

# Fraud at Islamic Commercial Banks in Indonesia is Seen in Good Corporate Governance (GCG) and a Whistle-Blowing System

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**Abstract** : This article discusses the dynamics of internal irregularities in Islamic commercial banks in Indonesia. This paper uses secondary data for 2017-2020, published annually by Islamic commercial banks. The sample of this study consisted of 10 Islamic commercial banks, which were determined based on the criteria and the availability of existing data. The data analysis is in the form of panel data regression analysis with the help of eviews and excels applications. This study indicates that partially the proportion of independent commissioners has a significant positive effect on fraud, and the variable number of audit committee meetings and the whistle-blowing system has no significant adverse effect on fraud. While simultaneously, the variable of good corporate governance with indicators of the proportion of independent commissioners, the number of audit committee meetings, and the whistle-blowing system have a significant positive effect on fraud in Islamic commercial banks in Indonesia for the 2017-2020 period.

**Keywords** : **Good Corporate Governance (GCG), Independent Commissioners, Audit Committee Meeting, Whistle Blowing System, Fraud.**

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## 1. INTRODUCTION

Sharia Banking Law No. 21 of 2008 states that Islamic banking is everything that concerns Islamic banks and Islamic business units, including institutions, business activities, and ways and processes of carrying out their business activities. An Islamic bank is a bank that carries out its business activities based on Sharia principles and, according to its type, consists of Sharia Commercial Bank, Sharia Business Unit, and Sharia People's Financing Bank. A Sharia commercial bank is a sharia bank that stands alone by its deed of establishment, not part of a conventional bank (Ismail, 2017).

**Table 1**

**Number of Banks & Offices of Islamic Banking 2017-2020**

Indicators	2017	2018	2019	2020
Sharia Commercial Bank	13	14	14	14
Sharia Business Unit	21	20	20	20
Sharia People's Financing Bank	167	167	164	163

Number of Sharia Commercial Bank	1.825	1.875	1.919	2.034
Number of Sharia Business Unit	344	354	381	392
Number of Sharia People's Financing Bank	441	495	617	627
Sharia Commercial Bank Assets (Billion Rupiah)	288.027	316.691	350.364	397.073
Sharia Business Unit (Billion Rupiah)	136.154	160.636	174.600	196.875

Source: Islamic Banking Statistics, 2020

Based on the table above, the development of Islamic banking in Indonesia can be explained from 2017 to 2020. In 2017 there were 13 Islamic commercial banks and then rose to 14 banks in 2018. Islamic commercial bank assets have also increased yearly and Sharia business units. An increase also followed this development in the number of Islamic commercial bank offices in 2017, amounting to 1,825 offices to 2,034 offices until December 2020. Likewise, with the development of Sharia business units and Islamic people's financing banks, which from year to year are experiencing development.

English translation. The rapid development of the banking industry is generally accompanied by banks' increasingly complex business activities, resulting in increased bank risk exposure. As a result, GCG in the banking sector is becoming increasingly important now and in the future as the banking sector's risks and challenges increase (Indonesia, 2006). English translation.

Islamic banks cannot be separated from fraud; data on total internal fraud cases is obtained from the publication of the financial statements of each Islamic commercial bank. It was found that all Islamic commercial banks reported fraud cases committed by the internal bank itself, both carried out by directors, permanent employees, and non-permanent employees.

**Table 2**

**Amount of Internal Fraud in Sharia Commercial Banks for the Period 2017-2020**

No.	Sharia Commercial Bank	Period				Total
		2017	2018	2019	2020	
1.	Bank Aceh Syariah	3	2	5	1	11
2.	Bank BPD NTB Syariah	2	2	3	0	7
3.	Bank Muamalat Indonesia	35	21	26	8	90
4.	Bank Victoria Syariah	1	0	1	0	2
5.	Bank BRI Syariah	6	8	10	8	32
6.	Bank Jabar Banten Syariah	7	4	6	4	21
7.	Bank BNI Syariah	0	9	9	18	36
8.	Bank Mandiri Syariah	25	14	10	4	53
9.	Bank Mega Syariah	3	0	1	1	4
10.	Bank Panin Dubai Syariah	2	1	1	5	9

11.	Bank Bukopin Syariah	1	0	2	3	6
12.	Bank BCA Syariah	0	0	0	1	1
13.	Bank BTPN Syariah	0	5	2	1	8
14.	Maybank Syariah	7	0	0	1	8

Source: Annual Report and GCG Report of Sharia Commercial Bank 2017-2020

Table 2 shows that during the period 2017-2020, the highest first fraud cases occurred at Bank Muamalat, with 90 fraud cases. Bank Syariah Mandiri keeps both with 53 fraud cases; then, in other Islamic commercial banks, fraud cases are in the range of cases that are not as high as Bank Muamalat and Bank Mandiri Syariah. So based on the data, it can be concluded that although Islamic banks carry out sharia principles that are by sharia, it does not guarantee that Islamic banks can be free from fraud.

**Table 3**  
**Conventional Bank Internal Fraud Data in Indonesia for The Period 2017-2020**

No.	Conventional Bank	Period				
		2017	2018	2019	2020	Total
1.	Bank BRI	287	335	6	8	636
2.	Bank Mandiri	102	43	44	15	204
3.	Bank BNI	17	8	6	8	39
4.	Bank BTPN	5	6	4	4	19
5.	Bank BCA	10	7	7	9	23
6.	Bank Mega	5	6	2	6	19
7.	Bank Bukopin	9	9	9	8	35
8.	Bank Cimb Niaga	11	6	5	6	28
9.	Bank Danamon	15	12	15	13	55
10.	Bank Permata	2	1	3	4	10

Source: Conventional Bank Annual Report Period 2017-2020.

Table 3 shows that conventional banks experience fraud events caused by various bank traders from the bottom to the top and have implications for the decline in the financial health of banks. For example, a stricter supervision system for commercial banks to reduce fraud is easier to detect, so it can be resolved internally and not lose customers (Kismawadi, 2021).English translation.

The first defense against fraud is a well-built governance system, risk management, internal control, and responsible management. The structure built from good bank governance is a culture that establishes and monitors the expectations of the behavior in question to prevent fraud (Wind, 2014).English translation.

Based on theory, the better the corporate governance practices, the fewer fraud cases in Islamic banks. Measurement of whether or not the application of Islamic bank governance can be seen from the self-assessment conducted by Islamic banks where the smaller the value of assessments created, the better the level of implementation of governance in Islamic banks (Kismawadi, 2021).English translation.

Here is a table of self-assessment data on implementing GCG in Islamic commercial banks for 2017-2020.

**Table 4**  
**Recapitulation of Self Assessment of GCG Implementation in Sharia Commercial Banks for the period 2017-2020**

No.	Sharia Commercial Bank	Periode				
		2017	2018	2019	2020	Total
1.	Bank Aceh Syariah	3	3	2	3	Good
2.	Bank NTB Syariah	2	2	2	2	Good
3.	Bank Muamalat Indonesia	3	2	3	3	Good
4.	Bank Victoria Syariah	2	2	2	1.63	Good
5.	Bank BRI Syariah	2	2	2	1.60	Good
6.	Bank Jabar Banten Syariah	3	3	3	3	Normal
7.	Bank BNI Syariah	2	2	2	2	Good
8.	Bank Mandiri Syariah	1	1	1	1	Excellent
9.	Bank Mega Syariah	2	1	1	2	Good
10.	Bank Panin Dubai Syariah	3	2	2	2	Good
11.	Bank Bukopin Syariah	3	2	3	2.5	Good
12.	Bank BCA Syariah	2	1	1	1	Good
13.	Bank BTPN Syariah	2	2	2	2	Good
14.	Maybank Syariah	2	2	2	2	Good

Source: Annual Report of Islamic Commercial Banks 2017-2020

Table 4 shows that from 2017 to 2020, the self-assessment range is at a composite value of 1-3, and none of the Islamic commercial banks have given a self-assessment assessment to apply GCG with composite values of 4 and 5. In other words, there is no Islamic commercial bank whose implementation of GCG falls into the category of less / very lacking.English translation.

When compared between the composite value of self-assessment results of the implementation of GCG in table 4, it can be seen that Bank Syariah Mandiri in the period 2017-2020 successively has a composite value of self-assessment 1 (excellent). Furthermore, bank BRI Syariah, NTB Syariah, Victoria Syariah, BNI Syariah, BTPN Syariah, and Maybank Syariah in 2017-2020, successively have a composite value of 2 (good). Likewise, Bank BJB Syariah reports self-assessment results with a composite value of 3 (quite good).English translation.

When compared between the results of the composite value of self-assessment of the implementation of GCG, as shown in table 4, with the availability of fraud cases in table 2, it can be seen that Bank Syariah Mandiri for the period 2017-2020 successively reported the results of self-assessment 1 (excellent) was not able to be separated from the availability of fraud cases with a total of 53 fraud cases. Furthermore, Bank BRI Syariah in the period 2017-2020 with a self-assessment value of 2 (good) turned out to have 32 total cases of internal fraud, likewise with Bank BJB Syariah for the period 2017-2020 with a composite value of 3 (quite good) with 21 cases of fraud.English translation.

The results of the composite assessment of each commercial bank are in the range of 1-3, which indicates that there is no shortage in the implementation of GCG, but the small value of the composite is not in line with the fact that there are still many cases of fraud. So there is a mismatch between Ajeng Wind's theory and the facts described in table 2 compared to table 4.English translation.

Whistle blowing system is defined as a tool used to detect fraudulent financial reporting. Whistle blowing system is the most effective fraud detection mechanism and can end fraud schemes (Kismawadi, 2021). However, implementing the whistle-blowing system has a significant positive effect on fraud prevention. The higher the application of whistle-blowing, the higher the prevention of fraud (Wardana et al., 2017).

**Table 5**  
**Sharia Commercial Bank Whistle Blowing System Data 2017-2020**

No.	Sharia Commercial Bank	Periode			
		2017	2018	2019	2020
1.	Bank Aceh Syariah	0	0	1	1
2.	Bank NTB Syariah	1	1	1	1
3.	Bank Muamalat Indonesia	1	1	1	1
4.	Bank Victoria Syariah	0	0	0	0
5.	Bank BRI Syariah	1	1	1	1
6.	Bank BJB Syariah	0	0	0	0
7.	Bank BNI Syariah	1	1	1	1
8.	Bank Mandiri Syariah	1	1	1	1
9.	Bank Mega Syariah	0	0	0	0
10.	Bank Panin Dubai Syariah	0	0	0	0
11.	Bank Bukopin Syariah	1	1	0	0
12.	Bank BCA Syariah	1	1	1	1
13.	BankBTPN Syariah	1	1	1	1
14.	Maybank Syariah	1	1	1	1
Category 0 = Not Applying <i>Whistle Blowing System</i>					20
Category 1= Applying					36

Source: Annual Report of Islamic Commercial Banks For the Period 2017-2020

Table 5 shows that category 0 (not applying) amounts to 20, while category 1 (apply) amounts to 36. When compared with the whistle-blowing system data in table 5 with the occurrence of fraud cases in table 2, it was found that from 2017 to 2020, BJB Syariah banks that did not implement a whistle-blowing system, there were a total of 21 cases of fraud. Bank Mega Syariah, which also has not implemented a whistle-blowing system, turns out there are 2 cases of fraud. Meanwhile, Bank Syariah Mandiri, which has implemented a whistle-blowing system, still has 53 cases of fraud. Likewise, Bank NTB Syariah, which has implemented a whistle-blowing system, has also experienced 7 cases of fraud.English translation.

Based on the data shown in table 5, it can be concluded that the existence of a whistle-blowing system facility does not guarantee that the occurrence of fraud is getting lower. However, Islamic commercial banks that have not implemented a whistle-blowing system do not effectively reduce fraud cases, nor do Islamic commercial banks already have whistle-blowing system mechanisms that have not been effective in suppressing fraud rates. Therefore, there is a contradiction between Ridho Kismawadi et al. and the facts in Table 5 compared to table 2. Fraud prevention can be successful if the bank can reduce or even eliminate up to zero fraud incidents originating from internal and external Islamic banks (Kismawadi, 2021).English translation.

Based on the theories mentioned above, not entirely in line with the fraud case in Islamic banks, fraud cases are still occurring, and some have experienced a significant increase.

## 2. THEORIES AND METHODS

### 2.1 Agency Theory

In particular, agency theory addresses agency relationships where one party (principal) delegates his work to the other party (agent) when the agent is the party trusted by the principal to run the business (Sudarmanto et al., 2021). English translation. When there is a separation between the principal and the agent that can cause agency conflicts, Agency conflict is an act in which management does not act as expected by shareholders. As a result, company managers usually know more about the company's internal information than shareholders. For this reason, the manager is obliged to convey information to shareholders as a form of responsibility.English translation.

However, there is an interest gap problem because there is a gap in interest between the interests of shareholders who are the owners of the company and management interests. Business owners care because the amount of investment can produce the best return . At the same time, management is interested in obtaining the capital income of the party entrusted by the principal to operate the company. The fraud that occurs in banking results from the problem agency, namely information asymmetry, where the agent has much information and is used to take opportunities and personal or other people's profits that are losing the company's ownership. Agency theory related to financial reporting fraud occurs because of pressure from the principal to the agent to show a company's performance to make the agent commit fraud (Rahardjo, 2018).

## 2.2 Fraud

Fraud is fraud committed intentionally by a person or organization, knowing that it is causing loss to an individual or organization. Usually, fraud occurs because of motivation and opportunity; motivation appears from the tremendous economic pressure on someone to commit fraud. The opportunity arises because the company's internal control system is still weak in monitoring all activities (ACFE, 2017).

Types of fraud according (Wind, 2014)

1. Misappropriation of Assets

Fraud in this form consists of theft of cash or supplies, skimming (theft of money through the stamping of other people's account numbers), and fraud in the form of salary embezzlement.

2. Fraud in Financial Reporting

This type of fraud is characterized by deliberateness to make financial statements become misstatements or errors in financial reporting disclosure to deceive users of financial statements.

3. Corruption

This study will only discuss corruption committed by employees of a company. It does not address corruption in the broadest sense. Corruption in the company committed by employees generally indicates a material distortion of financial statement information, which is necessary to determine and investigate, such as fraud.

Influence the occurrence of fraud in an agency. Some of the factors in management that allow fraud to occur include a lack of corporate governance that is less responsible, and the audit committee owned by the company does not run effectively. Whistle blowing system is part of the internal control system for preventing fraud and strengthening the implementation of GCG. For example, suppose the whistle-blowing system function is inadequate and ineffective. This will allow fraud to occur (Maisaroh & Nurhidayati, 2021).

The first line of defense against fraud is a system of well-built governance, risk management, internal control, and responsible management, including boards and audit committees. Fraud can also be prevented by practicing the whistle-blowing system function.

## 2.3 The Integrity of Bank Employees

Integrity is defined as quality, nature, or intelligence that shows complete unity so that it has potential and ability that exudes authority/honesty. A person of integrity means having an honest person and having a solid character. Integrity is defined as the honesty and truth of a person's actions. The relevance of integrity in the law is already reasonably practical, running through applicable laws and rules. The problem that arises today is the role of integrity itself in moral behavior that can answer matters related to fraud problems. Integrity should be a fundamental value inherent in the bank's environment and work culture. This means that bank employees must act to reflect these values in running the bank's operations. The integrity of bank employees is the first line of defense of a bank. Capable bank employees have integrity and competence is a long-term need and investment for every bank (Silondae, 2017).

## **2.4 The Proportion of Independent Commissioners**

Members of the board of commissioners who do not have any relationship with other board members of commissioners, directors, or company owners who influence their decisions in doing independently are called Independent Commissioners. OJK Regulation No. 55/PJOK.03/2016 concerning the implementation of governance for commercial banks confirms that the number or proportion of independent bank commissioners is set at least 50% of the total members of the board of commissioners. Information regarding the proportion of independent commissioners can be obtained from the annual reports of each Islamic commercial bank.

## **2.5 Audit Committee Meeting**

The agency theory explains that the audit committee supervises the manager's financial reporting process on behalf of the board of commissioners representing the owner. The purpose of this supervision is so that managers do not commit fraud that will lose the company. The opportunistic behavior of managers is one of them is done by manipulating financial reporting. Therefore, audit committees that continuously hold their meetings will continue to monitor and supervise the reporting process. As more meetings continue to be held, management no longer has the opportunity to manipulate financial statements, as they will continue to be reviewed by the audit committee (Prasetyo, 2014).

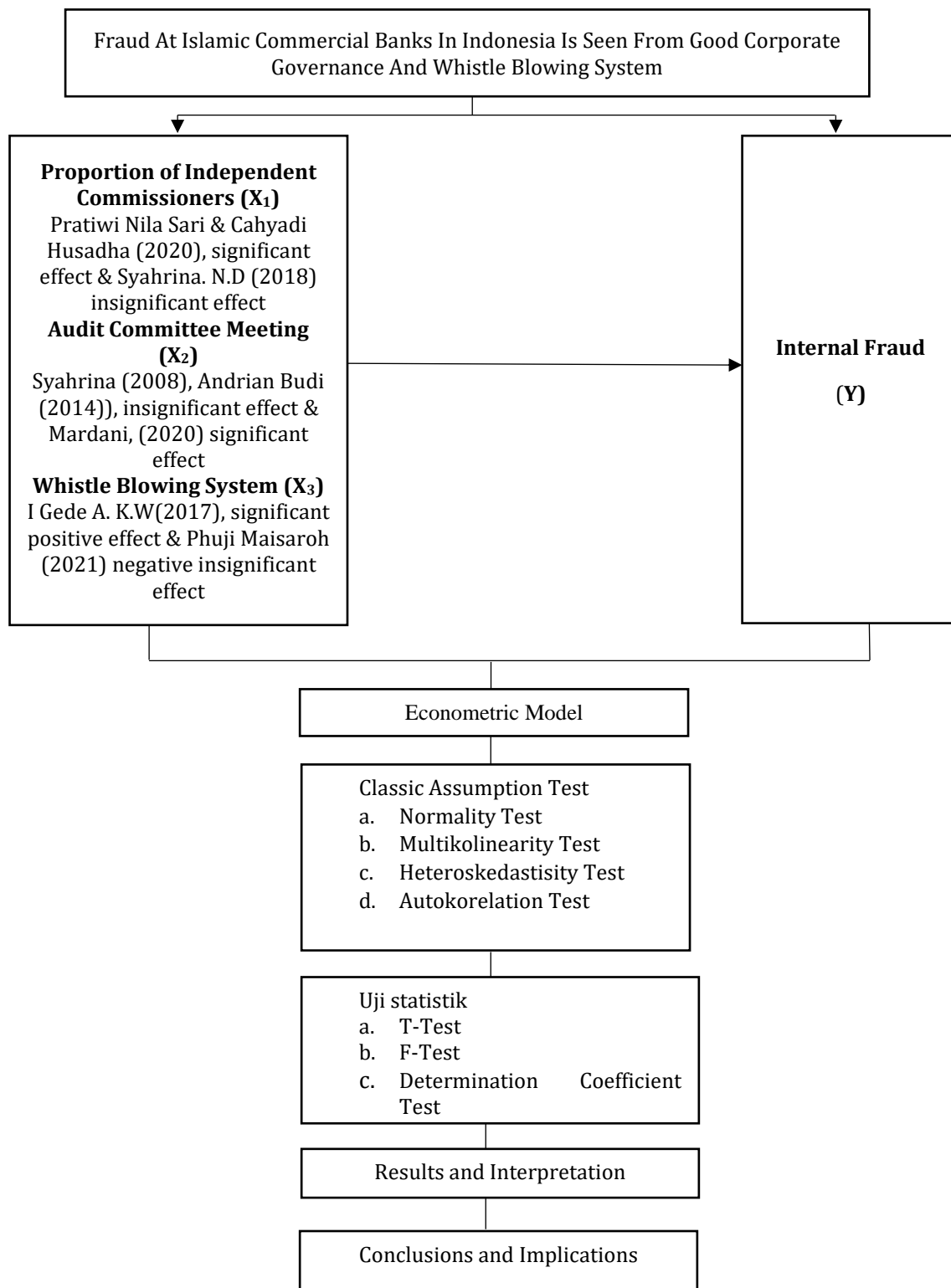
## **2.6 Whistle Blowing System**

Whistle blowing system is a means provided for employees or other parties who want to convey reporting/information on suspected fraud violations. For example, the national committee on governance policy states that the whistle-blowing system will encourage the participation of employees of an entity to be more courageous in order to prevent fraud and corruption by reporting it to parties who can handle it; at this time, many banking agencies have implemented whistle-blowing systems to minimize not fraud, but the action is contrary to the fact that the increasing number of fraud continues to increase. As a result, company leaders have the opportunity to address the problem internally first, before the problem is spread to the public and affects the company's reputation.



## 2.7 Research Framework

**Figure 1**  
**Research Framework**



## 2.8 Research Methods

The object of this study is the Islamic commercial bank for the period 2017-2020. The data analyzed include financial statements to determine the influence of GCG and a whistle-blowing system on fraud in Islamic commercial banks obtained from the official website registered with the OJK. The approach used is a type of quantitative research. Secondary data is sourced from each Islamic commercial bank's annual and GCG reports.

The population of this study is 14 Islamic commercial banks registered with OJK. Samples are taken after meeting some applicable criteria and have been adjusted to the purpose of the study. After selecting criteria, 10 Islamic commercial banks were obtained in 4 years to 40 samples.

## 2.9 Variable Operational Definition

### a. Dependent Variable (Y)

The dependent variable in this study is fraud. Variable fraud is measured by looking at the number of internal frauds that occur in Islamic banks, which are revealed in the annual report of each Islamic commercial bank.

### b. Independent Variable

#### 1) The Proportion of Independent Commissioners ( $X_1$ )

OJK Regulation No.55/PJOK.03/2016 concerning the implementation of governance for commercial banks where the number of independent commissioners of banks is set at at least 50% of the total members of the board of commissioners, this variable is measured using the number of independent commissioners divided by the total number of commissioners.

$$X_1 = \text{Number of Independent Commissioners} / \text{Total Number of Commissioners}$$

#### 2) Audit Committee Meeting ( $X_2$ )

Based on the decision of the Chairman of Capital Market Supervisory Board and Financial Institutions No: Kep-643 / Bl / 2012 Kep-6 dated December 7, 2012, regarding the guidelines for audit member meetings, audit members hold meetings periodically at least 1 time in 3 months, and audit committee meetings can only take place with more than 1/2 of the number of committee members attended. This variable is measured using:

$$X_2 = \text{Total Number of Audit Committee Meetings Per/Year}$$

#### 3) Whistle Blowing System ( $X_3$ )

Whistle blowing system is a device for implementing one of the pillars of the anti-fraud strategy intended for employees to convey reporting related to fraud indications. The variable whistle-blowing system is measured by seeing whether the bank has or has not implemented the whistle-blowing system in Islamic banks, which is revealed in the annual report of each Islamic commercial bank.

## 2.10 Data Analysis Methods

Researchers used a panel data regression method to analyze how the effect of GCG and whistle-blowing system on fraud, a combination of time series data with cross data (cross-section) (Nuryanto & Pambuko, 2018).

The regression model in this study was formulated as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information:

Y = Fraud

$\alpha$  = Constant

$b_1b_2b_3$  = Coefficient

$X_1$  = Proportion of Independent Commissioners

$X_2$  = Number of Audit Committee Meetings

$X_3$  = Whistle Blowing System

e = Error

### 3. RESULTS AND DISCUSSIONS

#### 3.1. Results

The data processed in this study is indicated in the results of the panel data test, which are presented as follows:

**Tabel 6**  
**Results of T-Test**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.186053	0.486357	2.438647	0.0229
LOGX1	0.257042	0.062104	4.138864	0.0004
LOGX2	-0.156023	0.166011	-0.939836	0.3571
X3	-0.028668	0.167981	-0.170663	0.8660

#### a) The Proportion of Independent Commissioners on Fraud

The results of testing the influence of the proportion of independent commissioners on fraud showed that the independent commissioner variable ( $X_1$ ) had a coefficient value of 0.257042, which was positive with a probability of 0.0004, which means < a significance value of 0.05. So it can be concluded that the proportion of independent commissioners has a significant positive effect on fraud. In addition, through its role in performing supervisory functions, GCG can be created with the role of an independent commissioner. Independent commissioners have the function of supervision of the company objectively in the presence of intervention of the interests of any party because of its independent nature. With an independent commissioner who oversees management performance, it is hoped that the supervision carried out can be maximized by reducing the level of fraud within the company.

#### b) The Number of Audit Committee Meetings on Fraud

The results of testing the influence of the number of audit committee meetings on fraud show that the variable number of audit committee meetings ( $X_2$ ) has a coefficient value of -0.156023, which is negative with a probability value of 0.3571 > the significance level of 0.05 so that it can be concluded that the number of audit committee meetings losing fraud.

### c) Whistle Blowing System on Fraud

The test results using panel data are known to the whistle-blowing system variable ( $x_3$ ) has a coefficient value of -0.028668, which is negative with a probability of 0.8660 means > significance value of 0.05. So it can be concluded that the whistle-blowing system negatively affects fraud.

## 3.2. Discussions

### a) The Proportion of Independent Commissioners

The results of this study showed the results that the proportion of independent commissioners had a significant positive effect on fraud. This is due to the lack of effectiveness of the role of independent commissioners, causing fraud. To avoid fraud practices within the company, a supervisory unit is needed to monitor the company's running. Therefore, to prevent fraud, an independent board of commissioners is needed.

The existence of an independent board of commissioners is expected to minimize fraud that occurs in the company. Commissioners who come from outside have no interest in the company's internal parties to encourage more effective supervision so that the opportunity to commit fraud because of agency problems can be overcome—referring to OJK Regulation No. 55/PJOK.03/2016 concerning the implementation of governance for commercial banks where the number of independent bank commissioners is set at least 50% of the total number of commissioners in the company. Information on the proportion of independent boards of commissioners can be obtained from the annual reports of each Islamic commercial bank.

English translation. After analyzing 10 Islamic commercial banks sampled in this study, it was found that all Islamic banks had determined the proportion of independent commissioners of more than 50% of the total commissaries in the company. This indicates that the company has established the proportion of independent commissioners by the applicable rules. English translation.

The results of this study are supported by research conducted by (Sari & Husadha, 2020) English translation. which states that the proportion of independent commissioners has a significant effect on fraud. English translation. Inversely proportional to the research conducted by (Syahrina et al., 2017), English translation. which states that the proportion of independent commissioners has no significant effect on fraud.

### b) The Number of Audit Committee Meetings

English translation. The rejection of the hypothesis of the number of audit committee meetings in this investigation shows that frequent audit committee meetings negatively affect financial reporting fraud. But insignificantly. So that more and more meetings are held cannot significantly reduce fraud. The resulting influence is because the audit committee is a committee formed by and responsible to the commissioner for carrying out the duties and functions of the board of commissioners. It can be said that the audit committee's position is as the eyes and ears of the board of commissioners to supervise the running of Islamic banks. So that in connection with the existence of fraud or the initial findings of alleged fraud, the audit committee will coordinate it together with the commissioner in the agenda of the audit committee meeting. When suspicions or preliminary findings of alleged fraud submitted by the audit committee do not get a response or follow-up or even no approval for further investigation, how often the audit committee conducts meetings does not effectively reduce the incidence of fraud in Islamic

commercial banks. However, the audit committee meeting must still be held as a form of audit committee responsibility to the board of commissioners, especially regarding future anti-fraud plans/strategies. English translation.

The results of this study are in line with research conducted by Andrian Budi Prasetyo, which stated that the number of audit committee meetings had no significant effect on fraud. (Prasetyo, 2014). This is inversely proportional to the research conducted by (Mardani et al., 2020), English translation. which states that the number of audit committee meetings significantly affects fraud.

### **c) Whistle-Blowing System**

The insignificant influence generated by the whistle-blowing system variable is because a well-facilitated whistle-blowing system is not effective enough if it is not accompanied by active participation from both employees and external parties to report known fraud. So one of the functions of the whistle-blowing system is to create the effect of fear that fraudsters cannot succeed because witnesses to the act of fraud are passive to report known acts of deviation. In addition, the whistle-blowing system is under the supervision of the audit committee, and an internal audit will follow up on incoming reports on alleged fraud through this system. In addition, the internal audit itself tends to be closer to the management of Islamic banks. For example, if internal audits and Islamic commercial bank management have built cooperation to cover fraud cases that occur in the internal bank, then the existence of a whistle-blowing system will not be effective in reducing fraud cases.

English translation. This research is supported by research conducted by (Cahyo & Sulhani, 2017) English translation. which states that the whistle-blowing system variable does not affect fraud. Inversely proportional to research conducted by I Gede Adi Wardana, which stated that the whistle-blowing system has a significant positive effect on fraud (Wardana et al., 2017).

## **4. CONCLUSIONS**

This study showed that simultaneously the variable proportion of independent commissioners, the number of audit committee meetings, and whistle-blowing systems had a significant effect on fraud in Islamic commercial banks in Indonesia for the period 2017-2020. However, the variable proportion of independent commissioners has a significant positive effect on fraud, while the variable number of audit committee meetings and the whistle-blowing system have an insignificant negative effect on fraud in Islamic commercial banks in Indonesia.

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