CHAPTER ONE
INTRODUCTION

BACKGROUND OF STUDY
The rate at which fraudulent activities is going on in the country these days is becoming unbearable; the federal government of Nigeria and the CBN have being on their toes to resolve the issue of frauds and to boost financial security in most of the Nigerian banking industry; because all these issues the central bank of Nigeria on February, 2014 made it compulsory that all account holders should have a bank verification number so as to enable the account holder to have a single identity in all the banks in Nigeria; all he or she need to do is to link it with his or her accounts. The essence of this system is to help the bank in the protection of their customers from theft and other financial/economic crimes growing in the banking industry (Orji, 2014).

The Bank Verification Number (BVN) is a great step taken by the Central Bank of Nigeria, to strengthen the financial security and order in the banking sector of Nigeria. One of the importance of the BVN is that transactions will be safer once all protocol is duly observed. The essence of this BVN exercise is to ensure that bank transactions are safer and fraudulent transactions are minimized, if not totally eliminated. The central bank of Nigeria have put in a lot of effort to see the success of this exercise, but the general public do not know the importance of the bank verification number; but they started seeing the importance of the bank verification number when the central bank made it clear that the exercise will stop by October 2015.

The bank verification number system uses biometric technology to register customers in the banking sector. It records these physical features which are unique to individuals fingerprints and the face; this technique was made effective because every individual has his or her own unique fingerprints. The record would be used to identify the person afterwards. Once a person’s biometrics have been recorded, and BVN issued the account would be accessed through BVN. The major objectives of the initiative are to protect bank customers, reduce fraud and strengthen the Nigerian banking system. Biometric enrolment is helpful to
people who cannot read and write. Their finger prints and pictures would serve the same purpose as signatures.

1.2 STATEMENT OF THE PROBLEM

Without doubts, Nigerian banking sector has contributed to the growth and development of the Nigeria. The Nigerian banking sector has maintained the inflow of money in the country so as to stabilize the country’s economy. According to Udenze, 2014; stated that growth in this sector has been reduced due to high cases of economic and financial crimes; fraud and money laundering have significant effects on the financial security in the Nigeria banking industry. They have caused damage to the reputation of the image of the country, loss of FDI, poor infrastructural development, dwindling confidence and distortions in our political as well as financial systems, among other things.

In view of these crises crimes perpetuated by cyber thieves, the mandatory bank verification number exercise embarked by various banks nationwide has also caused congestions in banking halls. Although the exercise commenced since February, 2014, the fire brigade approach of most Nigerians has warranted most bank halls to be filled to its maximum capacity. Queues in some banks even extended outside the banking hall. This development has caused confusion in some banking halls as other transactions are placed on hold due to inadequate staff to attend to clients or delayed indefinitely.

1.3 OBJECTIVES OF THE STUDY

The main object of the research work is to elicit information on the impact of BVN on financial security in Nigerian Banks. Specific objectives of the study are:

To monitor effect of the bank verification number on the level of financial crimes in Nigeria
To give everyone access to a single account
To help limit multiple account by a single owner.
To investigate the role of the central bank of Nigeria in the implementation of the bank verification number system
To investigate the impact of BVN system on the level of financial safety in the Nigerian banks.

1.4 RESEARCH QUESTIONS

1. What are effects of the BVN on the level of financial crimes in Nigeria?
2. What is the impact of BVN system on the level of financial safety in the Nigerian banks?
3. What are roles of the central bank of Nigeria in the implementation of the BVN?

1.5 SIGNIFICANCE OF THE STUDY

The research work is a very important one as it will investigate the role of the central bank of Nigeria in the implementation of the BVN system, the study will discuss the importance of bank verification number, the bank verification number initiatives will help limit everyone to single account so as to monitor the level of financial crimes in Nigeria. The study will also discuss the role of the central bank of Nigeria in the implementation of bank verification number system. Finally, the study will discuss the role of bank verification number on the level of security.

1.6 SCOPE OF STUDY.

The research work is limited to the study of the impact of BVN on financial security in Nigerian banks using Central Bank, Uyo as a case study.

1.7 LIMITATION OF STUDY.

The study is limited to Central Bank of Nigeria, Uyo branch.

REFERENCES


A CRITICAL ASSESSMENT OF THE ROLE OF BANK VERIFICATION NUMBER (BVN) IN REDUCING FRAUD IN NIGERIAN BANKS. (A CASE STUDY OF CENTRAL BANK OF NIGERIA, UYO BRANCH)

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