International Journal of Sustainable Social Culture, Science Technology, Management, and Law Humanities, 3(1), (2026)

The Role of Customer In Risk Prevention and Complaint Handling in Banking: A Case Study at Bank Jatim

Tri Hutomo Yogiantoro[1], Nasha Aurellya Putri Intiati[1], Adrian Dewa Mutiara Sakti[1], Ida Ayu Kartini[1]

[1]Univesitas 17 Agustus 1945 Surabaya, Surabaya, Indonesia

Article history
Received: 10 April 2026
Revised: 25 May 2026
Accepted: 20 June 2026

Keywords
Customer Service
Risk Prevention
Complaint Handling
Banking
Bank Jatim

Abstract
The banking sector relies heavily on service quality to maintain public trust and financial stability. This study analyzes the strategic role of customer service in risk prevention and complaint handling at Bank Jatim, a regional development bank in East Java. Using a qualitative descriptive approach, data were collected through in-depth interviews with customer service officers and documentation reviews. The research focuses on identifying the types of customer complaints, the procedures for handling them, and the role of customer service as a frontline defense against operational and reputational risks. The findings reveal that the most frequent complaints relate to transaction failures, such as ATM cash withdrawals and real-time transfers. Customer service officers mitigate operational risks by verifying data accuracy and ensuring compliance with standard operating procedures (SOPs). Furthermore, they prevent reputational risks through empathetic communication and transparent complaint resolution. The study concludes that customer service is not merely a support function but an integral component of the bank's risk management system, contributing significantly to customer trust and operational stability.

1. Introduction

The banking sector is a fundamental pillar of economic development, functioning as a financial intermediary that must balance profitability with strict risk management. In an increasingly competitive environment, service quality has become a critical determinant of customer satisfaction and loyalty. One of the key elements of service quality is customer service, which serves as the primary point of contact between banks and their customers. Beyond handling inquiries and transactions, customer service officers are often the first to identify potential risks arising from operational errors, fraud indications, or customer dissatisfaction. Risk management is vital for banks to mitigate various risks, including operational and reputational risks. Poor handling of customer complaints can escalate minor issues into serious problems that damage a bank's reputation. Conversely, effective customer service can minimize risks by identifying problems early and maintaining transparent communication. Despite its importance, research focusing on the specific role of customer service in risk prevention within regional development banks remains limited. Most existing studies emphasize financial performance or credit risk, leaving a gap in understanding the operational contribution of frontline staff. This study aims to analyze the role of customer service in preventing operational and reputational risks at Bank Jatim. Specifically, it examines complaint handling procedures, identifies challenges faced by officers, and evaluates how these practices contribute to overall bank management strategies. By focusing on Bank Jatim, this research provides insights into how regional banks can enhance service quality to strengthen customer trust and operational control.

Along with the rapid digital transformation in the banking industry, customer interactions have shifted from conventional face-to-face services to technology-based channels, including mobile banking, internet banking, and real-time payment systems. While these innovations improve service efficiency and accessibility, they also introduce new operational risks, such as transaction failures, cybersecurity threats, and fraud through social engineering. In this context, customers are no longer passive recipients of banking services but active participants in risk prevention by providing accurate information, complying with security procedures, and promptly reporting service disruptions or suspicious transactions. Consequently, effective complaint handling should not be viewed merely as a reactive mechanism to resolve customer

*Corresponding author, email: adriandewa49@gmail.com
doi: https://doi.org/10.71131/9f1ged35

dissatisfaction but as a proactive strategy for strengthening operational resilience, enhancing customer trust, and improving the overall risk management framework within financial institutions.

Previous studies have extensively examined banking service quality, customer satisfaction, and complaint management. However, most have focused on the influence of service quality on customer loyalty or organizational performance, while limited attention has been given to the strategic contribution of customers in supporting risk prevention and strengthening complaint handling processes, particularly in regional development banks. Moreover, empirical evidence integrating customer participation, operational risk management, and complaint resolution within a single analytical framework remains scarce. This gap highlights the need for further investigation into how customer involvement complements the role of customer service in mitigating operational and reputational risks. Therefore, this study contributes to the existing literature by examining customer participation as an essential component of risk prevention and complaint handling at Bank Jatim, providing practical insights for improving customer-oriented risk management strategies in the banking sector.

2. Methods

This study employs a qualitative descriptive research design to explore customer service roles in risk prevention and complaint handling. This approach enables an in-depth understanding of operational practices and service experiences within the banking environment. This study employs a qualitative descriptive research design to explore the processes and experiences related to customer service practices. This approach is appropriate for gaining an in-depth understanding of the roles and contributions of customer service in a natural operational context. The research was conducted at Bank Jatim, selected due to its strategic role in regional economic development and its diverse customer base ranging from individuals to government institutions. The primary data source was a key informant, a Customer Experience Officer at Bank Jatim, selected through purposive sampling based on direct involvement in complaint handling and customer interaction. Data collection techniques included semi-structured interviews to capture detailed professional experiences and documentation reviews of internal guidelines and standard operating procedures (SOPs). Data analysis followed a systematic process of data reduction, data display, and conclusion drawing. The analysis focused on identifying patterns in complaint handling and their relationship to risk management outcomes. To ensure validity, the study applied data triangulation by comparing interview results with secondary data and relevant literature. Ethical considerations were strictly observed, maintaining the confidentiality and anonymity of the informant.

2.1. Research Object and Design

The research focuses on customer service activities at Bank Jatim. The subject of the study is a customer service officer selected through purposive sampling due to direct involvement in complaint handling and customer interaction

2.1.1. Data Types and Collection

Primary data were obtained through semi-structured interviews with the customer service officer. Secondary data were collected from academic literature, banking regulations, and official documents related to customer service and risk management

2.1.1.1. Data Analysis

Data analysis followed qualitative descriptive procedures, including data reduction, categorization, interpretation, and conclusion drawing. The analysis emphasized identifying patterns related to customer service roles, complaint handling procedures, and risk prevention mechanisms.

2.1.1.2. Research Validity and Ethics

Data triangulation was applied by comparing interview findings with secondary sources. Ethical principles were observed by ensuring voluntary participation, confidentiality, and academic integrity

3. Result and Disscussion

3.1. Overview of Customer Service and Complaint Types

The results indicate that customer service at Bank Jatim functions as a critical frontline unit for identifying operational issues. The most frequently handled complaints are related to transaction failures, specifically failed cash withdrawals at ATMs, failed BI-Fast transfers, and failed electricity token purchases. These complaints highlight the operational risks associated with digital banking channels. Among these, failed cash withdrawals are identified as high-risk cases. If not resolved within the Service Level Agreement (SLA), they can significantly harm customer trust. Customer service mitigates this by coordinating with the ATM Monitoring Division to verify cash dispenser logs and CCTV footage before initiating fund reconciliation. The findings further demonstrate that the frequency and nature of customer complaints reflect the increasing complexity of banking operations in the digital era. As customers rely more heavily on electronic payment systems and digital banking platforms, even minor transaction disruptions can generate significant dissatisfaction and reduce confidence in banking services. This situation highlights the importance of customer service not only as a problem-solving unit but also as an early warning mechanism capable of identifying recurring operational issues. By documenting complaint patterns and escalating recurring cases to the relevant operational divisions, customer service contributes to continuous process improvement and strengthens the bank's internal control system.

Furthermore, the categorization of complaints provides valuable information for risk assessment and service quality evaluation. Complaints related to ATM transactions, BI-Fast transfers, and digital payment services often indicate underlying technical, procedural, or coordination issues involving multiple internal and external stakeholders. Through systematic complaint documentation and verification, customer service generates operational insights that enable management to identify service bottlenecks, evaluate the effectiveness of existing Standard Operating Procedures (SOPs), and implement corrective actions. This proactive approach supports the bank's broader objective of minimizing operational losses while maintaining customer satisfaction and institutional credibility.

3.1.1. Complaint Handling Procedures and Risk Prevention

Bank Jatim implements a structured complaint handling procedure that begins with rigorous identity verification and transaction review. For instance, in cases of failed token purchases, officers coordinate with third-party providers like Artajasa to verify transaction status. This end-to-end procedure demonstrates how customer service contributes to operational risk mitigation by ensuring accuracy and documentation. The discussion confirms that customer service plays a dual role in risk prevention. Operationally, officers act as a control point by detecting transaction irregularities and ensuring SOP compliance. Reputationally, they prevent negative public perception through professional and empathetic communication. An effective resolution of a failed transaction case prevents the issue from escalating into a public complaint or viral negative exposure, thereby protecting the bank’s image

The implementation of a standardized complaint handling process also strengthens the bank's governance framework by ensuring accountability, transparency, and traceability throughout each stage of complaint resolution. Every complaint is documented systematically, enabling management to monitor response times, identify recurring issues, and evaluate compliance with internal policies and regulatory requirements. This documentation not only facilitates timely resolution but also serves as an important source of operational data for periodic risk assessments and service quality improvement initiatives. Consequently, customer complaints become valuable organizational learning resources rather than merely operational incidents requiring corrective action.

In addition, effective complaint handling requires strong collaboration among multiple organizational units and external service providers. Customer service officers act as coordinators who bridge communication between customers, operational divisions, information technology teams, ATM monitoring units, and third-party payment providers. This cross-functional coordination accelerates problem resolution while minimizing the potential financial and reputational impacts of unresolved complaints. Such collaborative practices reflect an integrated risk management approach in which customer service functions not only as the frontline of customer interaction but also as a strategic contributor to operational resilience and business continuity.

These findings are consistent with the principles of operational risk management, which emphasize early detection, effective communication, and continuous monitoring as essential mechanisms for minimizing operational losses. From a service management perspective, prompt and empathetic complaint resolution enhances customer confidence by demonstrating the bank's commitment to reliability, responsiveness, and accountability. Therefore, the effectiveness of customer service should be assessed not only through the number of complaints resolved but also through its contribution to strengthening internal controls, preventing risk escalation, and sustaining long-term customer trust. This evidence reinforces the argument that customer service has evolved from a traditional administrative function into a strategic component of enterprise risk management within modern banking institutions.

3.1.1.1. Challenges and Strategic Implications

Despite structured procedures, customer service officers face challenges such as managing emotional customers and handling fraud-related cases (e.g., social engineering). Bank Jatim addresses these through regular training every three months, focusing on product knowledge and fraud prevention. This continuous improvement has contributed to Bank Jatim achieving top recognition for service excellence in 2024. These findings align with previous studies suggesting that responsiveness and assurance are key drivers of customer trust in banking.

The challenges identified in this study indicate that the competencies required of customer service officers extend beyond technical banking knowledge to include emotional intelligence, communication skills, and digital risk awareness. The increasing sophistication of cyber fraud and social engineering attacks requires frontline employees to continuously adapt to emerging threats while maintaining professionalism during customer interactions. Therefore, continuous competency development should be regarded as a strategic investment rather than a routine human resource activity. Regular training enhances employees' ability to recognize fraudulent behaviors, communicate preventive measures effectively, and make informed decisions when handling complex customer cases.

From a managerial perspective, these findings highlight the importance of integrating customer service performance into the bank's enterprise risk management framework. Information gathered through customer interactions provides valuable insights into operational vulnerabilities, emerging fraud patterns, and service deficiencies that may not be captured through internal monitoring systems alone. Consequently, customer service should be positioned as an active source of risk intelligence, enabling management to formulate preventive policies, improve digital banking services, and strengthen organizational resilience against operational and reputational risks. This strategic perspective transforms customer complaints into opportunities for institutional learning and continuous service innovation.

The strategic implications of this study also suggest that maintaining customer trust requires a combination of technological capability, standardized procedures, and human-centered service delivery. While digital transformation enhances banking efficiency, customer confidence ultimately depends on the ability of frontline personnel to resolve problems promptly, communicate transparently, and demonstrate empathy throughout the complaint resolution process. Accordingly, banks should continue investing in integrated digital systems, cross-functional coordination, and competency-based training programs to ensure that customer service remains an effective safeguard against operational disruptions and reputational damage. Such initiatives contribute not only to higher service quality but also to the long-term sustainability and competitiveness of the banking institution.

4. Conclusion

Customer service plays a vital and strategic role in risk prevention and complaint handling at Bank Jatim. It is not merely a support function but a key component of the bank's internal control system. The study concludes that customer service officers effectively mitigate operational risks through accurate data verification and strict adherence to procedures, particularly in handling high-risk complaints like failed ATM withdrawals. Furthermore, they protect the bank's reputation by managing customer emotions and ensuring transparent resolution processes. It is recommended that Bank Jatim continues to enhance its internal data interfaces to reduce processing errors and improve efficiency. Additionally, specific improvements to the mobile banking application, such as adding a "show password" feature, could reduce recurring login-related complaints. Continuous training on fraud prevention and emotional intelligence is essential to equip officers for handling complex cases. Future research should consider involving multiple informants or quantitative methods to provide a broader perspective on service performance across regional banks.

Author Contributions

All authors contributed equally to the conceptualization, data collection, analysis, and writing of this article. All authors have read and approved the final manuscript.

Funding

No funding support was received for this research

Declaration of Conflicting Interests

The authors declare no potential conflicts of interest with respect to the research, authorship, and/or publication of this article

References

Ali, F., El-Manstrly, D., & Abbasi, G. A. (2023). Would you forgive me? From perceived justice and complaint handling to customer forgiveness and brand credibility: Symmetrical and asymmetrical perspectives. *Journal of Business Research, 166*, 114138. https://doi.org/10.1016/j.jbusres.2023.114138

Bank Indonesia. (2023). *Consumer protection in the payment system*. Bank Indonesia.

Basel Committee on Banking Supervision. (2011). *Principles for the sound management of operational risk*. Bank for International Settlements.

Butler, T., & Brooks, R. (2024). Time for a paradigm change: Problems with the financial industry's approach to operational risk. *Risk Analysis, 44*(6), 1285–1304. https://doi.org/10.1111/risa.14240

Chernykh, L., Davydov, D., & Sihvonen, J. (2023). Financial stability and public confidence in banks. *Journal of Financial Stability, 69*, 101187. https://doi.org/10.1016/j.jfs.2023.101187

Creswell, J. W. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). SAGE Publications.

Di Masi, S., Iannotta, G., & Palazzo, M. (2023). Management customer complaints and performance: Banks, be careful! *Journal of Management and Governance, 27*. https://doi.org/10.1007/s10997-021-09616-3

Honora, A., Chih, W.-H., & Ortiz, J. (2023). What drives customer engagement after a service failure? The moderating role of customer trust. *International Journal of Consumer Studies, 47*(5), 1714–1732. https://doi.org/10.1111/ijcs.12939

Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson Education.

Lovelock, C., & Wirtz, J. (2016). *Services marketing: People, technology, strategy* (8th ed.). Pearson Education.

Otoritas Jasa Keuangan. (2022). *Peraturan OJK tentang perlindungan konsumen sektor jasa keuangan*. OJK.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing, 64*(1), 12–40.

Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill-building approach* (7th ed.). Wiley.

Tjiptono, F. (2019). *Service management: Mewujudkan layanan prima*. Andi Publisher.

Utami, N., Subagiyo, R., & Asiyah, B. N. (2023). Reputational risk management strategy at Indonesian Sharia Bank and Muamalat Indonesian Bank. *BALANCE: Journal of Islamic Accounting, 4*(1), 19–39. https://doi.org/10.21274/balance.v4i1.7726