

ABSTRACT

Association of Certified Fraud Examiners report that a typical organization loses at least 5% its annual revenue loss through occupational fraud. Further statistics indicate In a list of 22 industry categories, occupational fraud risk is highest in commercial banks than any other industry globally. Occupational fraud risk is therefore a global problem. The problem is that Kenya has the highest incidences of fraud is East Africa and that this vice continue to erode investors and the overall financial intermediation role of commercial banks. In Kenya, fraud contributes to 31.5% of the deterrents of global competitiveness. The study set to determine the effect of bank size on occupational fraud risk in commercial banks in Kenya. A representative sample of 30 banks out of the 43 commercial banks licensed by Central Bank of Kenya by June 30, 2012 was used in this study. Bivariate linear regression was used to test the null hypothesis; there is no relationship between bank size and occupational fraud risk in commercial banks in Kenya. The findings from this study are, a Cronbach's alpha of 0.97 for the stimulus variable, a positive correlation of $r=0.518$ between bank size and occupational fraud risk. In addition the study reports a significant 26.8% influence of bank size on occupational fraud risk in commercial banks in Kenya. These results provide insights into the deterrent and management of occupational frauds in Kenya and similar developing countries