

ABSTRACT

This study aims to analyze the pentagon fraud on fraudulent financial statements in banking companies listed on the Indonesia Stock Exchange. The sampling technique used was purposive sampling with a time period of 2018 – 2021 with a total sample data of 128 companies. The analysis was carried out by logistic regression analysis using the SPSS program.

The pentagon fraud theory shows five factors that influence fraudulent financial statement, namely pressure, opportunity, rationalization, capability, and arrogance. Pressure is proxied by financial target, financial stability and external pressure. Opportunities are proxied by nature of industry and ineffective monitoring. Rationalization is measured by total accrual and change in auditor. Capability to use measurement through change in directors. Arrogance is proxied by arrogance. The data analysis technique used is logistic regression analysis. The results of this study prove that financial target, nature of industry, and arrogance have a positive effect on fraudulent financial statement. financial stability and external pressure have a negative effect on fraudulent financial statement. Meanwhile, ineffective monitoring, total accrual, change in auditor and change in directors have no significant effect on fraudulent financial statement.

Keywords : Fraudulent Financial Statements, Fraud pentagon, pressure, opportunity, rationalization, capability, and arrogance.

