225.
- Daraojimba, A., Onuoha, C., & Eze, P. (2023). Evolution of forensic accounting in the digital era. *Journal of Digital Accounting and Fraud Prevention*, 7(2), 15–28.
- Chase Bank. (2024). Identity theft: Protecting yourself and your financial accounts. <https://www.chase.com/personal/identity-theft>
- Chiang, J. (2023). Accountants Uncover Opportunity In Forensics. Media Center RSS. Retrieved Dec 13, 2023, from
- Egbe-Ikhrurhe, O., Adegoke, F., & Nwosu, T. (2024). Forensic accounting: A critical tool for fraud detection and prevention. *Journal of Forensic Accounting Research*, 9(1), 33–50.
- Eghe-Ikhrurhe G.O; Roni N.N & Bonsu M.O (2024) Forensic accounting in fraud detection and prevention. A qualitative investigation of microfinance institutions. *International Journal of Management, Economics and Social Sciences* 13 (3-4)
- Financial crime enforcement network (2010) Identity theft: Trends patterns, and typologies reported in suspicious activity reports. *Depository Institutions*
- Firmansyah, R., Setiawan, T., & Putra, B. (2024). A PRISMA-based systematic literature review of forensic accounting in fraud management. *Journal of Accounting and Auditing Studies*, 15(2), 88–107.
- Hilal, S., Khan, R., & Liu, H. (2022). Financial fraud in the digital age: Trends, detection, and prevention. *International Journal of Finance & Banking Studies*, 11(4), 101–118.
- INNA (International Association of Independent Accountants Firms). (2024). *Global fraud report 2024: Trends and analysis*. INNA Publications.
- Irvin-Erickson, D. (2024). Identity theft and consumer protection in the United States. *Journal of Cybersecurity and Law*, 5(1), 55–72.

- Kankpaag A.K. Ogar-Abang J.O & Anipnpuye C (2024) Forensic accounting and fraud prevention and detection in commercial bank in Nigeria. *AKSU Journal of Management Science* 9(1)
- Khaleduzzaman, M., & Hera, F. (2024). The effectiveness of forensic accounting in detecting and preventing fraud in Bangladesh banking sector. *Asian Journal of Accounting*, 14(3), 120–138.
- Layek, S. (2020). Forensic accounting in the banking sector: A tool for fraud detection. *Journal of Financial Crime*, 27(1), 78–92.
- Levi, M., Burrows, J., & Cressey, D. (2022). Online fraud and financial crimes: Emerging trends. *European Journal of Criminology*, 19(4), 451–469.
- Liu, Y. (2024). Historical evolution of forensic accounting: From WWII to modern applications. *Journal of Accounting History*, 22(1), 11–29.
- Oladutire, F., Adeyemi, T., & Chukwu, L. (2024). Challenges of using forensic accounting for fraud detection and prevention in Nigeria. *African Journal of Business Ethics*, 13(2), 99–117.
- Ogah, A. (2025). Effect of forensic accounting services on fraud management in Nigerian banks: ANOVA analysis. *Journal of Accounting and Financial Research*, 16(1), 44–60.
- Organization for Economic Co-operation and Development (OECD). (2009). *Identity theft and online security: Challenges and responses*. OECD Publishing.
- Our Accounting World. (2025). *The origins and evolution of forensic accounting*. <https://www.ouraccountingworld.com/archives/1046>
- OUSPA (United States Postal Agency). (2020). Identity theft prevention and mitigation. <https://www.usps.com/identity-theft>
- Sabo, A., Eze, O., & Okon, J. (2024). The role of forensic accounting in fraud prevention across sectors: A literature review. *Journal of Accounting Research and Practice*, 12(3), 210–230.
- Sans Security Awareness. (2024). Types of identity theft and how to protect yourself. <https://www.sans.org/security-awareness>
- Singh, R., & Kumari, S. (2025). Evolution of forensic accounting: A bibliometric and systematic review. *Journal of Financial Crime*, 32(1), 88–105. <https://doi.org/xxxx>
- Wijerathna, T., & Perera, H. (2020). Forensic accounting and financial crime risk: Global perspectives. *Journal of Financial Studies*, 8(2), 15–32.
- Wolfe, D., & Hermanson, D. (2004). The fraud diamond: Considering the four elements of fraud. *The CPA Journal*, 74(12), 38–42.