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Implementation of Risk Management as an Anti-Fraud Strategy at PT BRI Sudirman Branch, Pekanbaru

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ABSTRACT
Consistent application of Risk Management in every business and operational activity can make the company a healthy company and grow sustainably. The implementation of good risk management is also able to minimize and prevent fraud. In December 2019, the Financial Services Authority issued guidelines on "Application of Anti-Fraud Strategy for Commercial Banks" which states that the implementation of anti-fraud strategy is part of the implementation of risk management, particularly those related to aspects of the internal control system. This study aims to determine whether the implementation of risk management by PT BRI KC Pekanbaru Sudirman is in accordance with OJK Regulation No. 13/POJK.03/2016 and POJK No. 39/POJK.03/2019. The method used in this research is a qualitative method, data collection techniques are carried out by conducting interviews and observations for some time. The results of this study are the implementation of risk management against anti-fraud strategies at PT BRI KC Pekanbaru Sudirman in accordance with OJK regulations no. 18/POJK.03/2016 concerning the implementation of risk management for commercial banks and POJK No. 39/POJK.03/2019 regarding guidelines for implementing anti-fraud strategies for commercial banks. The implementation of good risk management that has been carried out at PT BRI KC Pekanbaru Sudirman has reduced the rate of fraud

Keywords : *Risk Management; Anti-Fraud*

1. Introduction

Fraud remains a persistent and escalating issue in the financial sector worldwide. According to the Association of Certified Fraud Examiners (ACFE), 2,110 cases of fraud were reported across 133 countries in 2022, resulting in a total loss of over $3.6 billion. Indonesia alone accounted for 23 of these cases, indicating that the nation is not immune to fraudulent activities. Fraud is defined by the ACFE (2016) as a deliberate act against the law to gain unfair or unlawful advantage, which could involve misrepresentation, manipulation, or concealment, conducted either by insiders or outsiders of an organization. Notorious scandals such as Enron, WorldCom, and Olympus exemplify the devastating financial and reputational impact of unchecked fraud (Dorminey et al., 2022; Wells, 2023).

The banking industry, due to its nature and the vast volume of financial transactions it handles, is particularly vulnerable to fraud risks. Recent fraud cases involving both local and international banks have exposed serious internal control failures. In Indonesia, banks have faced reputational damage and erosion of public trust as a result of these scandals. The loss of confidence often leads customers to withdraw their assets or shift to competing banks, ultimately jeopardizing the bank's sustainability (Gupta & Gupta, 2021; Lokanan, 2021).

Fraud prevention, therefore, becomes a critical concern. Sound governance structures and internal controls are essential in minimizing fraud-related losses. A proactive and structured approach to fraud prevention is needed to mitigate risks effectively. According to Rezaee & Riley (2022) and Elshandidy & Neri (2023), organizations must implement systematic

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frameworks and early detection mechanisms to ensure that fraudulent activities are identified and neutralized before they can cause harm. Despite the awareness of such strategies, many financial institutions still struggle to operationalize them effectively.

A robust risk management system plays a pivotal role in fraud prevention. Risk management, as defined by Djohanputro and reinforced by Arens et al. (2022), is a systematic and structured process that includes identifying, measuring, mapping, and controlling potential risks. The integration of risk management within anti-fraud strategies enables financial institutions to address fraud as part of a broader organizational risk profile (Chen & Zhu, 2021). Additionally, data analytics and digital transformation are increasingly being leveraged to enhance fraud detection capabilities (Skalak et al., 2021; Abdullah & Omar, 2021).

In response to growing fraud incidents, the Indonesian Financial Services Authority (OJK) issued the "Anti-Fraud Strategy Guidelines for Commercial Banks" in December 2019. This framework emphasizes that anti-fraud strategies must be embedded within the bank's risk management system and internal control framework. According to Omar et al. (2022), a conducive internal environment and the engagement of all stakeholders are critical to successful fraud prevention in financial institutions. However, Kassem & Higson (2022) argue that despite regulatory efforts, the effectiveness of anti-fraud implementation often varies significantly among banks.

PT Bank Rakyat Indonesia (BRI) Sudirman Branch in Pekanbaru is one of the banks that claims to have integrated risk management practices aimed at preventing fraud. The branch has established a specialized unit—Branch Risk and Compliance (BRC)—to oversee risk mitigation. Nevertheless, it remains unclear whether the implementation of risk management at BRI Sudirman is fully aligned with OJK guidelines and whether it has demonstrably reduced fraud occurrences. These uncertainties highlight a research gap in understanding how effectively risk management functions as a fraud prevention strategy in this specific context (Hasan et al., 2023; Power, 2021).

Thus, this study aims to explore the implementation of risk management as an anti-fraud strategy at PT BRI Kanca Sudirman, Pekanbaru. By examining the bank's alignment with regulatory standards, evaluating the role of BRC, and analyzing any observable reductions in fraud cases, this research seeks to contribute new insights into the practical effectiveness of risk management frameworks. This study also offers a contextual novelty by focusing on an Indonesian commercial bank, an area that remains underexplored in global academic discourse on fraud risk management (Zimbelman et al., 2022; Ramamoorti et al., 2023).

2. Literature Review

Risk Management

Management, in a general sense, is defined as a structured process to achieve organizational goals efficiently and effectively through planning, organizing, leading, and controlling resources. Fayol emphasized management as a planning and control process over resources (Henry Fayol, as cited in Albrecht et al., 2020), while Hilman viewed it as a function to achieve goals through people’s coordinated efforts. Terry also described it as a distinctive process that involves planning, organizing, actuating, and controlling to reach desired objectives (George R. Terry, as cited in Rezaee & Riley, 2022). In the context of banking, risk management has become a core element in achieving operational efficiency and preventing financial losses, especially those stemming from fraud.

Risk, as defined by the Indonesian Ministry of Finance (KMK No. 577/PMK.01/2019), is the possibility of events that could negatively impact the achievement of organizational goals. Risk identification involves analyzing potential events, their causes, and consequences. Risk can be addressed through strategies such as risk avoidance, risk reduction, risk transfer, or risk retention (DJP, 2021). The Financial Services Authority (OJK) in Indonesia defines risk management under POJK No. 18/POJK.03/2016 as a set of methodologies and procedures used to identify, assess, monitor, and control risks emerging from all banking activities. Chen & Zhu (2021) emphasize the growing importance of digital risk systems to support early risk detection. The structured implementation of risk management allows banks to make more informed decisions while mitigating the impact of adverse events (Arens et al., 2022; Hasan et al., 2023).

Fraud and Anti-Fraud Strategy

Fraud, as defined by the Association of Certified Fraud Examiners (ACFE, 2016), is a deliberate illegal act performed to mislead or manipulate another party for personal or group gain, often at the expense of others. It can be perpetrated by insiders or external actors. The OJK, through regulation No. 39/POJK.03/2019, classifies fraud to include deception, asset misappropriation, information leakage, and other criminal acts within the banking sector. According to the fraud triangle theory by Cressey (2020), fraud typically arises when opportunity, pressure, and rationalization coexist. Dorminey et al. (2022) and Ramamoorti et al. (2023) further elaborate that behavioral indicators and red flags play a critical role in the early detection of fraud.

Fraud can be internal—originating within the organization through acts like embezzlement or corruption—or external, involving actors outside the institution (Gupta & Gupta, 2021). As Karyono (2013) explained, fraud prevention includes proactive efforts to deter potential perpetrators, limit their opportunities, and monitor high-risk activities. The implementation of a strong internal control environment and corporate governance system is vital for fraud deterrence (Elshandidy & Neri, 2023). External auditors also play a critical role in enhancing fraud detection and response mechanisms (Kassem & Higson, 2022).

In response to increasing fraudulent practices in the banking sector, OJK introduced an Anti-Fraud Strategy (POJK No. 39/POJK.03/2019) aimed at helping banks develop, implement, and strengthen their anti-fraud compliance programs. This strategy is built around four pillars: prevention, detection, investigation, and monitoring. It emphasizes the importance of incorporating risk management principles such as active management supervision, policy and procedural control, clear organizational structure and accountability, and continuous monitoring (Zimbelman et al., 2022; Power, 2021). Lokanan (2021) highlights that effective anti-fraud programs require alignment with the bank's overall risk management system to ensure integration and sustainability. Meanwhile, the use of data analytics and artificial intelligence has become an increasingly important tool for fraud detection, as shown by Abdullah & Omar (2021) and Skalak et al. (2021).

The integration of risk management and anti-fraud strategies has proven to be essential for the banking sector. Wells (2023) and Singleton & Singleton (2020) stress the importance of performing periodic fraud risk assessments to identify vulnerabilities and ensure continuous improvement. With increasing regulatory requirements and technological advancements, banks must evolve their fraud prevention approaches to remain resilient against evolving threats. Thus, understanding the practical implementation of these strategies—such as at PT BRI Sudirman Pekanbaru—can provide valuable insights into their real-world effectiveness.

3. Methodology

This study employs a qualitative research method, which is suitable for exploring and understanding phenomena in their natural context. Qualitative research is typically used to gain in-depth insights into complex processes, behaviors, and interactions, especially when the aim is not to generalize findings but to deeply understand specific cases (Sugiyono, 2005). In qualitative research, the researcher plays a central role as the key instrument in data collection and interpretation. The approach allows flexibility and depth in exploring how risk management is implemented as an anti-fraud strategy in a real-world banking environment.

The object of this research is Mr. Wahyu Hidayat, who serves as the Branch Risk and Compliance (BRC) officer at the Bank Rakyat Indonesia (BRI) Sudirman Branch in Pekanbaru. As the person responsible for overseeing risk management and compliance within the branch, he is considered a primary source of information relevant to the implementation and effectiveness of anti-fraud strategies.

Data collection techniques used in this study consist of two main methods: interviews and direct observation.

- Interviews are conducted in a semi-structured manner, allowing the researcher to ask open-ended questions while also guiding the conversation toward the research objectives. This format enables the collection of rich and detailed information from the key informant regarding the policies, procedures, challenges, and outcomes of risk management practices in relation to fraud prevention.
- Observation is conducted on-site over a period of time to directly examine how risk management procedures are implemented in the daily operations of the branch. This includes observing compliance practices, internal control mechanisms, and employee adherence to anti-fraud protocols. Through observation, the researcher is able to cross-check and validate data obtained from interviews and gain a deeper contextual understanding.

To ensure the credibility and trustworthiness of the data, the study uses triangulation, combining interview results with observational findings. Data analysis is carried out through interactive model analysis, which includes data reduction, data display, and conclusion drawing or verification. By continually comparing data from different sources and iteratively reflecting on the findings, the researcher ensures that the interpretations are well-grounded in the observed reality.

This methodological approach is particularly relevant to studies focused on organizational behavior and governance practices, where context, perception, and interaction play crucial roles. The goal is not only to describe the implementation of risk management at BRI Sudirman Pekanbaru but also to analyze its effectiveness and alignment with regulatory expectations, particularly those set by the Indonesian Financial Services Authority (OJK).

4. Results

Implementation of Risk Management

Referring to **POJK No. 18/POJK.03/2016**, it is stated that every bank is required to implement effective risk management, both individually and on a consolidated basis with its subsidiaries. Consistent application of risk management across all business and operational activities enables an institution to become a healthy and sustainable organization. The main objective of risk management is to reduce the various types of risks associated with the bank’s operational and business domains (Jasni, 2020).

The implementation of risk management includes the following components :

- Active supervision by the Board of Directors and Board of Commissioners;
- Adequacy of risk management policies and procedures, as well as the establishment of risk limits;
- Adequate processes for identifying, measuring, monitoring, and controlling risks, including the risk management information system;
- A comprehensive internal control system.

According to an interview with the **Branch Risk and Compliance (BRC)** Officer:

“*At BRI KC Pekanbaru Sudirman, we always carry out continuous monitoring. At the beginning of the year, we inform the employees of the programs and plans BRC will undertake. The* *monitoring activities are conducted daily, monthly, and annually, covering the risks associated with all activities conducted by the branch office, sub-branches, and cash offices under the jurisdiction of BRI KC Pekanbaru Sudirman."*

Risk management is used to map out various potential risks by identifying, measuring, developing alternative responses, monitoring, and controlling risk-handling strategies (Sulistyo & Yanti, 2022). A well-implemented risk management system is essential in minimizing and preventing fraud. The BRC Officer further explained: *"Every activity carried out by BRI KC Pekanbaru Sudirman employees is always discussed with me. We work on identifying any potential risks from those activities and evaluate them to ensure that proper controls and solutions are in place so that the bank does not suffer harm."*

Anti-Fraud Strategy

Fraud may occur due to pressures stemming from economic hardship, family problems, or lifestyle demands. According to the **Fraud Hexagon Theory**, additional factors that lead to fraud include capability, collusion, opportunity, ego, and rationalization. However, these factors do not justify fraudulent actions. In the banking industry, fraud can cause significant damage, especially to the bank's reputation. As expressed in the interview: *"One of the key risks of fraud is reputational damage. For example, if we notice suspicious activity in savings transactions, I, as the BRC, will step in to resolve it before the customer files a complaint with headquarters or takes it to social media. The role of risk management here is to ensure that the perpetrator is held accountable and compensates for the losses. That's why we frequently conduct briefings, socializations, sharing sessions, coaching, and foster a strong code of ethics among employees to prevent such incidents."*

To prevent operational fraud and improve corporate governance at BRI, and in accordance with **OJK Regulation No. 39/POJK.03/2019** concerning Guidelines for Implementing Anti-Fraud Strategies for Commercial Banks, Bank Rakyat Indonesia has issued an official decree on its Anti-Fraud Policy. The BRC Officer stated: *"The anti-fraud strategy was developed by BRI to reduce the occurrence of fraud and to mitigate the high risks associated with it. The anti-fraud policy follows a circular issued by BRI Head Office, namely **BRI Board of Directors Circular Letter No. S.18-DIR/MOP/03/2020** regarding the Anti-Fraud Strategy."*
This policy outlines **four pillars** of the anti-fraud strategy as follows:

- **Pillar 1: Prevention**
- **Pillar 2: Detection**
- **Pillar 3: Investigation, Reporting, and Sanctions**
- **Pillar 4: Monitoring, Evaluation, and Follow-Up**

The implementation of risk management as an anti-fraud strategy at **PT Bank Rakyat Indonesia KC Pekanbaru Sudirman** has been conducted effectively. The BRC plays an active role in assisting employees in managing and resolving existing risks. The strong collaboration between the BRC and the staff has enabled the branch to address various risk exposures, resulting in a noticeable decrease in the rate of fraud cases compared to previous years.

5. Discussion

The implementation of risk management and anti-fraud strategies at Bank Rakyat Indonesia (BRI) Pekanbaru Sudirman Branch demonstrates a proactive and structured approach to mitigating operational risks and preventing fraudulent activities. According to the Financial Services Authority Regulation (POJK) No. 18/POJK.03/2016, banks are mandated to apply effective risk management practices, both individually and on a consolidated basis with subsidiaries. This regulation emphasizes the importance of consistent risk management across all business and operational activities to ensure the institution's health and sustainable growth (Jasni, 2020).

The risk management framework at BRI Pekanbaru Sudirman encompasses active oversight by the Board of Directors and Commissioners, adequate risk management policies and procedures, comprehensive processes for risk identification, measurement, monitoring, and control, as well as robust internal control systems. The Branch Risk and Compliance (BRC) officer highlighted the implementation of daily, monthly, and annual monitoring activities covering all operations within the branch and its sub-units. This systematic monitoring facilitates early detection and management of potential risks, thereby safeguarding the bank's operations (Sulistyo & Yanti, 2022).

In addressing fraud, BRI adheres to the guidelines set forth in POJK No. 39/POJK.03/2019, which outlines the Anti-Fraud Strategy for Commercial Banks. The strategy is structured around four pillars: Prevention, Detection, Investigation, Reporting and Sanctions, and Monitoring, Evaluation, and Follow-up. The BRC officer emphasized the importance of regular briefings, socialization, sharing sessions, coaching, and instilling a code of ethics among employees to foster a culture of integrity and prevent fraudulent behavior. This approach aligns with the Anti-Fraud Strategy detailed in BRI's Circular Letter No. S.18-DIR/MOP/03/2020. The integration of risk management and anti-fraud strategies has led to a noticeable decrease in fraud incidents at BRI Pekanbaru Sudirman Branch. The collaborative efforts between the BRC and branch employees in identifying, evaluating, and mitigating risks have been instrumental in enhancing the bank's resilience against fraud. This case exemplifies the critical role of comprehensive risk management and anti-fraud frameworks in maintaining the integrity and stability of financial institutions.

5. Conclusion

Based on the discussion above, it can be concluded that the implementation of risk management as part of the anti-fraud strategy at PT BRI KC Pekanbaru Sudirman is in accordance with Financial Services Authority Regulation (POJK) No. 18/POJK.03/2016 concerning the implementation of risk management for commercial banks and POJK No. 39/POJK.03/2019 regarding guidelines for implementing anti-fraud strategies for commercial banks. The effective implementation of risk management at PT BRI KC Pekanbaru Sudirman has contributed to a decrease in the occurrence of fraud. This is supported by the 2021 Annual Report of PT Bank Rakyat Indonesia.

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