

## DETERMINANTS OF INDICATIONS OF FRAUD IN THE FINANCIAL STATEMENTS OF BANKS LISTED ON THE BEI

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### ABSTRAK

Berdasarkan laporan Association of Certified Fraud Examiners (ACFE) 2022, industri perbankan dan jasa keuangan mempunyai beban tertinggi dari seluruh kelompok industri yaitu sebesar 22,3%. Penting untuk memahami faktor-faktor apa saja yang mempengaruhi kecurangan laporan keuangan agar pemangku kepentingan dapat peduli untuk meningkatkan kualitas laporan keuangan. Penelitian ini bertujuan untuk menganalisis pengaruh *fraud diamond* terhadap kecurangan laporan keuangan. *Fraud diamond* terdiri dari elemen tekanan (*pressure*), kesempatan (*opportunity*), rasionalisasi (*rationalization*), dan kemampuan (*capability*). Penelitian ini penting untuk dilakukan agar diketahui faktor-faktor apa saja yang berpengaruh terhadap kecurangan laporan keuangan sehingga menjadi perhatian bagi stakeholders untuk peningkatan kualitas laporan keuangan. Teknik pengambilan sampel dilakukan secara purposive sampling, Data yang digunakan dalam penelitian adalah data sekunder pada perusahaan Bank Umum Syariah yang Terdaftar di OJK 2016-2022, Analisa data menggunakan alat bantu statistik SPSS 23. Hasil penelitian menunjukkan bahwa secara parsial Tekanan dengan proksi rasio *leverage*, Tekanan dengan proksi rasio *sales*, Kesempatan dengan proksi porsi anggota independen dalam dewan komisaris, Kemampuan dengan proksi pergantian direksi tidak berpengaruh terhadap kecurangan laporan keuangan. Sedangkan Kesempatan dengan proksi porsi anggota independen dalam komite audit, Rasionalisasi dengan proksi total penghasilan akrual berpengaruh negatif terhadap kecurangan laporan keuangan.

**Kata Kunci:** *Fraud diamond*; tekanan; kesempatan; rasionalisasi; kemampuan dan kecurangan laporan keuangan.

### ABSTRACT

Based on the Association of Certified Fraud Examiners (ACFE) 2022 report, the banking and financial services industry has the highest burden of all industry groups at 22.3%. It is important to understand what factors influence financial statement fraud so that stakeholders can care about improving the quality of financial statements. This study aims to analyze the effect of fraud diamond on financial statement fraud. Fraud diamond consists of elements of pressure, opportunity, rationalization, and capability. This research is important to do so that it is known what factors affect financial statement fraud so that it becomes a concern for stakeholders to improve the quality of financial statements. The technique of selecting samples is carried out by purposive sampling, the data used in the study is secondary data on Islamic Commercial Bank companies registered with OJK 2016-2022, data analysis using SPSS 23 statistical aids. The results showed that partially Pressure with proxy leverage ratio, Pressure with proxy sales ratio, Opportunity with proxy portion of independent members in the board of commissioners, Ability with proxy change of directors has no effect on financial statement fraud. While Opportunity with the proxy of the portion of independent members on the audit committee, Rationalization with the proxy of total accrual income has a negative effect on fraudulent financial statements.

**Keywords:** Fraud diamond; pressure; opportunity; rationalization; ability and financial statement fraud.

### 1. INTRODUCTION

Financial statements are an important tool for evaluating a company's performance and finances. The integrity of financial statements is critical to enable stakeholders such as investors, creditors and governments to make informed decisions based on accurate and reliable information. However, there is a risk that financial statements can be falsified or manipulated to give a false impression of the company's performance. Based on the *Association of Certified Fraud*

*Examiners* (ACFE) report in 2022 on three types of fraud, namely financial embezzlement, corruption and accounting fraud, accounting fraud where the perpetrator intentionally causes a material misstatement or omission in the organization's financial statements is the least common category (9% of fraud attempts) but the most economically effective.

Companies in the banking sector as a source of financing and driving force of the economy are not free from manipulation or fraud. If we observe its development, the Islamic banking sector has grown significantly in recent decades. Islamic banking is based on Sharia principles that prohibit usury (interest) and promote risk sharing and fairness in financial transactions. Although Islamic banking is based on ethics and transparency, there is still a risk of fraud in the business process, for example there were 4 internal frauds that occurred at BJB Syariah during 2018 (<https://finansial.bisnis.com/read/20190423/90/914480>), the case of Bank Syariah Indonesia (BSI), (<https://infobanknews.com/belajar-dari-kasus-bank-syariah-indonesia-bsi/>) etc.

The high risk of *fraud* in the banking sector is because banking companies have special characteristics that make them vulnerable to *fraud*. As financial institutions that manage public funds, banks have a role in providing stable and secure financial services. However, individuals in banking organizations have strong motives to commit fraud, such as embezzling customer funds, manipulating financial reports, or violating banking regulations. This is in accordance with the *Association of Certified Fraud Examiners* (ACFE) report in 2022, which shows that the banking and financial services industry has the highest burden of 22.3% of all industry groups.

Table 1. Number of Cases from All Industry Groups in 2022  
Source: ACFE, Occupational Fraud 2022: A Report to the Nations

No.	Industry	Case	Percentage
1	Banking and financial services	351	22,3%
2	Government and public administration	198	12,6%
3	Manufacturing	194	12,3%
4	Health care	130	8,3%
5	Energy	97	6,2%
6	Retail	91	5,8%
7	Insurance	88	5,6%
8	Technology	84	5,3%
9	Transportation and warehousing	82	5,2%
10	Construction	78	5,0%
11	Education	69	4,4%
12	Information	60	3,8%
13	Food service and hospitality	52	3,3%
	Total	1574	

One framework used to analyze the factors that influence fraud is the *Fraud Diamond*, developed by Professor Donald Cressey in the 1950s. The *Fraud Diamond* highlights four factors that can encourage a person or organization to commit fraud, namely pressure, opportunity, rationalization, and capability. This can be seen in the picture below:

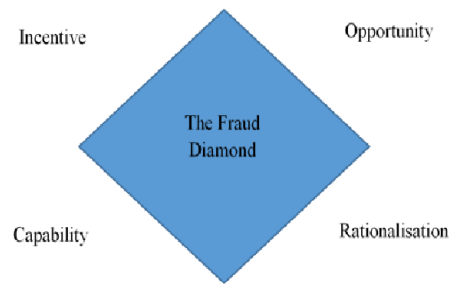


Figure 1 Fraud Diamond  
Source : Wolfe and Hermanson (2004)

The fraud diamond theory was first proposed by Wolfe and Hermanson (2004) with the addition of the capability factor as the fourth factor after the pressure, opportunity, and rationalization factors. This is because according to Wolfe and Hermanson (2004), it is impossible for fraud to occur without the right capabilities.

Other research conducted by Noble (2019) shows that internal pressure factors as measured by financial targets and rationalization as measured by auditor turnover affect financial statement fraud. Research conducted by Zulham (2020) shows that pressure as measured by the company's ability to pay debt and rationalization as measured by audit opinions other than unqualified affect financial statement fraud. Meanwhile, research conducted by Prakoso (2021) shows that the opportunity as measured by the number of independent commissioners and rationalization with the proxy of total accruals affects financial statement fraud.

This study continues previous research conducted by Nadia (2023) which analyzes the Effect of Fraud Diamond on Financial Statement Fraud in Islamic Commercial Banks in 2016-2021. With the differences in the variables used and the differences in variables that affect financial statement fraud in other studies, in this study, the internal pressure variable is added which refers to Noble's research (2019) and the independent audit committee supervision variable which refers to Prakoso' research (2021). In addition, in this study, the sample for audited financial statements is 2016-2022.

This study aims to analyze the effect of *fraud diamond* on financial statement fraud. This research is important to do so that it is known what factors affect financial statement fraud so that it becomes a concern for *stakeholders* to improve the quality of financial statements. Based on the description above, researchers are interested in conducting research with the title "The Influence of *Fraud Diamond* on Indications of Financial Statement Fraud in Islamic Commercial Banks Registered with OJK 2016-2022".

### Agency Theory

In agency theory, principals and agents work together and divide tasks to achieve their goals, this creates a *conflict of interest*. Agency theory also assumes that humans are basically individual beings and therefore prioritize their own interests over the interests of others (Jensen & Meckling, 1976).

Based on this premise, managers tend to act in their own interest, which often conflicts with and comes at the expense of the wishes of owners and shareholders. This leads to agency problems. The main problems posed by agency relationships are moral hazard and adverse selection (Bray & Kreps, 1991). Moral hazard is agent behavior that can affect the principal's evaluation of that behavior. Moral hazard occurs when the agent acts in accordance with his own interests, which

are contrary to the interests of the principal. On the other hand, agency relationship problems arise from information gaps obtained from owners, shareholders, and managers, resulting in information inequality between the two parties (Scott, 2015). This information asymmetry causes *adverse selection*. When information asymmetry occurs, owners and shareholders may make poor decisions because they do not have enough information.

### **Financial Statement Fraud**

Fraud, also known as *fraud*, refers to the various ways used by someone to gain advantage over others by improper actions (Albrecht et al., 2012). Sihombing and Rahardjo (2014) state that financial statement fraud is an action taken by a company to deliberately mislead users of financial statements by presenting and manipulating the material value of the company's financial statements. According to the ACFE, *fraudulent Financial Reporting*: This classification is often referred to as management fraud. This type of fraud involves manipulating a company's financial statements to hide its true financial condition or create a false impression to others. Examples include manipulating earnings, hiding debt, or providing misinformation to investors.

### **Fraud**

Fraud is an umbrella term that encompasses all sorts of methods that a person can use violently to gain advantage over others through illegal activities (Albrecht et al., 2012). Karyono (2013) classifies it as scam. First, asset misappropriation, including misuse or misappropriation of company assets or property committed by internal or external parties. Second, fraudulent financial reporting is often called management fraud or management fraud. This is because most of the perpetrators are at a senior level or position (senior executives or senior managers). The actions they take include hiding the true financial situation through financial manipulation and falsifying financial reports in order to gain personal benefits and advantages related to their positions and responsibilities. Third, corruption is the most difficult type of fraud to detect because it involves cooperation or collusion to gain benefits with other parties or other authorities.

### **Fraud Diamond**

*Fraud Diamond* according to Wolfe and Hermanson (2004) is a conceptual framework used to analyze the factors that contribute to the possibility of fraud. The *elements of the fraud diamond* consist of *pressure*, *opportunity*, *rationalization*, and *capability*. This theory expands the *Fraud Triangle* concept proposed by Cressey (1953) by adding one additional element, namely *capability*.

An explanation of the *fraud diamond* elements according to Wolfe and Hermanson (2004) is as follows:

- 1) Pressure: Individuals who engage in *fraud* usually have pressure or motivation to gain unauthorized benefits. They may be experiencing personal financial problems, have large debts, or have a desire to improve their lifestyle.
- 2) Opportunity: there are weaknesses in the system that can be exploited by certain parties so that fraud can occur. If there are weaknesses or imperfections in supervision, segregation of duties, or financial procedures, then individuals have the opportunity to commit *fraud* without being detected.
- 3) Rationalization: the process by which a fraudster convinces themselves that their actions are right or justified. They may be demoralized or feel that the fraud is necessary to meet certain objectives, such as maintaining an image or meeting high performance targets. Fraudsters

convince themselves that they deserve the benefit or that their actions will not harm others. This rationalization helps them overcome guilt or moral doubt.

4) **Capability:** Ability refers to the expertise, knowledge, and technical capacity possessed by individuals to carry out fraud. Individuals must have sufficient knowledge and skills to take advantage of opportunities and circumvent control systems.

### **Hypothesis Development**

#### **The Effect of Pressure With the Proxy of *Leverage Ratio* on Financial Statement Fraud**

When managers are under pressure, mismanage investors' money (leverage), and face financial difficulties, they tend to act in their own interest, which often goes against the wishes of the owners and threatens shareholders (agency theory). The main problems in agency relationships are moral hazard and adverse selection (Bray & Kreps, 1991). Research by Nadia & Nugraha (2023) The results showed that pressure has a positive and significant effect on fraudulent financial reporting. Skousen, Sihombing, and Rahardjo in (Nadia & Nugraha, 2023) state that external pressure has a positive impact on accounting fraud. From the explanation above, the following hypothesis is made:

**H<sub>1</sub>** : Pressure with the proxy *leverage* ratio has a positive effect on financial statement fraud.

#### **Pressure with *Sales Ratio* Proxy Against Financial Statement Fraud**

According to SAS No. 99, managers face pressure to commit financial statement fraud when financial stability and/or profitability are threatened by economic conditions, industries, or operating entities. Financial stability is measured by the sales ratio, which is a tool used to measure the relationship between a company's sales revenue and other factors such as assets, capital, or costs. The sales ratio is a commonly used metric in financial analysis to evaluate a company's operational performance and compare it with other companies in the same industry. To avoid being judged as a poor performer by investors, companies show high growth or better financial performance than they actually are. In this case, companies can manipulate financial statements by inflating sales revenue, for example by recording false sales or delaying revenue recognition. Research by Skousen (2009), Solikhin and Parasetya (2023) shows that financial stability has a positive effect on financial statement fraud. From the description above, a hypothesis was developed:

**H<sub>2</sub>** : Pressure with the proxy sales ratio has a positive effect on financial statement fraud

#### **The Effect of Opportunity with the Size of the Presentation of Independent Members in the Audit Committee on Financial Statement Fraud**

Conflicts of interest between investors and agents are often caused by agents who do not always take actions or practices in the best interests of the client, resulting in agency costs that must be borne by investors (agency theory). Research by Tan, Novita Angelina, Anis Chariri, (2022) shows that the proportion of independent commissioners (COMINDEP) has a negative and significant effect on financial reports. Meanwhile, audit committee activity (ACMEET) and managerial ownership (OSHIP) have no significant effect on financial statement reporting. The tolerance given by the auditor causes management to rationalize the fraud that has been committed because they think the auditor tolerates it with explanatory language in the audit opinion. Based on research by Fadilah and Wahidahwati (2019), a larger number of independent audit committees will increase supervision, thereby reducing management's opportunity to commit financial statement fraud. From this description, the hypothesis is developed that:

**H<sub>3</sub>** : Opportunity with the proxy of the portion of independent members in the audit committee has a negative effect on fraudulent financial statements.

### **The Effect of Opportunity with the Proxy of the Presentation of the Independent Board of Commissioners on Financial Statement Fraud**

According to Siladi in (Angelina, 2022) the characteristics of an independent board of commissioners are neutral and free from conflicts of interest of the company. The independent board of commissioners is a supervisory body whose job is to oversee company activities and represent the interests of shareholders. In the company, the independent board of commissioners functions as a supervisor to monitor the actions taken by management. Although, the independent board of commissioners does not participate in daily operational activities, they still need to establish cooperative ties with the board of directors in order to obtain information related to the company.

This board is responsible for ensuring that the company's financial statements are prepared accurately, in accordance with applicable accounting standards, and disclose relevant information to stakeholders. However, if the opportunities and proxies for the presentation of the independent board of commissioners are not carried out with sufficient integrity and independence, this can open a gap for fraudulent financial statements. Based on research conducted by Noble (2019), the more the number of independent board members will increase effective supervision so that it will reduce financial statement fraud. From this description, a hypothesis was developed:

**H<sub>4</sub>** : Opportunity with the proxy of the portion of independent members in the board of commissioners has a negative effect on financial statement fraud

### **The Effect of Rationalization with the Proxy of Total Accrual Income on Financial Statement Fraud**

Rationalization is a defense of the fraud that has been committed. *Rationalization* occurs because the perpetrator seeks the truth about his activities in committing fraud. In this study, rationalization uses the proxy of total accruals, because the principle of accrual accounting is one of the reasons for company management to rationalize manipulation of financial statements.

According to Vermeer in (Nadia & Nugraha, 2023) rationalization is a principle used to make management decisions and defend what has been done. Vermeer also states that rationalization is an accrual principle related to management decision making and provides insight into rationalization in financial reporting. From the description above, the hypothesis is developed that:

**H<sub>5</sub>** : Rationalization with the proxy of total accrual income has a positive effect on financial statement fraud.

### **The Effect of Ability with the Proxy of Change of Directors on Financial Statement Fraud**

According to Wolfe & Hermanson in (Nadia & Nugraha, 2023) *capability* is an additional factor that can detect fraud. A person's position in the organization can give him the ability to commit fraud, if someone understands and is able to properly understand the company's internal controls, he can abuse his position to take actions that harm the company. Change of Directors is the transfer of authority from the old directors to the new directors. This aims to improve the performance of the previous management. However, the change of directors creates a stress period so that it has an impact on the existence of fraud.

**H<sub>6</sub>** : Ability with the proxy for change of directors has a positive effect on financial statement fraud.

Based on the hypothesis above, the following framework is formed:

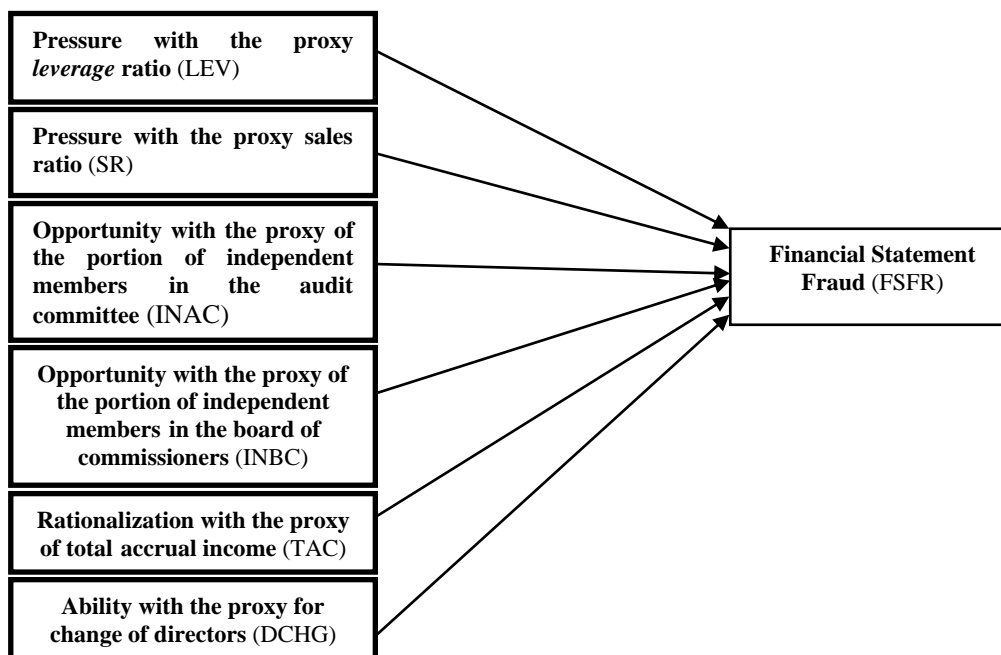


Figure 2 Research Model

## 2. RESEARCH METHODS

The research methods used in this research are hypothesis testing and quantitative descriptive methods. This study will use the classic assumption test and hypothesis testing with multiple regression. The population used in this study is Islamic Banking sector companies for the period 2016-2022. The sample in this study is an Islamic Commercial Bank Company registered with the Financial Services Authority for the period 2016-2022 . The data collection method in this study is to use the documentation study method. The data used in this research is secondary data with *purposive sampling*.

### Operational Definition of Variables and Measurement

Table 2. Operationalization research variable

Research Variable	Indicator
Financial Statement Fraud: FSFR	Using the F-Score model as a tool to measure the risk of financial statement misstatement. The following is the F-Score calculation: $F\text{-Score} = \text{Accrual Quality} + \text{Financial Performance}$ $\text{Accrual Quality} = (\Delta WC + \Delta NCO + \Delta FIN) / \text{Average Total Assets}$ $\text{Financial Performance} = \text{change in receivable} + \text{change in inventories} + \text{change in cash sales} + \text{change in earnings}$ (Dechow , 2012)
Pressure with the proxy <i>leverage ratio</i> : LEV	$LEV = \text{Total Liabilitas} / \text{Total Aset}$ (Skousen <i>et. Al</i> , 2009)
Pressure with the proxy <i>sales ratio</i> : SR	$SR = \text{Sales} / \text{Account Receivable}$ (Skousen <i>et. al</i> , 2009)

Research Variable	Indicator
Opportunity with the proxy of the portion of independent members in the audit committee: INAC	INAC: Number of Independent Members / Total Audit Committee Members (Oktarigusta, 2017)
Opportunity with the proxy of the portion of independent members in the board of commissioners: INBC	INBC: Number of Independent Commissioners/Number of Commissioners (Noble, 2019)
Rationalization with the proxy of total accrual income TAC	TAC = <i>Net Income</i> – CFO (Oktarigusta, 2017)
Ability with the proxy for change of directors: DCHG	DCHG = Number one (1) if there is no change in directors. Number zero (0) if there is a change in directors (Noble, 2019)

Hypothesis testing in this study uses multiple regression analysis with the following model:

$$FSFR = \alpha + \beta_1 LEV + \beta_2 SR + \beta_3 INAC + \beta_4 INBC + \beta_5 TAC + \beta_6 DCHG + e$$

Description:

FSFR = Financial Statement Fraud;  $\alpha$  = Constant;  $\beta_1$ - $\beta_6$  = coefficient; LEV = Leverage; SR = Sales Ratio; INAC = Number of Independent Members in the audit committee; INBC = Number of Independent members in the board of commissioner; TAC = Total Accrual Income; DCHG = Change of Directors; e = error

### Data Analysis Method

The data analysis technique used in this research is by testing descriptive statistics, normality test, multicollinearity test, heteroscedasticity test. Next, to test the influence of the independent variable on the dependent variable, use multiple linear regression, namely with the t-test, F-test (Anova) and determinant coefficient test.

## 3. RESULTS AND DISCUSSION

### Description of Research Objects

Islamic Commercial Banks that meet the criteria of *purposive sampling* as samples of this study are 8 Islamic Commercial Banks consisting of PT. Bank Muamalat Indonesia, Bank Victoria Syariah, BJBS Syariah, Bank Mega Syariah, Bank Panin Dubai Syariah, PT. Bank KB Bukopin Syariah, BCA Syariah, and BTPN Syariah with a total of 56 samples.

Table 3. Sampling with *Purposive Sampling*

No.	Description	Sample
1	Islamic Commercial Banks registered with OJK from 2016-2022	15
2	BUS that presents audited financial statements since 2016. In this case there are 4 (four) banks that have not been formed in 2016.	(4)
3	BUS that experienced mergers in 2016-2022	(3)
4	Total Sample of Islamic Commercial Banks	8
<b>Total Sample during 2016-2022 (8x7)</b>		<b>56</b>



### Descriptive Statistics

Descriptive statistics is an overview or description of data seen from the average value (mean), minimum value, maximum value, and standard deviation (Sugiyono,2019). By calculating descriptive statistics, a description of each variable is obtained.

Table 4. Descriptive Statistical Test Results  
 Source: Secondary data processed, 2023

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
LEV	56	.07	.94	.7139	.27709
SR	56	.20	8.86	2.2505	2.99017
INAC	56	.33	1.00	.7554	.25725
INBC	56	.50	1.00	.7625	.16322
TAC	56	-.08	1.52	.6002	.45451
DCHG	56	.00	1.00	.6071	.49281
FSFR	56	-1.61	1.00	-.1625	.75876
Valid N (listwise)	56				

### Data Eligibility Test

#### Normality Test

Normality test is a statistical test that aims to test whether the research model is normally or abnormally distributed (Agresti and Finlay,2009). A good model to use in research is a normally distributed model.

Table 5. Normality Test Results  
 Source: Secondary data processed, 2023

		<i>Unstandardized Residual</i>
N		56
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.45989634
	Most Extreme Differences	
	Absolute	.073
	Positive	.070
	Negative	-.073
Test Statistic		.073
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

Based on the results of normality testing using residuals in the table above, it is known that the residual regression equation model has an Asymp. Sig 0.200 > alpha 0.05. Therefore, the distribution of residual values in the regression equation model is declared normally distributed. This shows that the multiple regression model on the dependent variable and the independent variable has a normal distribution, so the normality assumption required by the model is met.

### Multicollinearity Test

Multicollinearity test is a situation where between two or more independent variables in the regression model there is a perfect or near perfect linear relationship (Johnson and Wichern,

2007). A good regression model requires the absence of multicollinearity problems. To detect the presence or absence of multicollinearity by looking at the *Tolerance* and VIF values.

Table 6. Multicollinearity Test Results  
Source: Secondary data processed, 2023

Model	Coefficients <sup>a</sup>					Collinearity Statistics		
	Unstandardized Coefficients		Standardized Coefficients		T	Sig.	Tolerance	VIF
	B	Std. Error	Beta					
1 (Constant)	1.419	.559			2.538	.017		
LEV	.239	.314	.115		.761	.453	.937	1.068
SR	.042	.033	.203		1.253	.221	.811	1.233
INAC	-1.192	.356	-.513		-3.349	.002	.911	1.098
INBC	-1.001	.595	-.252		-1.682	.104	.949	1.054
TAC	-.407	.194	-.318		-2.096	.046	.927	1.079
DCHG	.209	.201	.170		1.043	.306	.801	1.249

a. Dependent Variable: FSFR

Based on Table 6. Multicollinearity Test Results, it can be concluded that in this test there is no multicollinearity, because all of the variables have the Tolerance value > 0.10 and VIF value < 10. So it can be concluded that the data in this study does not occur multicollinearity.

### Heteroscedasticity Test

Heteroscedasticity indicates that the variance of each error is heterogeneous, which means that it violates the classical assumption that requires the variance of the error to be homogeneous (Wooldridge, 2019).

Table 7. Heteroscedasticity Test Results  
Source: Secondary data processed, 2023

Model		Coefficients <sup>a</sup>					
		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
B	Std. Error	Beta					
1	(Constant)	.420	.857			.491	.632
	LEV	.852	.734	.324		1.160	.269
	SR	.016	.039	.123		.414	.686
	INAC	-.059	.475	-.039		-.124	.903
	INBC	-.829	.903	-.250		-.918	.377
	TAC	-.120	.251	-.141		-.477	.642
	DCHG	.165	.284	.189		.580	.573

a. Dependent Variable: ABS\_RES

Based on the table above, it is known that each independent variable used in the study has a sig value > 0.05, therefore, H0 is accepted, meaning that testing can be continued because there is an equal *variance* in each category in the independent variable. Thus it can be concluded that this regression model is free from heteroscedasticity so that the use of regression analysis can be used to test the research hypothesis.

### Multiple Regression Analysis

Multiple regression analysis is used to see the effect of a number of independent variables on the dependent variable, each of which has a ratio or interval scale (Widana,2020).

Table 8. Results of Multiple Regression Analysis and Statistical Test t  
 Source: Secondary data processed, 2023

		Coefficients <sup>a</sup>				
		Unstandardized	Standardized			
		Coefficients	Coefficients			
			Std.			
Model		B	Error	Beta	t	Sig.
1	(Constant)	1.419	.559		2.538	.017
	LEV	.239	.314	.115	.761	.453
	SR	.042	.033	.203	1.253	.221
	INAC	-1.192	.356	-.513	-3.349	.002
	INBC	-1.001	.595	-.252	-1.682	.104
	TAC	-.407	.194	-.318	-2.096	.046
	DCHG	.209	.201	.170	1.043	.306

a. Dependent Variable: FSFR

Based on the table above, the regression equation developed in this study is:

$$FSFR = 1.419 + 0.239 LEV + 0.042 SR - 1.192 INAC - 1.001 INBC - 0.407 TAC + 0.209 DCHG + e$$

From the results of the multiple linear regression equation, it can be explained that the constant of 1.419 states that if the independent variable *leverage*, *sales* ratio, number of independent members on the audit committee, number of independent members on the board of commissioners, total accrual income, and change of directors are considered equal to zero, it can increase financial statement fraud by 1.419.

### Hypothesis Test

#### Individual Parameter Significance Test (t Statistical Test)

This test serves to test partially (separately) whether the independent variables included in the model have a significant positive effect on the dependent variable. Based on Table 8, the t test results can be explained that first the significant value for the leverage variable (LEV) is 0.453 > 0.05. This means that the first hypothesis (H1) is rejected, so Ho is accepted, so *leverage* does not have a partially significant positive effect on financial statement fraud. Second the significant value for the Sales ratio variable (SR) is 0.221 > 0.05. This means that the second hypothesis (H2) is rejected, so Ho is accepted, so the *sales* ratio does not have a partially significant positive effect on financial statement fraud.

Third the significant value for the variable number of independent members in the audit committee (INAC) is 0.002 < 0.05. This means that the third hypothesis (H3) is accepted, so Ho is rejected, then the number of independent members in the audit committee has a partially significant negative effect on financial statement fraud. Fourth the significant value for the variable number of independent members in the board of commissioners (INBC) 0.104 > 0.05. This means that the fourth hypothesis (H4) is rejected, so Ho is accepted, then the number of independent members in the board of commissioners has no partially significant negative effect on financial statement fraud. Fifth the significant value for the total accrual income variable (TAC) 0.046 > 0.05. This means that the fifth hypothesis (H5) is rejected, so Ho is accepted, then

total accrual income does not have a partially significant negative effect on financial statement fraud. Sixth the significant value for the variable change in the board of directors ( $DCHG\ 0.306 > 0.05$ ). This means that the sixth hypothesis ( $H_6$ ) is rejected, so  $H_0$  is accepted, then the change in the board of directors does not have a partially significant positive effect on financial statement fraud.

### Simultaneous Significant Test (F Statistical Test)

This test is conducted to see the joint influence of the independent variables on the dependent variable (Ghozali, 2021).

Table 9. Simultaneous Significant Test Results (F-Test)  
Source: Secondary data processed, 2023

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.109	6	.851	3.294	.015 <sup>b</sup>
	Residuals	6.980	27	.259		
	Total	12.088	33			

a. Dependent Variable: FSFR

b. Predictors: (Constant), LEV, SR, INAC, INBC, TAC, DCHG

From the table above, the results of the simultaneous significant test (F test) of the hypothesis above are known that the F-count is 3.294 with a significance value of  $0.015 < 0.05$ . Therefore,  $H_0$  is rejected, which means that the regression model used is feasible and simultaneously all the independent variables have an influence on financial statement fraud.

### Test Coefficient of Determination (*Adjusted R<sup>2</sup>*)

*Adjusted R<sup>2</sup>* is adjusted determination, which means the magnitude of the influence of independent variables that have been caused by the influence of the error term together on the dependent variable.

Table 10. Results of the Coefficient of Determination *Adjusted R<sup>2</sup>* Model Summary  
Source: Secondary data processed, 2023

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.650 <sup>a</sup>	.423	.294	.50843

a. Predictors: (Constant), LEV, SR, INAC, INBC, TAC, DCHG

In the coefficient of determination test  $R^2$  seen in the table above shows the *adjusted R square* value of 0.294 or 29.4%. This shows that all the independent variables contributes to the influence on fraudulent financial statements (FSFR) by 29.4% while the remaining 70.6% is influenced by other variables that are not included in the research model.

## Discussion

### The Effect of Pressure Variables With *Leverage* Proxies on Financial Statement Fraud

The results of this study indicate that there is no influence Pressure with *leverage* proxy on financial statement fraud. This can be seen from the results of hypothesis testing showing the value of Sig.  $0.453 > 0.05$ . From the test results, it can be concluded that based on the data used, there is insufficient statistical evidence to indicate a significant effect of the pressure variable

with *leverage* proxy on the financial statement fraud variable. This shows that changes in the pressure variable with *leverage* proxy do not directly affect the occurrence of fraudulent financial statements in the context of the data analyzed.

The results of this study are in accordance with the results of research by Skousen et. al. (Daljono, 2013). That the tendency of companies to commit fraud with low *leverage* characteristics is more likely due to creditors currently no longer considering the amount of *leverage* generated, but there are other considerations such as the level of trust or good relationship between the company and creditors. In addition, many companies prefer to reissue shares to obtain additional business capital from investors without having to enter into new debt agreements which cause the company's debt burden to become greater and the company's financial *leverage* is lower.

It is possible that other variables outside the *leverage* variable have a more significant influence on the occurrence of fraud. For example, internal control factors, security policies, or human factors may have a greater impact on the occurrence of fraud than the *leverage* variable. In this case, the *leverage* variable may not be strong enough to significantly influence the occurrence of fraud when other factors become more dominant.

#### **The Effect of Pressure Variables with Sales Ratio Proxies on Financial Statement Fraud**

The results of this study indicate that there is no effect of pressure with the *Sales* ratio proxy on financial statement fraud. This can be seen from the results of hypothesis testing showing a Sig value.  $0,221 > 0,05$ . The results of this study are in line with the results of Wahyuningtias's research (2016) but not in line with the results of Skousen's research (2009).

*The sales* ratio proxy has no significant effect on financial statement fraud. This means that the company's sales performance, as measured by the *sales* ratio, is not a determining factor in the occurrence of fraud in the financial statements. In this context, companies with high or low *sales* ratios do not directly affect the likelihood of fraud. However, it is important to note that financial statement fraud is influenced by various other factors such as effective internal controls, corporate ethics, good segregation of duties, and strong supervision. Therefore, companies should still pay attention to these factors in an effort to prevent financial statement fraud.

#### **The Influence of Opportunity Variables with the Proxy of the Presentation of Independent Members in the Audit Committee on Financial Statement Fraud**

The results of this study indicate that there is a significant negative effect of the opportunity variable with the proxy for the presentation of independent members on the audit committee on financial statement fraud. This can be seen from the results of hypothesis testing showing a Sig value.  $0,002 < 0,05$ . The results of this study are in line with the results of Fadilah and Wahidahwati (2019) but not in line with the results of Prakoso & Setiyorini's research (2021).

The results of this study indicate that a larger number of independent audit committees will increase supervision, thereby reducing management's opportunity to commit financial statement fraud.

The presence of independent members on the audit committee is expected to provide an objective perspective and improve oversight of financial reporting. Although the percentage of independent members in the audit committee is not a direct factor that can reduce fraud, research shows that audit committees with strong and competent independent members can play an important role in preventing fraud (Bell & Carcello, 2000).

### **The Influence of Opportunity Variables with the Proxy of the Presentation of the Independent Board of Commissioners on Financial Statement Fraud**

The results of this study indicate that there is no effect of the opportunity variable with the proxy for the presentation of the independent board of commissioners on financial statement fraud. This can be seen from the results of hypothesis testing showing a Sig value.  $0,104 > 0,05$ . This research is in line with research conducted by (Apriani et al., 2017) that the opportunity variable with the proxy for the presentation of the independent board of commissioners partially has no significant effect on fraudulent behavior. This research is not in line with Oktarigusta (2017) which states that the portion of the board of commissioners has a significant effect on financial statement fraud.

Based on the results of the analysis, the research findings show that the opportunity variable does not have a significant effect on financial statement fraud. This means that even though there is an opportunity to commit fraud, the opportunity factor does not significantly affect the occurrence of fraud in the company's financial statements. These results indicate that other factors may have a more dominant role in influencing financial statement fraud. In addition, the proxy for the presentation of the independent board of commissioners also has no significant effect on financial statement fraud. The percentage of independent commissioners in the company does not have a strong relationship with the incidence of fraud. This means that the presence of independent board members in the audit committee, although important for transparency and accountability, does not directly affect the level of financial statement fraud.

### **The Effect of Rationalization with the Proxy of Total Accrual Income on Financial Statement Fraud**

The results of this study indicate that there is a negative significant effect on the rationalization variable with the proxy of total accrual income on financial statement fraud. Thus the hypothesis developed cannot be accepted. This can be seen from the results of hypothesis testing showing the value of Sig.  $0.046 < 0.05$  and the value of  $t-2.096$ . Rationalization is the practice of changing the numbers in the financial statements with the aim of manipulating the company's financial performance. Meanwhile, the total accrual income proxy is a measure that describes the extent to which the company uses the accrual method in producing its financial statements. The results of the study are in line with Sihombing's research (2014) which states that rationalization as measured by the presentation of total accruals has no effect on financial statement fraud. The results of this study are not in line with the results of Oktarigusta's research (2017) which states that the ratio of total income to total accruals affects financial statement fraud.

### **The Effect of Ability with the Proxy of Change of Directors on Financial Statement Fraud**

The results of this study indicate that there is no effect of *capability* on financial statement fraud. This can be seen from the results of hypothesis testing showing a Sig value.  $0,306 > 0,05$ . The results of this study are supported by research conducted by Suparmini et al. (2020) which states that *capability* has no effect on indications of financial statement fraud. The results of this study are not in line with the results of Sihombing's research (2014). Capability refers to the expertise, knowledge, and experience of members of the board of directors in managing the company, while the proxy for turnover of directors is an indicator that describes the level of turnover of members of the board of directors in a certain period of time. In this context, relevant research may show that ability with the proxy of board of directors turnover has no significant effect on financial statement fraud. That is, despite the turnover of directors or fluctuations in the composition of the company's board of directors, there is no strong relationship with the

occurrence of fraud in the financial statements. The effect of ability with the proxy of change of directors on financial statement fraud may vary depending on contextual factors such as industry, company size, and regulatory environment. In addition, other factors such as corporate ethics, organizational culture, and corporate governance may also influence the occurrence of financial statement fraud.

#### **4. CONCLUSIONS AND SUGGESTIONS**

##### **Conclusions**

From the test results that have been carried out, then it can be concluded that pressure with the proxy leverage ratio, pressure with the proxy sales ratio, opportunity with the proxy of the position of independence members in the board of commissioners, and ability with the proxy for change of directors have no influence on financial statement fraud so that H1, H2, H4, H6 are rejected. For Opportunity with the proxy of the position of independent members on the audit committee has a negative effect on financial statement fraud so that H3 is accepted, while rationalization with the proxy of total accrual income has a negative effect on financial statement fraud so that H5 is rejected because of its direction different from what was hypothesized.

##### **Limitations**

The population and research sample are only limited to Islamic banking companies registered with the Financial Services Authority for the period 2016-2022. The number of samples is only 8 Islamic Commercial Banks and the number of samples is only 56 so that the research results cannot generalize from banking companies. Adding the independent variables used because there are still many other types of variables that can be used such as internal pressure as measured by financial targets, ineffective monitoring.

##### **Suggestions**

Population and samples should be taken from all banking companies, so that the data processed can generalize matters directly related to fraudulent financial statements. Replace variables that are felt to be unrelated to the influence on fraudulent financial statements and replace them with more relevant variables such as *financial targets*, *ineffective monitoring*, accounting firm changes and others.

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