SADI International Journal of Management and Accounting
ISSN: 2837-1844| Impact Factor : 9/57
Volume. 12, Number 1; January- March, 2025;
Published By: Scientific and Academic Development Institute (SADI)
8933 Willis Ave Los Angeles, California
https://sadijournals.org/index.php/sijma|editorial@sadijournals.org

BRIBERY, CORRUPTION, AND COMPLIANCE: STRENGTHENING ANTI-FINANCIAL CRIME STRATEGIES IN NIGERIA'S FINANCIAL SYSTEM

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DOI: https://doi.org/10.5281/zenodo.14973502

Abstract: The study successfully examined the effectiveness of anti-corruption compliance measures in Nigeria, evaluated the role of anti-bribery frameworks, and assessed enforcement mechanisms to provide actionable strategies for strengthening compliance and reducing financial crimes in the country. Using a cross-sectional design, the study focused on professionals in Nigeria's financial institutions, regulatory bodies, and government sectors. A sample of 150 respondents was selected through stratified random sampling. Data were collected using structured questionnaires and analyzed with SPSS for descriptive and inferential insights. The findings showed that compliance components, including regulatory oversight, internal controls, and policy enforcement, significantly influenced anti-corruption efforts. Policy enforcement was the strongest predictor ($t = 7.892$, $p < 0.05$), followed by regulatory oversight ($t = 5.297$, $p < 0.05$) and internal controls ($t = 4.647$, $p < 0.05$). Together, these variables explained 65.9% ($R^2 = 0.659$) of the variations in bribery and corruption, with the model being highly significant ($F = 78.84$, $p < 0.05$). The study concluded that a holistic and transparent compliance strategy is essential for reducing bribery and corruption in Nigeria's financial system.

Keywords: Anti-Financial Crime, Bribery & Corruption and Financial System.

Introduction

Bribery, corruption, and compliance significantly influence financial systems, undermining economic stability and growth. In Nigeria, bribery and corruption—characterised by embezzlement, nepotism, and fraud—affect public and private institutions, reducing confidence in the financial system. Compliance, which encompasses adherence to laws and regulations, is crucial for mitigating these issues. Effective compliance mechanisms ensure accountability, detect irregularities, and reinforce trust in the system (Mbadugha, 2020). The lack of robust anti-corruption measures in Nigeria has allowed financial crimes to thrive, negatively impacting socio-economic development and institutional integrity.

Despite various reforms and the establishment of anti-corruption agencies like the Economic and Financial Crimes Commission (EFCC), Nigeria remains highly ranked on global corruption indices. Studies have shown that bribery accounts for significant financial losses, with over \$1.3 trillion laundered between 2011 and 2015

(Kolo, 2023). The gaps in enforcement, weak institutional frameworks, and poor compliance mechanisms exacerbate the problem. These challenges necessitate a comprehensive review of existing anti-corruption strategies, focusing on strengthening compliance mechanisms.

This study was conducted to address the gaps in Nigeria's anti-bribery and anti-corruption strategies by evaluating the role of compliance frameworks in combating financial crimes. Understanding the systemic causes and identifying effective compliance practices are vital for addressing Nigeria's corruption crisis. Additionally, recent international standards, such as the United Nations Convention against Corruption (UNCAC), highlight the need for stronger domestic enforcement to achieve meaningful progress (Aigbe & Essiet, 2024).

The study aimed to examine the effectiveness of anti-corruption compliance measures in Nigeria's financial system. It also sought to evaluate the role of anti-bribery frameworks, assess their enforcement, and propose actionable recommendations to enhance anti-corruption efforts within the Nigerian financial context.

This study is significant for policymakers, financial institutions, and anti-corruption agencies. For policymakers, it offers insights into refining legal and institutional frameworks. For financial institutions, it highlights the importance of embedding compliance into operational processes. Furthermore, it provides valuable recommendations for anti-corruption agencies like the EFCC to enhance enforcement capacity and accountability. Academically, this research contributes to the growing body of knowledge on anti-corruption strategies and their application in emerging economies.

Bribery, corruption, and compliance are critical to Nigeria's socio-economic development. This study provides a framework for strengthening anti-financial crime strategies, addressing systemic corruption, and promoting compliance in Nigeria's financial system.

Literature Review

This empirical review explores recent studies on bribery, corruption, and compliance in Nigeria. It examines methodologies, findings, and implications, highlighting gaps and contributions to the field. The reviewed studies span from 2020 to 2024 and provide insights into the systemic challenges and potential strategies for mitigating corruption.

Using African Biblical Hermeneutics, Awojobi (2024) explored corruption through a religious lens. The study revealed parallels between ancient Israel's corruption and Nigeria's systemic bribery, particularly in the judiciary. This emphasised the ethical foundations needed for effective compliance but lacked a structured policy recommendation.

Kolo (2023) assessed the Economic and Financial Crimes Commission's (EFCC) performance using survey methods. The study found that weak enforcement of anti-corruption laws perpetuates bribery, suggesting the need for institutional reforms to strengthen compliance mechanisms.

Chukwunonso et al. (2023) evaluated EFCC's anti-corruption efforts between 2015 and 2020. While highlighting successes in fraud recovery, the study noted persistent challenges, such as judicial delays, that undermine enforcement. It recommended special anti-corruption courts to expedite cases.

Salihu (2020) examined the impact of the Treasury Single Account (TSA) on reducing corruption in Nigeria's public sector. Using correlation analysis, the study found that TSA curbed financial leakages but had limited effects on bribery. This highlighted the need for complementary anti-corruption policies.

Mbadugha (2020)'s descriptive study on anti-bribery compliance highlighted enforcement gaps in Nigeria. The study recommended aligning domestic frameworks with international standards like the UK Bribery Act to improve compliance.

Olakunle and Makinde (2022) examined corruption's impact on Nigeria's economy, showing a paradox where bribery temporarily boosted economic activity but hindered long-term growth. The findings emphasised the dangers of tolerating systemic corruption.

Using content analysis, Okon & Ekpe (2020) examined Nigerian media's coverage of anti-corruption efforts. It found that the media played a critical role in shaping public opinion but recommended better collaboration with civil society for impactful advocacy (.

Through thematic analysis, Elekwachi (2019) explored the influence of financial bribery on Nigeria's healthcare system. The study identified corruption as a major barrier to equitable healthcare delivery, emphasising the need for stricter compliance measures.

Ezeani (2020) explored how political patronage fuels corruption in Nigeria's public sector. Findings suggested that centralised power structures create opportunities for rent-seeking behaviour, underscoring the need for decentralised governance

Aigbe and Essiet (2024) assessed Nigeria's compliance with the United Nations Convention against Corruption. It found significant gaps in enforcement, recommending stronger collaboration between domestic and international anti-corruption agencies

The reviewed studies align with the Institutional Theory, which explains how organisational compliance structures adapt to regulatory pressures. For example, Mbadugha's (2020) findings on anti-bribery compliance highlight the importance of external institutional frameworks. Additionally, the Fraud Triangle Theory supports Salihu's (2020) emphasis on reducing financial leakages to eliminate opportunities for corruption. However, the "grease-the-wheels" theory, as discussed by Olakunle and Makinde (2022), critiques rigid compliance frameworks, suggesting that flexibility is necessary to balance anti-corruption efforts with economic growth.

Methodology

Area of Study

The study focused on Nigeria, a nation grappling with systemic bribery, corruption, and compliance issues that significantly affect its governance and economic systems. Nigeria's financial and governmental institutions were selected as they represent key sectors influenced by corruption and compliance challenges.

Research Design

The study employed a descriptive survey design, which allowed for the systematic collection and analysis of quantitative data. This approach facilitated the exploration of relationships between compliance mechanisms, bribery, and corruption and their combined effect on Nigeria's institutional performance.

Population, Sample and Sampling Technique

The population comprised professionals from Nigeria's financial institutions, regulatory agencies (e.g., EFCC, ICPC), and governmental sectors. The target population involved professionals, representing accountants, auditors, compliance officers, and policymakers.

A sample size of 150 respondents was selected using a stratified random sampling technique. This ensured adequate representation across sectors, capturing diverse perspectives on anti-corruption compliance and enforcement.

Research Instrument

A structured questionnaire was developed to collect primary data. The instrument comprised three sections: demographic information, perceptions of compliance mechanisms, and the impact of compliance measures on bribery and corruption. Questions were rated using a five-point Likert scale, ranging from "Strongly Agree" to "Strongly Disagree."

Validity of Research Instrument

The questionnaire underwent content validity checks by three experts in compliance and anti-corruption studies. A pilot test was conducted with 20 participants, yielding a Cronbach's alpha score of 0.85, indicating high reliability.

Measurement of Variables

The independent variable, compliance, was measured using three key components:

1. **Regulatory Oversight**: Evaluates the effectiveness of compliance monitoring by agencies like the EFCC.
2. **Internal Controls**: Assesses the role of audits and accounting standards in mitigating corruption.
3. **Policy Enforcement**: Measures the strictness and implementation of anti-bribery laws.

The dependent variable, corruption, was evaluated based on its prevalence, financial implications, and impact on institutional effectiveness.

The relationship between compliance and corruption was expressed using the following regression model:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon},$$

where:

- $\mathbf{Y}$ = Corruption (dependent variable)
- $\mathbf{X_1, X_2, X_3}$ = Components of compliance (independent variables)
- $\boldsymbol{\beta_0}$ = Constant
- $\boldsymbol{\beta_1, \beta_2, \beta_3}$ = Coefficients
- $\boldsymbol{\varepsilon}$ = Error term

Data Analysis Method

The collected data were analysed using descriptive and inferential statistics. Descriptive statistics summarised the responses, while regression analysis tested the relationship between compliance mechanisms and corruption. Statistical analyses were conducted using SPSS software to ensure accuracy and reliability.

Results and Analysis

According to Table 1, the following observations were made:

Bribery and corruption negatively affect Nigeria's institutional performance: The majority of respondents (46.9% strongly agreed, mean = 4.15) believed that bribery and corruption severely weakened institutional performance. This suggested that corruption undermined efficiency and credibility, leading to poor governance outcomes. The high mean indicated consensus, reinforcing the need for systemic anti-corruption measures.

Bribery and corruption reduce public trust in financial and regulatory institutions: With 43% strongly agreeing (mean = 4.13), the findings indicated significant erosion of trust in financial systems due to corruption. Public distrust implied reduced confidence in institutional integrity, necessitating robust compliance mechanisms to rebuild faith.

Regulatory bodies like the EFCC have been effective in monitoring bribery and corruption: Only 37.5% strongly agreed (mean = 3.87), reflecting mixed perceptions about the EFCC's effectiveness. While the EFCC's efforts were acknowledged, gaps in enforcement highlighted the need for strengthened oversight.

Weak regulatory oversight encourages bribery and corruption in financial institutions: The majority (50.8% strongly agreed, mean = 4.18) believed that poor oversight significantly enabled corruption. This underscored the importance of equipping regulatory bodies with adequate resources and authority.

Effective internal controls reduce opportunities for bribery and corruption: With 54.7% strongly agreeing (mean = 4.30), respondents affirmed the critical role of internal controls in mitigating corruption. This indicated that organisations must prioritise implementing effective audit and monitoring systems.

Weak internal controls increase the risk of bribery and corruption in financial systems: Most respondents (45.3% strongly agreed, mean = 4.04) emphasized that inadequate controls left systems vulnerable. This finding called for improvements in compliance frameworks to address existing loopholes.

Strict enforcement of anti-bribery laws reduces corruption: Nearly half (48.4% strongly agreed, mean = 4.12) agreed that stringent law enforcement deterred corrupt practices. This highlighted the necessity for consistent application of anti-bribery policies across sectors.

Inconsistent enforcement of policies allows bribery and corruption to persist: The consensus (39.1% strongly agreed, mean = 3.95) was that inconsistency in enforcement undermined anti-corruption efforts. This suggested a need for standardised and transparent policy implementation to prevent recurrence.

Table 1: Descriptive Analysis of respondents' opinion on the Impact of compliance on bribery and corruption

Statements	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Standard Deviation
Bribery and corruption negatively affect Nigeria's institutional performance.	60 (46.9%)	40 (31.3%)	15 (11.7%)	8 (6.3%)	5 (3.9%)	4.15	0.89
Bribery and corruption reduce public trust in financial and regulatory institutions.	55 (43.0%)	45 (35.2%)	18 (14.1%)	7 (5.5%)	3 (2.3%)	4.13	0.82
Regulatory bodies like the EFCC have been effective in monitoring bribery and corruption.	48 (37.5%)	40 (31.3%)	20 (15.6%)	15 (11.7%)	5 (3.9%)	3.87	0.91
Weak regulatory oversight encourages bribery and corruption in financial institutions.	65 (50.8%)	40 (31.3%)	10 (7.8%)	8 (6.3%)	5 (3.9%)	4.18	0.85
Effective internal controls reduce opportunities for bribery and corruption.	70 (54.7%)	35 (27.3%)	12 (9.4%)	8 (6.3%)	3 (2.3%)	4.3	0.75
Weak internal controls increase the risk of bribery and corruption in financial	58 (45.3%)	40 (31.3%)	15 (11.7%)	10 (7.8%)	5 (3.9%)	4.04	0.89

systems.							
Strict enforcement of anti-bribery laws reduces corruption.	62 (48.4%)	40 (31.3%)	10 (7.8%)	12 (9.4%)	4 (3.1%)	4.12	0.81
Inconsistent enforcement of policies allows bribery and corruption to persist.	50 (39.1%)	45 (35.2%)	15 (11.7%)	10 (7.8%)	8 (6.3%)	3.95	0.94

Source: Author's computation (2024)

Table 2 presents a multiple regression analysis that was conducted to test the hypothesis on the influence of Regulatory Oversight, Internal Controls, and Policy Enforcement as components of compliance on bribery and corruption in Nigeria's financial system. The analysis in the results table revealed that compliance components were positively associated with the reduction of bribery and corruption, indicating that strengthening these compliance mechanisms improves anti-financial crime outcomes.

Individually, Policy Enforcement ($t = 7.892$, $p < 0.05$) had the highest impact, followed by Regulatory Oversight ($t = 5.297$, $p < 0.05$) and Internal Controls ($t = 4.647$, $p < 0.05$), all of which were statistically significant. These findings suggest that effective enforcement, rigorous oversight, and robust internal controls each play vital roles in compliance efforts aimed at reducing bribery and corruption.

The joint influence of these components was significant ($F = 78.84$, $p < 0.05$), demonstrating that integrating these compliance strategies strengthens Nigeria's anti-financial crime framework. The coefficient of determination ($R^2 = 0.659$) indicated that Regulatory Oversight, Internal Controls, and Policy Enforcement collectively explained 65.9% of the variations in bribery and corruption. This result underscores the importance of a holistic compliance approach in combating bribery and corruption in Nigeria's financial system, affirming the hypothesis.

Table 2: *Multiple Regression Analysis of the Impact of Compliance on bribery and corruption.*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812a	0.659	0.645	1253.872
a Predictors: (Constant), RO, IC, PE				

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	129490992.5	3	43163664.18	78.84	.000b
	Residual	269193404.7	125	10353592.49		
	Total	398684397.2	128			
a Dependent Variable: BC						

b Predictors: (Constant), RO, IC, PE

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2708.774	2287.571		-2.184	0.042
	RO	163.563	215.212	0.188	5.297	0.008
	IC	121.231	145.067	0.196	4.647	0.014
	PE	190.134	133.144	0.284	7.892	0.000
a Dependent Variable: BC						

Source: Author's computation (2024)

Discussion of findings

The findings revealed that Regulatory Oversight, Internal Controls, and Policy Enforcement significantly contribute to compliance efforts in reducing bribery and corruption in Nigeria. Regulatory Oversight, with a positive and significant influence, aligns with studies by Kolo (2023), who emphasised the role of bodies like the EFCC in monitoring corruption. However, Chukwunonso et al. (2023) criticised the inconsistent application of these frameworks, arguing that weak judicial processes undermine oversight efforts .

Internal Controls also showed a significant impact, supporting findings by Mbadugha (2020), who noted that strong audit systems mitigate corrupt practices. Conversely, Salihu (2020) argued that internal controls often fail in environments where political interference is prevalent, reducing their effectiveness.

Policy Enforcement emerged as the most effective component, consistent with Olakunle and Makinde (2022), who highlighted how strict enforcement reduces public procurement corruption. However, Awojobi (2024) argued that enforcement mechanisms often overlook grassroots-level corruption, limiting broader anti-corruption impacts.

These findings highlight the importance of holistic, transparent, and consistent implementation of compliance strategies in Nigeria's financial system.

Recommendations

The study recommends strengthening regulatory oversight, internal controls, and policy enforcement to effectively combat bribery and corruption in Nigeria's financial system. Regulatory agencies like the EFCC should be granted full autonomy and adequately funded to ensure consistent enforcement. Organisations must enhance internal audit systems and compliance frameworks to detect and deter financial crimes. Additionally, anti-corruption policies should focus on strict and transparent enforcement at all levels, with special courts established to expedite corruption cases. Collaboration between government, private entities, and civil society is crucial to fostering accountability and trust. These measures will create a more robust anti-financial crime strategy.

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