

ABSTRACT

This study aims to provide empirical evidence of the effect of the fraud hexagon element in detecting financial statement fraud, with institutional ownership as a moderating variable. The study uses secondary data, in the form of financial statements of financial sector companies available on the IDX 2018-2022. Based on purposive sampling technique, 250 financial statement observation data were obtained. The results showed that the elements of ability (financial expertise of directors) and collusion (related party transaction) had a positive effect on financial statement fraud. While other elements such as pressure (financial targets), rationalization (auditor turnover), opportunity (effective monitoring), and arrogance (remuneration of directors) proved to have no effect on financial statement fraud. The results of this study also provide evidence that institutional ownership is unable to moderate the elements present in the fraud hexagon model

Keywords: Fraud hexagon, Institutional ownership, Fraud financial statement

