

ABSTRACT

This study aims to examine and analyze the effect of internal control and ethical culture on fraud prevention and good corporate governance as intervening variables. This study used a survey method with research samples conducted at Rural Banks (BPR) in Central Java, the method was carried out using a purposive sampling method which resulted in a sample of 39 out of 39 Rural Banks (BPR).

This study is a quantitative study using path analysis with a research tool in the form of SmartPLS software version 3.2.9 for testing the research hypothesis. The results of the study concluded that internal control (X1) has a positive and significant effect on fraud prevention (Y), while ethical culture (X2) has a negative and significant effect on fraud prevention (Y). Thus, it can be said that internal control variables can prevent fraud in rural credit banks, inversely proportional to the ethical culture variable which cannot be a factor for fraud prevention in rural credit banks. Furthermore, studies show that the variable good corporate governance (Z) can mediate internal control (X1) against fraud prevention (Y). However, good corporate governance (Z) cannot mediate between ethical culture (X2) and fraud prevention (Y).

Keywords: *Internal Control, Ethical Culture, Fraud prevention, Good Corporate Governance*

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