

## FINANCIAL STATEMENT FRAUD DETECTION AND EFFORTS HANDLING IT AT THE PEOPLE'S ECONOMIC BANK

Marieta Wuarmanuk<sup>1)</sup>, Iis Solihat<sup>2)</sup>

<sup>1-2)</sup>Accounting Study Program, Universitas Terbuka, Indonesia

Corresponding author: [marietawuarmanuk0104@gmail.com](mailto:marietawuarmanuk0104@gmail.com)

### Abstract

*With this study, it is possible to find out the fraud of financial statements in the People's Economic Bank company, this research is based on a qualitative method. This study aims to provide a summary to identify new financial statement fraud and can be used when formulating laws to reduce fraud in the People's Economic Bank. Regarding actions that can be taken to reduce fraud, this study can be the basis for identifying or reviewing internal audit principles, especially those related to financial information. As in the distribution of credit from the People's Economic Bank depending on the type of credit or product desired, there are several steps and processes that must be passed to submit a credit application to the BPR, with this is a credit feasibility analysis, then after completing the ad form determination to decide whether to approve the credit application based on the calculations that have been made, to the process of disbursing funds.*

*Keywords : financial statements, internal audit Detecting BPR fraud*

### Introduction

The People's Economic Bank, or abbreviated as BPR, was previously known as the People's Crediting Bank. BPR is a financial institution that runs a business conventionally or based on sharia principles that in its activities do not provide services in payment traffic. BPR distributes funds as a People's Credit Bank company and solely carries out activities in the form of deposits in the form of time deposits, savings, and/or other forms that are similar to it.

Despite the competition, banks need to be more discriminatory in choosing prospective borrowers and be careful and systematic in applying the principles of granting or distributing credit. The following is done to reduce the possibility of losses and obtain the high credit quality needed by banks, this is an effort to ensure bank operations in managing credit risk (Achmad Chosyali and Tulus Sartono, 2019). If the customer fails to pay the debt or credit he receives at maturity, the bank will be exposed to credit risk. Credit collectibility chart of PT. BPR Bank Jombang Perseroda for 2018-2022 .

**Tabel. 1 Financial Statements of PT. BPR Jombang Perseroda**

| Year | Collectibility  |                      |               |               |                | Total Credits   |
|------|-----------------|----------------------|---------------|---------------|----------------|-----------------|
|      | Fluent          | In Special Attention | Less Smooth   | Doubt         | Bad            |                 |
| 2018 | 264.771.920.492 | -                    | 1.393.494.073 | 1.991.861.448 | 9.036.073.259  | 277.193.304.272 |
| 2019 | 216.253.563.295 | 119.731.577.257      | 2.664.775.406 | 1.893.668.787 | 9.784.754.117  | 350.328.338.862 |
| 2020 | 223.562.975.596 | 132.417.659.615      | 437.184.586   | 2.035.405.763 | 12.066.844.114 | 370.520.069.674 |
| 2021 | 292.920.783.036 | 109.992.124.333      | 2.060.065.128 | 2.405.377.343 | 15.613.000.000 | 423.011.377.167 |
| 2022 | 425.713.932.486 | 94.591.973.424       | 1.139.433.078 | 990.564.362   | 18.656.506.257 | 541.092.409.607 |

Source : PT. BPR Jombang Perseroda

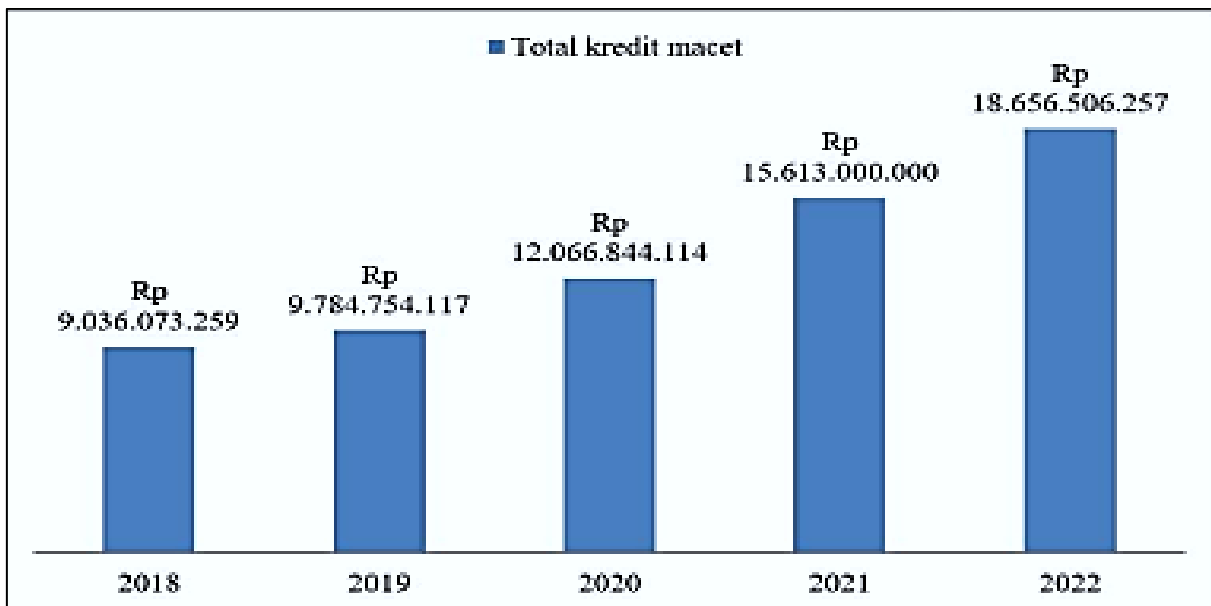


Figure 1 Graph of Total Bad Loans of PT. BPR Jombang Perseroda  
 Source : PT. BPR Jombang Perseroda

From the results, the conclusion is that every year there is an increase in the number in the bad credit column. Bank Ekonomi Rakyat (BPR) has experienced an increase in risky loans as a result of weaknesses in its internal components, especially the credit policy made by the management, which creates gaps or opportunities to increase risky loans, it can be said that why the management accepts problematic debtors because with the addition of debtors will increase the company's portfolio and to get debtors in the midst of competition between BPRs, With this fierce competition factor, it can cause the application of the principle of carelessness and cause the company or the People's Credit Bank to not be able to run optimally.

## Method

Qualitative research is a type of research that is often used in the research and understanding stages based on methodologies that research a phenomenon and interviews are conducted online (telephone or zoom) by asking about the submission process, business analysis to the disbursement of funds to find out the quality of the debtor.

The marketing section, the credit analysis section, the credit collection section, and a customer who acts as a non-key informant are the 4 informants used by the researcher in this study. To achieve the research objectives, informants are selected based on certain qualities, namely those who meet the requirements and understand the subject matter.

Because the data collected for this study are narrative rather than numerical, and focus on specific data rather than large amounts of data, qualitative data analysis is used. An analysis technique known as qualitative data analysis provides the results of descriptive data analysis, which includes written or oral statements made by respondents and actual behaviors that are fully studied (Pitono and Weppy Susetiyono, 2019)

## Results and Discussion

Based on previous studies, Iwan (2023) stated that the credit policy is in line with the credit analysis carried out based on the 5C principles, namely *Character, Capacity, Capital, Conditions, and Collateral*. The following research is in line with the acquisition of a study carried out by Jemmy, Andreas and Roni (2023) which stated that credit is provided by Bank Rakyat.

According to resource person 1, the marketing division explained:

"In the distribution of general loans at PT. BPR Bank Jombang Perseroda customers must pay attention to the following things. Credit Application / Customer comes to customer service, then fills out the credit application form. Furthermore, customer service verifies customer data along with the completeness of other credit requirements, such as photocopies of ID cards and family cards, marriage

books, and photocopies of credit guarantees. Then the customer service submits the credit application document to the analyst officer / *account officer* to conduct a credit analysis."

As part of the credit study, informant 2 also mentioned credit analysis that: "Credit decisions seen from the income and financial analysis of prospective customers will concern the debtor's ability (*capacity*) to make payments of his obligations. In addition, an analysis of the business prospects of prospective debtors and an analysis of the character of prospective debtors. The decision to provide credit to customers after conducting a survey and calculating the principal amount of the loan, the term, and the amount of installments that have been agreed upon by the debtor, of course, in giving this decision is carried out for a short period of time or vice versa with the approval of the credit committee (director of business and credit quality and director of operations of the compliance function). At the next stage, the bank makes a decision on whether the credit is granted or denied. If accepted, the customer will be contacted for disbursement according to the SOP for credit disbursement 3 working days calculated from the time the customer submits."

The credit collection division, represented by Informant 3, also explained that "non-performing loans occur due to several factors, including: (1) The decline of the customer's business (the business of the customer has decreased), so the so-called credit business for working capital if the business source drops automatically has an impact on payments; (2) The second factor comes from character. There are some customers who have poor character; (3) Lack of thoroughness in the analysis time. The customer should have been given a loan of Rp50,000,000, but he was given Rp100,000,000, so it was over finance; (4) There is an intention at the beginning. Like the guarantee does not cover but is included to cover, that is also what causes bad credit."

The findings from the results of interviews conducted with a non-key informant, a customer. Regarding the author's question regarding the process and system of granting credit to PT BPR Bank Jombang Perseroda "The procedure that must be fulfilled by the credit applicant is to fill out the credit application form attached with a photocopy of the identity of the prospective debtor, a copy of the prospective debtor's family card, a copy of the marriage certificate, a copy of the NPWP, and a copy of proof of collateral ownership such as BPKB and land certificates." added the informant in response in accordance with the use of the principle of prudence. Every financial organization, especially one that provides loans, should carefully consider the investment steps they take. Before granting a credit application, financial organizations generally consider several variables, such as the debtor's performance, solvency ability, and the company's prospects. A system that makes it easier for credit analysts to evaluate these elements by observing information on prospective debtors in BI Checking is also available. A credit analyst can use BI Checking to find out more about the profile of prospective debtors and credit facilities that have been or are currently owned.

Factors that Banks Need to Consider Before Granting Credit. :

- a. Personality
- b. Group
- c. Purpose
- d. Prospects/assessments
- e. Payment
- f. Profitability or Making a Profit
- g. Care

### Conclusions and Suggestions

Based on the findings of this study, it can be said that the purpose of this study is to find out how PT BPR Bank Jombang Perseroda should implement a strategy in distributing credit to reduce the number of non-performing loans. The findings of this study will be very helpful in formulating good credit giving practices and strategies to reduce the number of non-performing loans at PT BPR Bank Jombang Perseroda, so that the following study can be used as a guideline for bank management and be considered in making decisions regarding any activities, especially those related to fund allocation.

Before granting a credit application, financial organizations consider several variables, such as the debtor's performance, solvency and the company's prospects. A system that makes it easier for credit analysts to evaluate these elements by looking at information on prospective debtors in BI Checking is also available. The BI Checking procedure is a standard used by Bank Jombang in determining the credit analysis method or the character of prospective debtors. A credit analyst can use BI Checking to find out more about the profile of prospective debtors and credit facilities that they have or are currently owning.

### Reference

- Aprilita, M., & Karlina, L. (2024). The Influence of Managerial Ownership, Audit Quality, and Company Size on the Integrity of Financial Statements. *Innovative: Journal Of Social Science Research*, 4(4), 12664-12675.
- Diaz, M. R. (2023). Strengthening People's Economic Banks Based on the Principle of Economic Democracy: A Social Justice Paradigm. *JURNAL YUSTIKA: MEDIA OF LAW AND JUSTICE*, 26(01), 1-17.
- Eisano, L. D., Suhartati, T., & Novitasari, N. (2020). Analysis of the Implementation of Internal Audit on the Quality of Financial Statements (Case Study on Pt Bpr Kranji Krida Sejahtera). *Account: Journal of Accounting, Finance and Banking*, 7(2).
- Haryadi, B. (2021). Detection of financial statement fraud and efforts to handle it at the People's Credit Bank. *InFestasi*, 17(2), 143-156.
- Hamel, G. (2013). Evaluation of the internal control system on receivables at PT Nusantara Surya Sakti. *EMBA Journal: Journal of Economics, Management, Business and Accounting Research*, 1(3).
- Kellah, S., & Kawulur, H. (2022). Analysis of Fiscal Corrections in the Fiscal Financial Statements of BPR Paraloba Tondano. *Journal of Accounting Manado (JAIM)*, 527-535.
- Rachmawati, S., & Akharruddin, A. (2024). Credit Provision Strategy in Bad Credit Prevention at PT. BPR Bank Jombang Perseroda. *VISA: Journal of Vision and Ideas*, 4(1), 352-366.
- Susetyo, D. T., & Pradana, A. F. K. (2024). ANALYSIS OF BANK FRAUD, BANKING LAW ENFORCEMENT, AND THE ROLE OF OJK IN SUPERVISORY SUPERVISOR Shiyammurti, N. R., & Waruwu, J. (2024). The Effect of Liquidity and Credit Turnover on Economic Profitability at Bank Perkreditan Rakyat Artha Mitra Kencana. *Journal of Mutiara Sains Accounting*, 2(3), 78-102. AN BPR. *JUNAGARA: Scientific Journal of Law and Statehood*, 1(1), 8-20.
- Shiyammurti, N. R., & Waruwu, J. (2024). The Effect of Liquidity and Credit Turnover on Economic Profitability at Bank Perkreditan Rakyat Artha Mitra Kencana. *Journal of Mutiara Sains Akuntansi*, 2(3), 78-102.
- Vishnu, I. G. A. A. U., & Salim, S. (2024). FINANCIAL RATIO AND OFF BALANCE SHEET ACTIVITY AS A TOOL TO DETECT FINANCIAL SHENANIGANS AT PEOPLE'S CREDIT BANKS IN BALI AND NUSA TENGGARA. *Journal of Economic, Business and Accounting (COSTING)*, 7(5), 3187-3105.