

Whistleblowing Disclosure of the Banking Sector

Lilik Handajani^{1*}, Saipul Arni Muhsyaf², Ayudia Sokarina³

^{1,2,3}Universitas Mataram, Nusa Tenggara Barat, Indonesia

Abstract

The purpose of this study is to describe the disclosure of the whistleblowing system (WBS) in public banks listed on the Indonesia Stock Exchange. Content analysis is carried out on information related to the disclosure of the whistleblowing system in the 2018-2020 bank annual report. The banking sector has deployed a rising number of whistleblowing systems (WBS) over the past three years, from 2018 to 2020, according to the study's findings. Disclosure of the WBS Whistle in the banking sector can be classified into domains: bank commitments to the implementation of WBS, the mechanism for reporting violations and types of violations reported, protecting the whistleblower's confidentiality, and investigating and evaluating the effectiveness of the WBS. The results of this study imply that the Bank's whistleblowing system policy is a governance mechanism as an early warning signal to detect indications of violations, alleged ethical irregularities and fraud.

Keywords: whistleblower, wrongdoing, whistleblowing system

Abstrak

Tujuan penelitian ini untuk mendeskripsikan tentang pengungkapan whistleblowing system (WBS) pada perbankan publik terdaftar di Bursa Efek Indonesia. Analisis isi dilakukan terhadap informasi yang berkaitan dengan pengungkapan whistleblowing system pada laporan tahunan bank periode 2018-2020. Hasil penelitian menyatakan sektor perbankan telah melakukan implementasi whistleblowing system (WBS) yang semakin meningkat dalam kurun waktu 3 tahun terakhir sejak tahun 2018 hingga 2020. Pengungkapan whistleblowing system pada sektor perbankan dapat dikelompokkan dalam domain yang meliputi komitmen bank terhadap penerapan WBS, mekanisme pelaporan pelanggaran, jenis pelanggaran yang dilaporkan, perlindungan kerahasiaan pelapor, investigasi serta evaluasi efektivitas WBS. Hasil penelitian ini mengimplikasikan bahwa kebijakan whistleblowing system perbankan merupakan mekanisme governance sebagai *early warning signal* untuk mendeteksi indikasi pelanggaran, dugaan penyimpangan etis dan kecurangan.

Kata kunci: pelapor; pelanggaran, sistem pelaporan pelanggaran

INTRODUCTION

Fraud cases in the financial sector have emerged as a significant issue that has received significant attention from regulators, business actors, and the general public. This is inextricably linked to the disclosure of cases of financial fraud that have a negative impact on banks, customers, or other parties who suffer losses, either directly or indirectly. Banking fraud is an act of deviation or omission intentionally to deceive, deceive, or manipulate the Bank, customers, or other parties, which occurs within the Bank and uses bank facilities. The Association of Certified Fraud Examiners survey results in 2014 stated that among fraud cases explored worldwide, 36% were fraud cases that occurred in the banking sector (Nobanee et al., 2021). In 2020, the largest anti-fraud organization at the global level Association of Certified Fraud Examiners, released a

* Corresponding author. lilikhandajani@unram.ac.id

Report to the Nations (RTTN) which recorded 2,504 fraud cases from 125 countries with a median loss of USD 8,300 per month and 29 cases of fraud occurring in Indonesia (Association of Certified Fraud Examiners, 2020).

Fraud cases still occur, although various anti-fraud policies and strategies are strictly implemented. This is closely related to the numerous instances of banking fraud, such as stealing customer funds, money laundering, gratuities, and other types of fraud that can be committed by anyone at any level of management, including the board of directors, branch managers, and front-line employees such as tellers, customers, services, and loan services. Therefore, the behavioral integrity of business leaders and managers must be necessary for encouraging employees to be able to "speak up" when facing ethical problems and the consequences that occur in the organization. These frauds were not only revealed through detailed investigations; cases of fraud were revealed through reporting alleged violations committed by internal and external parties of the company.

Government and private regulators in developed and developing countries, particularly in the financial sector, have applied moral and professional principles and ethical guidelines to prevent corporate scandals, among others, through the internal whistleblowing system mechanism (Alpkan et al., 2020). Using the perspective of Legitimacy Theory, Pittroff (2014) argues that Legitimacy Theory is relevant in justifying why organizations implement a whistleblowing system by understanding the whistle-blowing system as an instrument desired by the community. The drive for power is effective in encouraging the internal violation reporting system, while the effectiveness of external violation reporting is more symbolic than substantive. WBS is a mechanism for reporting alleged violations built as a means for internal and external reporters to convey information regarding allegations or indications of violations that occurred in the company. The information indicating the violation will be followed through the mechanism determined by the company. This is in line with the purpose of the whistleblowing system as a preventive measure to prevent and as an early detection tool for an act of violating the code of ethics, code of conduct, and conflicts of interest that occur within the company. Nayır et al. (2018) state that WBS is a disclosure/reporting made by company members on illegal, immoral, and illegal practices against people or organizations that may impact an action. Thus, the existence of a whistleblowing system is crucial for companies to improve and maintain the appropriateness of employee ethical behavior. This is part of the internal control environment, particularly in reducing the risk of legal disobedience and abuse of authority.

Whistleblowers play an important role in having the courage to speak out in favour of disclosing indications of fraud, both by internal and external whistleblowers. WBS is a tool to detect fraudulent activities and irregularities that are ethically motivated, fraudulent, or corrupt, involving the organization's management or external entities (Tworek, 2020). In this case, the existence of a whistleblower is an important channel that can provide valuable information about ethical violations and irregularities in the organization (Kenny & Bushnell, 2020). The study findings of Park et al. (2020) indicate that the presence of external whistleblowers becomes important in uncovering allegations of fraud related to when the external whistleblower has the power to make changes and the seriousness of the wrongdoing to the public so that it will have consequences for correcting errors and creating truth values. When the external whistleblower has the authority to make changes, and the wrongdoing is serious enough to the public, the existence of the external whistleblower becomes important in detecting allegations of fraud, as shown by the findings of Park et al. (2020). Although WBS has a positive goal, this practice is not always easy because of the whistleblower's low motivation. The Tworek (2020) study on the Polish Stock Exchange stated that an important obstacle in implementing whistleblowing relates to the economic structure (both from an ethical and sociological perspective) and the low level of trust of potential whistleblowers in their personal safety to disclose information about indications of a prohibited act. (wrongdoing).

In running a financial business, banks must comply with laws and regulations and ethical values (code of conduct) based on the principles of good corporate governance. WBS is one of the efforts to support the realization of good corporate governance. This is in line with the argument that a whistleblowing mechanism is needed by all types of companies, especially in financial sector organizations where reputational problems and the collapse of trust will result in huge losses for banks and customers (Alpkan et al., 2020). In the banking financial sector, anti-fraud policies, as realized through the WBS mechanism, will help protect banks and their customers from fraud cases and maintain the reliability and security of bank financial operations by maintaining transparency and more efficient resistance to fraud (Nobanee et al., 2021). In Indonesia, the provisions regarding the implementation of the whistleblowing system have been regulated in the requirements of regulators such as the Indonesian minister of state-owned enterprises (SOEs) and The Indonesian Financial Service Authority (known as OJK). OJK Regulation Number 39 of 2019 concerning implementing an anti-fraud strategy for commercial banks (Otoritas Jasa Keuangan, 2019). The regulation requires banks to formulate and implement an effective anti-fraud strategy which includes prevention, detection, investigation, reporting, and sanctions, as well as monitoring, evaluation, and follow-up. Guidelines for managing the reporting system for alleged violations at the Ministry of State-Owned Enterprises are also regulated in the Minister of SOEs Regulation PER-13/MBU/10/2015 (Kementerian BUMN, 2015). This regulation governs the reporting channels for alleged violations of potential conflicts of interest, criminal acts, and corruption, including the protection of whistleblowers. Complaints of alleged violations submitted by the whistleblower (whistleblower) and indicating sufficient initial evidence of a violation to be followed up through an investigative audit or audit with a specific purpose

Previous studies have examined WBS practices from various perspectives, such as the effectiveness of WBS channels and organizational environmental support (Repousis et al., 2019; Verschuuren, 2021; Erin & Bamigboye, 2020; Hardika et al., 2021) and the protection of whistleblowers and whistleblowers regulations (Latan et al., 2021; Yakubu & Dikwa, 2020) and whistleblowing disclosure policy (Mohd et al., 2019). Research results by Repousis et al. (2019) stated that counterfeiting, bribery, and money laundering are types of fraud risk that most occur in banks, so the use of hotline whistleblowing is needed in addition to implementing a code of conduct and code of ethics for staff as well as other fraud prevention schemes such as surprise audits, verification. A study by Hardika et al. (2021) in regional banks found that the system for reporting violations and controlling internal factors affect fraud prevention, so bank leaders can improve whistleblowing facilities ng system and quality of internal control based on individual input and experience in enhancing fraud prevention. The results of research by Erin & Bamigboye (2020) on 50 financial sector companies on the Nigerian Stock Exchange found that in 2013 to 2017, corporations needed to internalize whistleblowing system practices and integrate them into the company's reporting system. The results of this study imply that non-compliance with WBS reporting may have a negative impact on company growth, company sustainability, and company reputation in the long term

Verschuuren (2021) examines 26 mechanisms for reporting violations to international sports organizations that are symbolic of the reforms carried out by international sports organizations after significant governance and integrity scandals. The study's results stated that the quality of WBS policies did not encourage reporting by whistleblowers due to specific organizational and cultural characteristics would reduce the possibility of reporting violations. Another study questioned the performance of the whistleblowing mechanism in encouraging whistleblowers to disclose alleged fraud. The results of Latan et al. (2021) testing on tax office employees operating in emerging economies found that the greater the threat felt by the whistleblower, the less the individual's intention to report indications of fraud, but the more serious the violation faced by the potential whistleblower, they are more likely to choose to

disclose the matter of the violation. The importance of regulation with the success of WBS is carried out in a study by Yakubu & Dikwa (2020), which states that legal support is needed to strengthen the implementation of whistleblowing policies to combat corruption in Nigeria, including the evaluation of the whistleblowing bill and witness protection required to strengthen the implementation of whistleblowing policies. Different studies link WBS practices with financial aspects. A survey by Mohd et al. (2019) on public companies in ASEAN tested the effect of disclosure of whistleblowing system policies on the cost of equity (cost of equity) and found that increasing WBS disclosure quality in the annual report would reduce the cost of equity and attract investors. This finding implies the importance of guidelines, and a comprehensive whistleblowing policy will be needed to strengthen the best practice of the ASEAN corporate governance code.

Previous empirical research shows various practices between countries regarding reporting and the extent of disclosure of the whistleblowing system, which can be influenced by different industrial sectors, regulations, and unique characteristics faced by each company. This study provides evidence on WBS disclosure through annual reports conducted by companies in the public banking financial sector listed on the Indonesia Stock Exchange. Thus, this study aims to fill the gap and provide a new perspective on how WBS policies are implemented by public banks in Indonesia, which have the responsibility to provide transparent and accountable information. The results of this study contribute to supporting healthy banking practices because the banking sector managing significant loan funds must maintain integrity and transparency by preventing any actions that lead to ethical violations and fraud. Practically, the results of this study also provide an understanding for policymakers to intensively implement the WBS system to increase investor and customer confidence in bank operations. The results of this study recommend a more comprehensive guideline for reporting alleged violations that regulators can use and decision-makers to measure and evaluate WBS reporting made by companies.

RESEARCH METHOD

This study aims to identify the disclosure of reporting violations (whistleblowing system) made by public banks listed on the Indonesia Stock Exchange from 2018 to 2020. Banking is a financial institution that initiates the practice of reporting violations in financial institutions. The sample of this research is 38 selected banks that disclose WBS information, representing 80.85% of all banks listed on the Indonesia Stock Exchange, a total of 47 banks. Using content analysis, identify WBS disclosures made by 38 selected banks through annual bank reports published for the last three years, from 2018 to 2020. The majority of the 38 sample banks were private (89.47%), and 10.53% were state-owned banks. Information on WBS policy and implementation is presented in the corporate governance (GCG) section as an integral part of the Bank's annual report. The Bank's annual report is used as the basis for analysis because it is a publication media that has mandatory disclosure for companies going public, so information about the Bank's WBS policy can be obtained.

This study aims to identify the disclosure of reporting violations (whistleblowing system) made by public banks listed on the Indonesia Stock Exchange from 2018 to 2020. Banking is a financial institution that initiates the practice of reporting violations in financial institutions. The sample of this research is 38 selected banks that disclose WBS information, representing 80.85% of all banks listed on the Indonesia Stock Exchange, a total of 47 banks. Using content analysis, identify WBS disclosures made by 38 selected banks through annual bank reports published for the last three years, from 2018 to 2020. Of the 38 sample banks, the majority were private banks (89.47%), and as much as 10.53% were state-owned banks. Information on WBS policy and implementation is presented in the corporate governance (GCG) section as an integral part of the Bank's annual report. The Bank's annual report is used as the basis for analysis because it is a

publication media that has mandatory disclosure for companies going public, so information about the Bank's WBS policy can be obtained.

This study elaborates on the description of WBS policies and evaluates reporting patterns when banks make disclosures about WBS using content analysis. Content analysis is used in this study to identify and describe WBS disclosure policies and practices when banks claim to disclose WBS policies. Content analysis is carried out by placing the themes and indicators of each Bank's WBS reporting. Furthermore, the disclosure index of each indicator is calculated by comparing the disclosure of the whistleblowing system of each Bank with the expected disclosure checklist.

RESULTS AND DISCUSSION

The results of this study can describe the reporting pattern of the whistleblowing system carried out by the banking financial sector listed on the Indonesia Stock Exchange from 2018 to 2020. Content analysis of the Bank's annual report explores the policies and disclosures of the whistleblowing system. This is because the annual report is a publication medium for public companies that explains the achievements of the company's financial and non-financial aspects, including policies and reporting on the whistleblowing system as part of the corporate governance mechanism. Through observations of 38 published bank annual reports for the last three years (2018 to 2020), it can be identified that the disclosure of the whistleblowing system policy reported by the Bank through the annual report is presented in table 1.

Table 1. Disclosure of bank Whistleblowing system disclosure and its indicators

No.	Whistleblowing System Disclosures	Indicators
1.	Commitment to implementing whistleblowing	<ul style="list-style-type: none"> - Commitment to compliance and ethical behaviour - Whistleblower system benefits, relevance, and implementation reasons for banks
2.	Violation Reporting Mechanism	<ul style="list-style-type: none"> - Official guidelines detailing how to report violations - Formal clarification of to whom the violation report is sent - A description of whether violations can be reported anonymously or the reporter's identity must be disclosed. - Media available for reporting violations
3.	Who can be a whistleblower	<ul style="list-style-type: none"> - Whistleblowers (internal/external) who can report violations - how to report violations, to whom, and via what channels
4.	Types of violations reported	<ul style="list-style-type: none"> - A document explaining what can be reported using the whistleblower system - Guidelines to ensuring a reported violation harm the firm or society - Confirmation that defamatory or false reports will not be reviewed and sanctioned if confirmed
5.	Whistleblower Protection Policy	<ul style="list-style-type: none"> - Bank's commitment to protecting

No.	Whistleblowing System Disclosures	Indicators
		whistleblowers from retaliation - The reporting person, his family, or his co-workers gain job security, career growth, physical safety, protection of life and property, and legal protection.
6.	Follow-up on the process of handling submitted violation reports	- Investigates a valid violation report - Fairness and justice in reporting violations investigations. - Improvements to prevent occurrences of violations
7.	Evaluation and improvement to improve WBS effectiveness	- Commitment to continuously evaluate and improve to increase the effectiveness of the WBS program

Source: Secondary Data (processed)

Table 1 shows that as a mechanism for creating good corporate governance, almost all banks (80.85%) have adopted a violation reporting policy to reduce the occurrence of fraud in the organization. The Whistleblowing System (WBS) policy is based on a strong commitment from bank institutions to implement WBS. This is a manifestation of implementing a culture of compliance and ethical behaviour (compliance and ethics program) within the company. The benefits and positive impacts of WBS in reducing fraud cases through an early warning system within the company will encourage a strong commitment from the company to implement WBS. The Bank's WBS policy also states the mechanism for reporting alleged violations through the WBS channel in the form of an official document that provides an explanation of the procedure for reporting violations and to whom reports of alleged violations are submitted as well as media that can be used to report alleged violations such as short message service, email, letters or websites. The WBS reporting mechanism also explains whether reporting can be done anonymously or whether the reporter must include their complete identity.

The Bank's WBS policy in the Bank's annual report also discloses who can be a whistleblower and the violation behaviour that can be reported. Based on the Bank's annual report, it is revealed that the reporting parties can come from internal or external parties from the Bank. Internal parties can be bank employees managers, while external parties can come from suppliers; there are official documents that explain the procedures (procedures) for reporting violations and to whom reports of violations are submitted, and what media are available to submit reports indicating violations which can be in the form of a website email, letter or SMS.

Other WBS disclosures relate to the types of violations reported, anonymous reporting channels, and the protection of whistleblowers. The violations reported are related to conflicts of interest, unethical behaviour, fraud, bribery/gratuities, embezzlement of assets, leakage of information, law violations, and other banking crimes. In the disclosure of the whistleblowing system in the Bank's annual report, it is stated that there are guidelines stating that what can be reported through the whistleblowing system is a violation and harms the company and society. This implies that the submission of slanderous or false reports will not be processed.

Protecting the whistleblower's confidentiality is crucial in successfully implementing the whistleblowing system. Disclosure of whistleblowing in the Bank's annual report states that there is a commitment from the company to confidentiality and protection of whistleblowers from retaliation due to the reporting carried out. Protection of work security, the continuation of his

career in the company, physical safety, life and property, and legal protection are forms of protection for the complainant, his family, and co-workers.

Guarantees to follow up on valid violation reports are manifested in the form of investigations disclosed in the disclosure of the whistleblowing system policy in the Bank's annual report. This is related to the Bank's commitment to carry out a violation investigation process based on the principles of fairness and justice and to make efforts to improve the prevention of violations. Disclosure of the Whistleblowing system in the Bank's annual report discloses the effectiveness of its implementation in the form of a follow-up to the process of handling the submitted violation reports as well as evaluation and improvement to increase the effectiveness of the WBS. In this case, the Bank is committed to increasing the effectiveness of implementing anti-fraud strategies and detecting allegations or incidents of fraud by continuously evaluating and improving to increase the effectiveness of the whistleblowing system program.

The results of this study also explain the level of WBS disclosure made by banks compared to the WBS Policy disclosure checklist, as presented in table 2.

Table 2. The Extent of Disclosure of the Banking Whistleblowing System 2018-2020

No.	Description of Whistleblowing System Disclosure	2018	2019	2020	Mean
1.	Statement of the Bank's commitment to the establishment of a culture of compliance and ethical behavior	54,29	57,14	60,00	57,14
2.	Bank's commitment to whistleblowing	91,43	94,9	100,00	95,24
3.	The benefits and importance of the Whistleblowing system for banks and the reasons for its implementation	85,71	91,43	91,43	89,52
4.	Mechanisms and procedures for submitting reports of alleged violations and media/reporting channels	85,71	88,57	91,43	88,57
5.	Behavior or types of violations that can be reported using the Whistleblowing System channel	62,86	68,57	77,14	69,52
6.	Whistleblowers (internal/external) who can use the WBS channel to report violations they know	60,00	57,14	74,29	63,81
7.	Guidance to ensure reported violation harms the company and society	37,14	48,57	48,57	44,76
8.	Whistleblowers and their reports will be guaranteed confidentiality by the company	85,71	85,71	91,43	87,62
9.	The Bank's commitment is to protect whistleblowers from retaliation by the reported party or others.	51,43	60,00	65,71	59,05
10.	A statement that the complainant will receive follow-up information regarding the process of handling the submitted violation report	14,29	20,00	25,71	20,00
11.	Bank will investigate a valid violation report using fairness and justice.	77,14	80,00	85,71	80,95
12.	The whistleblower can report violations anonymously, or complete identity	34,29	51,43	51,43	45,71
13.	The Bank's commitment to continuously evaluate and improve to enhancement the effectiveness of the WBS program	20,00	25,71	48,57	31,43
		58,46	63,74	70,11	64,10

Source: Secondary Data (processed)

During the last three years, 2018 to 2020, it shows an increasing trend of WBS disclosure with an average WBS disclosure of Rp. 64.10%. This indicates that banks have carried out the WBS disclosure policy indicators on average by 64.10%. In 2018 it showed WBS disclosure of 58.46%, which further increased to 63.74% in 2019, and then in 2020 showed the highest WBS disclosure in the last three years, which was 70.11, which means WBS disclosure is increasing. As seen from table 2, the Bank focuses on improving the most dominant indicators related to the company's commitment to the implementation of the whistleblowing system, the benefits and importance of the whistleblowing system for the company, and the reasons for its implementation in the company, the mechanism, and procedure for submitting reports of alleged violations and the media/reporting channel with a proportion of more than 80%. However, other disclosures, such as reporting violations, can be done anonymously, or the reporter must include a complete identity, follow-up on the process of handling the violation report submitted to the complainant as well as a statement of the company's commitment to continuously evaluate and improve to increase the effectiveness of the WBS program small below 50%. The average disclosure of the whistleblowing system is 64.10, which shows the policies and commitments of banking companies to implement a whistleblowing mechanism reasonably.

The need for implementing a whistleblowing system for banks is in line with regulations from the OJK regarding implementing an anti-fraud strategy for commercial banks as regulated in the Financial Services Authority Regulation Number 39/POJK. 03/2019. This provision is the basis for reporting the whistleblowing system in the annual report published by the Bank. A whistleblowing system is a mechanism built by the organization for reporting indications of irregularities or alleged violations that occurred in the company. This regulation can help reduce the negative impact of irregularities and bank fraud and the adverse impact on stakeholders at large.

The results of this study reveal the importance of implementing a whistleblowing system in banking. As argued in the studies of Hardika et al. (2021) and Erin & Bamigboye (2020) that the violation reporting system and internal control affect fraud prevention (Hardika et al., 2021), so there is a need for organizations to internalize whistleblowing system practices and integrate them into the company's reporting system (Erin & Bamigboye, 2020). The urgency of the whistleblowing system is stated in the study of Alpkhan et al. (2020) that the whistleblowing system policy in organizations is the application of ethical and moral principles and guidelines. Similar arguments are stated by Repousis et al. (2019) that whistleblowing is needed as a fraud prevention scheme in addition to implementing a code of conduct and code of ethics for staff. This result is in line with the argument of Nayır et al. (2018) that the existence of a whistleblowing system is important to maintain the ethical behaviour of employees and is also part of the environment and internal control, especially in reducing the risk of legal disobedience and abuse of authority.

In implementing the whistleblowing system, the role of the whistleblower is required in reporting violations. The existence of whistleblowers can provide important information about ethical violations and irregularities in the organization (Kenny & Bushnell, 2020) and uncover allegations of fraud, as stated in the study by Park et al. (2020) by both internal and external reporters. Protection against whistleblowers also encourages the successful implementation of the whistleblowing system policy. The results of Tworek (2020) argue that an important obstacle in the implementation of whistleblowing is related to the personal security of the reporter to disclose information about indications of a prohibited act (wrongdoing). This is in line with the results of a study by Baljija & Rustemi (2021), which showed that increasing security for the physical integrity of the whistleblower and his family members and establishing incentives to encourage whistleblowing would encourage the willingness of whistleblowers to access whistleblowing system services. A similar argument was put forward in the research of Latan et al. (2021) that the individual's intention to report indications of fraud decreases when the threat

felt by the complainant is more significant, even when the seriousness of the violation problem will make the complainant choose to disclose the violation.

However, the quality of whistleblowing system policies in encouraging the possibility of reporting by whistleblowers is also determined by specific organizational and cultural characteristics, as stated in Verschuuren's (2021) study. A similar argument was stated by Nurhidayat & Kusumasari (2017) that implementing the whistleblowing system is an effective policy and WBS that not only protects whistleblowers but also pays attention to ethics, culture, and local contexts in Indonesia. This shows that the local context needs to be considered to support the effectiveness of the use of the whistleblowing system in uncovering indications of violations. Thus, implementing the whistleblowing system in banking can play an influential role as a governance mechanism to support sound banking.

CONCLUSIONS

Disclosure of the whistleblowing system policy is the banking sector's response to the regulation of the Indonesian Financial Services Authority Number 39/POJK.03/2019 concerning anti-fraud strategies for commercial banks, which requires banks to formulate and implement effective anti-fraud strategies. The results of this study indicate that banks have reported whistleblowing system policies in the corporate governance section and use the whistleblowing system as a governance mechanism in banking. Public banks report whistleblowing system policies by disclosing various implementation information and showing an increasing trend of whistleblowing system disclosures in the 2018 to 2020 period, with a relatively good average disclosure of 64.10%. This research can reveal the dominant issues in the disclosure of whistleblowing policies in banking, especially those relating to the company's commitment to the implementation of the whistleblowing system, the benefit, and importance of the whistleblowing system for companies, and the reasons for its application in the company, the mechanism, and procedure for submitting reports of alleged violations and the availability of media or violation reporting channels. However, matters relating to the anonymous disclosure of violation reports, a follow-up to handling violation reports reported to whistleblowers, and the company's commitment to continuously evaluate and improve the WBS program's effectiveness are disclosed in a smaller proportion. The results of this study imply that the whistleblowing policy in banking is a governance mechanism as an early warning system to support sound banking practices.

This study has several limitations related to the subjectivity concerning the assessment of whistleblowing system disclosure items reported by the company through the Bank's annual report. A triangulation approach is needed to increase the credibility of the assessment results. This research is limited to using secondary data sources of annual bank reports as a media for bank publications to identify whistle-blowing policy disclosures. In the future, primary data such as questionnaires and qualitative approaches is recommended to obtain more credible information. The impact of the implementation of the whistleblowing system on fraud can be carried out in future tests to test the effectiveness of the whistleblowing system.

REFERENCES

- Alpkan, L., Karabay, M., Şener, İ., Elçi, M., & Yıldız, B. (2020). The mediating role of trust in leader in the relations of ethical leadership and distributive justice on internal whistleblowing: a study on Turkish banking sector. *Kybernetes*, 50(7), 2073–2092. <https://doi.org/10.1108/K-05-2020-0268>
- Association of Certified Fraud Examiners. (2020). Report to the Nations on Occupational Fraud and Abuse: 2020 Global Fraud Study. In *Association of Certified Fraud Examiners, Inc.* <https://www.acfe.com/report-to-the-nations/2020/>
- Baljija, S. K., & Rustemi, A. (2021). Measuring Whistleblowing Perceptions among the Civil

- Service of the Republic of Kosovo. *NISPAcee Journal of Public Administration and Policy*, 14(2), 135–159. <https://doi.org/10.2478/nispa-2021-0018>
- Erin, O., & Bamigboye, O. A. (2020). Does whistleblowing framework influence earnings management? An empirical investigation. *International Journal of Disclosure and Governance*, 17(2–3), 111–122. <https://doi.org/10.1057/s41310-020-00078-x>
- Hardika, A. L., Mar'atus, D., & Lubis, S. (2021). Fraud Prevention Measures at PT. Bank BJB, Bandung City. *Turkish Journal of Computer and Mathematics Education*, 12(9), 118–122. www.kejati-jabar.go.id
- Kementerian BUMN. (2015). *Regulation of the Minister of State-Owned Enterprises Number : PER - 13 /MBU/ 10 /2015 Guidelines for the Management of Alleged Violation Reporting Systems in the Ministry of State-Owned Enterprises.*
- Kenny, K., & Bushnell, A. (2020). How to Whistle-Blow: Dissensus and Demand. *Journal of Business Ethics*, 164(4), 643–656. <https://doi.org/10.1007/s10551-019-04401-7>
- Latan, H., Chiappetta Jabbour, C. J., & Lopes de Sousa Jabbour, A. B. (2021). To Blow or Not to Blow the Whistle: The Role of Rationalization in the Perceived Seriousness of Threats and Wrongdoing. *Journal of Business Ethics*, 169(3), 517–535. <https://doi.org/10.1007/s10551-019-04287-5>
- Mohd, M. F., Yusoff, W. S., & Basnan, N. (2019). Whistleblowing disclosure policy and cost of equity in ASEAN 5 publicly listed companies: A new establishment of regional whistleblowing disclosure scoring index. *Jurnal Pengurusan*, 55, 125–133. <https://doi.org/10.17576/pengurusan-2019-55-10>
- Nayır, D. Z., Rehğ, M. T., & Asa, Y. (2018). Influence of Ethical Position on Whistleblowing Behaviour: Do Preferred Channels in Private and Public Sectors Differ? *Journal of Business Ethics*, 149(1), 147–167. <https://doi.org/10.1007/s10551-016-3035-8>
- Nobanee, H., Atayah, O. F., & Alshater, M. M. (2021). A Disclosure Index To Measure The Extent Of Anti-Fraud Reporting In Banks. *Journal of Legal, Ethical and Regulatory Issues*, 24(Special Issue 1), 1–14.
- Nurhidayat, I., & Kusumasari, B. (2017). Revisiting Understanding of The Whistleblowing Concept In The Context of Indonesia. *Policy & Governance Review*, 1(3), 165. <https://doi.org/10.30589/pgr.v1i3.54>
- Otoritas Jasa Keuangan. (2019). *Regulation of the Financial Services Authority of the Republic of Indonesia Number 39/POJK.03/2019: the Implementation of Anti-Fraud Strategy for Commercial Banks.* <https://www.ojk.go.id/id/regulasi/Pages/Penerapan-Strategi-Anti-Fraud-Bagi-Bank-Umum.aspx>
- Park, H., Vandekerckhove, W., Lee, J., & Jeong, J. (2020). Laddered Motivations of External Whistleblowers: The Truth About Attributes, Consequences, and Values. *Journal of Business Ethics*, 165(4), 565–578. <https://doi.org/10.1007/s10551-018-4082-0>
- Pittroff, E. (2014). Whistle-Blowing Systems and Legitimacy Theory: A Study of the Motivation to Implement Whistle-Blowing Systems in German Organizations. *Journal of Business Ethics*, 124(3), 399–412. <https://doi.org/10.1007/s10551-013-1880-2>
- Repousis, S., Lois, P., & Veli, V. (2019). An investigation of the fraud risk and fraud scheme methods in Greek commercial banks. *Journal of Money Laundering Control*, 22(1), 53–61. <https://doi.org/10.1108/JMLC-11-2017-0065>
- Tworek, A. S.-. (2020). Whistleblowing as a Mechanism of Fraud Risk Management in Economic Practice. *Financial Internet Quarterly*, 16(3), 96–105. <https://doi.org/10.2478/fiqf>
- Verschuuren, P. (2021). Assessing the whistleblowing policies of international sport organisations. *Sport, Business and Management: An International Journal*, 11(4), 405–429. <https://doi.org/10.1108/SBM-05-2020-0040>
- Yakubu, S., & Dikwa, M. K. (2020). Combatting economic crimes in Nigeria through

whistleblowing: a shift from policy to legal framework. *Journal of Money Laundering Control*, 23(4), 819–832. <https://doi.org/10.1108/JMLC-04-2020-0040>