



THE ANALYSIS OF COMPLIANCE DIRECTOR'S STRATEGY IN ACHIEVING FINANCIAL HEALTH OF BANK LEVEL AT PT. BPR KREDIT MANDIRI SULAWESI SELATAN SEJAHTERA

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Abstract

This study was conducted to explore the strategies implemented by the Compliance Director in realising a good level of bank health at PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera. Regulators and other stakeholders are gravely concerned about the growing number of BPRs that are experiencing financial difficulties and even being liquidated. Bank health is a critical metric that demonstrates the economic stability and quality of performance. With the increasing complexity of regulations in the banking sector, the role of the Compliance Director becomes crucial in ensuring compliance with applicable laws and maintaining bank stability. The research approach employed is qualitative, with a phenomenological design, which involves in-depth interviews with informants from relevant parties, including the President, Director, Commissioners, and other bank officials, as well as an analysis of related documents. The results of the study indicate that the Compliance Director at PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera implements strategies that involve the implementation of good governance, effective risk management, and prudent management of profitability and capital factors. These strategies contribute to enhancing the bank's health, with a focus on regulatory oversight and strengthening internal policies and procedures. Additionally, periodic evaluations of policies and routine training for employees help strengthen the organisation's culture of compliance. The study's conclusion suggests that implementing policies that adhere to the principles of good corporate governance and effective risk management can help maintain the bank's stable finances and operations. This study helps us understand what the Compliance Director does to make the bank healthier. Further research is needed on how technology can be utilised to enhance compliance and risk management.

Keywords: Director of Compliance, Governance, Risk Management, Profitability, Capital

INTRODUCTION

Rural Credit Banks (BPR) play a crucial role in helping more people access financial services and supporting small and medium-sized enterprises (SMEs), particularly those that cannot obtain assistance from traditional banks (OJK, POJK 7/2024). The BPR industry, however, faces challenges such as inadequate risk management, regulatory non-compliance, and intense competition. The Compliance Director is responsible for ensuring the bank remains compliant and adheres to regulations (Nangoy et al., 2022). Following several financial scandals, compliance has become a significant issue. The Compliance Director's primary responsibility is to ensure that the company adheres to regulations and maintains proper organisational procedures (Muttaqim et al., 2022).

The Compliance Director is responsible for ensuring that bank operations comply with applicable laws and regulations, identifying potential risks, formulating and implementing policies, and providing compliance training to staff. This role is crucial because BPRs have distinct characteristics and risks

compared to other sectors. With a Compliance Director, it is hoped that banks will implement the principle of prudence to achieve better performance (Henri Aspan et al., 2022). However, challenges such as limited resources and low awareness of compliance persist. This study aims to explore the Compliance Director's strategy for improving BPR health and finding solutions to existing obstacles.

The Financial Services Authority's increased supervision of People's Economic Banks (BPR) forms the basis for this investigation. In recent years, the Indonesian government has implemented more stringent policies and regulations to enhance the transparency and accountability of BPRs through the Financial Services Authority (OJK). The objective of this measure is to safeguard customer interests, prevent potentially harmful practices, and guarantee that BPRs comply with relevant laws.

Regulators are deeply concerned about the increasing number of BPRs that are either liquidating or experiencing financial difficulties. The OJK report noted that the decline in the health level of BPRs was attributed to weak risk control, low compliance with banking standards, and ineffective compliance management. This condition demonstrates that the sustainability of BPR businesses is directly influenced by low compliance (Nufus et al., 2019). Consequently, the stability and well-being of BPRs are contingent upon the enhancement of the compliance function.

PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera faces challenges in the aspects of governance, risk management, and profitability. In POJK 9/2024, 12 supporting factors for governance are determined as the focus of evaluation, in line with BPR's obligations in managing six main types of risks. The effectiveness of governance and risk management has been proven to significantly impact the health level of the bank, which is also supported by its profitability and capital ratios. Based on Article 3, paragraphs 1 and 2 of the articles of association, this BPR aims to collect funds and distribute them as credit to small entrepreneurs with limited operations in Makassar City, South Sulawesi.

PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera is considered to have carried out its primary duties and functions by the articles of association. However, the management of fund collection and distribution needs to be carried out more seriously through the application of the principle of prudence and sound risk management in order to support the success of BPR's core business. Increased supervision encompasses aspects of risk management, consumer protection, and compliance with regulations, which necessitate BPR having an effective compliance system with a central role for the Director of Compliance (Jamaludin, 2020).

The Compliance Director is responsible for ensuring that all policies comply with the rules and for addressing new compliance risks as they arise. One of the most significant problems for BPRs is failing to follow the rules, which can result in fines and a negative reputation. In the banking industry, reputation is critical. If customers lose trust in a bank, it can hurt the bank's long-term business (Losiewicz-Dniestrzanska & Nosowski, 2017).

Research by Ifada Mufidatul Ula and Sugiharto (2024) and Andrian Saputra et al. (2023) confirmed that the implementation of RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital) has a positive effect on bank health. The RGEC assessment is considered capable of accurately describing the bank's real conditions, as emphasised by Wahasumiah and Watie (2019). However, there is still a research gap related to the direct role of the Compliance Director in maintaining bank health, especially in regional BPRs such as PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera.

Research by Yuliana Ineke Putri Sari, Wuryaningsih Dwi Lestari (2020), and Jamaludin (2020) demonstrates the effectiveness of the RGEC and Risk-Based Risk-Based Bank Rating methods in assessing bank health. However, neither has explored the strategic contribution of the Compliance Director. By POJK 13/2015, BPRs are required to implement comprehensive risk management, including the supervision of directors and commissioners, as well as policies, procedures, and internal control systems. Effective risk management is crucial for maintaining the health and sustainability of bank operations. Good governance, as outlined in POJK 9/2024, also emphasises the importance of transparency and supervision in building customer and stakeholder trust. In this context, the Compliance Director plays a crucial role in developing a comprehensive compliance strategy that encompasses policies, training, and periodic monitoring while also serving as a driving force for a culture of integrity within the organisation (Paul Usmay, Natal Kristianto, and Ade Siagian, 2024).

Increased supervision by the OJK through the Risk-Based Bank Rating (RBBR) requires BPRs to focus on compliance and risk management. However, many BPRs still struggle to understand this regulation fully. The risk of non-compliance can have a profound impact on operations. Based on POJK 3/2022, profitability and capital are important indicators of BPR health that are interrelated and support long-term stability.

Through the use of a qualitative methodology, this study will investigate the experiences and perspectives of various parties involved, including the Director of Compliance and the bank's management. As a result, it is anticipated that a more comprehensive and in-depth understanding of the challenges and opportunities encountered in preserving bank health will be gained (Karimah, 2024). This study will also examine the impact of existing policies and regulations on compliance practices in banks, as well as their effect on the performance and reputation of banks in the eyes of the general public (Nangoy et al., 2022; Wahasumiah & Watie, 2019). As a result, based on the phenomena described earlier, it encourages researchers to conduct research with the following title: Analysis of Compliance Director Strategy in Achieving a Good Level of Bank Health at PT. Bank Perekonomian Rakyat Kredit Mandiri Sulawesi Selatan Sejahtera.

LITERATURE REVIEW

Strategy Management

In many areas of life, from family to government, strategy and strategic management share similarities. According to Porter (2020), strategy is a set of planned actions that optimise the use of resources to achieve goals. Barney (2020) says that strategy is a unique and valuable position that sets it apart from competitors. Teece (2020) states that strategy is an adaptive response to the external environment. Amson and Andrew Ward (2021) state that strategic management is a comprehensive process that encompasses analysing the situation, developing a strategy, implementing it, and evaluating the results. According to Deshpande (2022), strategic management is also a methodical approach to making and assessing decisions across all areas of an organisation. Natalia Bobro (2024) states that strategic management encompasses examining both the internal and external aspects of an organisation, implementing a strategy, and evaluating it, all to enhance the organisation's resilience through economic integration and informed managerial decisions. Ahuja and Novelli (2017) stated that integrating different parts of an organisation is also a strategic added value that can help a company gain a long-term competitive edge.

Corporate governance

The implementation of Good Corporate Governance (GCG) is a key pillar in maintaining the integrity and sustainability of banks. Suwandi and Halim Alamsya (2019) stated that GCG is not only an ethical principle but a structural system that balances power and ensures transparency and legal compliance. The five principles of GCG namely, transparency, accountability, responsibility, independence, and fairness serve as a reference for the banking sector, including Rural Credit Banks (BPRs). BPRs, although small in scale, must comply with strict GCG standards through internal supervision, including audits, internal controls, and compliance functions. Failures in business process reviews (BPRs) are frequently caused by ineffective governance and fraudulent activity within the organisation. Corporate governance is a systematic framework that directs interactions between management, the board of directors, shareholders, and stakeholders, according to Tricker (2019). Given that banks are responsible for managing public funds, GCG is a crucial component in the banking industry. In 2015, the Basel Committee on Banking Supervision placed a strong emphasis on the

significance of organisational structure, internal processes, work culture, and control systems in contributing to the transparency and stability of the financial system.

Risk Management

Risk management in banking is a key pillar to maintaining business continuity and operational stability. Hadad (2022) emphasised the need for a comprehensive and integrated risk management system, including risk identification, measurement, monitoring, and control. According to the Basel Framework, this approach is essential for healthy bank governance. In Indonesia, including Rural Credit Banks (BPR), risk management must cover eight risk categories, especially operational and compliance risks that often weaken the health of small banks. The Compliance Director plays a vital role in ensuring compliance with regulations and prudential banking principles. ISO 31000:2018 defines risk management as a structured approach to identifying and addressing risks that impact the achievement of organisational objectives. This approach needs to be integrated into governance and operational processes, involving a commitment from top management and continuous improvement. This book also presents case studies and risk-based mitigation strategies as practical references in empirical studies and models.

Banking Management

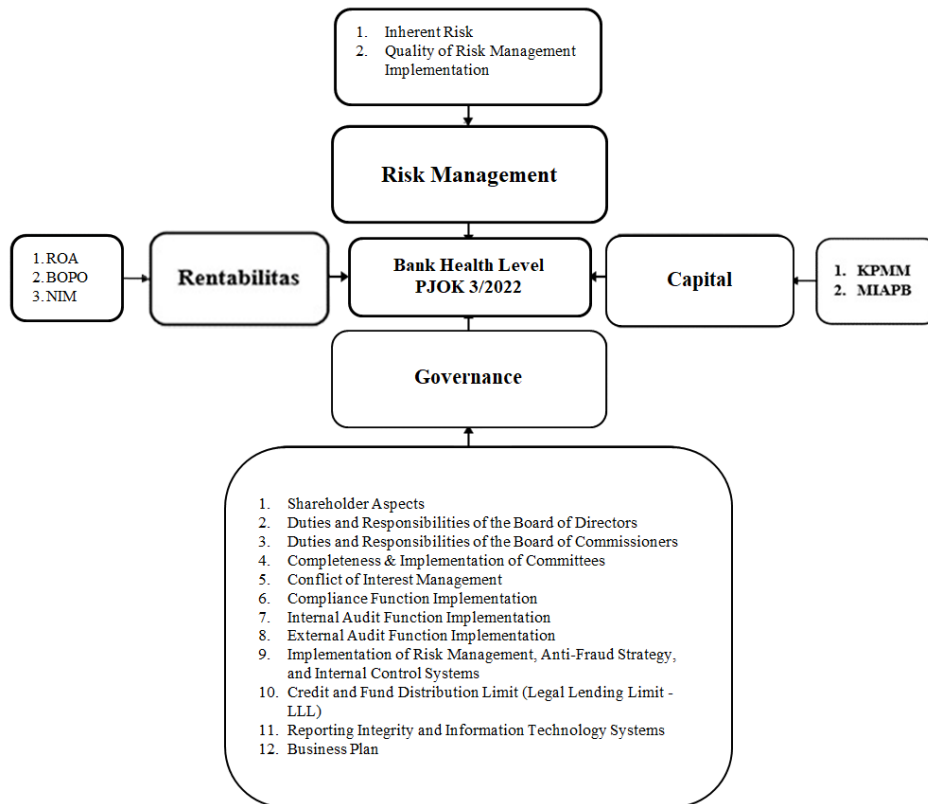
Kasmir (2022) in Banking Management states that banking management is the process of managing bank resources in a manner that enables the bank to generate profits through financial intermediation activities based on the principle of prudence (prudential banking). The primary responsibilities of banking management include raising capital, lending money, managing risk, adhering to regulatory requirements, and providing a range of other banking services. The quality of a bank's asset management, liabilities, risk management, and organisational structure has a significant impact on its performance. Indicators such as CAR, NPL, ROA, ROE, LDR, and BOPO are used to assess the health of banks. According to OJK rules, the implementation of banking management is limited for Rural Credit Banks (BPR). BPR can only accept deposits in the form of savings and loans and extend credit. Kasmir also stressed the importance of managing risks and having internal compliance systems. The Compliance Director is responsible for ensuring that the bank adheres to GCG rules and principles.

People's Economic Bank

People's Economic Bank (BPR) is a conventional bank that does not provide direct giro traffic services. After Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (UU P2SK), the role of BPR has become increasingly strategic. This law strengthens the authority of the Financial Services Authority (OJK) in improving the stability and governance of financial institutions, including BPR. BPR is required to conduct management based on the principle of prudence, emphasising transparency, accountability, and integrity. The health level of BPR is measured through the Risk-Based Bank Rating (RBBR), which assesses the risk profile, governance (GCG), profitability, and capital. Managerial competence and the role of the compliance unit are essential in managing risk to ensure that bank operations remain sustainable.

Conceptual Framework of Research

A conceptual framework is a model that describes the relationship between concepts or main variables in a study. This framework helps researchers formulate questions, detail variables, and establish relationships between variables. According to Creswell (2014), the conceptual framework guides the research design and serves as a crucial theoretical foundation in the research process, thereby facilitating systematic understanding and implementation.



Picture1 Conceptual Framework

METHOD

Research Design

This research endeavours to evaluate the Compliance Director's approach to enhancing the bank's overall health at PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera. Compliance plays an increasingly critical role in the banking sector due to the intricate nature of regulations and risks, which are designed to guarantee that banks adhere to the law and ethical standards. The phenomenological approach employed in the qualitative method emphasises the unique experiences of the primary informants, specifically the Compliance Director and employees. To provide a comprehensive understanding of the Compliance Director's role in bank health, the study utilised primary data collected through direct interviews and secondary data in the form of relevant documents.

Location and Time of Research

The research was conducted at PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera, located at Jl. Bau Mangga No. 5, Masale Village, Panakukkang District, Makassar City, South Sulawesi. This location was chosen because it is relevant to explore the role of the Compliance Director in the context of rural banking, which has unique challenges in regulatory compliance and risk management. In addition, the research also involved PT. BPR Hasamitra, the Financial Services Authority (OJK), and the Nitro Business and Finance Institute are additional sources of data. The researcher also acts as the Compliance Director at the BPR. The research implementation time is estimated to be one month.

Informant Sources and Research Informants

1. Resources

The research subjects consisted of employees, executive officers, directors, and commissioners at PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera, with a total of 26 informants, as explained in Table 1 below:

No.	Resources	Number of Informants
1	Director	1
2	Commissioner	1
3	Executive Officer	6
4	Employee	18
Amount		26

Source: Research Data, 2025

2. Research Informants

According to Creswell (2014), the selection of informants in qualitative research should be based on the research objectives and characteristics that can provide in-depth information. Merriam (2009) added that informants are individuals or groups that provide relevant insights according to the topic. Palinkas et al. (2015) suggested the use of purposive sampling, which involves selecting informants with relevant knowledge and experience. This technique was chosen to ensure that the collected data was rich and relevant, particularly about the level of bank health and Good Corporate Governance (GCG) practices. The selection of informants focused on those who play the most important role in managing compliance and risk control in banks.

Key informants include Commissioners, President Directors, Compliance Executive Officers, Accounting Finance, and Business at PT. BPR Kredit Mandiri. Comparative informants are Directors and Executive Officers at PT. BPR Hasamitra, while key informants come from OJK and academics. The role of these informants is vital in gathering in-depth information on compliance practices and their impact on the health of banks.

Data Types and Sources

1. Data Types

The data gathered is qualitative, meaning it was collected through in-depth interviews, observations, and written records. This information provides a comprehensive overview of the Compliance Director's responsibilities, the challenges they encounter, and how compliance policies impact the bank's financial health through the application of governance, risk management, and financial ratios.

2. Data source

Data sources consist of primary and secondary data. Primary data is collected directly by researchers from research samples through interviews and observations. Secondary data is in the form of official documents such as annual reports, bank health reports, and relevant compliance policy documents. This secondary data supports the validity and depth of the research analysis.

Method of collecting data

Data collection methods include:

1. Interview

Interviews were conducted directly by researchers with research subjects to obtain accurate qualitative data related to the research variables. Interviews aim to gather real and in-depth information about compliance practices and their impact on a bank's health.

2. Documentation

Documentation is used to collect documents containing information related to research, such as bank financial reports, bank health reports, and company policies. This documentation is important as a source of supporting data for a more comprehensive analysis.

Data analysis

This investigation implements a qualitative methodology that integrates documentation, interviews, and observations to acquire consistent data (Sugiyono, 2019). data triangulation techniques are implemented. In Sugiyono (2019), data analysis is conducted interactively and continuously until the Miles and Huberman model saturates the data. Data collection through observation and interviews, data reduction to summarise and select critical information, data presentation in visual or narrative form for ease of comprehension, and the drawing of conclusions and verification to accurately and validly address the formulation of research problems are the stages of analysis.

RESEARCH RESULTS AND DISCUSSION

Analysis of Research Results

Research data were collected through interviews and documentation with a natural approach. Interviews are flexible, allowing researchers to ask follow-up questions to clarify answers and gain a deeper understanding of the subject matter.

1. Governance Implementation Strategy

The Compliance Director serves as an independent internal supervisor, ensuring that corporate governance implementation is structured, documented, and in compliance with the latest regulations. The main strategies include strengthening supervision, improving HR competency through regular training, and updating and revising relevant policies. The use of risk management information systems is also optimised to support data-driven decision-making and consistently monitor the implementation of governance frameworks.

The Compliance Director conducts regular monitoring and reviews of policies to ensure that all company activities comply with OJK rules and regulations, emphasising the importance of routine risk identification and mitigation. In dealing with limited human resources and technology, the company focuses on enhancing competency through adequate training and the effective use of technology. Additionally, the Compliance Director conducts Good Corporate Governance (GCG) assessments regularly every semester to evaluate the implementation of governance and promptly correct any weaknesses identified through internal audit follow-ups. Socialisation of regulations and an increased

understanding of governance are implemented at all levels of the organisation, ensuring that all employees and leaders accurately understand and comply with regulations.

The Compliance Director's independent role means that they do not work directly with operations but rather conduct regular supervision to ensure the organisation's safety and promote a culture of compliance. This plan includes regular training, ongoing reviews of policies, and ensuring that Standard Operating Procedures (SOPs) are consistently followed throughout the business. Shareholders' willingness to implement effective management, regular evaluations, and consistent supervision are also crucial to the success of the governance strategy. Utilising precise and practical information systems is crucial for enhancing long-term financial performance and mitigating risk. This overall plan aims to achieve a high level of bank health through effective, long-lasting governance that is in line with the law.

2. Risk Management Implementation Strategy

The risk management implementation strategy by the Compliance Director of PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera emphasises independent internal supervision to ensure that risk policies are running effectively. The Director prepares risk management guidelines, oversees policy implementation, and ensures compliance with Standard Operating Procedures (SOPs) across all work units. Strengthening the supervisory structure and improving HR competency are the main focuses. Regular policy updates are also important to stay in line with current regulations and conditions. The use of a risk management information system supports more accurate and efficient data-driven decision-making.

Continuous training is conducted to enhance employee risk management skills despite the challenges of limited human resources and technological constraints. Routine risk monitoring and evaluation are strategic steps to ensure optimal corporate governance. A culture of compliance and risk culture is built and understood by all members of the organisation to prevent problems early on.

The risk management team routinely evaluates the risk profile in each branch and reports the results to management, ensuring that policies are continuously updated to meet evolving needs and developments. The Compliance Director also emphasised the importance of managing the bank's six primary risks: credit, operational, compliance, liquidity, strategic, and reputational risks. Risk assessments are conducted through periodic self-assessments, particularly in core businesses such as credit distribution, with clear mitigation procedures in place.

The success of risk management is highly dependent on the commitment of the board of directors and shareholders, as well as the use of accurate and transparent information systems. Preventive supervision, internal evaluation, and policy adjustments are continuously carried out to

maintain a balance between risk and profit. This strategy is expected to achieve a high level of bank health and minimise potential losses while effectively leveraging opportunities.

3. Profitability Factor Implementation Strategy

The profitability improvement strategy implemented includes productive and selective credit management to increase Return on Assets (ROA) by reducing non-performing loans (NPL). Operational cost efficiency is the primary focus of reducing the ratio of Operating Expenses to Operating Income (BOPO), which is achieved through digitalisation, human resource training, and the elimination of unnecessary costs. Competitive credit pricing and efficient fund management are also crucial to increasing Net Interest Margin (NIM).

Strengthening information systems and using accurate data support better decision-making in managing profitability. Optimising productive assets and distributing quality credit are crucial steps to maximise net interest income on these assets. Additionally, managing the cost of funds and enhancing employee productivity are considered essential for maintaining a balance between risk and profit.

Shareholder involvement and commitment to business sustainability are also integral to the long-term strategy, which includes efficient capital management by considering the KPMM and MIAPB ratios. Focus on core banking activities, proper management of HR and reserve burdens, and a clear vision and mission are the basis for achieving sustainable profitability. The Compliance Director's strategy is oriented towards strengthening credit quality, cost efficiency, asset optimisation, internal process digitalisation, and effective risk management so that PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera can maintain and improve the bank's good health level through profitability factors.

4. Capital Factor Implementation Strategy

The primary strategy implemented is to strengthen core capital by reinvesting retained earnings and engaging shareholders in enhancing external capital. Good Risk-Weighted Asset Management (RWA) is also a focus, ensuring capital remains healthy, and risks can be effectively controlled through OJK regulations. Additionally, efficient management of productive assets and operational costs is crucial for maintaining capital stability.

Selective credit management and the efficient handling of non-performing loans are priorities for maintaining the quality of the credit portfolio and reducing the non-performing loan ratio (NPL), which has a direct impact on capital. This effort is supported by digitalisation to enhance operational efficiency and minimise unnecessary expenses. Routinely analysing financial reports and monitoring compliance with OJK capital limits are also integral to the capital management strategy, enabling

companies to take prompt action on potential financial issues. Close coordination between the Compliance Director, Board of Directors, Board of Commissioners, and shareholders is crucial in establishing a dynamic capital policy and supporting sustainable business growth.

If shareholders are unable to meet capital standards, options such as merger, sale, or closure of the BPR are considered to maintain business continuity and capital stability. Strengthening capital through retained earnings, prudent credit management, risk control, and regulatory compliance are the main pillars in maintaining the capital health of PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera.

Research Findings

This study examines the role of strategies implemented by the Compliance Director in enhancing the health of PT BPR Kredit Mandiri Sulawesi Selatan Sejahtera. Using qualitative methods, including interviews and documentation, it was found that the Compliance Director plays a central role in formulating and supervising good corporate governance, as well as implementing comprehensive risk management.

The Compliance Director is responsible for developing formal and comprehensive governance policies, focusing not only on external regulatory compliance from the OJK but also on strengthening internal systems to ensure the bank's operations and finances run healthily and sustainably. Risk management is carried out through regular monitoring of the risk profile, which directly contributes to reducing non-performing loans (NPLs) and increasing profit margins.

Other strategies implemented include selective credit portfolio management and operational efficiency to increase bank profitability, as well as effective capital management that maintains capital adequacy by regulations, along with prudent handling of non-performing loans and loss reserves. It helps banks remain competitive and able to face future risks.

The findings confirm that the Compliance Director is not only an administrative supervisor but also a key driver of the implementation of Good Corporate Governance (GCG), risk management integration, and rapid response to regulatory changes. The Compliance Director catalyses change, enhancing transparency, accountability, and bank stability through a robust internal control system. However, the study also identified challenges, such as the lack of trained human resources and difficulty in understanding complex regulations, indicating that increased training and the implementation of technology are necessary to support the effectiveness of risk management and compliance. This study aligns with previous research that emphasises the importance of GCG and compliance supervision in maintaining bank health and operational sustainability.

Discussion

1. Compliance Director Strategy

The strategy of the Compliance Director of PT BPR Kredit Mandiri Sulawesi Selatan Sejahtera is based on the theory of risk management and the principles of Good Corporate Governance (GCG) as outlined in POJK 9/2024 and POJK 13/2015. The Compliance Director is responsible for ensuring that all bank activities comply with applicable regulations and for comprehensively managing risks, thereby maintaining the bank's health and stability. The strategies implemented include the preparation of compliance policies to maintain bank health by minimising risks that can disrupt financial performance, as well as implementing routine supervision of variables that support bank health, such as risk profiles, governance compliance, financial ratios, and capital adequacy. Periodic evaluations are conducted to ensure that policies are running effectively and are adjusted as needed in response to changes.

The Last Supper (2018) states that the strategic management process involves examining both internal and external factors, developing strategies, implementing them, and evaluating their effectiveness. The Compliance Director implements this process by assessing the risks associated with non-performing loans and capital, developing compliance policies, implementing structured procedures, and conducting regular evaluations that contribute to the bank's improved health rating. This method aligns with the GCG and internal control principles that help maintain operational continuity.

Barney's Resource-Based View (RBV) theory, from 1991, is another important idea that suggests managing unique and hard-to-copy internal resources is crucial for gaining a competitive edge. The Compliance Director's ability to maintain the bank's financial stability and adapt to market changes and regulatory updates is demonstrated through regular monitoring and evaluation of the bank's internal variables. In conclusion, regularly implementing compliance and risk management plans is a key part of making PT BPR Kredit Mandiri Sulawesi Selatan Sejahtera Bank healthier.

2. Governance Implementation Strategy

The implementation of Good Corporate Governance (GCG) at PT BPR Kredit Mandiri Sulawesi Selatan Sejahtera is highly dependent on the role of the Compliance Director. The Compliance Director is responsible for ensuring that the bank's internal policies align with OJK regulations to support a transparent, accountable, and sustainable system. In addition to formulating policies, the Compliance Director oversees their practical implementation, ensuring that bank operations are conducted with well-managed risks and comply with GCG principles, including transparency, responsibility, independence, and fairness.

The Compliance Director also helps create a culture of compliance throughout the company by training and socialising employees, enabling them to understand the importance of business ethics and rules. To prevent fraud and ensure that policies are consistently followed, it is essential to have a robust internal control system that includes regular internal audits.

The strategies used are based on different management theories, such as Hunger & Wheelen (SOP preparation, GCG training, internal audit, policy evaluation), RBV (policy and training as strategic resources), Balanced Scorecard (internal processes and HR development), and David's Theory (policy evaluation and revision). Policy evaluation is conducted regularly to ensure compliance with current changes in the law and the market.

3. Risk Profile Implementation Strategy

The Compliance Director of PT BPR Kredit Mandiri Sulawesi Selatan Sejahtera plays an important role in designing and implementing a comprehensive risk management strategy. This strategy aims to ensure that the bank consistently complies with regulations and manages various risks, including credit, operational, liquidity, compliance, reputation, and strategic risks, in an integrated manner. Risk identification is carried out carefully to enable the bank to anticipate and measure potential threats that impact operational health and continuity. Routine monitoring through risk profile reports enables the early detection of problems, allowing for immediate corrective steps.

The Compliance Director is also responsible for updating risk management policies and procedures to ensure alignment with regulations and dynamic market conditions. Adequate internal controls ensure that policies are implemented appropriately and that a strong culture of compliance is established throughout the organisation. With this approach, the bank can maintain operational stability while increasing stakeholder trust.

This risk management strategy aligns with POJK 13/2015 and the RGEC (Risk Profile) component. The risk management process involves identifying risks across various functions, formulating regulatory-based policies, monitoring and conducting routine reporting, providing training and risk socialisation for all staff, coordinating with internal audit, and enhancing the risk management information system. Each of these steps is designed to enable banks to manage risks effectively and responsively in response to changes in regulations and market conditions.

Theoretically, this strategy aligns with the strategic management concepts of Michael Porter's Resource-Based View, Balanced Scorecard, and David's theory, which emphasise the importance of risk identification, policy formulation, implementation through training, and continuous evaluation and monitoring. Thus, the role of the Compliance Director is crucial to achieving effective risk governance and ensuring the bank's long-term sustainability.

4. Profitability Factor Implementation Strategy

When it comes to increasing the bank's profitability through effective risk management and operational compliance with regulations, the Compliance Director plays a crucial role. Every credit provision must undergo a stringent selection process to reduce the risk of non-performing loans (NPLs), which can negatively impact profitability. The primary focus is on credit risk management, which involves evaluating every credit provision. It is the responsibility of the Compliance Director to regulate restructuring policies and the provision of loss reserves (CKPN) in the event of a non-performing loan. It is done to mitigate the impact of losses and ensure the bank is better prepared to manage the risk.

In addition to credit risk, the efficiency of operational cost control is also an important concern. Through standard procedures and the use of appropriate technology, the Compliance Director ensures that operational costs are controlled, allowing profit margins to increase without requiring an increase in revenue volume. A strong compliance culture is also established to prevent regulatory violations that could damage the bank's reputation and financial stability.

The strategies implemented are based on the Hunger & Wheelen theory, the Resource-Based View (RBV), the Balanced Scorecard (BSC), and David's theory, with an emphasis on systematic credit risk policies, continuous risk monitoring, recommendations for handling problematic credit, and strict supervision to ensure policy effectiveness. Evaluation and control are carried out routinely to identify and address risks early, while cost control is the primary focus to maintain financial balance.

In the context of PT BPR Kredit Mandiri Sulawesi Selatan Sejahtera, this strategy aligns with POJK 3/2022 and the RGEC (Earnings) component, focusing on strengthening credit procedures, NPL monitoring, recommendations for handling problem loans, credit portfolio evaluation, and controlling interest and operational costs. This approach not only ensures regulatory compliance but also enhances operational efficiency, mitigates the risk of loss, and improves the bank's profitability and financial health sustainably.

5. Capital Factor Implementation Strategy

The Compliance Director at PT BPR Kredit Mandiri Sulawesi Selatan Sejahtera plays a crucial role in maintaining the bank's capital stability by focusing on regulatory compliance and structured risk management. Although he does not directly manage the capital structure or corporate action decisions, his role is vital in maintaining asset quality and minimising the risk of non-performing loans (NPLs) through strict supervision of the credit portfolio and transparent credit selection policies. It

helps avoid the formation of excessive impairment loss reserves (CKPN), ensuring the bank's capital remains optimal for operations.

To mitigate risks without compromising financial performance, the Compliance Director ensures that credit, operational, and liquidity risk management is tailored to the bank's capital adequacy. To preserve capital health and ensure the bank can overcome financial obstacles while maintaining investor confidence, the minimum capital adequacy ratio (KPMM) and the Bank's Asset and Capital Integration Mechanism (MIAPB) are rigorously monitored.

The bank's capital management strategy is strengthened by the implementation of strategic management theories, including Porter's Five Forces, Resource-Based View (RBV), Balanced Scorecard (BSC), and Michael Porter's theory. Key components of this strategy include assessing operational efficiency and organisational structure, mitigating potential risks that could harm capital, and monitoring credit and liquidity risks to ensure financial stability. Effective risk management and optimal operational efficiency will maintain the bank's financial stability, maximise capital utilisation, and foster sustainable growth.

Overall, the Compliance Director at PT BPR Kredit Mandiri Sulawesi Selatan Sejahtera plays a crucial role in maintaining the bank's capital stability and financial health through the implementation of structured policies, careful risk management, and resource optimisation, ensuring the bank remains competitive and healthy in the long term.

CONCLUSION

The research shows that effective corporate governance strategies are crucial for maintaining PT. BPR Kredit Mandiri Sulawesi Selatan Sejahtera is healthy and performing well. The preparation of formal policy documents, such as decrees, Standard Operating Procedures, and Operational Instruction Manuals, is the first step in this strategy. The second step is to educate all employees through periodic socialisation programs. Internal audits and monitoring are used to review policies, which ultimately fosters a culture of compliance within the company.

One important aspect of corporate governance is effective risk management. Effective risk control involves identifying all risks within each function, ensuring that risk policies comply with the law, and regularly monitoring them. Training and working together with internal audit on human resources strengthens supervision. Information systems and risk reporting dashboards facilitate the timely delivery of risk reports.

In terms of profitability, effective management is achieved through strict credit distribution policies and the monitoring of non-performing loans to prevent unrecognised interest income. Proper risk management also helps efficient operations and prevents losses that can reduce profits. Capital

management is carried out carefully through thorough risk analysis, ensuring capital adequacy, asset quality, and reducing liquidity risk. Compliance with financial ratios and supervision of credit and liquidity risks are carried out continuously to maintain the company's financial stability. Therefore, an integrated strategy that combines effective corporate governance and risk management is essential. This approach enhances the company's supervision and ability to manage risks proactively, thereby maintaining healthy profitability and capital and sustaining a strong and stable financial position.

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