

Good Corporate Governance as Prevention of Credit Fraud at Government Bank

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Received Date : 13.11.2023

Revised Date : 28.11.2023

Accepted Date : 12.01.2024

ABSTRACT

This study aims to explore the implementation of Good Corporate Governance as a preventive measure against fraud in providing Briguna credit at PT Bank Rakyat Indonesia (Persero). Employing a qualitative descriptive method, the research gathers data through interviews and direct observations with PT Bank Rakyat Indonesia employees and interviews with customers in the case study at the Ngawi Branch. Data collection involves observation, interviews, and documentation. The data analysis techniques include data reduction, data presentation, and drawing conclusions. The findings reveal that PT Bank Rakyat Indonesia (Persero) has adequately implemented the principles of Good Corporate Governance, encompassing transparency, accountability, responsibility, independence, and fairness in providing Briguna credit. However, in terms of fairness, implementing a queuing system for borrowing customers is suggested to enhance the organization of service delivery. The application of Good Corporate Governance principles has effectively contributed to fraud prevention at Bank BRI.

Keywords : **Bank; Good Corporate Governance; Credit Procedure; Fraud; Briguna Loans**

ABSTRAK

Penelitian ini bertujuan untuk mengetahui penerapan Good Corporate Governance sebagai pencegahan fraud dalam pemberian kredit briguna pada PT Bank Rakyat Indonesia (Persero). Penelitian ini menggunakan metode deskriptif kualitatif dengan mengambil data yang berasal dari wawancara dan observasi langsung dengan karyawan PT Bank Rakyat Indonesia dan wawancara dengan nasabah dalam studi kasus Cabang Ngawi. Pengumpulan data dilakukan dengan observasi, wawancara, dan dokumentasi. Teknik analisis data yang digunakan adalah reduksi data, penyajian data, dan penarikan kesimpulan. Hasil penelitian ini menunjukkan bahwa PT Bank Rakyat Indonesia (Persero) telah menerapkan prinsip Good Corporate Governance secara memadai yakni meliputi keterbukaan, akuntabilitas, pertanggungjawaban, kemandirian dan kewajaran dalam pemberian kredit briguna. Akan tetapi pada prinsip kewajaran perlu diadakan nomor antrian bagi nasabah peminjam agar lebih teratur dalam pemberian pelayanan. Dengan adanya penerapan prinsip Good Corporate Governance maka Bank BRI telah melakukan pencegahan kecurangan.

Kata Kunci : **Bank; Tata Kelola Organisasi; Prosedur Kredit; Kecurangan; Kredit Briguna.**

INTRODUCTION

The existence of banking in Indonesia has an important role in the national financial industry. This is shown by the involvement of banks in collecting and redistributing public funds (intermediary) is very helpful for the economic development process. Other roles owned by banking institutions are agent of development, agent of service, and agent of trust making this institution the main pillar of economic development.

The implementation of Good Corporate Governance (GCG) for companies today is no longer a necessity, but has become a necessity in running businesses and organizations. In Indonesia, which implements a dual bank system, the use of this principle is a mandatory demand due to the emergence of global competition in the financial world (Khasanah et al., 2022). According to Adnyani et al. (2020) Good corporate governance is one of the key elements in improving economic efficiency, which includes a series of relationships between company management, the board of commissioners, shareholders, and other stakeholders. The implementation of GCG is needed by banks to build public and international trust as an absolute requirement for the banking world to develop properly and healthily.

Bank Indonesia Regulation Number 8/14/PBI/2006 Regarding amendments to Bank Indonesia Regulation Number 8/4/PBI/2006 concerning the implementation of Good Corporate Governance for commercial banks, Good Corporate Governance is a bank governance that applies the principles of transparency, accountability, responsibility, independence, and fairness. The implementation of the policy also applies to the provision of credit provided to customers, as it is the main activity in the bank. Furthermore FCGI (2013), stated that Good Corporate Governance is a set of regulations that regulate the relationship between shareholders, management of the company, creditors, government, employees, the Effect of the Implementation of Good Corporate Governance and internal and external stakeholders.

However, in providing credit to customers, there are still several obstacles. This is as revealed by Lestari (2021) The existence of bad loans caused by lack of internal supervision is a frequent case. Research conducted by Farocho & Nugroho, (2022) and Ardiansyah et al. (2021) shows fraud in the form of credit repayment engineering carried out by bank employees. In addition, the potential for fraud was also revealed by Ardiansyah, et al in their research that fraud arises in the process or stage of providing credit, such as the existence of fictitious debtors, mask debtors, credit document engineering and installment information engineering.

In previous studies, the disclosure of good corporate governance has been associated with company performance and credit repayment. However, it is still rarely associated with fraud against lending in banking. Credit financing in the banking industry has been a considerable component for the Bank in increasing assets. This component is also very vulnerable to fraud or fraud if OJK does not carry out maximum supervision. This is like what happened in the case of Bank BSI in Bengkulu in terms of providing fictitious People's Business Loans (KUR) from 2021 to 2022 and has been reprimanded by the OJK (Pernando, 2023). Furthermore, this study will discuss the implementation of good corporate governance in lending to PT Bank Rakyat Indonesia (BRI) as fraud prevention. The reason researchers use PT BRI's research subjects is because BRI is one of the large banks in Indonesia and is able to reach a wider area such as village cooperatives, bank branches in sub-districts (Magdalena et al., 2018) (Rowa & Arthana, 2019).

RESEARCH METHOD

The object of research used is PT Bank Rakyat Indonesia Ngawi Branch. This is because Bank Rakyat Indonesia as one of the Government Banks has the widest service coverage among other banks. This can be seen at the village level, there is a BRI Terrace as a representative of BRI at the village level. Furthermore, in it is development Bank BRI is not only centralized in Java, but currently in 2023 it has 7,980 office network outlets spread throughout Indonesia.

The data used in this study is using primary data obtained directly by researchers in the form of briguna credit granting procedures, application of GCG principles in credit, and documentation of complaint handling. The research data was conducted by direct interviews with bank employees in the briguna credit operations division. Interviews were also conducted for customers to check the results of services provided related to GCG principles.

This study uses a descriptive analysis method with a qualitative approach. Descriptive method according to Whitney (1960) and Nazir (2003) is fact-finding with proper interpretation. In addition, this method also has the aim of making descriptions, drawings or paintings systematically, factually and accurately about the facts, properties and relationships between the phenomena investigated. Pada penelitian ini tahapan analisis data diawali dengan pengumpulan data yakni melakukan observasi dan wawancara dengan karyawan bagian penyaluran kredit. In this study, the data analysis stage begins with data collection, namely making observations and interviews with employees of the credit distribution department.

Furthermore, data reduction is to choose the main things of all the information obtained then focus on the important things related to lending and GCG. Then presenting the data is carried out in the form of applying the principle of transparency, the principle of accountability, the principle of accountability, the principle of independence, and the principle of fairness in the procedure for granting briguna credit. Finally, conclusions were drawn by looking at the suitability of the application of GCG principles in the distribution of briguna loans.

Data collection uses several techniques including; Interviews with Bank employees of the BRiguna Credit Operations Section and the BRiguna Relationship Manager Section by asking questions that have been prepared previously regarding the BRiguna Credit Procedures at Bank Rakyat Indonesia. In addition, conducting interviews with customers regarding the suitability revealed by bank employees and experienced by customers.

An interview is a series of data in the form of questions and answers between researchers and resource persons in the form of information about the research problem being studied (Sahir, 2021). Furthermore, also with observation, namely paying attention and observing directly the procedure for Briguna credit distribution at Bank Rakyat Indonesia Ngawi Branch Office when applying and realizing credit.

RESULTS AND DISCUSSION

With the implementation of good GCG principles, fraud prevention can be overcome properly. This is because the principles in GCG which include transparency, accountability, responsibility, independence, equality and fairness when applied can support fraud prevention in State-Owned Enterprise companies (Rahmania, 2020). This is corroborated in research Jannah (2016) The key factor that becomes the foundation in efforts to prevent fraud and structuring organizational performance is the application of the Principles of Good Corporate Governance has a positive and significant effect on Fraud Prevention.

Thus, the implementation of GCG will have a good influence on the activities of a company. According to Kurniawan, et al. (2019) and Nugroho, et al. (2022) Good Corporate

Governance can prevent fraud, and vice versa the company does not implement Good Corporate Governance, the possibility of fraud will be greater because the company's management does not run professionally, transparently, accountably and accountably.

The results of the above studies indicate that implementing GCG principles can reduce the occurrence of fraud. PT Bank Rakyat Indonesia is one of the banks in Indonesia which is included in the category of SOEs and Government Banks established based on Government Regulation Number 1 of 1946. The implementation of GCG implementation in banking is based on 5 principles of Bank Indonesia Circular Letter Number 15/15/DPNP that is; Transparency is transparency in expressing material and relevant information and transparency in carrying out the decision-making process.

Accountability is the clarity of the function and implementation of accountability of the Bank's organs so that its management runs effectively. Responsibility is the conformity of the Bank's management with the prevailing laws and regulations and the principles of sound Bank management. Independency is the professional management of the Bank without influence / pressure from any party. Fairness namely justice and equality in fulfilling the rights of stakeholders arising based on agreements and applicable laws and regulations.

The procedure for granting briguna credit has six stages, the first stage is the application, namely the applicant submits a credit application by completing the requirements including a credit application letter, original Certificate of Work and First Rank, Employee Card or ASABRI, original TASPEN, salary detail list, photocopy of salary receipt, photocopy of Husband and wife Identity Card, photocopy of family card, photocopy of passbook, photocopy of Taxpayer Identification Number card, color 4x6 color photos, proof of installments, Statement of Ability to Withhold Salary or Pension Appointed, Power of Attorney to Deduct Wages and or Other Rights, Statement letter deducting the salary or treasurer of the agency, and Certificate of Work made by the agency. In the second stage of credit ruling, the consumer business manager will conduct BI checking found loans elsewhere, the breaker must give a decision on the settlement.

Furthermore, the third stage of verification by POK Briguna by checking the suitability of the customer's identity in the system and on the identification card, the suitability of interest rates must be in accordance with the provisions that are currently in force, the suitability of credit discounts such as administrative fees, profision fees, stamp fees, and insurance costs must be in accordance with the provisions that are currently in force, as well as the suitability of the customer's SK.

The fourth stage is a credit contract, the customer will be confirmed that the customer is really making a loan, besides that POK Briguna will also explain again about the amount of credit, term, interest rate and discount costs. After the appropriate customer signs a credit contract. In the fifth stage, namely the activation of the loan account that will be received by the customer from the credit provided by the bank. Finally, the realization stage of the teller will disburse the credit as stated on the receipt. The teller will validate and submit proof of loan disbursement to the customer.

After the interviews related to the implementation of Good Corporate Governance at Bank Rakyat Indonesia for the provision of Briguna loans to Relationship Managers (RM) and Consumer Business Manager are as follows; Transaparancy with the question of whether information about briguna credit is conveyed to the debtor? Where can debtors get information? The answer from RM is

"Yes, every customer who wants to apply will be given an explanation regarding briguna credit. Customers can go directly to the office for consultation or can contact via WA."

Furthermore, to confirm the statement, the next step is to ask the borrower applicant with the question whether you are given an explanation of the procedure for

applying for credit. The answers from customers are:

"After submitting the papers, I was told to wait, but I don't know what process the bank is doing. But this was when I was told to wait again and then explained my file was being fed".

The principle of transparency can also be seen from the process of realization of briguna credit. How to explain the calculation results before the customer signs the contract

"In this section, an explanation is made when the realization of briguna credit, so it is confirmed again regarding the amount of the loan, deductions, whether it is in accordance with the previous RM explanation. Also explain the credit agreement including penalties if the customer pays off the loan early or does not match the maturity".

For the transparency principle, Bank BRI is in accordance with the results of previous research that the application of this principle has been implemented in providing briguna loans in the form of bank transparency in conveying information, transparency of procedures, and transparency of relevant registers. Provision of adequate, accurate and timely information to customers (Yulisa, 2021).

Next The principle of Accountability obtained information that the work in each stage of crediting is carried out by different sections that have their respective duties. Based on the results of interviews with informants, results were obtained

"Before here, the file was done by RM, then disconnected by MBK, then to POK, then to the credit operations supervisor and to the teller".

The principle of Accountability obtained information that the work in each stage of crediting is carried out by different sections that have their respective duties. Based on the results of interviews with informants in the principle of accountability is also shown by the understanding of bank officers in explaining credit information. As revealed by the customer, get results

"Oh yes, explained, I asked the officer also".

These results show that bank officers understand this briguna credit product, this is shown by the ability of banks to answer customer questions until customers feel sufficient with the information provided. These results support Yulisa (2021) which states that there is clarity in functions, rights, obligations, authorities and responsibilities in providing credit and explaining credit products. Therefore, Bank BRI has implemented the principle of accountability which can be shown from the clarity of functions, authorities, obligations and responsibilities of each party

The principle of responsibility, every employee understands the code of ethics and code of conduct where every work is carried out in accordance with the provisions of the law, in terms of granting credit this is shown by the application of the precautionary principle. This is revealed in the following interview

"Yes, we apply the precautionary principle. In short, as I explained earlier in the procedure, an analysis of the customer is carried out, including BI-Checking, this is seen in SLIK. You can see the customer's credit history. Then looking at the customer's ability from the salary received, installments must be smaller than the salary received each month".

The statement was then corroborated by the operational section of lending related to the responsibilities given by the bank, namely:

"When verifying files, ensure that no signatures are forged including signatures from the agency treasurer. Checking the SK is appropriate and complete, if the SK is still in another place, there is prevention of customer lies by blocking the balance until the SK is submitted."

The application of the principle of accountability is also carried out by regular credit monitoring. This is revealed from the customer's statement that during the briguna credit there are no problems regarding the credit. Lending has been carried out Bank officers

have carried out the principle of prudence and based on applicable regulations and procedures, and credit monitoring so that management can be effective and paid off according to the period of time (Yulisa, 2021). The above results indicate that Bank BRI has implemented the application of the principle of accountability in lending by exercising prudence and based on applicable procedures related to credit monitoring and credit repayment period.

Furthermore, the principle of independence is carried out with the process of providing credit running independently or carried out by the bank only, but there is cooperation with the treasurer of the customer/loan applicant institution to coordinate the loan. This is as revealed by RM Briguna

"Every submission must have a letter of approval from the treasurer of the customer agency, just confirm with them."

The application of the principle of independence is also carried out by credit analysis according to the customer's ability which is in line with the law and does not have any relationship with the customer. As revealed by RM Briguna

"Yes, in conducting customer credit analysis, we have provisions from bank regulations. We have an obligation to follow applicable regulations so that even if the customer is a mayor, we still analyze it in accordance with bank regulations".

From the results of the interview above, Bank BRI has applied the principle of independence with the implementation of lending, there is no interference and pressure from any party and is carried out in accordance with laws and regulations. These results support research (Yulisa, 2021) that the implementation of lending is carried out without interference and pressure from any party and is carried out in accordance with laws and regulations and credit analysis in accordance with analyst capabilities and there is no relationship between debtors and bank employees. The principle of independence in providing briguna credit is carried out without interference from other parties, there is cooperation with the treasurer, but credit decisions remain in the hands of BRI bank breakers. (Kasih penelitian sebelumnya)

For the 5th principle, namely fairness, the application of the principle of fairness in providing BRI briguna credit prioritizes fairness in fulfilling rights, there is no special treatment and does not discriminate debtors based on unprofessional criteria. As in the results of the interview with RM Briguna below. The question "is there any special treatment to certain debtors?" was answered by RM

"Nobody, everyone also has to follow the existing procedures."

Furthermore, questions regarding each debtor must go through the same procedure in applying for credit to obtain interview results

"It's the same, there may be differences due to different agencies. For payroll agencies or salaries through BRI and non-payroll agencies, the requirements that must be completed by customers are slightly different."

From the results of the interview above, information was obtained that each debtor goes through the same procedure, there are differences because there are clear criteria in treating debtors, payroll and non-payroll customers. The provision of briguna credit with services namely prioritizes the principles of equality and fairness in fulfilling the rights of debtors, every debtor is treated equally so that there is no special treatment, each credit applicant is applied the same procedure and does not distinguish debtors based on unprofessional criteria (Yulisa, 2021).

However, after observation on each credit realization, there is no queue number, so the service prioritizes customers who come the earliest. If there is no clear queue number, it can have an impact on the regularity in the credit disbursement process, for example, people who have just arrived do not know what order to get for credit disbursement. In

addition, the Bank will find it difficult to identify which one comes first if each consumer wants to be served quickly. Therefore, in this fairness principle, BRI Ngawi Branch has implemented well, but there are still some things that are not appropriate, such as the existence of queue numbers to facilitate in providing services to customers.

CONCLUSION

The application of good corporate governance principles in providing briguna loans to BRI Ngawi Branch is adequate. Every principle has been implemented in briguna crediting activities. The implementation of adequate principles of good corporate governance is a fraud prevention measure. The application of the principle of transparency, namely information disclosure in providing BRI briguna credit.

The disclosure of relevant registers is also carried out with an explanation from the bank regarding the results of customer BI-checking from SLIK. The application of the accountability principle for each credit granting process is carried out by different sections including RM Briguna, MBK, POK, POK Supervisors and tellers. In addition, accountability is also confirmed by customer information that bank officers are able to explain every question asked.

The application of the principle of responsibility the application of the principle of prudence in the analysis of customer credit in accordance with their ability to pay. Every procedure has also been carried out and credit monitoring is carried out so that there are no problems experienced by customers.

The application of the principle of independence, namely in providing briguna credit, is carried out without interference from other parties, there is cooperation with the treasurer, but credit decisions remain in the hands of BRI bank breakers. The analysis is also carried out in accordance with the regulations, nothing is missed even if the debtor is a high-level official. The application of the principle of fairness is that every debtor is treated equally and performs the same procedures as well.

However, there are differences but in determining professional criteria. This is shown by the provision of services does not use a sequence number but the officer serves customers based on arrival. Each debtor is also given the opportunity to ask questions and obtain as complete information as possible. Therefore, in the implementation of all GCG principles have been implemented properly and comprehensively by Bank BRI Ngawi Branch

RECOMMENDATION

In this study, the implementation of good corporate governance is only directed at one type of credit in BRI, namely BRiguna. So that for future research, several other credit services from Bak BRI can be added to obtain maximum results. Furthermore, the research site used is only one bank, namely Bank Rakyat Indonesia.

For further research, you can compare lending with the implementation of Good Corporate Governance between Banks in Indonesia or with the financing process at Sharia Banks and then be added and expanded to other BRI branches. Thus, it will obtain more comprehensive and comprehensive research results.

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