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FRAUD PREVENTION IN THE INDONESIAN BANKING SECTOR USING ANTI-FRAUD STRATEGY

Abstract

Fraud and financial crimes involving banking employees have become serious and complex problems throughout the world, including Indonesia. This study aimed to analyze a fraud prevention through anti-fraud strategy and modified situational crime prevention theory. Data were obtained using a questionnaire distributed and interviewed to accounting officers, marketing departments, customer services, tellers, operational supervisors and risk management of banks in Indonesia. Respondent filled in 217 questionnaires completely. The data analysis technique used is a path analysis technique with the WarpPLS. The results show that anti-fraud strategies have a positive effect on fraud prevention. Banking in Indonesia has succeeded in implementing anti-fraud strategy through a whistleblowing policy, which focuses on efforts to protect whistleblowers and disclose potential fraud, compliance with the implementation of internal controls in activity units, and the proper functioning of risk management. The modified situational crime prevention theory also has a positive effect, and religiosity is a moderating variable. The results have also informed that banks have attempted to create conditions and awareness for perpetrators that the benefits of fraud are less and not commensurate with the high risks borne, and narrowing opportunities and providing strict sanctions to perpetrators can prevent fraud.

Keywords

bank, financial crime, fraud, high risk, narrow opportunity, whistleblowing

JEL Classification

G21, G28, M21, M40

INTRODUCTION

Fraud and financial crimes in the banking services industry, such as money laundering, illegal debiting of customer accounts, internet banking fraud, and fictitious credit distribution, often involve bank front office employees (Ametepe et al., 2022; Dzumira, 2016; Mangala & Soni, 2023). This fraud occurs because there are opportunities and loopholes as a result of weak internal control processes, disorderly implementation of risk management, and constraints on the whistleblowing system (WBS) in banking organizations (Brune et al., 2021; Durguti et al., 2023; Hobby, 2020; Nobanee & Ellili, 2018; Yeoh, 2020). In practice, the supervision and understanding of front office employees regarding a bank's internal control system are still very weak so that there are opportunities for the bank's front office employees to collude in committing fraud and financial crimes (Adesina et al., 2020; Alazzabi et al., 2020; Dewi et al., 2023; Younus, 2021). Fraud also occurs due to weak implementation of risk management and whistleblowing system (Aigienohuwa et al., 2017; Sudarmanto, 2020). Involvement in cases of fraud and financial crimes will affect the reputation and value of a bank (Akinbowale et al., 2023).

This study also refers to the situational crime prevention theory (SCPT) proposed by Clarke (1997) and Menon (2023) to develop a fraud and financial crime prevention in the banking services industry. In practice, this theory makes perpetrators better understand and take advantage of certain situations that have the potential to support the occurrence of crimes (Gilmour, 2016). It is necessary to look for other reasons why fraud and financial crimes involving front office employees are still common so that policies can be developed to prevent them from occurring (Kikerpill et al., 2021). Therefore, modifications need to be made to this situational crime prevention theory (Kalovya, 2023; Lokanan & Aujla, 2021). Modifications are made by adding narrowing opportunities and strict sanctions for perpetrators to commit fraud and financial crimes. This study also adds the religiosity that strengthens the effect modified situational crime prevention theory and fraud prevention.

1. LITERATURE REVIEW AND HYPOTHESES

Anti-fraud strategy is the main strategy that should be implemented by banks to manage and control fraud. By referencing the fraud-occurrence process, this technique aims to build, implement, and enhance an anti-fraud compliance program. Chowdhury and Shil (2019) and Maulidi (2020) said that potential fraud can occur in the uncontrollable area by management. Implementing an anti-fraud strategy includes implementing risk management and internal control systems (Issah et al., 2022; Salihu & Jafari, 2020). An environment that encourages the creation of ideal conditions so that all parties concerned may play an optimal role in creating a fraud control system at the bank has an impact on the anti-fraud strategy's success (Brune et al., 2021; Durguti et al., 2023; Hobby, 2020; Nobanee & Ellili, 2018; Yeoh, 2020).

The fundamental ideas of risk management, internal control, and whistleblower systems are all combined in the structure of the anti-fraud strategy used in this research. The first tactic is to make whistleblower methods more important, with the goal of improving the efficacy of the fraud control system's implementation by placing a strong emphasis on complaint disclosure (Krambia-Kapardis, 2020; Tuan Mansor et al., 2020; E. D. Simeon & E. I. Simeon, 2018; Yang & Xu, 2020). Whistleblowing policies must be formulated clearly and effectively to provide a sense of security and protection for whistleblowers (Issah et al., 2022). The second strategy is to implement risk management. It is impossible to isolate the scope of risk management implementation generally from the application of the anti-fraud strategy as part of it. Strengthening the components of risk manage-

ment that concentrate on fraud control, such as active management oversight, policies and procedures, organizational structure and accountability, control, and monitoring, is therefore necessary to at least support the effectiveness of implementing an anti-fraud strategy. The third strategy is to carry out internal control in an orderly and periodic manner (Adesina et al., 2020; Alazzabi et al., 2020; Dewi et al., 2023; Younus, 2021).

Whistleblowing systems, risk management, and internal control systems are anti-fraud strategies implemented in banking organizations. The existence of whistleblowing systems shows the seriousness of a bank in dealing with any actions that lead to fraud and functions as an effort to protect whistleblowers in disclosing fraud (Durguti et al., 2023; Lee & Xiao, 2018; Maulida & Bayunitri, 2021). Therefore, whistleblowing systems are expected to be able to increase banking efforts in preventing fraud (Shonhadji & Maulidi, 2021). Prevention of fraud through whistleblowing systems is considered effective because whistleblowers can freely convey the information they obtain without having any doubts, fears and anxieties that affect their careers and the safety of their families. The results of research conducted by Nurhidayat and Kusumasari (2018), Putra et al. (2022), Sulistiyo and Yanti (2022), and Hanifah and Clyde (2022) show that whistleblowing system has a positive effect on fraud prevention. However, this is inversely proportional to the results of the study by Triantoro et al. (2020) that whistleblowing system has no effect on fraud prevention.

Banking risk management is a series of activities, procedures, and methods used by bank management to measure, monitor, and control the possibility of liquidity risk caused by fraud that has

an impact on losses in all bank business activities. The results of research conducted by Research Sudarmanto (2020), Sulistiyo and Yanti (2022) and Tarjo et al. (2022) show that orderly and periodic monitoring of risk management can prevent fraud from occurring. Implementation of a good and compliant control system in banking organizations will have an impact on increasing fraud prevention efforts. The results of research conducted by Kabuye et al. (2018), Ammar (2019), and Alayli (2022) show that internal control system has a positive effect on fraud prevention.

Situational crime prevention theory put forward by Clarke (1997) is an effort that includes all tactics built to reduce the occurrence of fraud and financial crimes. Specifically, this theory is divided into four elements: increased effort required for fraud perpetrators to commit fraud, increased risk for fraud perpetrators, reduced profits for committing crimes, and actions that embarrass perpetrators (Kalovya, 2023; Lokanan & Aujla, 2021). Prevention of fraud and financial crimes, such as money laundering, illegal debiting of customer accounts, internet banking fraud and fictitious credit distribution, can refer to the situational crime prevention theory proposed by Clarke (1997). However, in situational crime prevention theory there are no aspects that narrow the opportunities for perpetrators to commit fraud, including the firmness and clarity of sanctions given to perpetrators as a way to prevent fraud from occurring. Therefore, this study adds constructs or indicators of narrow opportunity and strict sanctions to complete the situational crime prevention theory.

Less benefit and high risk are the dimensions of the situational crime prevention theory proposed by Clarke (1997) and used in this study as a way to prevent fraud. Fraud perpetrators will tend to discourage when they realize that the benefits received from the results of committing fraud are too small or not commensurate with the efforts and sacrifices made to commit the fraud and financial crimes (Kikerpill et al., 2021). Situational crime prevention theory also states that the pressure that arises from the risks that will be accepted when the perpetrators of fraud are known and their actions are reported can reduce the perpetrator's intention to commit fraud (Kalovya, 2023; Lokanan & Aujla, 2021). The results of the study by

Clarke (1997) show that high risk influences fraud prevention. The existence of strict sanctions for perpetrators of fraud will cause the perpetrators to become deterrent. Narrow opportunity and strict sanction are constructs added to the modified situational crime prevention theory. Opportunity is a condition that causes organizational members to justify themselves for the opportunity to commit fraud. The results of research conducted by Clarke (1997) show that narrow opportunity has a positive effect on fraud prevention. Strict sanctions for perpetrators of fraud cause the perpetrators to be deterred. The seriousness of banks in preventing fraud can be seen from the firmness and clarity of the sanctions imposed on perpetrators of fraud. The results of the study conducted by Kikerpill et al. (2021) show that strict sanctions have a positive effect on fraud prevention.

In this study, the value of religiosity is defined as all forms of activity based on the value of honesty as a means of worship to God. Therefore, the prevention of fraud and financial crime using the modified situational crime prevention theory approach can be carried out by building individual awareness, in which situations that shape and support bank employees to commit fraud can be avoided by increasing the value of honesty and remembering the existence of God (Goel & Misra, 2020; Said et al., 2018). The construct that forms the modified situational crime prevention theory is behavioral awareness, in which fraud and financial crime can be prevented by minimizing the benefits, increasing risks, narrowing opportunities, and providing clear and strict sanctions. The religiosity, as a moderating variable, strengthens the effect of the modified situational crime prevention theory on fraud prevention, because the value of religiosity must exist and be embedded in every individual in Indonesia, as a nation that believes in God. The results of research conducted by Urumsah et al. (2018), Vacumi and Halmawati (2022), and Tonasa (2021) show that religiosity has a positive effect on fraud prevention and strengthens the effect of modified situational crime prevention theory on fraud prevention.

A good anti-fraud strategy in a bank can be implemented by strengthening the whistleblowing system's role, risk management and regular internal control systems to prevent fraud. The pepe-

Source: Clarke (1997), Agustin (2022).

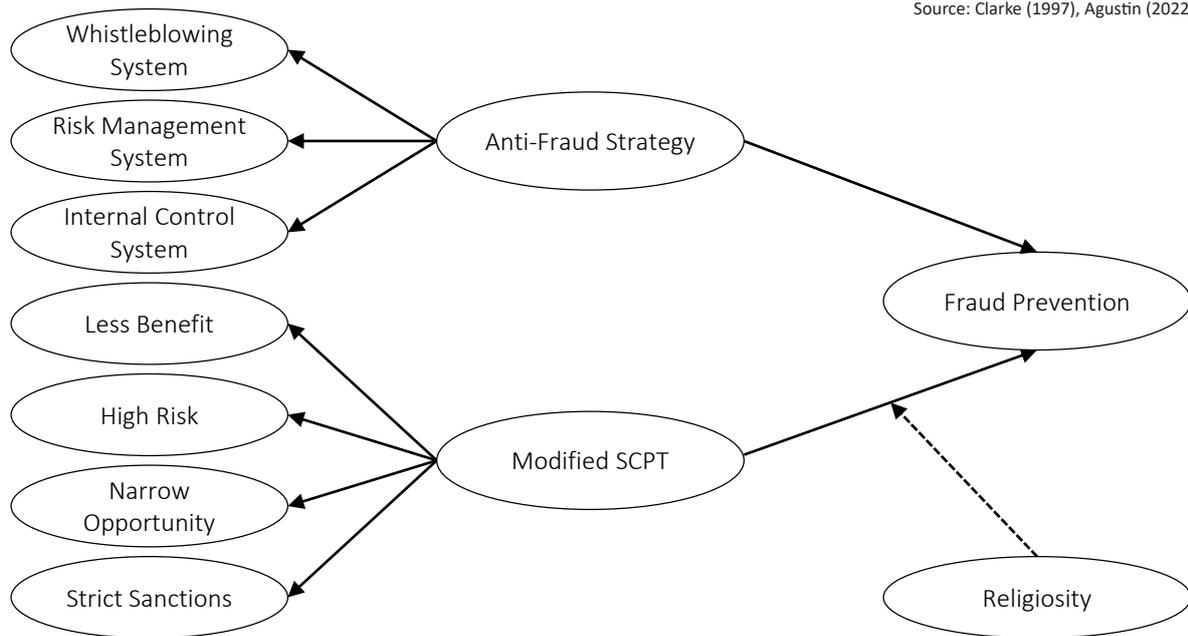


Figure 1. Research model

trator's awareness that committing fraud has less benefit, high risk and creates conditions of narrow opportunity, strict sanctions and religiosity will strengthen to prevent fraud.

This study purpose is to analyze a fraud prevention through an anti-fraud strategy and modified situational crime prevention theory. The formulation of the research hypotheses is as follows:

H_1 : *Anti-fraud strategy has a positive effect on fraud prevention.*

H_2 : *Modified situational crime prevention theory has a positive effect on fraud prevention.*

H_3 : *Religiosity strengthens the effect of modified situational crime prevention theory on fraud prevention.*

2. RESEARCH METHODOLOGY

Quantitative empirical research is used to determine the effect of anti-fraud strategy and modified situational crime prevention theory on fraud prevention with religiosity as moderator. The population of this study is all employees of the banks operating in Indonesia. The research respondents were employees of accounting offices, marketing depart-

ments, customer services, tellers, operational supervisors and risk management of national private banks in Indonesia. This study uses a convenience sampling method by selecting prospective respondents who are willing to fill out a questionnaire as a research instrument from June 2023 to August 2023. The questionnaire is divided into nine categories of questions based on research variables. Each question in the questionnaire is prepared using a Likert scale from point 1 (strongly disagree) to point 5 (strongly agree). The number of questionnaires distributed was 270 and 217 questionnaires were filled in completely by respondent and met the criteria for further data testing. The data analysis technique used is the path analysis technique with the WarpPLS application program (Ghozali & Latan, 2017).

3. RESULTS

Evaluation of the model in PLS-SEM is carried out through the stages of evaluating the measurement model and evaluating the structural model. Evaluation of the measurement model is carried out to assess the validity and reliability of the latent construct forming indicators. Evaluation of structural model aims to predict the relationship between latent variables by seeing how much variance can be explained and to determine the significance of the P-value (Ghozali & Latan, 2017).

Table 1. Validity and reliability test

Variable	Indicator	Loading Factor	AVE	CA	CR
Whistle blowing System (WBS)	WBS1	0.858	0.679	0.921	0.937
	WBS2	0.819			
	WBS3	0.851			
	WBS4	0.830			
	WBS5	0.846			
	WBS6	0.802			
	WBS7	0.757			
Internal Control System (ICS)	ICS1	0.860	0.620	0.896	0.919
	ICS2	0.725			
	ICS3	0.830			
	ICS4	0.837			
	ICS5	0.811			
	ICS6	0.753			
	ICS7	0.680			
Risk Management System (RM)	RM1	0.855	0.720	0.935	0.947
	RMSy2	0.866			
	RMSy3	0.896			
	RMSy4	0.900			
	RMSy5	0.870			
	RMSy6	0.775			
	RMSy7	0.768			
Less Benefit (LB)	LB1	0.884	0.755	0.935	0.949
	LB2	0.845			
	LB3	0.798			
	LB4	0.912			
	LB5	0.885			
	LB6	0.884			
High Risk (HR)	HR1	0.785	0.615	0.875	0.905
	HR2	0.802			
	HR3	0.766			
	HR4	0.768			
	HR5	0.825			
	HR6	0.757			
Narrow Opportunity (NOP)	NOP1	0.812	0.670	0.876	0.910
	NOP2	0.804			
	NOP3	0.745			
	NOP4	0.869			
	NOP5	0.855			
Strict Sanctions (SS)	SS1	0.815	0.701	0.915	0.934
	SS2	0.865			
	SS3	0.831			
	SS4	0.847			
	SS5	0.805			
	SS6	0.804			
Fraud Prevention (FP)	FP1	0.853	0.696	0.748	0.814
	FP2	0.801			
	FP3	0.802			
	FP4	0.862			
	FP5	0.878			
	FP6	0.805			
	FP7	0.804			
Religious (RLG)	RLG1	0.753	0.644	0.667	0.886
	RLG2	0.832			
	RLG3	0.801			
	RLG4	0.842			
	RLG5	0.870			
	RLG6	0.881			

The outer model used in this study is the second order. The second order CFA of the anti-fraud strategy variable shows that all indicators can measure the anti-fraud strategy (AFS) variable well. The results in Table 1 show that all loading factor values are more than 0.4 and the AVE value is more than 0.5, which means that convergent validity is met. The AVE root value is greater than the correlation value between latent variables and the indicator. The loading factor value that measures the latent variable is greater than the other indicators, which means that discriminant validity is met. The Cronbach alpha and composite reliability values of the anti-fraud strategy are more than 0.7, which means that the reliability is met. In terms of whistleblowing system, the indicator that best reflects the anti-fraud strategy is WBS1, in which the bank has implemented a whistleblowing policy that focuses on disclosing potential fraud. Meanwhile, in terms of internal control system, the most influential indicator is ICS1, in which the bank has conducted an internal audit on the activities of all work units within the bank's organization and its subsidiaries. Next, in terms of risk management system, the indicator that has the strongest influence is RMSy4, in which the bank has carried out the risk management function regularly.

In terms of less benefit, the indicator that best reflects the modified situational crime prevention theory is LB4, in which the respondent realizes that committing fraud is a shameful act. In terms of high risk, the most influential indicator is HR5, in which the bank has stipulated strict criminal and civil sanctions for employees who commit fraud. Next, in terms of narrow opportunity, the indicator that has the most influence is NOP5, in which the bank has narrowed the space for employees to commit crime in the corporate environment. Meanwhile, in terms of strict sanctions, the indicator that has the most influence on the modified situational crime prevention theory is SS2, in which the bank has informed the form of sanctions that will be imposed to employees involved in fraud. In terms of religiosity, as a moderating variable, the indicator that has the strongest influence is RLG6, in which respondents realize that success and happiness are obtained through honesty.

Table 2. Second order confirmatory for the best reflect of indicators

Variable	Indicator	Loading Factor	AVE	CA	CR
Anti-Fraud Strategy (AFS)	lv_WBS	0.834	0.597	0.629	0.754
	lv_ICS	0.945			
	lv_RMSy	0.947			
Modified Situational Crime Prevention (MSCP)	lv_LB	0.965	0.677	0.694	0.595
	lv_HR	0.957			
	lv_NOP	0.934			
	lv_SS	0.967			

The results in Table 2 show that all loading factor values are more than 0.8, and the AVE value is more than 0.5, which means that convergent validity is met (Ghozali & Latan, 2017). The AVE function describes the correlation value between latent variables and factor loading indicator values. The results show that the latent variable is greater than the other indicators, which means that the discriminant validity is met. The Cronbach alpha and composite reliability values of the anti-fraud strategy are more than 0.7, which means that the reliability is met (Ghozali & Latan, 2017). In terms of risk management, the indicator that best reflects the anti-fraud strategy is the lv_RMSy with a value of 0.947, which means that the bank has implemented a risk management policy systematically by implementing the precautionary principle based on government guidelines and regulations on a regular basis and has accurate information. Furthermore, based on the second order confirmatory factor analysis, the indicator that best reflects the modified situational crime prevention theory is the lv_SS, which means that the bank has implemented strict sanctions on perpetrators of fraud, both criminally and civilly, and the employees have been informed regarding sanctions imposed on perpetrators of fraud. The Cronbach alpha value of the composite reliability of the modified situational crime prevention theory variable is more than 0.6, while the composite reliability value of 0.595 is still considered robust. Thus, reliability is fulfilled.

Table 3. Model fit

Item	Value
Q ²	0.697
Average path coefficient (APC)	0.448
Average R-squared	0.705
Average block VIF (AVIF)	2.818

The Q-square value must be > 0 , indicating that the model has predictive relevance. Conversely,

if the Q-square value < 0 , this indicates that the model has less predictive relevance (Ghozali & Latan, 2017). Q-square has a value of 0.697, or greater than 0 (zero), indicating that the model has predictive relevance, or the model is said to be fit and robust. APC and ARS are used to measure the average path coefficient value. The R-square value produced by a model, APC and ARS will balance each other. Table 3 shows that the APC value is 0.448 and the ARS value is 0.705 with a p value < 0.001 and a significance value of < 0.05 , which means that if latent variables are added it will increase the overall predictive quality of the model. Average block variance inflation factor (AVIF) full collinearity is used to test the collinearity problem in the model. Table 3 shows that the average block variance inflation factor (AVIF) is 2.818, or ≤ 3.3 . This means that there is no classic collinearity, or so-called multicollinearity, between the dimensions of anti-fraud strategy (AFS) variable and the dimensions of modified situational crime prevention (MSCP) theory variable.

The first hypothesis (H_1) test in Figure 2 and Table 4 shows that the anti-fraud strategy (AFS) has a path coefficient value of 0.812 with a P-value of < 0.001 ($0.01 < 0.05$). So, it can be said that the anti-fraud strategy (AFS) has a positive effect on fraud prevention (FP), and therefore the first hypothesis (H_1) is accepted. Modified situational crime prevention theory has a path coefficient value of 0.338 with a P-value of < 0.001 . So, it can be said that the modified situational crime prevention theory has a positive effect on fraud prevention (FP), and therefore the second hypothesis (H_2) is accepted. The results of the hypothesis test in Table 4 also show that religiosity has a coefficient value of 0.193 with a P-value of 0.022 ($0.022 < 0.05$). So, it can be said that religiosity strengthens the effect of the modified situational crime prevention theory on fraud prevention, and therefore the third hypothesis (H_3) is accepted.

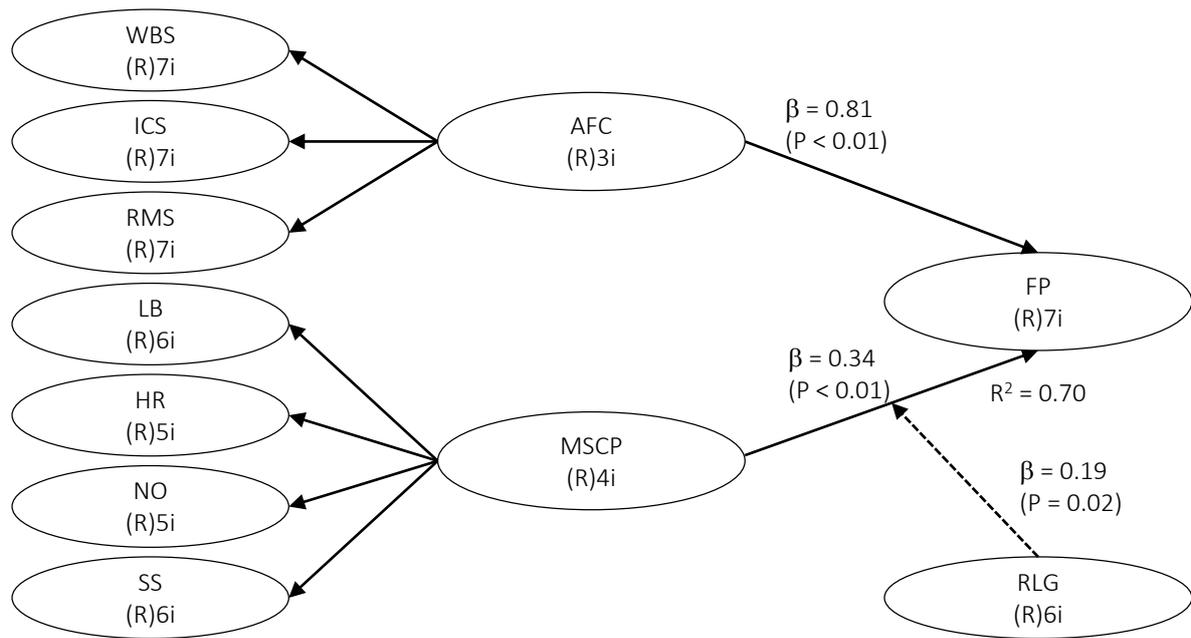


Figure 2. Path analysis

Table 4. Hypothesis test result

Description Path	Path Coefficient	P-Value	Effect Size	Conclusion
AFS → FP	0.812	< 0.001	0.662	Accepted
MSCP → FP	0.338	< 0.001	0.079	Accepted
RLG - MSCP → FP	0.193	0.022	0.036	Accepted

4. DISCUSSION

Whistleblowing system as anti-fraud is a channel used by banking service organizations to facilitate potential fraud or financial crimes that occur within the organization (Dewi & Ariandi, 2017). The whistleblowing system is created as a communication medium for information reporting for employees or individuals outside the organization who are aware of fraud, financial crimes or violations that cause financial and non-financial losses in banking services. The existence of a whistleblowing system shows a bank's seriousness in dealing with any actions that lead to fraud within the organization and efforts to protect whistleblowers who provide any information they know regarding fraud and financial crimes. Respondents strongly agree that a good whistleblowing system is one that is easily accessible and provides legal protection for whistleblowers (Durguti et al., 2023; Lee & Xiao, 2018; Sustika et al., 2020). The results of research conducted by Nurhidayat and Kusumasari (2018), Putra et al. (2022), and

Sulistiyo and Yanti (2022) show that the whistleblowing system is able to increase the efforts of the banking service industry to prevent fraud.

The second anti-fraud strategy is the application of risk management. It is very important for banks to maintain stability and ensure that members of the organization work according to standard operating procedures that have been set and reduce the potential for fraud (Filatova et al., 2023; Tarjo et al., 2022). The application of risk management influences fraud prevention (Agustin & Kasmawati, 2022; Nyakarimi et al., 2020). The majority of respondents state that the bank has consistently managed the risk management system by referring to the regulations and laws that apply in Indonesia. In addition, the bank has also prioritized the precautionary principle in managing all types of risks as a form of commitment to implementing good corporate governance practices. The bank has significantly carried out the processes of identification, measurement, monitoring, risk control, and risk management information systems properly. The results of research conducted by Sudarmanto

(2020), Sulistiyo and Yanti (2022), and Tarjo et al. (2022) show that risk management influences fraud prevention.

The third anti-fraud strategy is the application of internal control systems. The results of this study inform that a bank has carried out internal audit on the activities of all work units within the bank organization and its affiliates in accordance with the applicable governance. Fraud prevention is also carried out by banks by carrying out high-risk internal audit activities (Jalil, 2018; Repousis et al., 2019; Shetty et al., 2019). Improving the quality of bank internal audits, providing recommendations on audit results, and running internal control systems on a regular basis are activities to prevent fraud (Laksmi & Sujana, 2019; Thinh et al., 2020). The results of research conducted by Kabuye et al. (2018) and Ammar (2019) show that internal control has a positive effect on fraud prevention.

Less benefit is an attitude related to behavioral awareness not to commit fraud because the benefits received from fraud are not comparable to the risks of bad things that must be suffered and felt at the work, family and community environment. Less benefit is also related to actions that are influenced by personal agreement not to commit actions that harm other people and the company. The less benefit of each bank employee must be based on awareness to take care and seriously control individual attitudes and be careful not to commit fraud because the benefits received from the proceeds of fraud are very small. The results of this study are supported by the strong answers of respondents who state that being involved in fraud will cause embarrassment in the family, work environment and society, harm careers, and even risk losing a job.

Situational crime prevention theory (SCPT) also explains that the awareness of banking employees about the high risks to be accepted and the difficulty of committing fraud is a way to prevent employees from committing fraud. The results of this study also inform that the seriousness and firmness of the bank in imposing criminal and civil sanctions for employees who commit fraud is the most powerful measure to prevent employees from committing fraud. The higher the perceived risk, the smaller the intention to commit fraud

and financial crimes. This theory also states that pressure arising from awareness of the risks that will be accepted if their fraudulent acts are discovered and reported encourages perpetrators not to commit fraud. Therefore, the higher the risk accepted by the perpetrator, the better the fraud prevention efforts. The results of the study conducted by Clarke (1997) show that high risk influences fraud prevention.

Opportunity is a situation related to the right place and time felt by the perpetrator to commit fraud. Crime and fraud arise because of opportunity. Opportunity directs individual behavior that benefits him. Opportunity is a condition that causes individuals or members of the organization to justify themselves in getting recognition for personal interest behavior. Meanwhile, narrow opportunity is a condition that makes it difficult for individuals in an organization to get the opportunity to commit fraud. The results of this study prove that fraud and financial crime can be prevented by narrowing opportunities. Narrowing down opportunities can be done by creating a conducive work environment for employees, conducting product service bonus distribution programs and other additional benefits to employees, providing opportunities for all employees to gain appreciation in financial and non-financial forms, implementing good operational monitoring and control programs sustainably, and implementing clear and good career paths and remuneration. The results of this study inform that banks have narrowed the opportunities for employees to commit crimes within the company. This means that narrow opportunities to commit fraud have a positive effect on fraud prevention. The results of the study conducted Clarke (1997) show that narrow opportunity has a positive effect on fraud prevention. Strict sanctions imposed to perpetrators are needed to prove that eradicating fraud and financial crimes in banking is a very serious effort. The stricter the sanctions imposed, the more likely someone is not to commit fraud (Kurylo et al., 2017). Previous research also shows that strict sanction has a positive effect on fraud prevention (Kikerpill et al., 2021).

In this study, the value of religiosity is defined as all forms of activity related to worship of God. The strongest indicator influencing religi-

osity as a moderating variable is the awareness that success and happiness must be obtained by strengthening the value of honesty in all forms of employee activities within the bank (Sudarma et al., 2019). The essence of the value of worship is honesty. Therefore, the prevention of fraud and financial crime using the modified situational crime prevention theory approach can be carried out by building the awareness of bank employees that a strong awareness to act and behave honestly will strengthen the effect of the modified situational crime prevention theory on fraud prevention. The value of honesty and awareness

of the existence of God will not take advantage of opportunities, low risks, weak sanctions as reasons for committing fraud, on the contrary, it can strengthen individual behavior to prevent fraud because they believe that God knows their actions (Sudarma et al., 2019). The results of this study are supported by the results of research conducted by Urumsah et al. (2018), Vacumi and Halmawati (2022), Tonasa (2021), and Fajariyah and Carolina (2023). The results of the study conducted by Sudarma et al. (2019) show that a culture of honesty has a positive and significant effect on fraud prevention.

CONCLUSION

The purpose of this study was to examine a fraud prevention using a modified situational crime prevention theory and an anti-fraud strategy. The conclusion of this study was anti-fraud strategies must be carried out in an orderly manner by a bank, which includes the availability of a whistleblowing system that provides legal protection and career paths for whistleblowers, the implementation of sustainable risk management with reference to internal bank regulations, Bank Indonesia and the financial services authority, and the implementation of an internal control system to conduct a comprehensive evaluation of all bank units periodically. This study also concluded that by fostering employee awareness that the benefits received when committing fraud are not comparable to the legal risks and social norms received can prevent fraud. A bank has stipulated strict criminal and civil sanctions for employees who commit fraud, narrowing the opportunity for perpetrators and providing strict sanctions can prevent fraud. Religiosity, as a moderating variable, strengthens the effect of the modified situational crime prevention theory on fraud prevention. The novelty and originality of this study lies in the use of religiosity as a moderating variable and the addition of the narrow opportunity and strict sanction constructs to the situational crime prevention theory. This study is important so that in practice banking organizations become agents of preventing fraud. In addition, this study also introduces a new concept to the forensic accounting and fraud literature with the modified situational crime prevention theory.

The limitation of this study is the refusal of many bank front office staff to fill out questionnaires because they are busy having to serve many customers. In addition, the number of bank front office employees in Indonesia is currently very limited due to bank management policies to reduce front office staff in line with the use of mobile and internet banking to serve customers. Future research can add the constructs of management conflict and greedy as behaviors that influence fraud prevention. Expanding the distribution of respondents to private and non-private banks will inform the results of the analysis of fraud prevention in the banking sector more representatively.

AUTHOR CONTRIBUTIONS

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Funding acquisition: Nanang Shonhadji, Soni Agus Irwandi.

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