



**STRATHMORE UNIVERSITY BUSINESS SCHOOL
BACHELOR OF FINANCIAL SERVICES
END SEMESTER EXAMINATION
BFS 3202: FINANCIAL SERVICES FRAUD AND INVESTIGATIONS**

Date: 30th November, 2022

Time: 2 Hours

Instructions

1. Answer Question **ONE** and **ANY OTHER TWO** Questions.
2. Marks will be awarded on the basis of clear exposition of your ideas, precision in the use of language and the validity of your logic.

QUESTION ONE (30 MARKS)

- (a) For fraud to be deemed to have occurred, there are **FOUR** necessary conditions that must be met.

Required: Describe the **FOUR** necessary conditions. **(10 Marks)**

- (b) You have been employed as the Forensic and Investigations Director of ABN Bank. Your initial task is to propose a comprehensive fraud and investigations protocol to be adopted by the bank.

Required: Formulate the essential components of the fraud and investigations protocol necessary to help detect and forestall fraud at ABN Bank. **(20 Marks)**

QUESTION TWO (20 MARKS)

- (a) The fundamental rule of evidence states that, with few exceptions: “relevant evidence is admissible, irrelevant evidence is not.” Information is said to be relevant if it “tends to prove, or disprove, a fact in issue.”

Required: In light of this statement, highlight:

- i) **THREE** important considerations in evidence gathering. **(6 Marks)**
- ii) **FOUR** types of evidence. **(4 Marks)**

- (b) Giving relevant examples from the insurance sector, discuss the **FIVE** components of a fraud risk management system. **(10 Marks)**

QUESTION THREE (20 MARKS)

- (a) What causes fraud? Illustrate your answer from a fraud pentagon perspective. **(10 Marks)**
- (b) You are the Chairperson of Bidii Savings and Credit Co-operative Society (SACCO) Limited. You have received a whistleblower report that a major fraud could be occurring in the SACCO. The whistleblower alleges that some credit officers of the SACCO have been colluding to siphon money out of the co-operative through fraudulent loan disbursements.
- Required:** Highlight FIVE types of evidence that can be adduced in this case. **(10 Marks)**

QUESTION FOUR (20 MARKS)

- (a) Forensic Technology can be deployed for imaging as well as performing searches on digital information gathered from electronic gadgets.
- Required:** Discuss the role and process of imaging and electronic search in computer forensics. **(10 Marks)**
- (b) Discuss the rules of evidence as per the existing laws on the following evidence types:
- (i) Documentary evidence **(2 Marks)**
 - (ii) Electronic record evidence **(2 Marks)**
 - (iii) Tapes and audios. **(2 Marks)**
 - (iv) Confessions and admissions **(2 Marks)**
 - (v) Hearsay evidence **(2 Marks)**

QUESTION FIVE (20 MARKS)

- (a) Distinguish between suspicious activity report and transactions monitoring. **(4 Marks)**
- (b) Describe the objectives of a forensic investigation. **(6 Marks)**
- (c) Highlight what is sanctions screening and its application in due diligence in banks. **(10 Marks)**

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