

# Can a Rural bank Truly Be Protected from Occupational Fraud? An Inquiry into Anti-Fraud Strategies at PT BPR Danagung Bakti Yogyakarta

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## Abstract

The trend of fraud problems that led to the decline in the number of rural bank prompted the Financial Services Authority (OJK) to establish a book published in 2022 containing the Financial Services Authority Regulation (POJK) for the implementation of a specific anti-fraud strategy for rural bank. This study was conducted at PT BPR Danagung Bakti Yogyakarta to determine the mechanism for implementing the implemented anti-fraud strategy, including prevention, detection, disclosure, and follow-up in minimizing occupational fraud. The study was conducted using a qualitative approach, a case study method, and data collection techniques through interviews with selected informants according to the specified criteria. The results of the study showed that the mechanism of the anti-fraud strategy applied is in accordance with the OJK's Anti-Fraud Strategy Guide for rural bank, although there are shortcomings and obstacles that still need to be improved in its implementation.

Keywords: Anti-Fraud Strategy, Fraud Prevention, Fraud Detection, Anti-Fraud Unit, Occupational Fraud

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## INTRODUCTION

The banking sector in Indonesia is one of the more vulnerable targets for individuals looking to commit fraud. Fraud is a serious issue that can lead to significant losses, especially in the case of occupational fraud (Oboh, 2023). According to the ACFE (2022), the industries with the highest number of fraud cases are banking and financial services, government and public administration, and manufacturing. In the banking and financial services sector alone, there were 351 cases of fraud, with a median loss of \$100,000. This has a severe impact on banks, leading to a damaged reputation, decreased public trust, especially among customers, and even a shift of customer funds to other banks (Novita, 2019).

According to the findings by ACFE (2022), there are three common types of occupational fraud occurring in workplaces: asset misappropriation, corruption, and financial statement fraud. Each of these can result in companies losing up to 5% of their revenue annually. In a report of 2,110 cases, 86% were related to asset misuse, with losses averaging around 100,000 USD per case. Financial statement fraud, on the other hand, caused the largest losses, despite accounting for only 9% of the cases, with an average loss of 593,000 USD.

In recent years, fraud cases in Indonesia's banking industry have been on the rise. Data collected by the National Cyber and Encryption Agency (BSSN) revealed that in 2020, about 23% of cyberattacks in Indonesia targeted the financial sector. Meanwhile, the Financial Services Authority (OJK) recorded 7,087 fraud cases in the banking industry between the first half of 2020 and the first half of 2021. Of these cases, approximately 71.6% occurred in commercial banks, 28% in private banks, and 0.3% in foreign banks. The total impact of cybercrime amounted to a loss of IDR 246.5 billion for the banking sector, with customers losing IDR 11.8 billion. Therefore, a collaborative effort between the government, financial institutions, and society is essential to implement effective fraud prevention strategies.

The efforts by the Financial Services Authority (OJK) to implement fraud prevention strategies include issuing POJK No. 39/POJK.03/2019 concerning the Implementation of Anti-

Fraud Strategies for Commercial Banks on December 19, 2019. In addition to commercial banks, the OJK also issued POJK No. 04/POJK.03/2015 regarding rural bank Governance. The scope of rural bank activities is indeed more limited than that of commercial banks, as they are prohibited from accepting deposits, engaging in foreign exchange activities, or providing insurance. However, rural bank still fall under OJK's authority. Additionally, there are regulations to help prevent fraud within rural bank, which are outlined in SEOJK No. 7/SEOJK.03/2016 regarding the Standards for Implementing the rural bank Internal Audit Function. OJK has also prepared a comprehensive anti-fraud strategy guidebook specifically for rural Bank to enhance the understanding of anti-fraud practices among rural bank and their customers, aiming to achieve effective risk management and strengthen governance.

According to data from the Financial Services Authority (2022), the number of rural bank in Indonesia decreased by 10.6% over seven years, from 1,643 rural banks in 2014 to 1,468 in December 2021. One contributing factor to this decline is the revocation of Rural Bank Business Licenses (CIU) due to fraud incidents rooted in issues with rural bank integrity and management. This remains a key focus for OJK and other state institutions, which are committed to minimizing fraud incidents. PT BPR Danagung Bakti, a rural bank in Yogyakarta, is working to implement an anti-fraud strategy based on POJK No. 04/POJK.03/2015 on rural bank Governance and the anti-fraud strategy guidebook for Rural Bank.

This study aims to examine the anti-fraud strategy implemented by PT BPR Danagung Bakti, identify the challenges faced, and provide suggestions for improvement. This research is essential, as fraud is a significant risk that could threaten the continuity of PT BPR Danagung Bakti's business. The study's findings are expected to offer valuable insights for PT BPR Danagung Bakti to enhance its fraud prevention and detection efforts.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Fraud Triangle Theory

An American criminologist, Donald Cressey, developed the Fraud Triangle Theory to explain the factors that lead to fraud and other illicit practices. In this theory, he identifies three common factors that drive individuals to commit fraud: perceived financial pressure or incentives that cannot be shared, perceived opportunities to commit fraud, and rationalizations used to justify unethical behavior (Cressey, 1953).

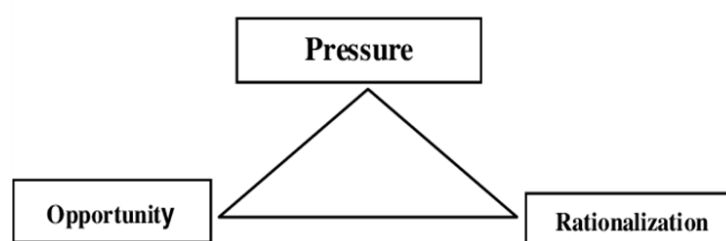


Figure 1. Fraud Triangle Theory  
Source: Principles of Fraud Examination, Wells, J.T. (2005)

Many authors use the fraud triangle theory to explain the causes of fraud in the banking industry. Pressure can be described as a financial or non-financial burden that cannot be shared by an individual that can come from environmental, social, financial, or political sources. The differences in the factors in the triangle explain why people commit fraud in a situation where there is a weakness in internal control. The concept of the fraud triangle identifies three elements that are always present in a fraud situation. All three elements must be present for fraud to occur. If one of them is missing, then fraud will not occur or can be prevented through internal control within an organization.

## Occupational Fraud

According to the ACFE (2022), occupational fraud refers to fraud committed by individuals within the company or organization where they are employed. Occupational fraud typically occurs due to two main reasons. First, companies or organizations entrust their assets to employees, including responsibilities like bookkeeping, managing bank accounts, securing inventory, and more. Second, many individuals exploit opportunities to commit fraud, especially employees who have access to organizational assets.

Peltier-Rivest (2009) states that occupational fraud often occurs in companies that lack a dedicated unit to monitor employee activities. Therefore, supervision plays a crucial role, as individuals who engage in fraudulent behavior will always seek opportunities to exploit gaps in the company's existing standard operating procedures (Nawawi & Salin, 2018).

## Fraud Strategy

An effective anti-fraud strategy to control fraud cannot be implemented without the application of good corporate governance. To address this, the Financial Services Authority (OJK) issued Regulation Number POJK No. 04/POJK.03/2015 concerning rural bank Governance. This regulation requires rural bank to implement compliance functions, internal audit functions, and adequate internal control systems. Additionally, regulations for fraud prevention in the rural bank environment are outlined in SEOJK No. 7/SEOJK.03/2016 regarding the Standards for Implementing the Rural Bank Internal Audit Function.

Apart from the OJK, the Corruption Eradication Commission (KPK) also actively contributes to fraud prevention efforts. In 2021, the KPK issued Circular Letter Number 19 of 2021 concerning Gratification Control for the Financial Services Industry. Moreover, OJK has further supported fraud prevention by publishing an anti-fraud strategy guidebook specifically designed for the rural banks. This guide aims to achieve several objectives. First, it seeks to raise awareness about fraud prevention across all levels within rural bank, ensuring improved risk management and stronger governance. Second, it provides a framework for rural bank to develop their own Anti-Fraud Strategy (SAF) tailored to their business complexity, scale, and unique needs. Furthermore, the guide is principle-based, offering structured yet practical solutions that can be easily implemented in daily operations.

The 4 pillars of the Anti- Fraud Strategy (SAF) regulated in POJK No. 39/POJK.03/2019 of 2019 are as follows: a) prevention; b) detection; c) investigation, reporting, and sanctions; d) monitoring, evaluation, and follow-up.

The *Prevention Pillar* focuses on steps to prevent potential fraud. Internal audits play a key role in minimizing or even eliminating factors that drive fraudulent activities. Tools used for prevention include raising fraud awareness, establishing anti-fraud management units or functions, identifying vulnerable areas, implementing "know your employee" policies, and setting special policies for activities prone to fraud.

The *Detection Pillar* aims to identify and detect fraud in business activities. This is done through policies and mechanisms such as whistleblowing systems, using indicators of fraud (red flags), surveillance systems, and secret inspections by independent or internal parties, conducted periodically or as needed. Surprise audits are also an essential mechanism, especially for business units or activities with high risks of fraud.

The *Investigation, Reporting, and Sanctions Pillar* involves gathering evidence related to suspected fraud. Rural banks establish mechanisms for reporting fraud to management, which are documented for evaluation. These investigations help prevent similar incidents in the future and strengthen anti-fraud strategies. Rural bank also implements sanctions that are effective, fair, transparent, and consistent to deter fraudsters from repeating their actions.

The *Monitoring, Evaluation, and Follow-Up Pillar* involves monitoring fraud reports in accordance with internal bank regulations and applicable laws. Fraud incident data is used to identify and evaluate weaknesses and the root causes of fraud. Based on these evaluations, rural bank develops follow-up actions to improve and strengthen internal control systems to prevent similar incidents in the future.

Fraud prevention typically involves establishing policies, systems, and procedures to assist the board of commissioners, management, and other personnel in achieving organizational goals. These goals include the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations (COSO, 1992). According to COSO (1992), fraud prevention requires the following measures to achieve these objectives: a) building a good control structure; b) making control activities effective; c) improving organizational culture, d) making internal audit functions effective.

## METHODS

This study uses a qualitative approach with a case study method. With this approach, the research is conducted by creating a comprehensive and complex picture that is expressed in words and provides detailed knowledge from sources of information (Rijal Fadli, 2021). The author conducts qualitative research through interactions with sources to gather information that reflects real field conditions. PT BPR Danangung Bakti, the subject of this study, is analyzed to assess the effectiveness of implementing anti-fraud strategies in preventing occupational fraud, in line with current trends in fraud-related issues. Additionally, the author examines policies issued by the Financial Services Authority (OJK) concerning anti-fraud strategies, evaluates the extent of their implementation and the challenges faced by PT BPR Danangung Bakti, and provides recommendations for future improvements.

In qualitative research, the main instrument is the researcher. As the primary instrument, the author manages the planning, data collection, and data analysis, culminating in the preparation of the research report. The author also collects data from documents and interviews aligned with the research objectives and problem statement.

In this study, the author conducted both structured and unstructured interviews. For unstructured interviews, questions were developed based on a set of general questions. The author interviewed five individuals with relevant knowledge and experience related to anti-fraud strategies at PT BPR Danangung Bakti. These interviews were conducted to address the research questions. Table 1 lists the participants interviewed by the author.

**Table 1 Interview Sources**

Source person	Gender	Position	Education	Age Group
<b>A</b>	Man	Operational Director in Charge of Compliance Function	S1	45-50 years
<b>B</b>	Man	Executive Officer of Internal Audit Department	S1	50-55 years
<b>C</b>	Woman	Internal Audit Staff	S1	25-30 years
<b>D</b>	Man	Executive Officer of Risk Management and APU PPT Section	S1	50-55 years
<b>E</b>	Man	Operational Executive Officer	S1	50-55 years

Source: Data from PT BPR Danangung Bakti

In the qualitative data analysis process, the author utilized NVivo 12 software to facilitate data processing, including documents and interview transcripts. NVivo 12 assisted the author in identifying relationships between data from various sources, minimizing subjectivity in interview results, and reducing bias. However, the discussion and conclusions of the study remain the responsibility of the author, who acts as the human instrument.

During qualitative data analysis, data was transcribed into text and then analyzed using coding techniques. According to Hammersley (2013), coding involves interpreting and grouping data into specific categories to make it easier to understand and analyze. Coding helps researchers address their

research questions by organizing large amounts of interview data (Auerbach & Silverstein, 2003). In the coding process using NVivo, the author employed interview data from PT BPR Danagung Bakti and the OJK anti-fraud strategy guidebook to create data representations known as nodes. These nodes store all relevant data from interviews, serving as references for understanding concepts and relationships. Each node created was aligned with the research problem formulation to directly address the identified issues. Additionally, relationships were established between nodes that were interconnected, such as those addressing problems, obstacles, and suggestions for improving the implementation of PT BPR Danagung Bakti's anti-fraud strategy.

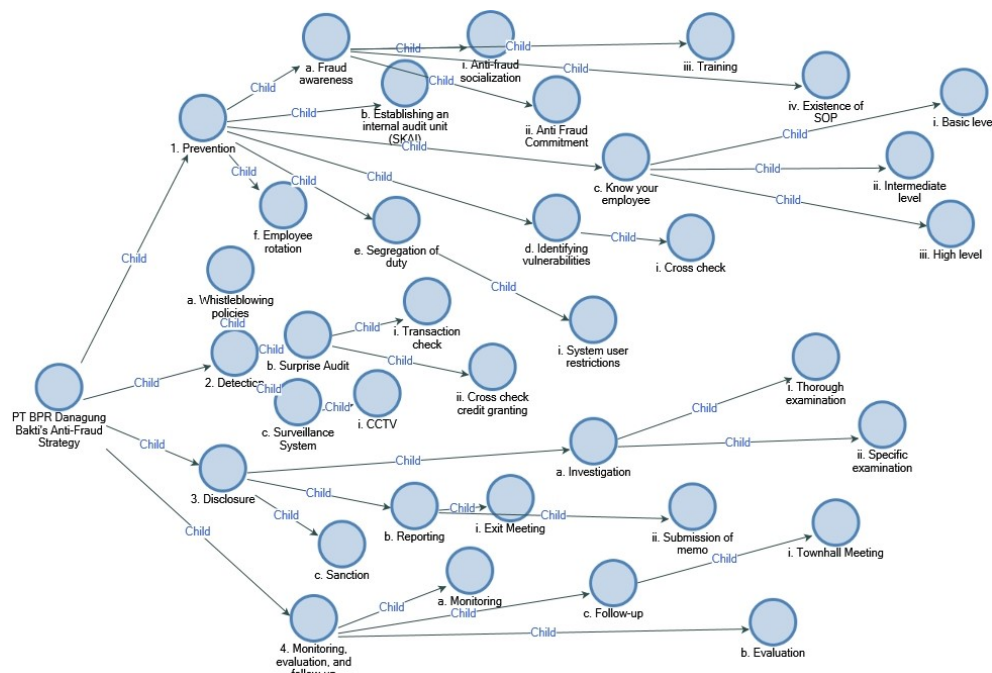
The coding results stored in nodes were visualized using analytical maps to understand the mechanisms for implementing anti-fraud strategies, identifying deficiencies and obstacles, and providing suggestions for improvement at PT BPR Danagung Bakti. Miles et al. (2019) explained that analytical maps help researchers identify patterns, relationships, and themes within research data. Furthermore, the author analyzed relationships between codes by creating a matrix table, known as matrix coding, where rows and columns represented different codes or themes. A framework matrix was also developed to compare and summarize data from multiple sources, including interviews, documents, and observations (Miles et al., 2019).

The data validity test was conducted by the author to obtain a level of trustworthiness related to the extent of the truth of the research results. To ensure the validity of the data, the author used data verification techniques, specifically member checking and triangulation. Two types of triangulation were applied: technical triangulation and source triangulation. Technical triangulation involves asking the same questions using different methods, such as interviews, observations, and document analysis, to cross-check the consistency of the findings. Source Triangulation involves asking the same questions to different individuals or sources related to the research focus to verify the data's accuracy from various perspectives (Miles et al., 2019).

Additionally, the member checking process was conducted by returning the research data and findings to the original data provider, PT BPR Danagung Bakti Yogyakarta, to confirm their accuracy and ensure they align with the participants' experiences.

## RESULT AND DISCUSSION

The results presented in this study are based on the content analysis of coded interview transcripts, using the NVivo 12 application. Figure 3 shows the data coding process and the analysis results.



PT BPR Danagung Bakti's Anti- Fraud Strategy

Source: processed by the author

Based on the analytical map in Figure 3, the results of the research on the mechanism of implementing anti-fraud strategies at PT BPR Danagung Bakti Yogyakarta are described as follows.

### **Prevention Efforts in PT BPR Danagung Bakti's Anti-Fraud Strategy Mechanism**

PT BPR Danagung Bakti implements various preventive measures to minimize the risk of fraud within the organization. According to Informant C, everyone in the company, from operational and business management to risk management and internal audit, plays a crucial role in preventing and detecting fraud.

#### *Fraud Awareness*

Efforts to prevent fraud are carried out in various ways, such as increasing awareness of anti-fraud measures at all levels of the organization. According to Informant A, PT BPR Danagung Bakti has conducted anti-fraud socialization to ensure that compliance values become part of the company culture. This aligns with the Financial Services Authority's Anti-Fraud Handbook, which emphasizes that anti-fraud socialization should be conducted regularly as part of an anti-fraud awareness program.

In addition, a commitment to reject any fraudulent activities has been communicated to all levels of management at PT BPR Danagung Bakti. Regular training programs are held every week by PT BPR Danagung Bakti to enhance awareness of fraud prevention and understanding of related policies and procedures (Informant E). Internal auditors are also provided with training, including internal workshops, participation in training center groups, and external workshops, to strengthen their competence in banking regulations, making the audit process more effective in detecting fraud.

Informant B further mentioned that Standard Operating Procedures (SOP) are also established as part of the Internal Audit's efforts to maintain the company's integrity and adherence to applicable norms. If the SOP is followed properly, anti-fraud prevention can be effectively implemented.

#### *Establishment of the Internal Audit Unit (SKAI)*

Efforts to prevent fraud are also carried out through the establishment of the Internal Audit Unit (SKAI) to ensure that policies, regulations, and procedural systems are effectively implemented by every individual in the management team (Informant A).

This is further supported by an interview with Informant B, the Executive Officer of the Internal Audit Department, who stated that SKAI plays a crucial role as it has the authority to communicate directly with the Supervisory Board/Board of Commissioners to provide information related to audits. This aligns with the prevention pillars related to the establishment of anti-fraud management units/functions outlined in the Anti-Fraud Guidelines by the Financial Services Authority.

#### *Know Your Employee*

PT BPR Danagung Bakti implements a "Know Your Employee" strategy to prevent fraud, which is divided into three levels: Basic, Intermediate, and Advanced. At the Basic Level, the company screens candidates for all positions by reviewing submitted CVs and documents, which are then used during the interview process (Informant A).

Once the Basic Level is completed, the process moves to the Intermediate Level, which involves two stages of interviews. The first stage is conducted by the HR department, while the second stage involves the user and relevant officials. During these interviews, candidates are asked about their personal background and work experience at previous companies (Informant A, 2023). After completing both interview stages, candidates wait for the results, which are typically announced a week after the second interview. According to Informant E, new employees also receive an offering letter that includes an anti-fraud statement.

At the Advanced Level, further steps are taken for candidates with prior work experience rather than fresh graduates. According to Informant A, such candidates are asked about their reasons

for leaving their previous jobs and their experiences there. This information is then confirmed with their former employer to ensure its accuracy.

#### *Identifying Vulnerabilities*

Another prevention effort involves identifying fraud risks in each activity carried out by PT BPR Danagung Bakti to assess the level of fraud risk, potential vulnerabilities that could lead to fraud, and the possible impact of fraud on those activities (Financial Services Authority, 2022).

Based on an interview with Informant A, risk identification is largely conducted by the Internal Audit Unit (SKAI), such as through sampling checks of transaction report bundles by the internal supervision team. This is further supported by Informant C, who stated that Danagung Bakti performs strict transaction checks by the Accounting Department and relevant personnel. They ensure that daily transactions and supporting documents are accurate and compliant.

Following this, SKAI regularly reviews reports and evaluates general control programs and computer system technology. If transaction errors occur, SKAI confirms with the relevant department, discusses the potential risks, and recommends improvements, while also monitoring follow-up actions on the findings. Additionally, SKAI cross-checks the credit granting and management process (Informant B).

#### *Segregation of Duty*

The establishment of segregation of duties is a preventive measure implemented by rural bank to ensure that each employee performs tasks according to their job descriptions within their respective divisions (Informant D). According to an interview with Informant C, PT BPR Danagung Bakti also restricts system access by providing passwords to each employee, ensuring they can only access the system based on their specific job roles.

#### *Employee Rotation*

To improve the effectiveness of implementing anti-fraud strategy, rural bank needs to focus on human resource controls, such as policies for employee rotation and transfer. According to an interview with Informant E, PT BPR Danagung Bakti has implemented employee rotation as a strategy for refreshing the workforce and mitigating risks.

### **Detection Efforts in PT BPR Danagung Bakti's Anti-Fraud Strategy Mechanism**

PT BPR Danagung Bakti is committed to upholding integrity and minimizing fraud risk through proactive detection efforts.

#### *Whistleblowing Policy*

Whistleblowing policy is one of the methods implemented to encourage employees and external parties to report fraud without fear. This policy is supported by Informant E, who mentions that the bank has its own confidentiality policy for whistleblowers. This policy is designed to encourage the role of employees and external parties in protecting the bank's assets from losses caused by violations of Good Corporate Governance implementation. As a result, rural bank can create an environment where every individual feels safe and motivated to report violations.

According to Informant C the human resource department provides training to employees on the implementation of the whistleblowing policy, which serves as a shared guideline within the company.

#### *Surprise Audit*

Surprise audits, or unannounced inspections, are conducted without prior notice. The Internal Audit Unit (SKAI) carries out checks on transactions, credit approvals, and the entire financial process. This aligns with findings from an interview with Informant B, who confirmed that SKAI has frequently conducted these checks to monitor and control all financial transactions.

In cases where irregularities are detected, the auditor follows a clear protocol: confirming the issue with the relevant department, holding discussions to explain potential risks, offering improvement suggestions, and tracking the follow-up actions. This process is described by Informant D as follows.

*"Transaction checks are conducted daily. If a transaction error occurs, the auditor confirms it with the relevant section, discusses potential risks, recommends corrective actions, and monitors the follow-up on these findings."*

Informant D.

According to Informant B (2023), SKAI ensures control and oversight throughout the financial transaction process, including reviewing the credit granting process and credit management at PT BPR Danagung Bakti.

#### *Surveillance system*

Additionally, a surveillance system is employed to enhance fraud detection. SKAI conducts inspections without notifying the audited party and monitors specific areas through CCTV surveillance. These detection efforts enable PT BPR Danagung Bakti to identify fraud quickly and accurately, minimizing losses and maintaining stakeholder trust.

### **Disclosure Efforts in Implementing PT BPR Danagung Bakti's Anti-Fraud Strategy**

#### *Investigation*

PT BPR Danagung Bakti has established a clear investigation mechanism to address detected fraud incidents, ensuring confidentiality and prioritizing evidence collection. Based on an interview with Informant B (2023), the Internal Audit team investigates any issues or operational activities that indicate fraud or abuse of authority, which could lead to financial, material, or reputational losses for the company. PT BPR Danagung Bakti employs various inspection methods, including comprehensive and special inspections, with the latter typically initiated at the direction of the President Director in response to specific cases.

If necessary, the Internal Audit team will conduct direct visits to relevant work units, as supported by Informant A's statement.

*"If it is deemed necessary, we will conduct a direct visit to the work units under our supervision at Bank Danagung Bakti to identify problems and ensure all work units perform their activities according to legal provisions and company policies."* Informant A.

This is further supported by Informant C, who stated that when issues arise within a company, it is the responsibility of the Internal Audit to identify the problems and find solutions.

#### *Reporting*

Another key effort in the disclosure process is a systematic fraud incident reporting mechanism. Based on the interview with Informant A, any periodic activity, such as daily or monthly audit routines, that reveals deviations or discrepancies should be reported, and an exit meeting should be held for each section, including the business audit section and the operational section. After the internal audit is completed, findings are presented in an exit meeting and reviewed with the Auditee. These findings are then summarized in an Audit Result Resume, reported to the President Director, and followed up with a memo sent to the relevant work unit to address identified issues.

#### *Sanction*

Rural bank has a zero tolerance policy towards fraud and imposes sanctions based on the severity of the violation (Informant E). The purpose of these sanctions is to create a deterrent effect for employees who commit fraudulent acts. According to an interview with Informant E, the company applies sanctions that correspond to the level of violation or fraud committed by employees, in line with the company's regulations. The lightest sanction is a memo or warning letter (Informant C).



### Monitoring, Evaluation, and Follow-up Efforts on the Implementation Mechanism of PT BPR Danagung Bakti's Anti-Fraud Strategy

PT BPR Danagung Bakti has a systematic mechanism in place to monitor, evaluate, and follow up on fraud incidents.

#### Monitoring

The Internal Audit Work Unit (SKAI) is responsible for monitoring company activities, conducting assessments, tests, and investigations based on reports from various sources. According to an interview with Informant B, the follow-up to the examination results is closely monitored and reported to the President Director and the Supervisory Board.

SKAI also conducts analysis, evaluation, and risk assessment related to compliance in the operations of Rural banks. One of the evaluations is aimed at assessing the monitoring procedures (Informant D).

#### Evaluation

Based on interviews with Informants D and A, SKAI routinely evaluates all company activities, including the assessment of monitoring procedures to ensure no violations of applicable regulations. These evaluations are guided by the anti-fraud guidebook issued by OJK. Rural bank conducts evaluations based on monitoring data to identify the causes of fraud and prepare steps to improve risk management. Periodic evaluations are also carried out to ensure that all employees perform their duties as per their job descriptions and that work units operate in accordance with SOPs (Informant C).

#### Follow-up

After obtaining the evaluation results, rural bank determines the necessary steps to improve and enhance internal controls. The company ensures that policies and procedures align with legal provisions and the principle of prudence (Informant C). The follow-up process is communicated through Townhall Meetings, direct meetings between directors, commissioners, and all employees, as well as monthly meetings.

### Deficiencies and Obstacles in Implementing PT BPR Danagung Bakti's Anti-Fraud Strategy

In implementing its anti-fraud strategy, PT BPR Danagung Bakti faces several shortcomings and obstacles, which the author has outlined in the following analytical map illustration.

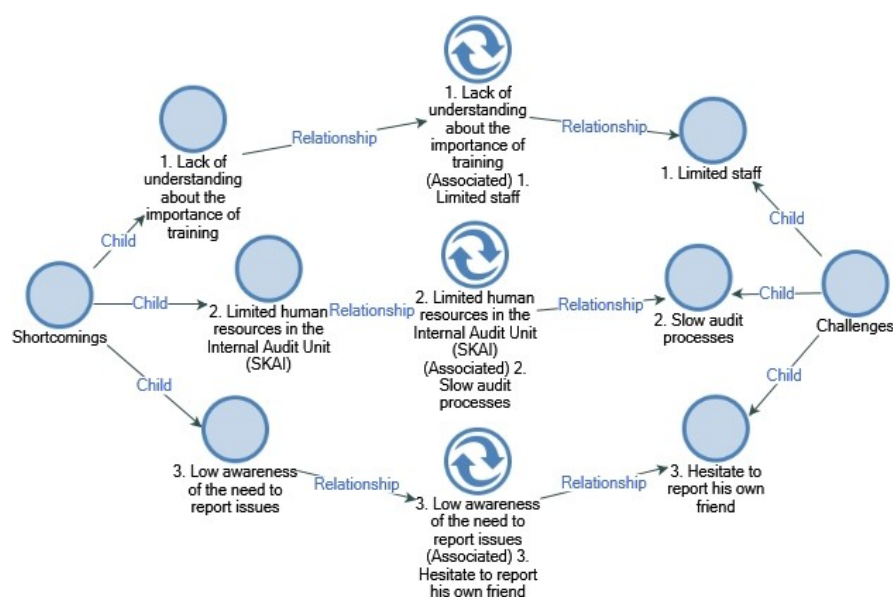


Figure 4. Analytical Map of Deficiencies and Obstacles in Implementing PT BPR Danagung Bakti's Anti-Fraud Strategy

Source: Processed by the author

Based on the analytical map, PT BPR Danagung Bakti still faces several shortcomings in executing its anti-fraud strategy.

*Lack of understanding about the importance of training*

The implementation of anti-fraud strategies at PT BPR Danagung Bakti has some shortcomings, particularly in the training related to anti-fraud measures. The training is considered ineffective due to a lack of understanding about its importance, which leads to low employee motivation to participate in the training. This lack of motivation also results in limited employee engagement during the training sessions. This is evident from a statement by Informant A.

*"If there is fraud in every bank, Mbak. It goes back to the employees, sometimes there are those who actively participate but there are also those who just follow along, the hope is that with the anti-fraud understanding training facilities, employees can commit to carrying out anti-fraud"* Informant A (2023)

*Limited human resources in the Internal Audit Unit (SKAI)*

The shortage of human resources in the Internal Audit Unit (Satuan Kerja Audit Intern or SKAI) affects the auditing process within the internal operations of PT BPR Danagung Bakti. This is in line with the statement made by Informant B in an interview, where it was mentioned that currently, audits are only conducted by two people, which results in the duration of the audit process taking between one to two weeks.

*Low awareness of the need to report issues*

According to an interview with Informant C, the implementation of the whistleblowing system in the company has not been effective. Employees feel hesitant and reluctant to report fraud committed by their colleagues due to emotional ties and friendships. This hesitation creates fear among employees that reporting such fraud could damage their personal relationships or work connections.

However, if the fraud has a significant impact on the company, employees are still obligated to report it, even if it involves a friend or colleague. This is because employees have a responsibility to protect the company from potential losses.

PT BPR Danagung Bakti faces several challenges in its efforts to prevent fraud.

*Limited Staff*

PT BPR Danagung Bakti has been providing regular training on the implementation of anti-fraud strategies to its employees. Based on an interview with Informant A, the challenges faced largely depend on the individual employees. Some employees are highly motivated and actively participate during the training, while others attend only because it is required, without fully understanding the importance of participating in anti-fraud training.

*Slow audit processes*

The internal audit process has been experiencing delays due to a shortage of auditors, which has significantly affected the efficiency and effectiveness of auditing activities. This shortage has made it difficult for the team to manage the increasing workload and complete audits within the expected timeframes. The situation is further complicated by an upcoming merger plan, which has led to restrictions on the addition of new staff. As a result, the company is unable to recruit additional auditors to strengthen the team and address the workload issues.

*Hesitate to report his own friend*

Some employees are still hesitant to report fraud committed by their colleagues. This reluctance highlights a significant issue within the organization, where the importance of reporting fraudulent activities is not fully understood or embraced by all employees. The hesitation often stems from a sense of loyalty to their colleagues or fear of retaliation, which can undermine the effectiveness of any anti-fraud policies in place. This situation points to a lack of adequate socialization and communication regarding the whistleblowing policy. If employees are not well-informed about the policy and its potential benefits, both for the organization and for themselves, they may not see the value in reporting fraudulent behavior. As a result, they may choose to stay silent, which can lead to the

persistence of fraudulent activities and create an environment where dishonest actions go unnoticed and unaddressed

### Suggestions and Improvements for PT BPR Danagung Bakti

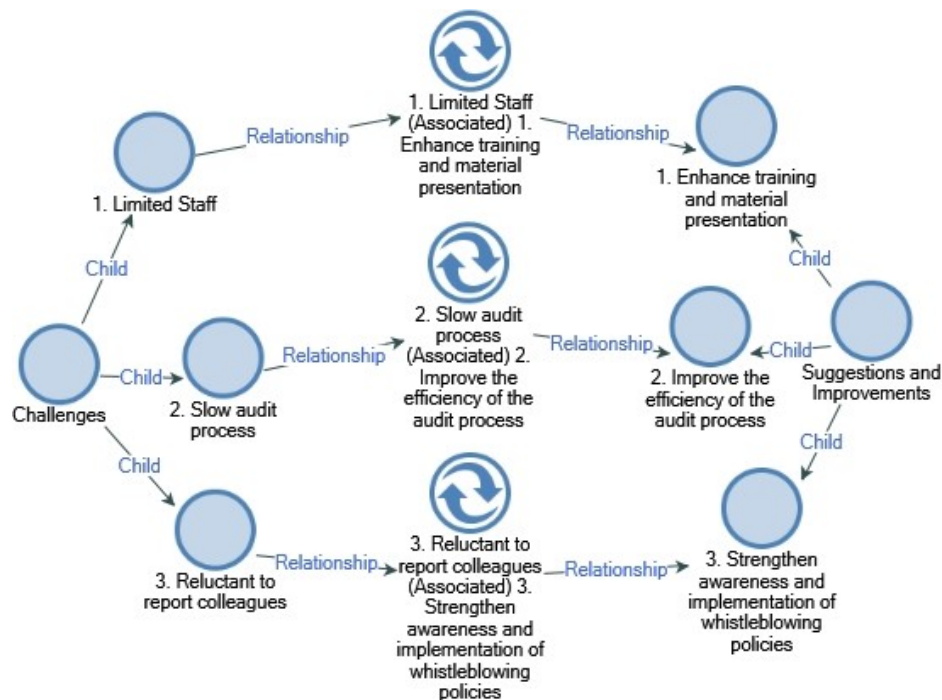


Figure 5. Analytical Map of Suggestions and Improvements for PT BPR Danagung Bakti

Source: Processed by the author

Based on the challenges faced by PT BPR Danagung Bakti, the author offers several suggestions and improvements to enhance the effectiveness of its anti-fraud strategies.

#### *Enhance training and material presentation*

The training provided by rural bank on anti-fraud measures is considered ineffective due to the lack of employee participation, which is caused by several factors. These include low employee motivation to attend the training and a limited understanding of the importance of anti-fraud training. To improve this, it is recommended that the training organizers or Human Resource department enhance the delivery of the material using more interactive methods, encouraging employees to be more engaged in the training. Additionally, organizers could offer rewards to employees who actively participate in the training to boost motivation.

#### *Improve the efficiency of the audit process*

According to an interview with Informant B, there are currently no plans to add personnel as Danagung Bakti is considering a merger, which means that the auditing process may take up to a week. However, the rural bank still needs to consider adding personnel to the SKAI unit for the long-term growth of the company. In addition, the rural bank is working to improve efficiency during the audit process by utilizing technology and providing training for auditors.

As stated by Informant E, SKAI development is carried out through various training programs aimed at strengthening the auditors' competencies, especially regarding banking regulations. These training programs include internal training, participation in training center groups, and external workshops both online and offline. By increasing the efficiency of the audit process, the time required for audits can be reduced, even though the number of personnel in the SKAI unit remains the same.

*Strengthen awareness and implementation of whistleblowing policies*

Whistleblowing policies are designed to guide employees on how to report actions that violate the law or harm the company. Employees who do not understand this policy may hesitate to report illegal or harmful activities, especially if the person involved is a colleague or friend. Educating employees about the whistleblowing policy helps them understand that the company will protect them and ensures their reports will be taken seriously without fear of retaliation.

Additionally, employees could be given rewards for successfully reporting violations to motivate them. By creating an environment where individuals feel safe to report misconduct, companies can proactively identify and address issues before they become larger risks (Informan E, 2023).

**CONCLUSION**

The increasing cases of fraud in the banking sector, particularly in rural bank (People's Credit Banks), have prompted OJK (Financial Services Authority) to issue special anti-fraud regulations for rural bank in 2022. This study aims to examine the implementation of anti-fraud strategies at PT BPR Danagung Bakti Yogyakarta, focusing on prevention, detection, disclosure, and follow-up efforts to minimize occupational fraud. The study adopts a qualitative approach with a case study method. Data was collected through interviews with selected sources who met specific criteria. The results of the study are expected to provide insights into the implementation of anti-fraud strategies at PT BPR Danagung Bakti and offer recommendations to improve the effectiveness of these strategies.

PT BPR Danagung Bakti has made efforts to minimize occupational fraud by implementing the four pillars of the anti-fraud strategy outlined in the Anti-Fraud Strategy Guidebook for Rural Bank, published by OJK. However, there are several challenges in its implementation, such as a lack of understanding regarding the importance of attending training, insufficient human resources in the SKAI (Internal Audit and Compliance) unit, and a lack of awareness about the need to report fraud. Additionally, PT BPR Danagung Bakti faces obstacles such as limited staff, slow audit processes, and employees' reluctance to report fraudulent activities by their colleagues.

To address these challenges, the author provides several suggestions for improvement, including increasing the presentation of training materials, enhancing the efficiency of the audit process, and promoting greater awareness of whistleblowing policies along with the introduction of rewards for reporting fraud.

Based on the research conducted, the author offers recommendations for several parties. For the company, PT BPR Danagung Bakti should enhance the implementation of its anti-fraud strategy by increasing training and socialization efforts for all employees.

In conducting the research, the author encountered some limitations. The company did not grant access to daily, monthly, and annual audit documents or the annual report of PT BPR Danagung Bakti, as these are considered private. Additionally, the company did not allow access to Standard Operating Procedure (SOP) documents as they are not for public distribution. For future researchers, it is recommended to expand the scope of the study to include banks with broader activities, which could serve as a comparison for anti-fraud strategies. Conducting more in-depth interviews with sources could also help gather more accurate information.

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