

***DETERMINANTS OF FRAUDULENT FINANCIAL REPORTING: ANALYSIS OF
FRAUD HEXAGON IN THE BANKING SECTOR COMPANIES LISTED ON THE
INDONESIA STOCK EXCHANGE FROM 2018 TO 2022***

ABSTRACT

The purpose of this research is to analyze the fraud hexagon in relation to Fraudulent Financial Reporting. The elements of the fraud hexagon theory cannot be directly examined and require proxy variables. Pressure is measured through Financial Target, Capability is measured through Change of Director, Collusion is measured through the proportion of independent Commissioners, Opportunities are measured through The Number of Audit Committee Members, Rationalization is measured through Change in Auditor, and Ego/Arrogance is measured through the Frequent Number of CEO's Pictures. The testing is conducted on the banking sector companies listed on the Indonesia Stock Exchange from 2018 to 2022. The sample is selected using purposive sampling technique, resulting in 31 companies with 131 data points. The data used in this study are secondary data obtained from the companies' annual reports. The results of this study indicate that the Proportion of Independent Commissioners has a positive influence on Fraudulent Financial Reporting, while Change of Director and Frequent Number of CEO's Pictures have a negative influence on Fraudulent Financial Reporting. However, Financial Target and The Number of Audit Committee Members do not have a significant influence on fraudulent financial reporting.

Keywords: Fraud, Fraud Hexagon, fraudulent financial reporting.

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