



# **BANKING, SDI AND EMI FRAUD REPORT**

This report is a definitive overview of various attempted and/or successful fraudulent activities recorded by Ghana's Banking Institutions, Specialised Deposit-Taking Institutions (SDIs) and Electronic Money Issuers (EMIs). It presents the industry position for the period 01 January – 31 December 2021.

## **2021 TRENDS & STATISTICS**

**FINANCIAL STABILITY DEPARTMENT**

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## **EXECUTIVE SUMMARY**

The 2021 Banking, Specialised Deposit-Taking Institutions (B&SDI) and Electronic Money Issuers (EMI) fraud report presents an overview of fraud typologies recorded in the Banking and SDI sector and Electronic Money Issuers (EMI) sector.

The year 2021 has shown a minimal decline of 12.09% in the number of attempted fraud cases of 2,347 for the Banking and SDI sector as compared to 2,670 in 2020.

However, the year 2021 recorded a loss value of GH¢61million as compared to a loss of GH¢25 million in 2020, representing a 144.00% increase in year-on-year terms.

The significant fraud types that accounted for this figure included ATM card/POS fraud, impersonation, lending and credit fraud, forgery and manipulation of documents, cash suppression and E-money fraud.

The increase in usage of electronic and digital platforms in the financial sector resulted in an increase in ATM card/POS fraud. However, there were other fraud types, which also recorded some huge losses. Notable among these are impersonation, lending and credit fraud, suppression of cash, E-money and forgery and manipulation of documents.

ATM card/POS related fraud recorded the highest loss of GH¢22million. This can be attributed to negligence of some customers and weak systems of some financial institutions.

Another significant fraud type was impersonation which recorded a loss of GH¢10million. This loss can be attributed to lack of due diligence on the part of bank staff and customers of financial institutions when carrying out transactions.

Staff involvement in fraud, which constitutes 53.46% of total fraud cases, continued to increase in the year under review. Statistics indicate that staff

involvement in fraud cases increased to 278, as compared to 253 in 2020, representing an increase of 9.88% in year-on-year terms. For 2021, the Rural and Community Banks recorded the highest rate of staff involvement in fraud with a figure of 46.04%; the Universal banks accounted for 28.06%, while the Savings and Loans companies accounted for 16.55%.

The EMI sector reported a significant number of mobile money (MOMO) fraud incidents and loss values in 2021. EMIs recorded 12,350 MOMO related fraud incidents in 2021. The total value of fraud reported by EMIs for the 2021 amounted to GH¢14.2 million. The total E-Money related loss recorded by EMIs in 2021 amounted to approximately GH¢12.8million.

## **INITIATIVES BY THE BANK OF GHANA TO ADDRESS FRAUD**

- The Bank of Ghana is strengthening its fraud monitoring activities and enforcement of required internal controls and risk governance within banks, SDIs, EMIs and other regulated entities.
- The Bank of Ghana has issued a notice to the public, banks and other regulated entities on the usage of the Ghana Card as the primary identification document for all financial transactions. All Banks and SDIs are required to pay particular attention to this directive and ensure compliance. This will mitigate the incidence of fraud in the financial sector.
- A secretariat has been set up at the Financial Stability Department of the Bank of Ghana to coordinate the activities of the Committee for Co-operation between Law Enforcement Agencies and the Banking Community (COCLAB). This is to ensure that COCLAB achieves its mandate of developing and implementing effective controls to mitigate fraud in the sector.

- The Bank of Ghana has embarked on a series of sensitisation programmes in person and on television shows to educate and sensitise the public on financial literacy.

## **1.0 INTRODUCTION**

The Financial Stability Department (FSD) is responsible for examining current fraud trends in Banks and Specialised Deposit-Taking Institutions, as well as licensed Electronic Money Issuers. The department examines the various modus operandi utilised by fraud perpetrators and makes recommendations to help mitigate the effect of emerging fraud trends on the Banking, SDI and EMI sectors.

The FSD collates data on attempted and successful fraud incidents from Banks and Specialised Deposit-taking Institutions (SDIs). Banks and SDIs that do not record any incidents, submit “Nil” returns to the Financial Stability Department to help determine the number of institutions that are keeping track of fraud incidents. The Fintech and Innovation Office (FIO), which is responsible for collecting fraud related data from licensed Electronic Money Issuers (EMIs), supports the FSD with fraud data from the EMI sector.

The emergence of the COVID-19 pandemic brought in its wake, a gradual shift from a cash reliant financial sector to a cash light financial sector through the usage of electronic products and services. The financial sector has in recent years, introduced new and innovative ways of banking. There has been an impressive drive of moving away from the traditional banking into a digital mode where banking can be done anywhere with the use of digital applications. This trend has however given rise to the involvement of fraudsters who take advantage of vulnerable customers who are not well versed in the usage of these electronic systems, to defraud them. The Bank of Ghana, in its attempt to fight digital fraud issued a Cyber and Information Security Directive in 2018 and

directed all Banks to be ISO 27001 (International Standards Organisation) certified. This directive has helped to improve cyber security in the banking sector. The Banks and some SDIs have over the years also put in some robust structures especially in the area of technology, to help reduce the incidence of fraud. However, certain fraud types such as ATM card/POS fraud, impersonation, lending and credit fraud, forgery and manipulation of documents' fraud, and E-Money fraud continue to record significant losses.

The maiden data collated by FIO on EMI fraud shows a significant number of fraud cases in the EMI sector in 2021. The EMI sector recorded 12,350 cases in 2021 as compared to 2,347 cases recorded by the Banking and the SDI sector. The EMI sector accounted for 84.00% of total number of fraud incidents reported by licensed institutions in 2021.

The Banking and SDI sector recorded a total loss value of GH¢61 million for 2021 as compared to a loss of GH¢12.8 million for 2021 by the EMI sector. The Banking and SDI sector accounted for 82.65% of the total loss incurred for 2021.

Incidence of staff involvement in the commission of fraud has seen an increase, as compared to data recorded in 2020. The situation continues to persist in the sector despite several recommendations and notes of caution issued by the Bank of Ghana to the Banking and SDI sector.

The Rural and Community Banks recorded the highest incidence of staff involvement in fraud cases. Out of the 278 cases of staff involvement recorded in 2021, the Rural and Community Banks accounted for 128 cases, representing 46.04% of the total number of cases.

The high incidence of staff involvement in fraud has been very persistent in the Rural and Community Banks (RCBs) sector. This current trend requires the regulator to increase the focus on the Rural Banking sector. The BoG has thus initiated a strong enforcement of its Cyber and Information Security Directive in

the Rural Banking sector. The Rural Banking sector has been directed to implement access and control systems that will help reduce the high level of risk posed by the incidence of staff involvement in fraud. The BoG in collaboration with ARB Apex Bank has made concerted effort to curb the phenomenon.

Loss values recorded in the Banks and SDIs sector for 2021 stood at approximately GH¢61 million, as compared to a loss of GH¢25 million recorded over the same period in 2020, representing a 144.00% increase in year-on-year terms. This significant increase in losses recorded for the period was due to the increased use of online payment platforms for fraudulent transactions.

This report presents an overview of the prevailing fraud typologies, pecuniary losses incurred, the respective modus operandi identified for the year under review and a year-on-year comparative analysis of the statistics recorded for 2021 and the previous year. This report has for the first time, also incorporated data and statistics on E-Money fraud recorded by the EMI sector and collated by the FIO from 01 January, 2021 to 31 December, 2021.

## 2.0 OVERVIEW OF INDUSTRY FRAUD TRENDS

### 2.1 Count of Reported Fraud Cases

Financial institutions supervised by the Bank of Ghana are required to file fraud reports as and when the fraud occurs and submit monthly fraud reports including a 'Nil Report' if they record no fraud incidents in a particular month. Tables 1 and 2 below show the count of various fraud incidents reported by Banks and SDIs and submission of fraud reports per sector. Banks and SDIs reported 2,347 fraud incidents in 2021, as compared to 2,670 incidents recorded in 2020, representing a decrease of 12.09% in year-on-year terms.

Table 1 below shows the count of fraud incidents reported by Banks and SDIs in 2021. The most significant fraud types recorded in 2021, with respect to the number of incidences in the Banking and SDIs sector are:

- Cheque fraud
- Cyber/email fraud
- Lending/credit fraud
- Burglary
- Impersonation

The year 2021 saw an upsurge in the incidence of cheque fraud as compared to 2020. The number of cheque fraud cases reported increased from 16 cases in 2020 to 113 cases in 2021 representing a 606.25% increase. Most of the reported incidents were related to cloned cheques.

Impersonation also recorded a significant increase in the number of cases reported. The case count for impersonation in 2021 stood at 20, as compared to 3 cases in 2020, representing an increase of 566.66% in year-on-year terms.

23 cases of burglary were recorded in 2021, as compared to 6 cases recorded in 2020, representing an increase of 283.33% in year-on-year terms.

Cyber/email fraud recorded 50 cases in 2021, as compared to 28 cases in 2020, representing an increase of 78.57% in year-on-year terms.

Credit related fraud recorded 43 cases in 2021, as compared to 18 cases in 2020, representing an increase of 138.88% in year-on-year terms.

**Table 1: Breakdown of Fraud Cases**

<b>Fraud Type</b>	<b>January to December 2021</b>	<b>January to December 2020</b>	<b>Y-o-Y Change in 2021 (%)</b>
Suppression of deposits	1530	1958	(21.85)
Fraudulent Withdrawals	19	177	(89.26)
ATM/POS Fraud	106	168	(36.90)
Forgery and manipulation of documentation	255	151	68.87
E-money	116	126	(7.93)
Cyber - email fraud	50	28	78.57
Lending/credit fraud	43	18	138.88
Cheque Fraud	113	16	606.25
Remittance	20	10	100.00
Others	52	9	477.77
Burglary	23	6	283.33
Impersonation	20	3	566.66
<b>Total</b>	<b>2,347</b>	<b>2,670</b>	<b>(12.09)</b>

**Figure 1** below shows the ratio of fraud count per fraud type to total fraud count reported by Banks and SDIs for the year 2021.

Suppression of funds accounted for 65.00% of the total number of fraud cases recorded for the period, though the count for 2021 decreased in comparison to

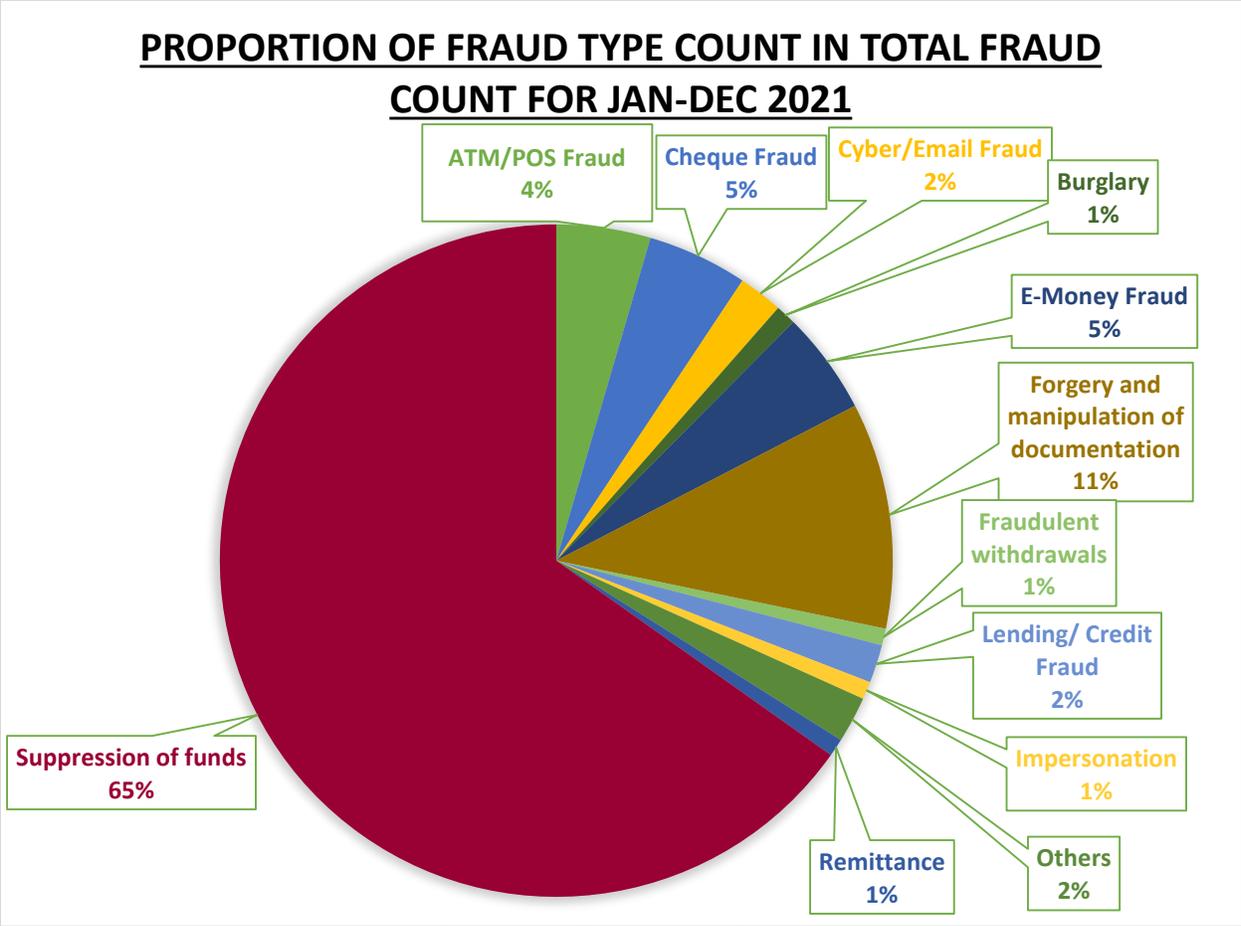
2020. The count for Suppression of funds in 2021 was 1,530 cases, as compared to 1,958 cases recorded in 2020, representing a decrease of 21.85% in year-on-year terms.

Forgery and manipulation of documents accounted for 11.00% of the total fraud count recorded for 2021. Forgery and manipulation of documents recorded 255 cases as compared to 151 cases recorded in 2020, representing an increase of 68.87% in year-on-year terms.

E-money fraud accounted for 5.00% of the total fraud count for 2021. E-money fraud recorded 116 incidents for the period under review, as compared to 126 incidents recorded in the same period last year, representing a decrease of 7.93% in year-on-year terms.

Cheque fraud recorded an increase from 16 in 2020 to 113 in 2021, representing an increase of 606.25% in year-on-year terms.

**Figure 1: Proportion of Fraud Type to Total Fraud Count**



**2.2 Submission of Fraud Reports (By Sector)**

**Table 2** below shows the statistics of fraud report submissions per sector for the year under review and year-on-year changes in the rate of submissions. The Banks continued to maintain their submission rate of 100.00% for the period under review.

Out of 144 licensed Rural and Community Banks, 111 of them, representing 77.08% of the sector submitted fraud reports for the period under review. The rate of submissions in the Rural and Community Banking sector increased marginally from 105 institutions in 2020 to 111 institutions in 2021, representing an increase of 5.71% in year-on-year terms.

For the Microfinance Institutions, out of 180 licensed institutions 34 of them submitted fraud reports for the year 2021 representing a submission rate of 18.88%. In 2020, 35 MFI institutions submitted fraud reports for the sector.

Out of the 25 licensed Savings and Loans Companies, 13 institutions submitted fraud reports for the period under review, representing a submission rate of 52.00%, as compared to a submission rate of 48.00% recorded in 2020.

Finance Houses have always recorded the lowest rate of submissions with 2 out of 11 institutions submitting fraud reports, an 18.18% rate of submission, as compared to a submission rate of 27.20% recorded in 2020.

To reverse the low rate of submission from the Savings and Loans Companies and the Finance Houses, the Bank of Ghana will strictly enforce the issuance of more punitive administrative sanctions to non-compliant institutions. Additionally, the Bank may consider making the submission of returns a prerequisite for renewal of operational licenses.

**Table 2: Submissions per Sector (Count and Percentage)**

January – December 2021/2020							
INSTITUTIONS	Licensed institutions (2021)	Reporting Institutions (2021)	Submissions per Sector (%)	Licensed institutions (2020)	Reporting Institutions (2020)	Submissions per Sector (%)	Y-o-Y Submissions per Sector (%)
Banks	23	23	100.00	23	23	100.00	0
Savings and Loans	25	13	52.00	25	12	48.00	8.33
Finance Houses	11	2	18.18	11	3	27.20	(33.33)
Microfinance Institutions	180	34	18.80	180	35	19.40	(2.85)

### 2.3 Attempted and Successful Fraud Values in the Banking and SDI Sector

Table 3 below shows total attempted and successful fraud values for 2021. The total value of attempted fraud reported by Banks and Specialised Deposit-Taking Institutions for the year 2021 amounted to GH¢113 million, as compared to GH¢1 billion reported in 2020. Out of this amount, a loss of GH¢61 million was recorded, as compared to a loss of GH¢25 million in 2020, representing an increase of 144.00% in year-on-year terms.

ATM/POS recorded a loss of GH¢22 million for the period under review. The loss value rose from GH¢8.4 million in 2020 to GH¢22 million in 2021. The loss of GH¢22 million represents an increase of 161.90% in year-on-year terms.

Impersonation also recorded a significant increase in loss, as compared to 2020. In 2021, approximately GH¢10 million loss was recorded, as compared to GH¢0.59 million in 2020, representing an increase of 1,594.91% in year-on-year terms.

Lending/Credit Fraud also recorded a significant loss value of approximately GH¢8.2 million in 2021, as compared to the loss of GH¢0.62 million loss recorded in 2020, representing an increase of 1222.58% in year-on-year terms.

The attempted value recorded for Forgery and Manipulation of Documents in 2021 rose to GH¢53 million with a loss value of GH¢7 million from an attempted value of GH¢8.5 million and a loss of GH¢6.5 million recorded in 2020, representing an increase of 7.69% in year-on-year terms.

Suppression of cash and deposits recorded notable losses for the period under review. A loss of GH¢4.2 million was recorded in 2021, compared to GH¢2.3 million in 2020, representing an increase of 82.60% in year-on-year terms.

E-money fraud also recorded a significant loss of GH¢3.2 million in 2021, as compared to a loss of GH¢1.04 million recorded in 2020, representing an increase of 207.69% in year-on-year terms.

Cyber/Email fraud recorded a loss value of approximately GH¢2.5 million, as compared to a loss of GH¢ 1.05 million recorded in 2020, representing an increase of 138.09% in year -on -year terms.

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**Table 3: 2021 and 2020 Year Fraud Statistics**

FRAUD TYPES	Jan-Dec 2021			Jan-Dec 2020			Percentage Change in Loss Values from 2020 to 2021
	Reported Fraud Values (GH¢'000)	Recovered Values (GH¢'000)	Successful/ Loss Values(GH¢'000)	Reported Fraud Values (GH¢'000)	Recovered Values (GH¢'000)	Successful/ Loss Values(GH¢'000)	
ATM/CARD Fraud	23,395.7	545.04	22,850.67	8,420.49	229.12	8,191.37	178.96%
Cheque Fraud	473.57	101.35	372.22	6,106.80	5,639.33	467.47	-20.37%
Cyber & E-mail Fraud	3,251.78	596.8	2,654.98	273,880.58	272,824.50	1,056.09	151.39.09%
E-Money Fraud	4,071.5	827.38	3,244.12	1,925.96	877.81	1,048.15	209.50%
Forgery & Manipulation of documents	53,256.32	45,652.77	7,603.55	8,551.99	2,043.28	6,508.71	16.82%
Fraudulent withdrawals	1,227.96	605.93	622.04	3,015.42	2,130.74	884.69	-29.68%
Lending/ Credit Fraud	10,125.04	1,899.22	8,225.81	680.14	53.82	626.32	1213.35%
Impersonation	11,439.69	1,117.44	10,322.25	62.87	3.32	59.55	17233.75%
Suppression of Cash	5,569.57	1,302.51	4,267.06	4,094.07	1,700.11	2,393.96	78.24%
Burglary	596.91	23.5	573.41	1,354.59	0	1,354.59	-57.66%
Remittances	139.68	25.95	113.73	80.99	28.89	52.10	118.29%
Others	450.74	164.99	285.76	700,980.03	698,213.43	2,766.60	-89.67%
<b>Total</b>	<b>113,998.45</b>	<b>52,862.86</b>	<b>61,135.59</b>	<b>1,009,153.91</b>	<b>983,744.33</b>	<b>25,409.58</b>	<b>140.60%</b>

## 2.4 Staff Involvement in Fraud

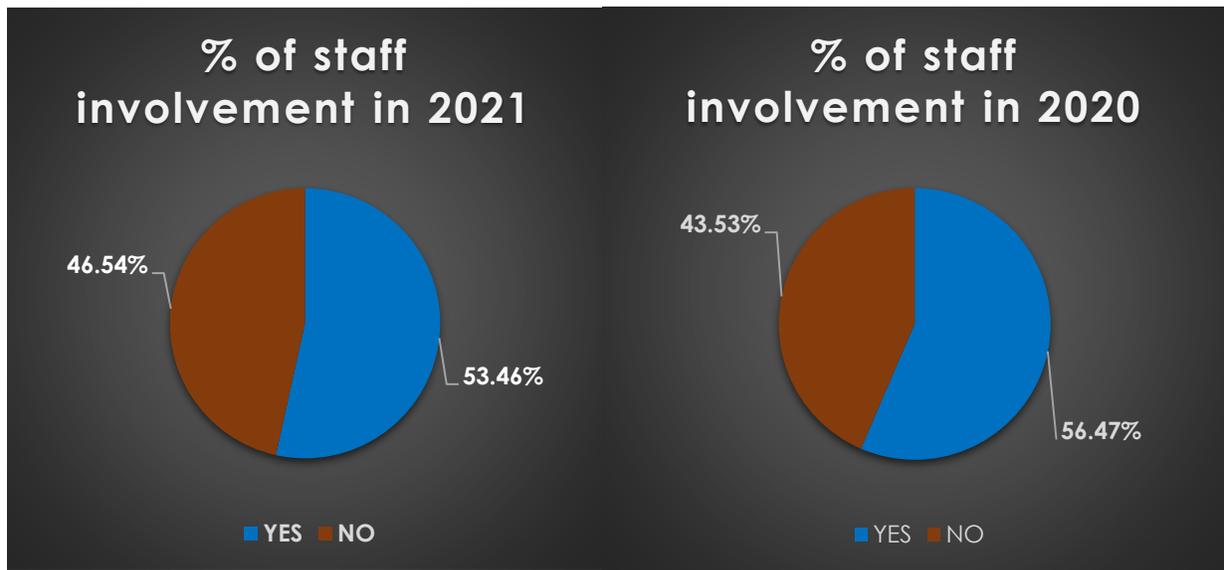
**Figure 2** below shows the rate of staff involvement in reported fraud cases for the period under review. 53.46% of fraud incidents reported in 2021 involved staff of the reporting financial institutions. The percentage of staff involvement in fraud recorded for 2021 saw a marginal decrease of 3.01% from 56.47% in 2021 to 53.46% in 2020.

The Rural and Community Banking sector recorded the highest rate of staff involvement in fraud for 2021 with a figure of 46.04%. The Universal Banks accounted for 28.06% of fraud involving staff, while the Savings and Loans sector accounted for 16.55% of fraud involving staff recorded for 2021.

The consistently high rate of staff involvement in fraud cases reported by Banks and SDIs may be due to lack of adequate control systems in the financial institutions (especially the Rural Banking sector), poor background investigations for prospective, newly appointed and temporal staff, poor remuneration in the Banking and SDI sectors, among others.

The persistent rate of increase in staff involvement in fraud recorded over the last three years shows that the Banking sector, especially the Rural and Community Banking sector has not put in place enough effort into curbing the trend.

**Figure 2: Staff Involvement**



### **3.0 SECTORAL FRAUD TRENDS AND ANALYSIS**

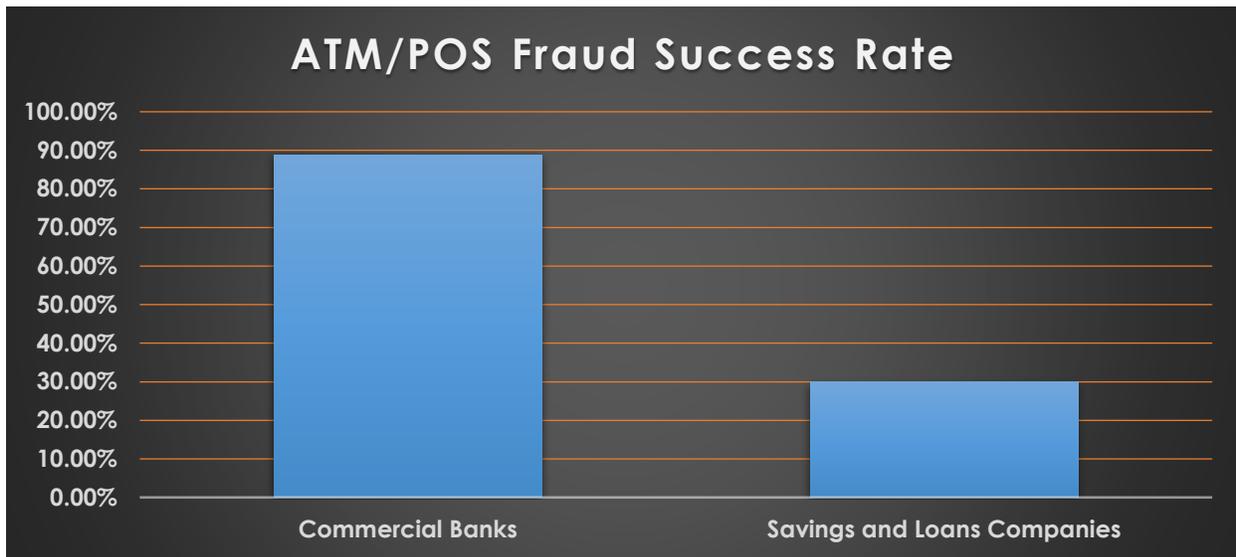
#### **3.1 BANKING SECTOR**

##### **3.1.1 ATM/POS Fraud**

ATM/Card fraud refers to the fraudulent use of the ATM or another person's ATM Card or PIN to withdraw money from an ATM machine, or stealing directly from an ATM machine. Card fraud refers to the fraudulent use of another person's card details and PIN number to make unauthorised purchases or withdraw cash from the victim's account.

ATM/POS fraud recorded a loss of GH¢22.99 million for the year under review. Universal banks accounted for nearly all the loss for ATM/POS fraud. The banks recorded a rate of 99.98% leaving 0.02% for the Savings and Loans sector.

**Figure 4: ATM/POS fraud success rate**

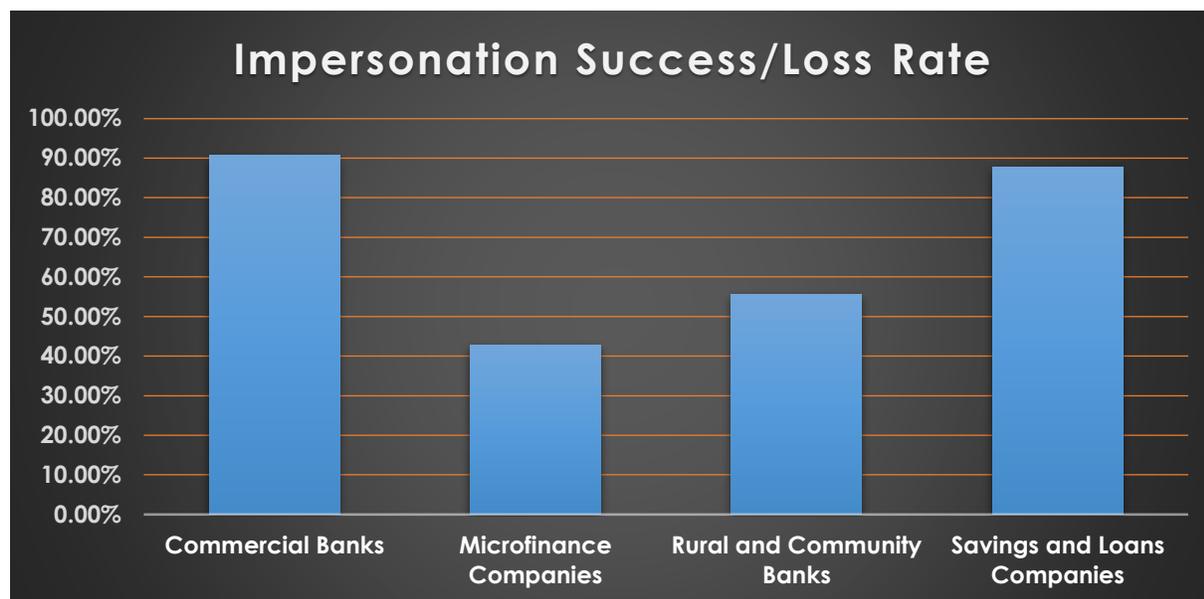


### 3.1.2 Impersonation

Impersonation fraud refers to a scheme that involves an imposter fraudulently posing as a representative of a person or entity and deceiving the victim into making payments into the fraudster's account. Incidents recorded in 2020 involved cases of fraudsters who took advantage of the ignorance of the Banks or SDIs' staff and/or the absence of adequate access and control systems, to deceive ignorant staff into granting them access to the banks' accounts, thus enabling them effect transfers into designated accounts held by the fraudsters. This fraud type was mitigated mainly through sensitisation of the Banking and SDI sector on the emerging trend.

Impersonation accounted for 13.38% of total loss accrued by Banks and SDIs for 2021. **Figure 5** below shows success/loss rate per sector for impersonation fraud. The banking sector accounted for the highest success rate of 90.65%. The savings and Loans sector followed with a success/loss rate of 87.70%.

**Figure 5: Impersonation Success/Loss Rate**



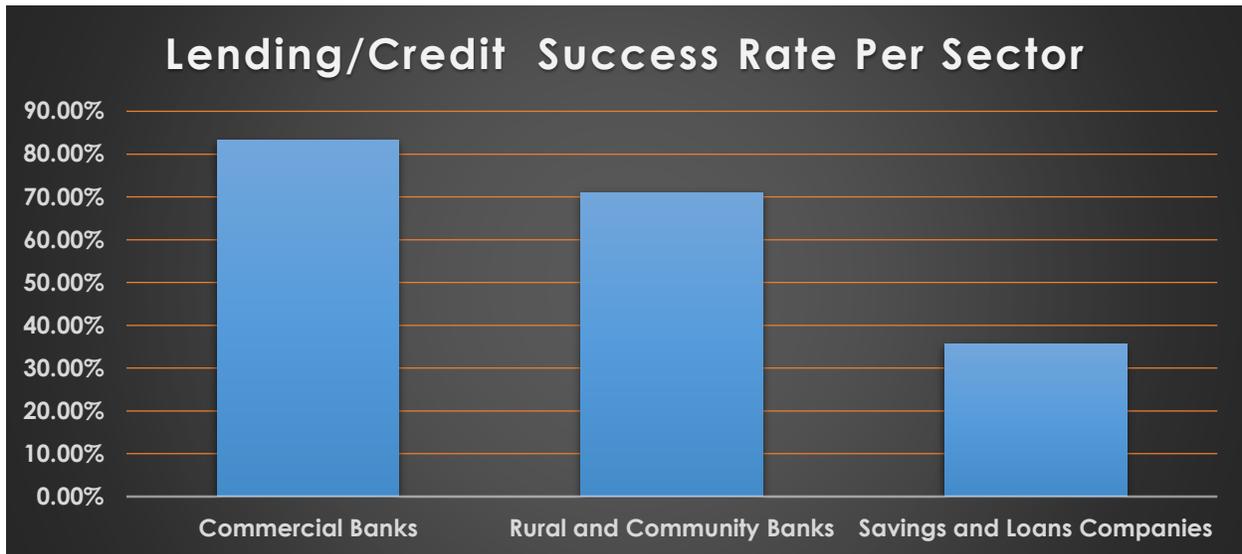
### 3.1.3 Lending/Credit Fraud

Lending/Credit fraud refers to deception relating to the procurement or delivery of credit. Some of these situations may be where a borrower or a credit officer uses the credentials of another person to procure a loan; or where a credit officer falsifies a borrower's appraisal to enable him/her qualify for a loan.

Loss incurred by the Banking and SDI sector through lending/credit fraud is estimated at approximately GH¢8.2million, which is 10.66% of the total fraud related loss recorded by the Banks and SDI sector for 2021. The sector recorded an attempted value of GH¢10 million, as compared to GH¢0.68 million in 2020.

**Figure 7** below shows the success/loss rate of lending/credit fraud in the sector. The banking sector recorded the highest loss value of GH¢7.8million and a success/loss rate of 83.26%. The Rural and Community Banking sector follows with a success/loss rate of 71.09 % and a loss of GH¢0.24million. The Savings and Loans sector recorded a loss of GH¢0.12 million with a success/loss rate of 35.62%

**Figure 7: Lending/Credit Success Rate Per Sector**

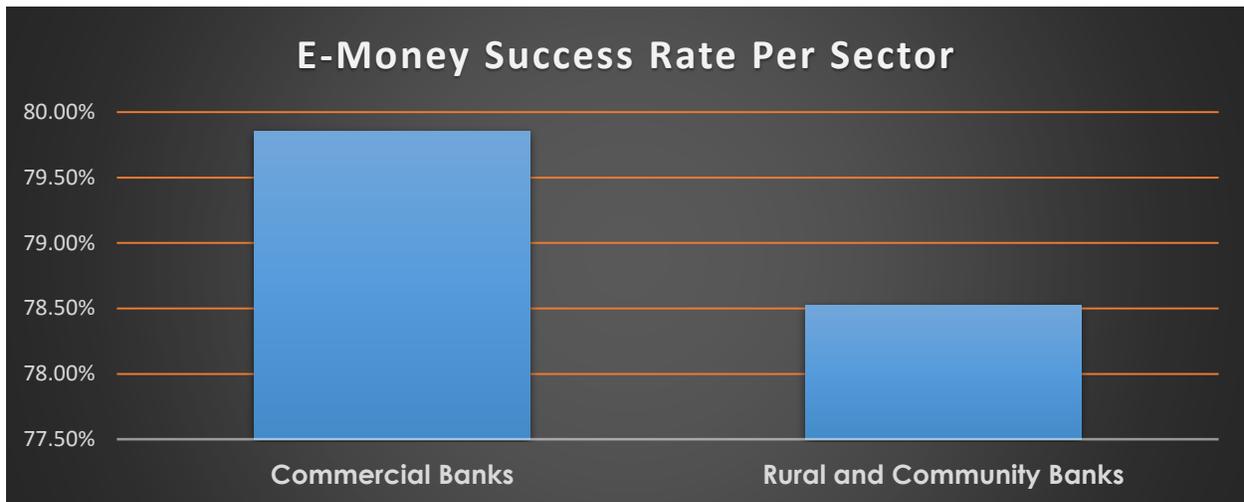


### **3.1.4 E-Money Fraud**

E-Money fraud refers to deception perpetrated with electronic money issuer platforms. E-money fraud in the Banks and SDIs sector recorded a loss of GH¢3.2million in 2021. This figure shows an increase from the 2020 statistics where loss of GH¢1.04 million was recorded.

E-Money fraud accounted for 5.3% of the total fraud related loss recorded by the Banking and SDI sector for 2021. This fraud type was mainly prevalent in the Universal Banks, Rural and Community Banks. The banking sector recorded the highest success/loss rate of 79.86%. The Rural and Community Banks also recorded a success/loss rate of 78.53%. E-money fraud continues to record significant increases in the rate of occurrence and losses incurred. Some of the predominant modus operandi for E-money fraud are Impersonation of supervisory officials from the institutions and E-Money Issuer officials, unauthorised access to Bank MOMO accounts and transaction systems and social engineering attacks.

**Figure 6: E-Money Success rate**



## 3.2 SDI SECTOR

### 3.2.1 Suppression of cash and deposits

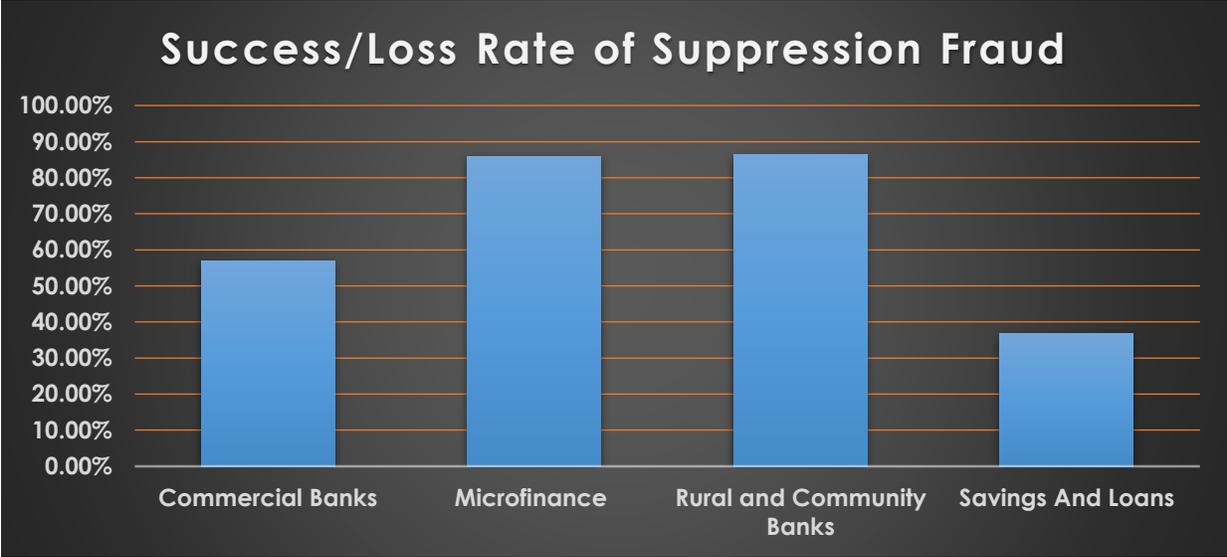
Suppression of cash/deposits refers to situations where staff of institutions misappropriate cash or customer deposits.

Suppression of cash accounted for 5.53% of total fraud related loss accrued by Banks and SDIs for 2021. The success rate recorded in 2021 was 79.36%. An estimated value of GH¢4.2million was lost due to cash suppression.

**Figure 8** below shows the success/loss rate of cash suppression in various sectors of the Banking and SDI industry. A total number of 1,191 out of 1,530 cash suppression cases reported in 2021 were recorded in the Rural and Community Banking sector.

The Savings and Loans sector followed closely with a success rate of 65.04%. Most of the culprits identified for cash suppression cases were temporary staff of the reporting institutions.

**Figure 8: Success Rate of Suppression Fraud**



**3.2.2 Forgery and Manipulation of Documents**

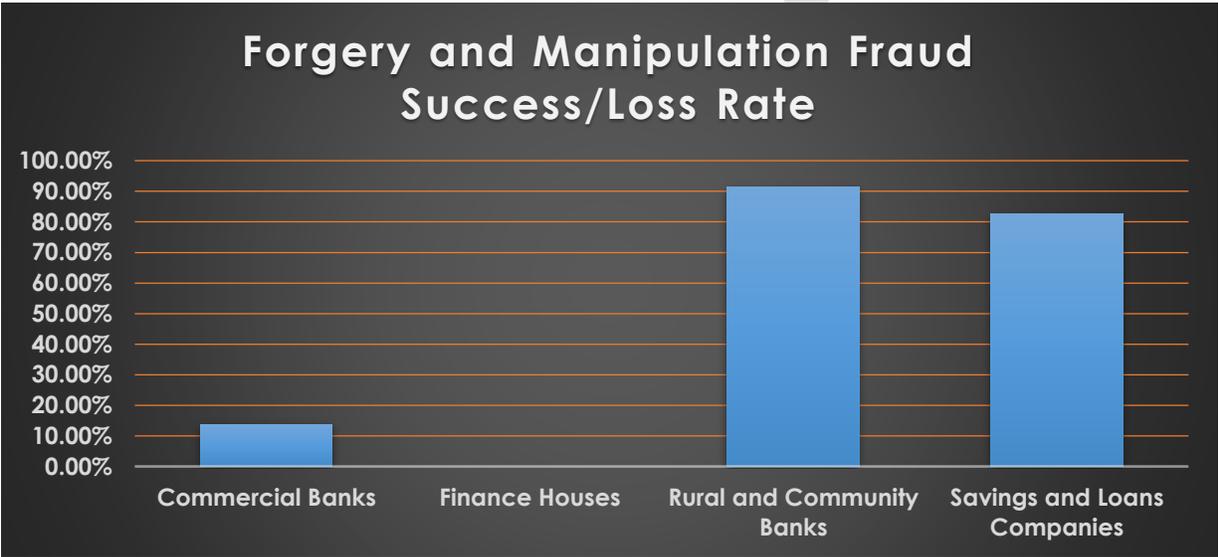
Forgery refers to the falsification of an authorising signature on a genuine document, or the fraudulent alteration of a genuine document in order to inflate the original figure.

Manipulation of Accounts and Negotiable Instruments refers to the alteration of negotiable instruments such as payment slips, payment orders, etc. or the diversion of fixed deposit proceeds into private investments. In other instances, staff fraudulently use their profiles to divert money from dormant accounts into private accounts for the perpetrator.

**Figure 9** below shows the success rate per sector of forgery and manipulation of documents. Forgery and manipulation of documents accounted for 12.43% of

fraud related loss recorded by Banks and SDIs for 2021. The loss recorded was approximately GH¢7million. The Rural and Community Banks recorded the highest rate of success/loss of 91.39% and closely followed by the Savings and Loans sector, which recorded a success rate of 82.51%.

**Figure 9: Forgery and manipulation fraud success rate**



### 3.3 EMI Sector

EMI fraud refers to deception reported by Electronic Money Issuers. All fraud reported by EMIs is mobile money (MoMo) related fraud. The two main types of (MoMo) fraud reported by EMIs were transfers made to the wrong person and cash reversals. EMIs recorded 12,350 (MoMo) related fraud incidents in 2021.

Wrong transfers refer to instances where a victim inadvertently transfers money meant for a particular recipient to a wrong (MoMo) wallet. The recipient immediately cashes out the money before the transaction can be reversed by the EMI.

Cash Reversal refers to instances where a fraudster places a call to a victim after sending a fraudulent (MoMo) credit notification to the victim's phone. The fraudsters then convince the victims that they have mistakenly credited money to the victim's account and appeal to the victim to reverse the transaction. The victims see the message and without checking the balances in their (MoMo) wallets, send the amount of money indicated in the supposed (MoMo) credit messages, only to realise later that no money has actually been credited to them in the first place.

About 90.00% of incidents reported emanate from MTN Mobile Money and 99.00% of the cases stemmed from Transfer to Wrong person/Cash Reversal complaints. This clearly indicates that social engineering is responsible for almost all fraud incidents and losses recorded in the EMI sector.

Mobile Money has 48.3 million registered accounts. About 17.95 million of these accounts were active. Active accounts are accounts that have made transactions in the last three months. The total value of Mobile Money transactions in 2021 is GH¢ 978.32 billion. The total transaction volume for 2021 was 4.25 billion. The number of active accounts show that mobile money (MoMo) has become a preferred mode of banking and conducting financial transactions for the financially excluded. This may be due to its accessibility to all manner of persons in all levels of the financial strata.

There is therefore the need to put in place measures to equip users of mobile money for safe use of the mobile money product through continuous sensitization. The acquired knowledge will enable users obtain an adequate level of personal security awareness and mitigate the current high rate of success for MoMo fraud.

### 3.3.1 Attempted and Successful/Loss EMI Fraud Values.

**Table 4** below shows the monthly number of MoMo fraud incidents reported by EMIs for the year 2021. The total value of fraud reported by EMIs for 2021 amounted to GH¢14.2 million. The total E-Money related loss recorded by EMIs in 2021 amounted to approximately GH¢12.8 million.

**Table 4: EMI Reported Fraud 2021**

<b>EMI Sector Fraud</b>			
<b>Month</b>	<b>Number of Cases</b>	<b>Total Amount Involved (GH¢)</b>	<b>Total Amount Lost (GH¢)</b>
<b>Jan-21</b>	679	976,481.33	821,154.65
<b>Feb-21</b>	1,710	1,606,101.82	1,535,153.73
<b>Mar-21</b>	1,944	1,505,168.89	1,406,544.29
<b>Apr-21</b>	1031	1,134,028.37	1,025,105.95
<b>May-21</b>	793	1,026,886.27	945,689.61
<b>Jun-21</b>	941	1,211,196.85	1,113,815.50
<b>Jul-21</b>	933	1,240,959.53	1,108,796.04
<b>Aug-21</b>	764	1,147,472.87	1,025,124.40
<b>Sep-21</b>	950	1,104,610.00	1,051,878.00
<b>Oct-21</b>	672	1,013,080.09	943,612.54
<b>Nov-21</b>	959	1,349,546.01	1,003,292.00
<b>Dec-21</b>	974	979,997	908,376
<b>TOTAL</b>	<b>12,350</b>	<b>14,295,529.03</b>	<b>12,888,542.71</b>

**Figure 3** below shows a monthly breakdown of values of MoMo related fraud reported and values lost in 2021. In 2021 a total value of GH¢14.2 million was recorded as attempted MoMo fraud from the EMI sector. Out of this value, GH¢12.8 million representing 90.14% of total value reported was lost. This indicates that the success rate for MoMo fraud reported by EMIs in 2021 is 90.14%.

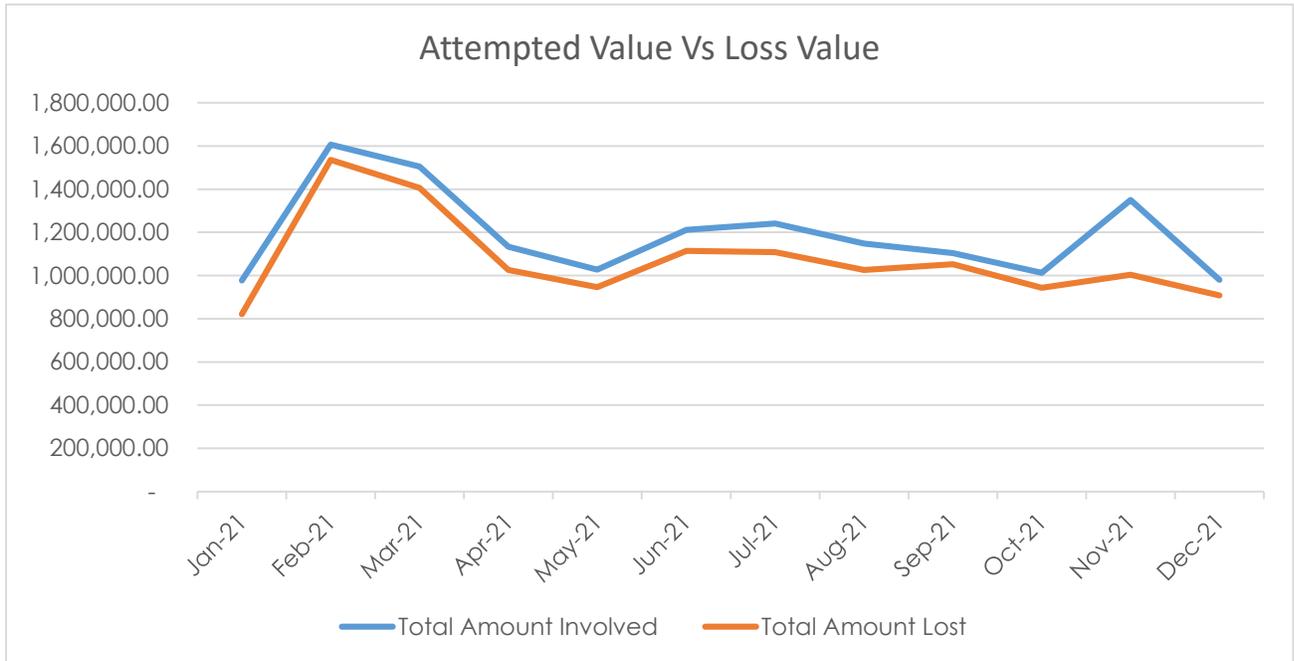
The most prevalent modus operandi recorded from MoMo related fraud preys on the ignorance of victims, the general lack of attention to transactions and also a general lack of security awareness of users of the mobile money product.

Some users of Mobile Money do not know how to use their wallets to transact business. They rely heavily on MoMo agents to transact business. Instead of loading their wallets to transact business, they hand over cash to vendors, sometimes without the required information on the recipient to vendors, to transfer funds on their behalf. This often leads to wrong transfers.

Also, some Mobile Money users do not know how to access and view their wallet balances or transaction statements with the mobile money app, thus denying themselves the opportunity to verify the transfers. The app helps to ascertain whether a purported transaction was actually done, thus serving as a means of verifying supposed transfers.

A massive but simple, easy-to-understand and targeted education drive in local languages will greatly help to equip illiterate and semi-literate users of the mobile money product to understand the basic uses of the mobile money app. This education drive will also help users appreciate the level of security required for use of the product.

**Figure 3: Attempted EMI (MoMo) Fraud Values and Loss Values per Month**



**Figure 3** above shows the success rate of MoMo fraud recorded by EMIs per month. The month of February 2021 recorded the highest loss of GH¢1.5 million out of a value of GH¢1.6 million reported representing a success rate of 93.75%. March recorded the second largest loss value of GH¢1.4 million out of an attempted value of GH¢1.5 million, representing a success rate of 93.33%. June followed with the second highest loss of GH¢1.13million out of an attempted amount of GH¢1.21million. This represents a success rate of 93.38%

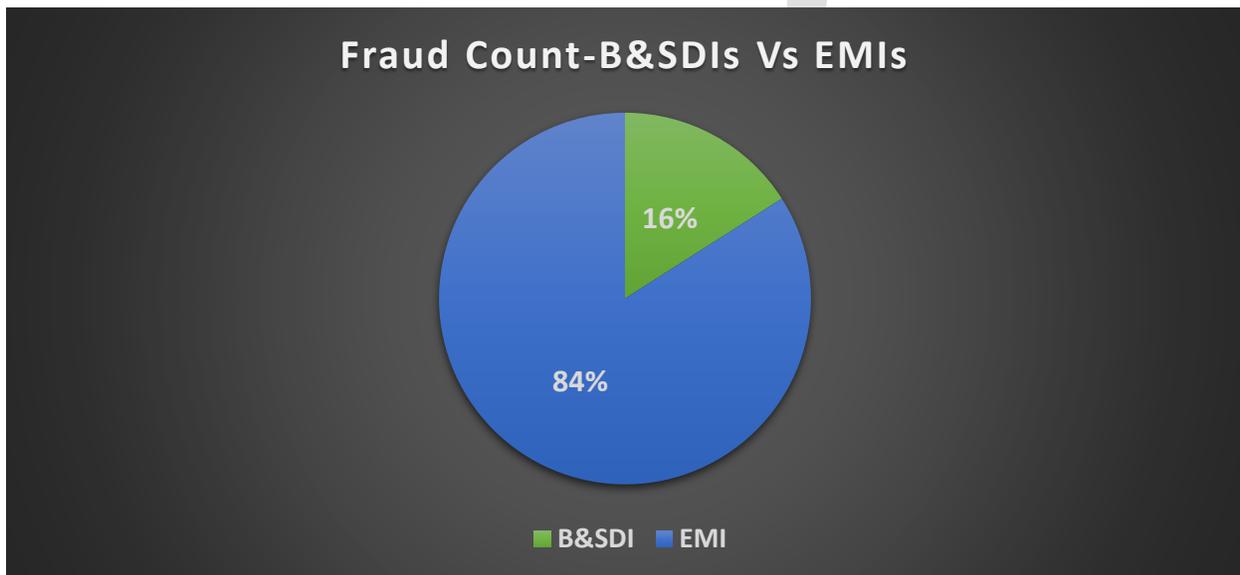
#### **4.0 PROPORTION OF FRAUD COUNT REPORTED PER SECTOR**

**Figure 10** below gives an overview of fraud reported by all licensed institutions regulated by the Bank of Ghana. It shows the proportion of fraud incidents reported by Electronic Money Issuers (EMIs), Banks and SDIs for 2021. The EMI sector recorded 12,350 incidents, representing 84.03% of the total fraud count recorded by licensed institutions for 2021. Banks and SDIs reported 2,347

representing 15.96% of the total fraud count recorded by licensed institutions for 2021.

Fraud incidents reported by the EMI sector, which is E-money/MoMo fraud, emerged as the most dominant fraud type recorded for 2021.

**Figure 10: Fraud Count Reported by EMIs, Banks and SDIs**



## 5.0 RECOMMENDATIONS FOR BANKS AND SDIs

- Banks and SDIs should take a critical look at their control measures for lending. Strong and effective implementation control strategies and due diligence should be applied for easy detection of fraudulent documentations used in lending transactions.
- Banks and SDIs should adequately provide education and sensitise their customers at the stage of signing onto their electronic/digital products. This education and sensitisation must be clear, simple and easy to understand.

The sensitisation drive should also be in multiple local languages, targeted at the most vulnerable.

- Bank of Ghana will continue to ensure that the institutions comply with the Cyber and Information Security Directive and submit Fraud Reports as and when they occur and on a monthly basis.
- Bank of Ghana will intensify supervision to ensure that all staff of Banks and SDIs undergo exhaustive background checks. The Bank of Ghana will also ensure that the statutory requirement for staff background checks in section 49(2)(b) of the Anti-Money Laundering Act, 2020 (Act 1044) is strictly enforced, to ensure compliance.
- The Banking industry should also consider remuneration levels of temporary staff, especially, and collaborate with the recruitment sector to set equitable minimum standards of payment for temporal staff assigned to the banking sector. The sector may also consider the payment of some incentive allowances to make their levels of remuneration more reasonable.
- Banks and SDIs must put in place control measures and invest in technology that ensure multi factor authentication in all their processes. Putting in place strong multi factor authentication and technology that recognize behaviours specific to fraudulent activities allows for early detection of fraud and prevent its occurrence.

## **6.0 RECOMMENDATIONS FOR EMIs**

- E-Money Issuers should have transaction monitoring tools that can flag unusual wallet transactions and anti-fraud tools that can deactivate the flagged wallets to prevent their further usage in the commission of fraud.

- E-Money Issuers should collaborate with the Bank of Ghana to undertake frequent and exhaustive education drives targeted especially at vulnerable users, to equip them with adequate knowledge to quell the growing trend of MoMo fraud through social engineering.
- E-Money Issuers should provide initial education at the on-boarding stage on the proper use of MoMo wallets for transactions and train customers on basic security measures one needs to employ to ensure safety of funds.

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### 7.3 Definition of Fraud Types

FRAUD TYPE	DEFINITION
<b>ATM/Card fraud</b>	ATM fraud refers to the fraudulent use of ATM cards or ATM personal identification numbers (PIN) to withdraw money from another person's account or stealing directly from the ATM machine by breaking into the machine. Card fraud refers to the fraudulent use of another person's debit card number and PIN to withdraw cash from the victim's account or make unauthorised purchases.
<b>Burglary</b>	Burglary refers to the illegal entry into a building with the intention of stealing.

<b>Cheque fraud</b>	Cheque Fraud refers to the unlawful use of cheques for the purpose of acquiring funds illegally
<b>Cyber-email fraud</b>	Cyber-email fraud refers to the act of tricking the email recipient into believing that the mail was sent from the actual sender
<b>E-Money fraud</b>	E-Money fraud refers to unauthorised withdrawal of electronic money from the wallet of financial institutions, mobile money operators and individuals
<b>Fraudulent withdrawals</b>	Fraudulent withdrawals refers to unauthorised access to the accounts and wallets of clients
<b>Forgery and manipulation of documents</b>	Forgery and manipulation of documents refers to the creation or altering of a document with the intent to defraud someone
<b>Impersonation</b>	Impersonation refers to the act of pretending to be another person for the purpose of fraud
<b>Lending/Credit fraud</b>	Lending/Credit fraud refers to the unauthorised use of one's personal information to obtain credit to purchase goods and services
<b>Remittance fraud</b>	Remittance fraud refers to the act of criminals manipulating the international money transfer systems to defraud others
<b>Suppression of cash/cheques and deposits</b>	Suppression of cash refers to the process of concealing and diverting cash deposits, cheque deposits, or cash received from a customer