Internal Control in Perspective of Personal Bankers

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Abstract
This research aims to explain the dilemmas experienced by personal bankers while performing their duties in order to implement the Internal Control effectively. Personal bankers are charged high targets by corporate banks, so they must do various efforts to achieve these targets. However, Personal bankers’ effort to achieve the target should not violate the internal control procedures set forth in SOP (Standard Operating Procedure). Consequently, personal bankers sometimes face dilemma situation in which they have to achieve the target and follow SOP at the same time. Based on the author’s personal experience and observations as a personal banker in bank “X” on 2006 until 2011, there were dilemmas faced by the author. The author feels that SOP could not protect her job and policies which she took in order to fulfill priority customers’ satisfaction. In contrast, she should also be able to achieve the target charged by the bank and keep a good relation with priority customers.

Keywords: Internal control, SOP, Personal bankers

1. Introduction
The understanding of the meaning of internal control which is stated in the SOP based on Personal Bankers’ perspectives has a lot of different meaning. It is caused by different perceptions and the conditions experienced in the field while Personal Bankers interact with priority customers. Banking transactions for priority customers are done more specifically; the services are different from the common service to regular customers. Therefore, the services require SOP which can surely protect the personal banker jobs. In addition, the SOP is also needed in order to secure the bank and the priority customers. (Kanagaretnam, Lobo, Ma, & Zhou, 2014). Internal Control is needed to prevent fraud.

Cheating / fraud (Cohen, Ding, Lesage, and Stolowy, 2010) is fraud in the form of intentional misconduct. The real example of phenomenal fraud related to premium customer is Malinda Danuirdja (Malinda Dee) whose position is as Senior Relationship Manager at Citibank doing burglary to her customers’ funds of Citybank in early 2011. She has rich clients, especially businessmen and officials. Malinda Dee, the alleged of embezzlement of Citibank, handled 236 Citigold customers, Citibank products for premium customers (private banking). Citigold customers have accounts with a minimum nominal value of Rp 500 million. Malinda embezzled customers by providing a blank form to her customers to be signed. Then, she filled the blank form by herself the data of nominal of money and recipient’s account number. Without knew by her customers, she gave the form to teller to be transferred to the account she had set (source: http://profil.merdeka.com/Indonesia/i/inong-Malinda/). Malinda Dee is one of the personal bankers who is trapped in her wrong perspective that she should have understood the internal control, but she interpreted the internal control as her weaknesses. Therefore, she could commit the fraud (Fawcett, Tom; Provost, 1997).

Some personal bankers have an understanding that in order to monitor and prevent the errors and fraud, it is necessary to implement the internal controls of bank effectively and efficiently (Chapman, 2012). Thus, the internal control can be applied in the whole organization of the bank. The major thing which should be comprehended is the meaning of internal control in the Personal Bankers perspective to improve the quality of service for priority customers’ satisfaction and loyalty (A Case Study in Bank "X" Malang Branch and Jakarta Branch).

According to the other perspectives of personal bankers, their dilemma to the internal controls is like a "double-edged sword" because on one side the internal control can secure positions and their jobs, but on the other side of the sword, internal control can also be an obstacle in the improvement of quality of service (Saha, Parameswaran, Chakraborty, & Mahanti, 2013) for the priority customers’ satisfaction and loyalty. The pressure of the target set by the bank forces the personal bankers to do various ways to achieve it. In fact, sometimes there could be found violation of internal control procedures. The example is a case involving Kusumaningrum Diah Ayu, a former personal banker National Savings Bank (the Bank), who became a suspect in the loss of Semarang City Government funds whose amount of money is up to Rp 22 billion. Diah accused of giving gratuities to municipal government officials Semarang to ask them to save money in the bank where she worked. Later, tens of billions of Semarang City Government money was missing (alleged corruption) and finally the case was handled by Polrestabes Semarang (Source: http://jateng.tribunnews.com/2015/04/16/).

There is also a simile saying that Personal Bankers dilemma about internal control and quality of service is like children's games namely seesaw. If the position of the internal control is above, that means the service quality is low (positions below). Conversely, if internal controls below, it means the implementation of
internal control is very bad and the quality of services is good (positions above). This dilemma occurs because of a personal banker "confused" which one should be put forward: the implementation of internal control or quality of services when dealing with priority customers and transactions beyond SOP procedure. If personal banker chose to obey the internal control / SOP, then priority customers will be angry and move all their funds to another bank. But if personal banker chose to implement the transaction with consideration of maintaining the quality of service (service) to priority customers, the personal banker would violate the internal control / SOP. It is like the adage "eat fruit simalakama".

This research is the first study observing the dilemma faced by personal banker in understanding the meaning of internal control (SOP) due to the different understanding of the perspective of the Personal Bankers about the meaning of internal control.

The objectives of the study are finding and understanding the significance of internal control in perspective Personal Bankers. This can be useful as experience in understanding and developing knowledge of banking dealing with priority customers' service. Understanding the meaning of SPI in the perspective of the Personal Bankers will be beneficial to provide solutions to make changes in terms of design, implementation and monitoring which hopefully would easily be done by the Personal Bankers.

2. Study of literature
Personal Banker is bank staff who serves the needs of priority customers (customers who have a total fund of at least Rp. 1 billion) that has joined at the bank where she worked. Personal bankers should also be able to be a financial consultant for customers. Personal Bankers should really know the products offered to the customers and the needs of consumers whether the customers need deposits, savings accounts, checking accounts, mutual funds, bank assurance and others. Personal Bankers’ performance id important in increasing third-party funds (DPK) and the growth in the number of bank customers. Personal Bankers are usually already equipped with the standard operating procedures (SOP) which also well-known as internal control. But the SOP/ internal control usually does not protect the personal bankers as well as the job and personal bankers policies taken in carrying out their duties in the field.

Internal Control / SOP is required in every activity of banks (Feng Li, and McVay, 2009) including the efforts to improve the quality of service for priority customers' satisfaction and loyalty (Elder, Zhang, Zhou, and Zhou, 2009) but in practice it cannot protect personal banker jobs.

Internal Control should also be applied so that no over-service (Ormerod, Ball, & Morley, 2012) which resulted in errors (error) or fraud (fraud). Over service is the provision of service to customers which done excessively and do not pay attention to the precautionary principle (prudential banking) resulting in violation of Standard Operating Guidelines (SOP). An example is the transfer based on customers' transaction orders of priorities customers done because of the personal belief' between personal bankers and the customers, but personal bankers do not confirm directly to priority customers who are concerned. This error is due to the mistakes of personal bankers who ignore the precautionary principle and violate internal control / SOP.

Error (errors) (Ashbaugh-Skaife, Collins, & Kinney, 2007) can be described as unintentional mistakes. The possibility of errors happens because of personal bankers (Whittle & Mueller, 2011) who do not understand standard operating guidelines (SOP). Errors can occur at any stage in the management of transactions, documentation of data / file priority customers, and so on. In terms of service to priority customers, the example of possibility of error is that personal banker follow-up order from customer to do transactions whereas it should have been an order for the sale and purchase of foreign currency into foreign currency, and other examples.

Bank (Soral, iscan, and Hebb, 2006), more specifically, can have a function as Agent of trust (banking activity is trust), both in funding and disbursement of funds (Budisantoso, 2006), agent of development (agency for economic development), and agent of services (providing banking services to the public).

The slow movement of economic condition becomes the reason for banking industry that the banking industry should be able to find the right strategies in doing cheap funding from the public. Composition of premium customers or also called priority customers class who have funds above Rp 500 million is about 30% of the total customers’ fund but sharing of 80% the public's money in the bank. (Altamuro& Beatty, 2010).

Bank recruits a lot of clients from priority class (Buchanan, 2003) to put their funds in the bank. Many facilities and services provided to clients of the premium class including luxurious and comfortable, priority outlet ease of transaction, the availability of personal bankers who are reliable and attractive, conducting customer gathering to provide information to premium customers by investing in the stock market when the economy is sluggish, and other sophisticated facilities.

3. Research methods
This study uses an interpretive approach (Denzin, 1989) which has existential characteristics, interactional, naturalistic, based on pure advanced rigor (sophisticated rigor) and can be applied to the social construction of gender concerns, strength, knowledge, history and emotion. The heart of interpretative approach lies on the
interaction of thick description and the deep authentic understanding. In interpretive study, it is learned how social groups and social structures created for the express condition the experience and personal problems.

The allocation of an interpretation involves the following steps: (1) determine when and where a personal bankers are having problems that come together and interact each other (like a matter of time, history, and mapping), (2) gain access to the setting, (3) learn the language and meaning of what is said by personal bankers and what is studied in such situations, (4) connect individuals, biographies, and other types of socially relevant to the situation of the interaction of the personal bankers in live work activity.

According Triyuwono (2006.33) different meaning of a symbol between one individual and another individual occur due to differences in “self” the individual that is affected by two things, namely the individual internal factors and external factors (the development of which comes outside oneself). Internal factors come from inside individual oneself in the form of: interests, motivation, knowledge and perspectives. External factors are namely the existence of the development of science and technology, economic conditions, social and political in which the person is located. It means that if these two factors change, then the meaning of the symbol will also be changed.

3.1 Research Instruments
In this study, the observed data are the written and spoken data. To obtain the data is needed tools in the form of a list of questions, recorder of hand-phone, and camera.

The list of questions contains questions that are used in the method of interview. Recorder is used to record a phrase and the arguments advanced by the informants. The results of the recording then transcribe by noting the data to make it easier to classify the data. The camera is used to take pictures related to activities conducted by researchers in the search for the data from the informants.

The study was done through the stages of analysis: data reduction and data encoding, arranging the data based on themes, data presentation, reflexivity and conclusion. Data collected through interviews, observation and documentation.

3.2 Data and Data Sources
Data used in this study are primary data and secondary data.

3.2.1 Primary Data
Primary data are data collected and processed directly by researchers from the locations of the study. The primary data is data from observations and interviews conducted to authorized staff on the organization that would be studied by the researcher.

3.2.2 Secondary Data
Secondary data in this research refer to the organizational chart of the bank as well as photographs and sound recordings evidence during the interviews and other supporting evidence.

3.3 Data Collection Procedures
According Sugiyono (2011, 224) data collection techniques are the most strategic step in the study, because the main goal of the study is to get data. Without knowing the techniques of data collection, the researchers will not get the data that match with the standard of the data.

In qualitative research, data collection is done in a natural setting (natural conditions) as the primary data source and data collection techniques more on subtle observation. Subtle observation is that researcher is not frankly in observation; this is in order to avoid that the sought data are still secret. Probably, if it is done openly, then researchers will not be allowed to observe. In addition, the result of study and observations is worried containing bias and do not show the real condition.

The interview used in this study is semi-structured interviews and documentation. The interview is the procedure for obtaining information and data directly from the first source. In addition, the interview is the procedure for getting further explanation and clarification on data obtained from observations.

3.4 Data Analysis Techniques
Qualitative data analysis is the effort made by working with the data, organizing data, sorting through into a unit that can be arranged, synthesizing, searching and finding important things about what is learned and what can be told to others. The author uses qualitative data analysis techniques.

According Leksono (2013: 177), researchers play a role as a human instrument who actively gives the meaning of the data and information; because new data and information that has meaning and significance when it has been interpreted to some facts. A set of facts, anywhere and anytime is always exist; while it is seen as an economic event, it is because the economic event is defined as a phenomenon that contains the properties and behavior of the economy, although by people majoring social, it can also be classified as a social phenomenon; and probably from a lawyer’s point of view, that fact must be interpreted as a case of law.
3.5 Testing Data Credibility

Testing the credibility of the data can be done by extending the observation, increasing diligence in research, triangulation, discussions with peers, negative case analysis and members check.

Extending the observation means that researcher should return to the field to conduct observations, interviews with informants, both which are ever encountered and newly encountered. With the extending the observations, researcher’s relationship with the informant will be formed more intimate, open, and trustworthy; therefore, there is no information hidden again. When you do the research for the first time, researchers are still considered as a stranger. It can be assumed that the information given is not maximized, complete and profound. With the extending the observations, researchers recheck the given data. The duration of the extending the observations depends upon the depth, breadth, and certainty of data.

Increasing diligence means that the investigators have to check again whether the data have been obtained all the data which are needed or not. In addition, researchers can also describe the data accurately and systematically.

Triangulation is qualitative cross-validation. It assesses the sufficiency of the data based on the convergence of multiple data sources or multiple of data collection procedures (William Wiersma in Sugiyono, 2011). Triangulation in testing the credibility is interpreted as checking data from various sources through various ways and at various times. Triangulation consists of; source triangulation, triangulation techniques and triangulation of time.

Analysis of negative cases are cases that do not confirm the results of research, until at a certain moment, the researchers have to find other data that is different or even contradictory to the data that has been found. If no more data is different or contradictory to the findings, that means the data found trustworthy.

Using the reference materials is aim to support and prove the data using previous study that has been discovered by researchers. This reference material can be images, recordings and authentic documents.

Member check is the process of checking the data obtained by researchers to data providers. It aims to find out how far the data obtained related with what is provided by the data providers. If the obtained data are agreed by the data providers, it means that the data is valid so the study is very credible. However, if the data obtained by researchers is not agreed by the data providers, the researchers need to conduct discussions with data providers and if there is a sharp difference after discussion, the researcher should change its findings and adjust the data given by the informant. Implementation of the member check can be done after the completion of data collection period or after obtaining a finding or conclusion.

4. Result and Conclusion

According to the other perspectives of personal bankers, their dilemma to the internal controls is like a "double-edged sword" because on one side the internal control can secure positions and their jobs, but on the other side of the sword, internal control can also be an obstacle in the improvement of quality of service (Saha, Parameswaran, Chakraborty, &Mahanti, 2013) for the priority customers’ satisfaction and loyalty. The pressure of the target set by the bank forces the personal bankers to do various ways to achieve it. In fact, sometimes there could be found violation of internal control procedures. The following table concludes the results of interviews with key informants and co informant:
Informant | Coding | Signification
--- | --- | ---
Mr. S / Personal Banker Jakarta Branch/Co-Informant | "I work as a personal banker since 2005 and has always pushed by the target of the bank, so I should be able to" play beautifully "in order to achieve the target but does not violate the SOPs in deciding the best policy for priority customers so that they do not run to another bank because established a good relationship and permanent." | SOP as a means of internal control which should not be violated

Mrs. Y/ Personal Banker Jakarta Branch/ Co-Informant | "I worked as PBO since 2007 and always in chase by the target, but I enjoy it just because it has a tactic" playing beautifully "in order to reach the target but the effort I done still do not break the SOP to maintain a relationship and a good service to priority customers that they are willing to follow SOP which exists." | SOP as a means of internal control which should not be violated

Mrs. I/ Personal Banker Malang Branch/ Co-Informant | "At the bank X, I am a personal banker since 2010 and I implement the" beautiful game "between SOP and kinship with priority customers, so they will happily follow the rules of the bank. Then, it is safe for me and the target is reached " | SOP as a means of internal control which should not be violated

Mrs. K/ Personal Banker Malang Branch/ Key Informant | "I'm in bank X as PBO since 2011. The internal control in bank X is pretty good because of the SOP which should not be violated but it frees PBO to improvise in policy-making related to customer transactions a priority. It's like a double-edged sword; on the one side there is SOP and one the other side there is the best service to priority customers." | Internal Control as a double-edged sword

Ms M/ Personal Banker Malang Branch/ Co-Informant | "I am working in a bank X as PBO since 2011. Service to priority customers and internal control in bank X is like a double-edged sword because of internal control should not be violated and customer service priority should be good. Both of them can cut sharply. " | Internal Control as a double-edged sword

Mrs. O/ Personal Banker Jakarta Branch/Co-Informant | "I am as PBO since 2009. Service to priority customers is a necessity but an internal control in bank X in the form SOP do not cover desk job of a PBO. It is like eating simalakama fruit, if there is violation of SOP, that’s meaning PBO wrong. But if we do appropriate SOP strictly, priority customers can run into another bank " | SOP as a means of internal control which should not be violated

Ms. D/ Personal Banker Malang Branch/ Co-Informant | "I am as PBO since 2010, the main job is service to priority customers and target achievement, but the internal control in the SOP should not be violated." | SOP as a means of internal control which should not be violated

Those statements above reflect the activities and data showing direct expression of the dilemma of employees worked as PBO (Personal Banker Officer) in Bank "X" Jakarta Branch and Malang Branch who runs their Job Description based on SOP as the major media of internal control which should not be violated.

References


**Notes**

Note1. *Simalakama fruit* is a phrase used by Javanese to express situation in which there are two difficult choices and both of them are too risky because every decision taken to solve the problem are wrong.