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Money Laundering Practices and Operational Efficiency of Deposit Money Banks in Nigeria

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Abstract

This study examined the extent to which operational efficiency is influenced by the legal framework of money laundering in Nigerian commercial banks. It determined the degree of effect which the institutional and the regulatory frameworks for the practices of money laundering have on the operation's efficiency of deposit money banks. These were to provide information on the nexus between the efficiency and the frameworks for the practices of money laundering within the banking sector in Nigeria. The research design used in this work was a survey. This work used primary data through the structured questionnaires. 900 personnel were selected as a sample size using stratified random sampling. The targeted population were the workers and customers of listed deposit money banks in Nigeria. This research work analysed the data using simple percentages as a descriptive analysis and analysis of variance (ANOVA) as an inferential statistic. The work showed that the operational efficiency of deposit money banks was significantly influenced by the legal framework for the practices of money laundering in Nigeria ($t = 9.59$; $p < 0.05$). In addition, the operational efficiency of deposit money banks was significantly affected by both the institutional framework and the regulatory framework for the practices of money laundering in Nigeria ($t = 3.59$; $p < 0.05$ and $t = 2.12$; $p < 0.05$ respectively). In conclusion, the operational efficiency of Nigerian deposit money banks changed significantly as a result of the formulation of frameworks for the practices of money laundering.

Keywords: *Financial Institutions; Financial Stability; Frameworks; Regulations; Statutes*

1.0 Introduction

The new commercial opportunities have been jointly facilitated by the existence of globalization within the world economy, the quick rate of completion of financial transactions through the computer and the removal of barriers to capital flows (Usman, 2023). In addition, the practices of money laundering globally have also been made simpler by the developments in technology.

Primarily, the practices of money laundering align with the financial sector since it serves as a vehicle through which illicit money is converted to clean money. Deposit money banks as a component of financial institutions within the financial sector depend on customers' trust. So, any noticeable decline in the confidence of these customers within the sector will affect the stability of the banking sector negatively (Tupman, 2022).

Electronic money transfers allow the funds to be wired between the financial institutions and corporate establishments of several countries as fast as lightning, thereby making tracking the transactions more burdensome at every stage. The volume of illicit money that enters the financial system globally is becoming worrisome every year. In light of this, there have been varied attempts by some organisations to compute the volume of money laundering over the periods. 2-5% of Gross Domestic Product (GDP) across the globe was the annual estimate laundered in 2020, according to the United Nations.

These estimates were anticipated to be between the sum of US$800 billion and US$ 2 trillion. The nature of conversion in money laundering has proved to be demanding in precisely forecasting the aggregate volume of currencies attributed to money laundering practices. It was estimated from the records of some institutional agencies like EFCC, that over US$ 50b per annum was lost to these practices by African countries. Also, it was assumed that the estimates lost by African nations due to money laundering were sufficient enough to settle their economic debts.

The people's lives, especially in the commercial and economic arena are negatively affected by the rise in the use of financial channels to cover the origin of funds emanating from these criminal acts of money laundering (Subbotina, 2022). The stability of a country's economy can even be threatened by money laundering as a result of its magnitude. Money laundering can negatively affect the legal aspect in terms of the economy of the private sector as the criminal tasks are essentially perpetrated through the services of front-end company which combines legit money with illicit money (Rahman, 2021)

High social costs, especially in the costs employed to enhance legal enforcement efforts and prevention, are incurred additionally because of the persistent financial results emanating from the rise in money laundering (Ozili, 2023). The attention of international communities has been drawn and attracted to money laundering because the operational efficiency and the economic activities of financial institutions, most specifically, the commercial banks in the global businesses can be disrupted by the practices of money laundering as a huge volume of quick inflows of money from one side to another can come also from different sources.

Generally, the international community believe that the practices of money laundering by perpetrators or criminal organizations are extremely damaging to the operations and stability of financial institutions within emerging business markets. “Money laundering has potentially destroying security, social and economic consequences” as opined by the United States Department’s Bureau of International Narcotics and Law Enforcement Affairs (Mugarura, 2023).

The use of money raked from criminal acts of money laundering, namely, corruption, bribery, fraud and other criminal activities in the aspect of purchasing and depositing financial securities, viz, traveller’s cheques, mutual funds, bonds, stocks, and other financial instruments in terms of investment and transfers can empower commercial banks in such practices of money laundering (Mekpor, Aboagye, & Welbeck, 2023).

The practices of money laundering are a frequent kind of crime perpetrated in a country through the channel of the financial system (Ajayi & Abdulkarim, 2022). Hussein, (2019) stated that International Narcotics Control Strategy Reports explained that the greater a country’s financial and economic systems are, the higher the acts of money laundering will be.

1.1 Objectives of the Study

The core objective of this study is to analyse the effect of money laundering practices on the operational efficiency of Nigerian deposit money banks. The specific objectives are to:

i. Examine the extent to which the practices of money laundering influence the operational efficiency of Nigerian deposit money banks;
ii. Determine the effect which institutional framework for the practices of money laundering has on the operational efficiency of Nigerian deposit money banks; and
iii. Investigate the impact of the regulatory framework for the practices of money laundering on operational efficiency in the Nigerian banking sector.

2.0 Literature Review

2.1 Conceptual Review

In this section, the research work involved the review of the concepts and constructs that formed the basis of the research title. Also, the review of theories that paved the way for the tracking of the sources of the variables that explained the research topic was done. A review of past studies to know the state of the literature on the topic to identify the gaps was carried out.

2.1.1 Operational Efficiency

In recent years, evaluation and review of bank performance have turned out to be a focus of growing interest. Privatization, followed by serious financial crises and emerging problems of globalization, has forced deposit money banks to look for new cost-reduction practices. This is evident from the frequency of mergers that were witnessed in the banking sector of the United States of America (US) in the early 90s (Bartlett, 2022).

Historically, the operational efficiency of bank branches is measured at both the tactical and strategic levels independently. In the tactical phase, the time and motion efficiencies are measured by the banks via an industrial-engineering approach. At this stage, teller operations are put under micro-management while the work schedule and queuing system are optimized. At the strategic level, top-level management usually defines the efficiency of bank branches by some financial and operational ratios.

Customarily, each of these facets is measured independently. Put differently, nowadays, banks usually realize that immediate evaluation and incorporation of several qualitative and quantitative sources of data are required to assess the operations of bank branches. However, most of the banks evaded focusing on such interests in an overall efficiency framework due to the complexity of the task

2.1.2 Money Laundering

The origin of the term "money laundering" could be traced to English and it was not defined in any universal or general parlance since every third-world or developed country maintains its generic meaning based on the peculiarities, different perspectives and priorities, whether in terms of legal interpretations or explanations written in every country's regulations (Alexander, 2022).

Ajayi and Abdul Karim, (2022) defined the practices of money laundering as the actions of changing the outcomes of illegitimate acts originating from corruption, smuggling, narcotics, gambling and other serious vices, so much that the results of these vices appear to emanate from legal origin or pursuits. Invariably, the results are concealed and disguised. The motivation for some people to launder money arises from the fear of being prosecuted by law enforcement agents or tax officials and even having the confiscation of the proceeds that accrued from these shameful practices (Al Nuemat & Ahmed, 2023).

Legal Framework

Legal framework means the statutes, rules and laws that govern a subject. A detailed study of the legal framework for the practices of money laundering in the Nigerian context involves a comprehensive review of these statutes. In Nigeria, the legal framework could be traced to the following Acts: Terrorism (Prevention) Act, 2013 (as amended); Banks and Other Financial Institutions Act, 2020 (as amended), Code of Conduct Bureau Act, 2011; National Drug Law Enforcement Agency Act, 2004; Money Laundering (prevention and prohibition) Act, 2022 Advance Fee Fraud and Other Related Offences Act, 2006; Independent Corrupt Practices and Other Related Offences Commission Act, 2000; Economic and Financial Crimes Establishment Act, 2004; Establishment of Nigeria Police Force- Section 214 of the 1999 Constitution of the Federal Republic of Nigeria.

Institutional Framework

The enactment of laws and statutes might not be sufficient in addressing the practices of money laundering viz-a-viz operational efficiency of Nigerian deposit money banks. Thus, powerful institutions that must carry out effective implementation of those Acts need to be instituted. The purpose and mission of the establishment, among other reasons, should be to punish, curb, prevent and detect all means of laundering money through deposit money banks. The following institutions were established to monitor the practices of money launders: Nigeria Immigration Service (NIS); Nigeria Police Force (NPF); Proceeds of Crime Recovery Management Agency (PCRMA); Code of Conduct Bureau (CCB); National Intelligence Agency (NIA); Department of State Services (DSS); Nigeria Security and Civil Defence Corps (NSCDC); Nigeria Customs Service (NCS); National Drug Laws Enforcement Agency (NDLEA); Economic and Financial Crimes Commission (EFCC); Code of Conduct Tribunal (CCT); Independent Corrupt Practices Commission (ICPC); National Agency for the Prohibition of Trafficking in Persons (NAPTIP); Bureau of Money Laundering Control.

Regulatory Framework

The regulatory framework emphasized the directives and guidelines through which the practices of money laundering were brought under control. The regulatory agencies, such as the Central Bank of Nigeria (CBN) and, the Nigeria Insurance Commission (NIC), shoulder the responsibility of curbing the negative effect of money laundering practices by issuing different circulars, directives and guidelines to commercial banks to regulate their activities.

2.2 Review of Research Theories

Relevant research theories, namely, rational choice theory, transparency-stability theory, crying-wolf theory and situational crime theory were reviewed to track the operational origin of the variables used to form the research title (Aluko & Bagheri, 2022).

2.2.1 Theory of Situational Crime

Situational Crime Prevention Definition

Situational crime prevention (SCP) is a crime-prevention strategy that "aims at decreasing every reward and opportunity associated with a particular class of vices while trying to enhance the threats and difficulties that may accrue from them" (Clarke, 1995). Situational crime prevention as a concept could be traced back to the ‘70s when the Department for Government's Criminological Research (GCRD) in Britain hired a society of researchers to evaluate and review traditional crime control methods. According to the outcomes of that study by Clarke, 1995, varieties of vices from various classes could be accounted for by differences in incentives, opportunities, and associated risks. This research, which looked at delinquency forms in juvenile correctional facilities, discovered that crime worries seemed to cluster awkwardly in certain facilities. As a result, environmental situational characteristics started to be recognised as facilitators of criminal offences, and new sets of crime prevention strategies based on situational approaches emerged.

2.2.2 Crying-wolf Theory

The crying-wolf theory, otherwise term as "excessive reporting," has the prospect to mix the value of reports' information. The enforcement of money laundering, through its first official analysis, is embarked upon to look into excessive reporting. Transactions and activities are monitored by the banks. Consequently, they report any deals of suspicion to regulatory government bodies, which employ this information to identify capable targets for examinations. Banks may face fines for failing to report money laundering practices; however, too many fines compel banks to report fewer suspicious deals, thereby stage managing information.

2.2.3 Transparency-stability Theory

The binary language of public authority versus private interests has given way to a more nuanced language of regulation (Spatt, 2022). Differences in national regulatory benchmarks and requirements have resulted in manipulated results. As a result, global regulation now employs multi-stage governance through a unique course of action revolving around advocacy networks, broad financial policy and specialist epistemic communities. Regulatory action promotes discursive practices by exploring participants' shared comprehension of problems and solutions. According to Tanzi (2023), countries where disclosure of information is regulated and transparent will hardly experience banking cries.

2.2.4 Rational Choice Theory

The philosophy of rational choice theory (RCT) is open to general definitions. So, people are bound to disagree. RCT is defined as an approach to studying an uncommon happening within the social setting that is characterized by a sequence of main methodological propositions in the simplest and best manner. There are three basic propositions at stake. Discrete purposeful actor proposition is the first philosophy. The second proposition of rational choice theory is the utility theory assumption while the third proposition is the rationality assumption.

2.3 Review of Past Studies

The spread of money laundering practices, Aluko and Bagheri, (2022) opined that it menaced the sustainability and probity of the banking sector. They, in addition, advised that controls need to be considered to prohibit such dubious practices, including but not restricted to hiring compliance personnel to oversee the regulations of money laundering peculiar to institutions.

Sheptycki, (2022) emphasized in his research study that control of other frauds and money laundering is made easy and effective mostly using anti-money laundering (AML) regulations, especially those relating to reports of suspicious deals, customers' records keeping, employees' development and training. The only drawback that makes the effect of these rules doubtful is that Financial Action Task Force (FATF) regulations are not law-binding. Also, their effectiveness cannot be attained as they are not enshrined in the nation's constitution. As a result of this dark side, compliance across the globe is very low. Hence, the regulations from FATF need to be tailored and implemented towards adapting the country's constitution and strict adherence to punitive measures.

An investigation by Hendriyetty and Grewal (2023) on numerous issues revolving implementation of regulations for money laundering practices showed that this implementation in emerging countries was of two folds; firstly, there is selective implementation and secondly, unenforced adoption is prevalent. A country like China could be described with adoption without enforcement. This accounted for the rationale for having an increased number of money laundering vices in China due to the low rate of enforcement of recommendations from the Financial Action Task Force for political reasons. In their study, they found that money laundering practices and these regulations were negatively related.

An empirical study by Reid and Harrigan (2023) highlighted most of the weaknesses that surrounded the operations of American banks. It ranges from documents and information preservation; management of risk; investigative cooperation; compliance; clients' identification and verification; operations' monitoring, reporting and auditing; and Internal checks and controls. Regular enhancement of knowledge and continuous training was also void in most of the banking areas of operation. They recommended that these shortcomings having been identified should be prioritized.

Schwarz, (2023) researched money laundering and tax evasion as additional offences and by extension, pinpointed that there is a lack of cooperation in regulations application to identify the sources of money by many countries. This is capable of demoralizing the banking sector as well as the whole system of finance. The most successful crime among the financial and economic vices to penetrate both the political and business structures in emerging nations is money laundering. This practice rendered the economy and political stability to a reduced level. Money launders make use of the weaknesses in regulations and the vulnerability in the nation's financial system even though many emerging countries have been making continuous and relentless efforts to combat the menace of money laundering via reviewed regulations.

The awareness of the international communities' efforts concerning money laundering practices, according to Rahman, (2021), was induced by regionalization and globalization. He observed in his empirical study that these efforts among the communities of criminal perpetrators were made easy by the use of modern technologies and free borders. The latest technologies and modern communication networks removed the barrier of long distance among countries thereby opening borders and creating many opportunities that were not previously imagined for social and political interrelations.

Utkina (2023) embarked on large-scale surveys in an empirical study to establish the effect of money laundering practices on varied aspects of economic and social lives. In his research, he premised his conduct on different publications and sources from international research databases which had over 44,000 and 75,000 scientific papers and journals respectively.

McDowell and Novis (2022) investigated various data management techniques used in banks. The study provided insight into procedures and approaches employed in banks and also gave an overview of how these methods were used to make productive and accessible decisions.

Zagaris, et al. (2023) conducted research on fraud detection with an emphasis on money laundering to investigate the weaknesses associated with the data management method in banks. The study observed that the extant anti-money laundering networks accommodate a large volume of data. Hence, personal interpretation devoid of assistance by software will become burdensome.

3.0 Methodology

3.1 Area of Study

This study was carried out in Nigeria. The rationale behind the choice of concentrating on Nigeria was that the investment and financial system in Nigeria were still developing among the Sub-Saharan regions.

3.2 Research Design

The research design that was pertinent to this study and used was a survey. This design was embraced as it paved the way for the collection of data through fieldwork.

3.3 Population, Sample Size and Sampling Technique

The population for this work revolved around the entire number of management personnel, staffers and customers of the listed Nigerian deposit money banks on Exchange Group Plc. The chosen sample size out of the population of 12 million people from 23 commercial banks in Nigeria was 900 respondents. A stratified sampling technique was employed to select 15 banks with 60 people in each bank to give the equivalent sample size.

3.4 Source of Data

Primary data was sourced for this study. This source was adopted due to the nature of the variables in the qualitative search.

3.5 Research Instruments

Electronically close-ended questionnaires were administered in this study to elicit information in addition to an interview that was conducted among the management cadre, staff cadre and customers of Nigerian deposit money banks.

3.6 Measurement of Variables

The frameworks, namely, the legal, regulatory and institutional frameworks of practices for money laundering were measured as regressors. A dependent variable measured in this research work was operational efficiency.

3.7 Data Analysis Technique

Analysis of data in this work was done in descriptive and inferential ways. Descriptively, the simple percentages of the variables involved in the title were computed. Also, the inferential analysis through analysis of variance (ANOVA) was carried out to examine the effect of the explanatory variable on the dependent variable.

3.8 Specification of Model

Specifically, the model is:

$Y_i = f(X)_i$ ……………………………………………………………………………Eq.(3.8.1)

where Y is operational efficiency (OE); X is frameworks of money laundering practices (FMLP).

i stands for the observed quantity at a specific period.

$OE_i = f(FMLP)$…………………………………………………………………….Eq.(3.8.2)

where FMLP(legal, institutional and regulatory frameworks)

Model One

$OE_i = f(LFMLP)_i$…………………………………………………………………..Eq.(3.8.3)

OE = operational efficiency

LFMLP = legal framework of money laundering practices

$OE_i = \delta_0 + \delta_1 LFMLP_i + \varepsilon_i$ ……………………………………………………………Eq.(3.8.4)

δ_0 = intercept, that is, an average value of operational efficiency as a legal framework of money laundering practices equals zero.

δ_1 = the slope of the legal framework of money laundering practices

ε_i = error term

Model Two

$OE_i = f(IFMLP)_i$ …………………………………………………………………Eq.(3.8.5)

OE = operational efficiency

IMLP is the institutional framework of money laundering practices

$OE_i = \mu_0 + \mu_1 \, IFMLP_i + \varepsilon_i$ …………………………………………………………Eq.(3.8.6)

μ_0 is the average value of OE at IFMPL equals zero

μ_1 is the coefficient of IFMPL

ε_i is the error term

Model Three

$OE_i = f(RFMLP)_i$ …………………………………………………………………Eq.(3.8.7)

OE is operational efficiency

RFMLP is the regulatory framework of money laundering practices

$OE_i = \lambda_0 + \lambda_1 \, RFMLP_i + \varepsilon_i$ ………………………………………………………..Eq.(3.8.8)

λ_0 = average value of OE at RFMLP equals zero

λ_1 = gradient of RFMLP

ε_i = error term

4.0 Data Analysis and Discussion of Results

4.1 Descriptive Analysis

Table 4.1 revealed the descriptive nature of the data employed in this study for the variables in the search. The results showed that 60% of the sampled respondents were male and the remaining 40% were female. This indicated that financial institutions had more male players than female. The age range of 20-29years was 45%, 30-39years was 28%, 40-49years was 16%, 50years and above was 11%. It could be inferred from the result that the respondents fell on tender age. Table 4.1 also showed that 38% of total respondents were single, married respondents were 50%, and divorced and widowed respondents shared 6% each respectively. This explained the validity of the information collected because it was more mature people than any other cadre.

Academic qualification-wise, respondents with B.Sc/HND degrees had a total of 56% which suggested that the majority of the interviewed and questioned people fell within that bracket. ND/NCE, M.Sc/MBA, and PhD cadre shared 22%, 16% and 6% respectively. In terms of professional qualification, the highest percentage of 33% had CIBN certificates. It reflected the reliability of the responses. The respondents understood the questions because they were within their purview as financial system operators. The length of service of 11-20 years was identified with 45%. 5-10 years and above 20 years had 22% each respectively. Less than 5years had 11%. On average, the people who had been in the financial system for more than a decade would know the misery of money laundering in Nigeria and they were the ones who scored the highest percentage. Finally, from Table 4.1, people who occupied middle-level positions both within and outside the deposit money banks in Nigeria were with 56%. Both low and top-level positions shared 22% each respectively. This suggested that the main active people at any job had the highest percentage.

TABLE 4.1: Analysis of Bio-data

No.	Parameters	Choices	Degree of Occurrence (F)	%	Valid %	Cum. %
1	Sex	Female	360	40	40	40
		Male	540	60	60	100
			900	100	100	
2	Age	50 years and above	100	11	11	11
		40-49 years	150	16	16	27
		30-39 years	250	28	28	55
		20-29 years	400	45	45	100
			900	100	100	
3	Marital status	Widowed	50	6	6	6
		Divorced	50	6	6	12
		Married	450	50	50	62
		Single	350	38	38	100
			900	100	100	
4	Academic Qualifications	Ph.D.	50	6	6	6
		M.Sc/MBA	150	16	16	22
		B.Sc./HND	500	56	56	80
		ND/NCE	200	22	22	100
			900	100	100	
5	Professional Qualifications	CITN	200	22	22	22
		CIBN	300	33	33	55
		ACCA	100	11	11	66
		ICAN	250	28	28	94
		Others	50	6	6	100
			900	100	100	
6	Length of service	Above 20 years	200	22	22	22
		11-20 years	400	45	45	67
		5-10 years	200	22	22	89
		Less than 5 years	100	11	11	100
			900	100	100	
7	Positions	Top cadre	200	22	22	22
		Middle cadre	500	56	56	78
		Low cadre	200	22	22	100
			900	100	100	

Source: Researcher’s computation, 2024

4.2 Inferential Analysis

The data collected as well as their interpretations using Analysis of Variance (ANOVA) was inferentially analysed below.

4.2.1 Influence of the Legal Framework of Money Laundering Practices on Operational Efficiency of Deposit Money Banks in Nigeria.

In Table 4.2.1.1, the results showed that the coefficient of correlation (r) was 0.703. By implication, a strong positive nexus exists between the explanatory variable and dependent variable which were the legal framework of practices for money laundering and operational efficiency respectively. The percentage of correlation coefficient (r) was 70%.

In Table 4.2.1.1, the results revealed that the coefficient of determination (R^2) was 0.845. By extension, an 85% variation in the operational efficiency of Nigerian deposit money banks could be accounted for by the legal framework of practices for money laundering. The determination coefficient (R^2) of 85% suggested that there was a good fitness of the model one because it was greater than the threshold of 50%.

Also, an intercept value stood at 8.864. The gradient of the coefficient of the legal framework of practices for money laundering stood at 0.572. The average value of operational efficiency at legal framework equalled zero was 8.864 with other variables remaining constant. When the legal framework of money laundering practices increased by a unit the operational efficiency of deposit money banks in Nigeria would also increase by 0.572. Invariably, the operational efficiency of Nigerian deposit money banks is proportionally related to the legal framework of the practices for money laundering.

In Table 4.2.1.3, the coefficient of t-statistics for model one was 9.593 while its probability value (p-value) was 0.000. At a 5% level of significance, the legal framework of money laundering practices statistically has a significant influence on the operational efficiency of deposit money banks in Nigeria.

TABLE 4.2.1.1: Model Summary

Model	R	R-square	Adjusted R-square	Std. Error of the Estimate
1	0.703[a]	0.845	0.839	1.97618

a. Predictors: (constant), LFMLP

Source: Researcher’s computation, 2024

TABLE 4.2.1.2: ANOVA[a]

Model 1	Sum of Squares	df	Mean Square	F	Sig
Regression	359.402	3	359.402	92.029	.000[b]
Residual	367.098	1	3.905		
Total	726.500	4			

a. Dependent Variable: OE

b. Predictors: (Constant), LFMLP

Source: Researcher’s computation, 2024

TABLE 4.2.1.3: Coefficients[a]

Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	8.864	1.604	0.703	5.528	.000
LFMLP	.572	0.060		9.593	.000

a. Dependent Variable: OE

Source: Researcher’s computation, 2024

4.2.2 Effect of the Institutional Framework of Money Laundering Practices on the Operational Efficiency of Deposit Money Banks in Nigeria.

In Table 4.2.2.1, the results showed that the coefficient of correlation (r) was 0.678. By implication, there was a strong positive relationship between the dependent variable and independent variable which were operational efficiency and institutional framework of practices for money laundering respectively. The percentage of correlation coefficient (r) was 68%.

In Table 4.2.2.1, the results revealed that the coefficient of determination (R^2) was 0.925. By extension, a 93% variation in the operational efficiency of Nigerian deposit money banks could be accounted for by the institutional framework of practices for money laundering. The determination coefficient (R^2) of 93% suggested that there was a good fitness of model two because it was greater than the threshold of 50%.

Also, an intercept value stood at 17.571. The parameter of the coefficient of the institutional framework of practices for money laundering stood at 0.261. The average value of operational efficiency at institutional framework equalled zero was 17.571 with other variables remaining constant. When the institutional framework of money laundering practices increased by a unit the operational efficiency of deposit money banks in Nigeria would also increase by 0.261. Invariably, the operational efficiency of Nigerian deposit money banks is proportionally related to the institutional framework of the practices for money laundering.

In Table 4.2.2.3, the coefficient of t-statistics for model two was 3.589 while its probability value (p-value) was 0.001. At a 5% level of significance, the institutional framework of money laundering practices statistically has a significant effect on the operational efficiency of deposit money banks in Nigeria.

TABLE 4.2.2.1: Model Summary

Model	R	R-square	Adjusted R-square	Std. Error of the Estimate
2	0.678[a]	0.925	0.919	2.60699

a. Predictors: (constant), IFMLP

Source: Researcher's computation, 2023

TABLE 4.2.2.2: ANOVA[a]

Model 2	Sum of Squares	df	Mean Square	F	Sig
Regression	87.547	3	87.547	12.881	.001[b]
Residual	652.453	1	6.796		
Total	740.000	4			

a. Dependent Variable: OE

b. Predictors: (Constant), IFMLP

Source: Researcher's computation, 2024

Table 4.2.2.3: Co-efficients[a]

Model 2	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	17.571	1.810	0.678	9.705	.000
IFMLP	.261	0.073		3.589	.001

a. Dependent Variable: OE

Source: Researcher's computation, 2024

4.2.3 Impact of the Regulatory Framework of Money Laundering Practices on the Operational Efficiency of Deposit Money Banks in Nigeria.

In Table 4.2.3.1, the results showed that the coefficient of correlation (r) was 0.801. By implication, there was a strong positive relationship between the dependent variable and independent variable which were operational efficiency and regulatory framework of practices for money laundering respectively. The percentage of correlation coefficient (r) was 80%.

In Table 4.2.3.1, the results revealed that the coefficient of determination (R^2) was 0.784. By extension, a 78% variation in the operational efficiency of Nigerian deposit money banks could be accounted for by the regulatory framework of practices for money laundering. The determination coefficient (R^2) of 78% suggested that there was a good fitness of model three because it was greater than the threshold of 50%.

Also, an intercept value stood at 22.751. The value of the coefficient of the regulatory framework of practices for money laundering stood at 0.075. The average value of operational efficiency at the regulatory framework equalled zero was 22.751 with other variables remaining constant. When the regulatory framework of money laundering practices increased by a unit the operational efficiency of deposit money banks in Nigeria would also increase by 0.075. Invariably, the operational efficiency of Nigerian deposit money banks is proportionally related to the regulatory framework of the practices for money laundering.

In Table 4.2.3.3, the coefficient of t-statistics for model three was 2.116 while its probability value (p-value) was 0.037. At a 5% level of significance, the regulatory framework of money laundering practices statistically has a significant influence on the operational efficiency of deposit money banks in Nigeria.

TABLE 4.2.3.1: Model Summary

Model	R	R-square	Adjusted R-square	Std. Error of the Estimate
3	0.801[a]	0.784	0.778	2.71385

a. Predictors: (constant), RF

Source: Researcher's computation, 2024

TABALE 4.2.3.2: ANOVA[a]

Model 3	Sum of Squares	df	Mean Square	F	Sig
Regression Residual Total	32.961 707.039 740.000	3 1 4	32.961 7.365	4.475	.037[b]

a. Dependent Variable: OE

b. Predictors: (Constant), RFMLP

Source: Researcher's computation, 2024

TABLE 4.2.3.3: Coefficients[a]

Model 3	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	22.751	.651	0.801	34.950	.000
RFMLP	.075	0.035		2.116	.037

a. Dependent Variable: OE

Source: Researcher's computation, 2024

4.3 Discussion of Findings

Regression model one focused on the achievement of specific objectives stated earlier in this study. The results from this model showed that the legal framework of practices for money laundering has a statistically significant influence on the operational efficiency of commercial banks in Nigeria. This outcome indicated that the statutes and Acts for the practices of money laundering significantly affected the rate of operational efficiency obtained in deposit money banks. By implication, the control of the practices of money laundering by formulating combating laws can allow enhancements in the operations of the deposit money banks thereby leading to the benefits of the stakeholders in the banking sector. This finding is in line with the arguments of transparency-stability and situational crime theories. It could be supported by the findings of Al-Nuemat and Ahmed (2023); and Aluko and Bagheri (2022). This finding could be seen as the opposite of the result of an empirical study carried out by Bartlett, (2022).

The second regression model is tailored towards the accomplishment of specific objective two in this study. The results of the model reflected that the institutional framework of practices for money laundering statistically has a significant effect on the operational efficiency of deposit money banks in Nigeria. This is indicative of the fact that the regulations and rules issued by the institutions like Bureau of Code of Conduct, NDLEA, EFCC, NAFDAC and ICPC on the practices for money laundering affect the level of operational efficiency of deposit money banks. So, the activities of the banks can be improved by the commitments of these institutions to fight the pranks of money laundering in Nigeria. It can even be inferred that this improvement in operations might lead to the stability of financial institutions, especially, commercial banks. Though the free liquidity of the banks might slightly be affected the confidence of the stakeholders in Nigerian deposit money banks can be restored. This result is consistent with the argument of transparent-stability and crying-wolf theories. The finding is in consonant with the established findings of Dow, Jones and ACAMS, (2023); Borlini, (2023) in their empirical study. This finding is contradictory to the results of Cuestas, Lucotte and Reigl, (2022); Chenukhina, (2022) in their research.

The result in regression model three intended to attain specific objective 3. The result revealed that the regulatory framework of practices for money laundering has a statistically significant impact on the operational efficiency of deposit money banks. This emphasized the importance of circulars, correspondences and directives given by CIBN, NIC, SEC and NIDC on the activities of the commercial banks in Nigeria concerning money laundering practices. The regulatory roles of these agencies have a significant impact on the value of operational efficiency of Nigerian deposit money banks. As a result of the appreciation of the operational efficiency of commercial banks due to the established guidelines, directives and circulars from these agencies, the credibility can also be enhanced. This finding also conforms to the findings of Isaac, *et tal* (2022); Sharman, (2023); and Laeven and Levine, (2022). The result is opposed to the research findings of Tang and Ai, (2023); and Usman, (2023).

5.0 Conclusion and Recommendations

5.1 Conclusion

This research work concluded that the influence of the legal framework of practices for money laundering is statistically significant on the operational efficiency of Nigerian deposit money banks. This means that the operational efficiency of commercial banks in Nigeria strongly responds to the way and manner in which the government makes laws and statutes on the practices of money laundering.

This study, in addition, concluded that the effect of the institutional framework of practices for money laundering is statistically significant on the operational efficiency of Nigerian deposit money banks. This denotes that the existence of institutions, namely, EFCC, ICPC, and NDLEA making rules and regulations for money laundering practices, can dictate the level of operational efficiency in the banking sector.

Finally, it was concluded that the regulatory framework of practices for money laundering significantly impacted on operational efficiency of Nigerian deposit money banks. This conclusion describes the weight of guidelines, correspondences and directives issued by the regulatory agencies (CBN, NIC, etc.) on operational efficiency regarding the practices of money laundering.

5.2 Recommendations

This work raised the following recommendations based on the findings:

It is recommended that the periodic review of the Acts and statutes about the practices for money laundering should not be taken with levity by the government. Similarly, deposit money banks in Nigeria should always ensure compliance with the legal framework because operational efficiency can be achieved through it.

Furthermore, this research work recommended that the various Nigerian deposit money banks should encourage staff development schemes to keep their staff abreast of the rules and regulations on the practices for money laundering to get the required efficiency. In the same vein, the constituted institutions should keep watch on the trend of money laundering practices to be able to formulate the relevant rules.

This study recommended that the regulatory agencies, viz, CBN. NIC, SEC and NDIC should always update the guidelines from time to time on money laundering practices about the global standard. Also, the deposit money banks in Nigeria should not try to circumvent the implementation of these guidelines and directives as circumvention will bring the anticipated operational efficiency down.

5.3 Contributions to Knowledge

Firstly, this research study contributed to knowledge by enhancing the pool of existing literature on frameworks of the practices for money laundering, operational efficiency and relevant theories of money laundering. Also, the coverage of the study is extended to 2023.

The second contribution was that this work had been able to demonstrate the relationship between the frameworks of money laundering practices and operational efficiency within the context of Nigeria, thereby, addressing the shortage of empirical studies on the subject matter from Nigeria.

Thirdly, it contributed to knowledge by employing primary data, unlike the previous empirical studies that concentrated on secondary data. The deviation from the use of secondary data allows the users of research information to have their beliefs from different submissions.

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