

Determinants of the Fraud Triangle in Detecting Fraudulent Financial Reporting in Banks Listed on the Indonesia Stock Exchange



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ABSTRACT: The purpose of this study is to determine the determinants of the fraud triangle, namely pressure, opportunity, and rationalization of fraudulent financial reporting in banks listed on the IDX. This research is an associative research. The sample of this research was 15 banks listed on the Indonesia Stock Exchange which were taken using a purposive sampling method. The data analysis method used is quantitative analysis using a logistic regression analysis model. The data used is in the form of secondary data in the form of banking financial reports listed on the Indonesian Stock Exchange from 2018 – 2020. The results of the study show that pressure, opportunity, and rationalization together have a significant effect on fraudulent financial reporting.

1. INTRODUCTION

Fraud is an act of fraud or a mistake made by a person or entity who knows that this mistake can result in some unfavorable benefits for the individual or entity (Tiffani and Marfuah, 2015). Besides that, it can produce misleading information for users of financial statements, which in turn will affect the wrong decision making. Auditors should be able to detect fraudulent activity before it eventually develops into a very detrimental accounting scandal (Shinta, 2015). One form of fraud is fraudulent financial reporting, in which reports are consciously provided that are not in accordance with applicable accounting standards and are aimed at the interests of certain parties (Agustina & Pratomo, 2019).

Fraudulent financial reporting is intentional misrepresentation of the company's financial condition due to incorrect calculation of amounts or negligence in disclosing financial statements with the aim of deceiving stakeholders. Falsification, manipulation, changes to accounting records and supporting data that are incorrectly presented and deliberately omit important information and transactions from financial reports are included in fraudulent financial reporting activities (Bawekes et al, 2018)

Fraudulent financial reporting is a major risk in business and can have a long-term impact on success, thus requiring companies to develop preventive measures to ward off fraud. In order to provide a solution to fraudulent acts that occur, a world organization, namely the American Institute Certified Public Accountant (AICPA) issued Statement of Auditing Standards No. 99 (SAS No. 99) regarding Consideration of Fraud in a Financial Statement Audit. With the aim of increasing the effectiveness of the auditor in detecting fraud by assessing the risk factors for fraud that occur in the company. Fraud risk factors taken from SAS No. 99 is based on the fraud risk factor theory discovered by Cressey, known as the Fraud Triangle. (Tiffani, 2015).

Fraud Triangle is a theory developed by Donald R. Cressey in 1950 based on his research on the causes of people deciding to commit fraud which he called trust violators. (Gugus iraianto & Nurlita Novianti, 2018). According to Karyono (2013) explains that in the fraud triangle, fraudulent behavior is supported by three elements, namely pressure, opportunity and rationalization.

Based on the survey results, there are not a few fraud cases that occur in banking, including fraud cases in 2011 PT. Maybank Indonesia (Persero) Tbk has had customers' funds embezzled due to wrong operational standards (CNBCIndonesia, 2011). This case indicates that fraud also occurs in banking.

Several studies on fraudulent financial statements have been conducted by previous researchers using financial targets as a variable for detecting fraudulent financial statements. Research by Indarto & Ghazali (2016), Santoso (2019) and Vivianita & Indudewi (2019) shows that financial targets have a significant effect on fraudulent financial statements. This is based on management as an agent trying to show the best possible company performance and when the company cannot meet the target. then management is forced to manipulate the financial statements. However, this research is not in line with Thereskia et al (2020), which states that pressure has no significant effect on fraudulent financial reporting.

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Previous research was conducted by Tiffani (2015), Utomo (2018) and Thereskia regarding opportunity, Ulfah et al (2017), Faradiza (2017) and Thereskia et al (2020) regarding the rationalization variable showing that opportunity has an effect on fraudulent financial reporting. However, this study is different from Yesiariani et al (2017), Rahayu (2019), Samuel et al (2021) which show that opportunity has no effect on fraudulent financial reporting because supervisory actions carried out by an independent board of commissioners cannot be ascertained whether it has been running effectively or not and not ensure that other parties do not interfere. Likewise with research conducted by Apriliana & Agustina (2017) and Nuryuliza & Triyanto (2019) which obtained the result that changing auditors had no effect,

In the preliminary survey of banks listed on the Indonesia Stock Exchange, there were around 31% or as many as 15 banks that indicated they were experiencing fraudulent financial reporting. There were 4 (four) banks with negative financial targets and the rest had low financial targets. There are 11 banks that have an independent board of commissioners less than 60% of the total board of commissioners, which means that the level of ineffective monitoring is low and there are 11 banks that have indications of frequent auditor changes. Of course, all of the above can encourage fraudulent financial reporting.

Based on the description of the phenomenon above, this study aims to examine the determinants of the Fraud Triangle (Pressure, Opportunity and Rationalization) in detecting Fraudulent Financial Reporting in Banks listed on the Indonesia Stock Exchange by looking at the effect of Pressure, Opportunity and Rationalization on Fraudulent Financial Reporting both together – equally or partially

Fraudulent Financial Reporting

Fraudulent Financial Reporting is a fraudulent act committed by company management in the form of a material misstatement in the financial statements so that the truth cannot be relied upon which can mislead users of financial statements in making decisions (Damayani, 2017). The consequences arising from fraudulent financial reporting can weaken the reliability of the company's financial statements and can reduce the level of trust in the financial market. more severe manipulation of accounting information can also cause doubts by users of financial statements for the decision-making process (Nasir et al, 2018).

According to Siddiq (2015) in Lailatul Imtikhani (2021) financial statement fraud can be measured by earnings management through discretionary accruals. Total accruals are classified into discretionary and non-discretionary components by measuring the actual total using the motivated Jones model. If the value of discretionary accruals is positive, it means that the company is not indicated for committing fraudulent financial reporting, conversely, if the discretionary accruals are negative, then the company is indicated for committing fraudulent financial reporting. In this study earnings management is measured using a dummy variable. If the value is 1 for negative discretionary accruals and a value of 0 for positive discretionary accruals

Fraud Triangle Theory

According to Cressey (1953) Fraud Triangle Theory is an idea about the causes of fraud called the Fraud Triangle. Fraud Triangle Theory is influenced by three dimensions, namely Pressure, Opportunity, Rationalization.

a. *pressure*(Pressure)

Pressure is a factor that drives fraud, pressure arises because of financial needs, lifestyle, and pressure from other parties (Dien Noviany Rahmatika, 2020). There are several reasons someone commits fraud due to pressure, namely (Marshall B. Romney, 2018):

- 1) Financial pressure, often motivates someone to commit fraud. someone who is under pressure cannot share the pressure he feels with others, so he believes that the wrong way out of this difficult situation is to commit fraud.
- 2) Emotional, motivated by greed which causes them to believe that they never feel enough for what they already have.
- 3) Lifestyle, such as gambling habits, drug and alcohol dependence.

The most frequent pressure is the pressure of financial needs. this need is often considered a need that cannot be shared with other people to jointly solve it so that it must be adjusted in secret and ultimately leads to fraud (Dwi Fitrianiingsih, 2021). According to SAS No.99 there are several general conditions that occur under pressure which result in cheating. One of them is Financial Targets. Financial Targets are proxied by Return on Assets (ROA). ROA is a profitability ratio used to assess how efficiently assets are used (Skousen and Twedt, 2009). ROA can be calculated by the formula:

$$ROA = \frac{Net\ Profit}{Total\ Assets}$$

b. *Opportunities* (Opportunity)

Opportunity is a person's personal circumstances that have indications of committing fraud driven by certain situations and conditions. (Marshall B. Romney, 2018). Opportunities arise due to weak sanctions, a malfunctioning internal control system (SPI)

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in detecting and preventing fraud and evaluating poor performance quality (Arum Ardianingsih, 2018). According to Priantara (2013), one of the opportunities for someone to commit fraud is influenced by the ineffectiveness of the internal control system (Ineffective Monitoring). Ineffective Monitoring is proxied by IND which is the ratio of independent commissioners which can be calculated by the formula:

$$IND = \frac{\text{The Number of Independent Commissioners}}{\text{Total Commissioner Council}}$$

c. Rationalization (Rationalization)

Justification (rationalization) is an attitude of someone who defends or justifies his own behavior even though what he is doing is a mistake. (W. Steve Albrecht, 2009). This justification (rationalization) allows fraud perpetrators to justify their illegal behavior. as shown by the Fraud Triangle dimension, rationalizations for example "all I take is their debt to me", attitudes such as "rules apply to other people, not me", low personal integrity for example "being an honest person is not important, the most important thing is get what I want." that is, perpetrators of fraud rationalize dishonesty, where honesty and integrity are unnecessary. Justification is defined as the behavior of looking for excuses that the actions they are taking are correct and are used to in society (Arum Ardianingsih, 2018). According to (Ardianingsih, 2018:80). Justification is a dimension of the fraud triangle that is not easy to measure. Because perpetrators who are used to dishonesty will find it easier to rationalize fraud, but perpetrators who have better morals may find it difficult to do so.

In this study, rationalization is measured by looking at the change of auditors. Auditor switching is used by companies to eliminate fraud trails found in previous auditors. The replacement of independent auditors is carried out by management as a justification or rational reason in justifying the fraudulent actions they have committed (Septriyani & Handayani, 2018). Auditor turnover in this study was assessed through changes in public accounting firms (KAP). Companies that change Public Accountant Offices (KAP) in the research process will be coded 1, and if there is no change of KAP in the research process they will be coded 0. Furthermore, the input results from the dummy data will be used as a nominal scale to test how big the company's tendency is to replace or change KAP every year.

2. METHODOLOGY

This research is an associative research. Case studies on banking listed on the Indonesia Stock Exchange (IDX) with a website www.idx.co.id. Operational Definition The variable in this study is Pressure (X1), which is a factor that drives the emergence of fraud. The highest pressure is the financial target. Opportunity (X2) is a condition that gives a person the possibility to commit fraud. Rationalization (X3) is a search for justification for activities that contain fraud. Fraudulent Financial Reporting (Y) is an intentional act of manipulation and material misstatement of the financial statements.

The population used in this study is all banks listed on the Indonesia Stock Exchange for the period 2018 – 2020, totaling 48 banks. The sampling technique uses Side Purpose so that the research sample obtained is 15 banks. The use of data in this study is secondary data in the form of secondary data in the form of financial reports from 2018 – 2020. This research uses quantitative data analysis. The data analysis technique used was logistic regression analysis assisted by the statistical program for science (SPSS).

The stages in logistical regression analysis consist of descriptive statistics in the form of mean, median, mode, percentile, decile, quartile in the form of numerical and image analysis. The next stage is hypothesis testing. Feasibility Testing of the Logistic Regression Model with the Goodness of Fit Test and then the Wald Test. After testing the hypothesis, then do parameter estimation and logistic regression tests and test the Odds Value.

3. RESULTS AND DISCUSSION

Descriptive Statistics

Banking Listed on the IDX, period 2018 - 2020

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Table 1. Descriptive Statistics

Descriptive Statistics									
	N	Minimum	Maximum	Means	std. Deviation	Skewness		kurtosis	
	Statistics	Statistics	Statistics	Statistics	Statistics	Statistic	std. Error	Statistics	std. Error
Pressure	45	-.09230	.06778	.0022047	.02769353	-0.1602	.354	0.4604	.695
Opportunities	45	-3108.92945	154.00828	-99.2960887	522.66742067	-0.5147	.354	2.7439	.695
Rationalization	45	.00000	1.00000	.5111111	.50552503	-.046	.354	-2.093	.695
Y	45	.00000	1.00000	.6888889	.46817937	-.844	.354	-1.349	.695
Valid N (listwise)	45								

Source: Author Processed, 2022

Table 1 shows the number of respondents (N) there are 45, of these 45 respondents the smallest (minimum) pressure value is -0.09230 with the largest (maximum) value of 0.06778, the average value is 0.0022047 with a standard deviation value of 0.02769353. The smallest (minimum) Opportunity value is -3108.92945 with the largest (maximum) value of 154.00828, the average value is equal to -99.2960887 with a standard deviation value of 522.66742067. The smallest (minimum) Rationalization value is 0.00000 with the largest (maximum) value of 1.00000, an average value of 0.51111 with a standard deviation value of 0.50552503. The smallest (minimum) Y (Fraudulent Financial Reporting) value is 0.00000 with the largest (maximum) value of 1.00000, the average value of 0.68889 with a standard deviation value of 0.46817.

From the Skewness Value of each ie -0.1602, -0.5147, -.046 and -.844 and Kurtosis shows respectively 0.4604, 2.7439, -2.093 and -1.349 so that it can be concluded that the data for all variables is normal

Feasibility of Logistic Regression Model (Goodness of Fit Test)

1. Value -2 Log Likelihood (-2LogL)

Table 1. -2LogL Value Consists Only Of Constants

The -2LogL statistic is used to determine if the independent variable is added to the model whether it significantly improves the model fit, resulting in a -2LogL difference between the model consisting only of constants and the estimated model consisting of constants and independent variables following the chi square distribution with degrees of freedom (degrees of freedom).

Iteration History^{a,b,c}

Iterations	-2 log likelihoods	Coefficients
		Constant
Step 0	61,827	.222
	61,827	.223

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 61,827

c. Estimation terminated at iteration number 2 because parameter estimates changed by less than .001.

Source: Author Processed, 2022

Table 1 explains that result the initial -2Log Likelihood value before being included in the independent variable is 61,827, then a chi square is 60.48. The -2Log Likelihood value is greater than the chi square value (61,827 > 60.48), then it shows that the previous model included the independent variable is still not fulfilling

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test conditions whereas if based on -2LogL value consisting of constants and variables as shown in table 2 below:

Table 2. -2LogL Value Consists of Constants and Variables

Iteration History a,b,c,d						
Iterations		-2 log likelihoods	Coefficients			
			Constant	X1	X2	X3
Step 1	1	50,904	-1,232	2,336	2,909	-.388
	2	48,709	-1,823	4,028	4,250	-.491
	3	48,082	-2,123	5,506	4,906	-.528
	4	47,884	-2,169	6,771	4,999	-.526
	5	47,808	-2,162	8052	4,975	-.515
	6	47,787	-2.155	9.135	4,952	-.506
	7	47,785	-2.153	9,507	4,945	-.503
	8	47,785	-2.153	9,527	4,945	-.503
	9	47,785	-2.153	9,528	4,945	-.503

Source: Processed by the Author, 2022

Table 2 the output results above show that the final -2Likelihood value is 47.785, then the chi square table obtained is 56.94. so that H0 is accepted because $47.785 < 56.94$. This shows that the model after inputting variable X meets the test requirements.

2. Omnibus Test of Model Coefficient

Table 3. Omnibus Test Of Model Coefficient

Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
Step 1	step	14,041	3	.003
	blocks	14,041	3	.003
	Model	14,041	3	.003

Source: Processed by the Author, 2022

This test is conducted to test whether the independent variable is simultaneously on the dependent variable.

Table 3 shows that the output results in this study have a calculated chi square value of 14,041, then the chi square table obtained is worth 7.81 and $14,041 > 7.81$, so the significant value is 0.003 and smaller than 0.005, if the calculated chi square value is greater compared to the chi square table, the conclusion is that simultaneously variable x has a significant effect on variable Y.

3. Cox and Snell's R Square and Nagelkerke's R Square coefficients

This coefficient is used to find out how much the contribution of the independent variables, namely the Fraud Triangel (pressure, opportunity, rationalization) together with fraudulent financial reporting.

Table 4. Cox and Snell's R Square and Nagelkerke's R Square

Summary models

step	-2 log likelihoods	Cox & Snell R Square	Nagelkerke R Square
1	47.785a	.268	.359

a. Estimation terminated at iteration number 9 because parameter estimates changed by less than .001.

Source: Processed by the Author, 2022

Table 4 above is the coefficient used to find out how much the contribution of the independent variables, namely the Fraud Triangel (pressure, opportunity and rationalization) together with fraudulent financial reporting. The output results above present

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a Nagelkerke's R Square value of 0.359 or equivalent to 35.6%. So the conclusion is that the X variable in this study has the ability to explain the Y variable by 35.6%. And 64.4% is explained by other factor variables that are not taken by the researcher.

4. Hosmer and Lemeshow's Test

Table 5. Hosmer and Lemeshow's Test

Hosmer and Lemeshow's Testtest H₀ that the empirical data fits or fits the model (there is no difference between the model and the data so that the model can be said to be fit).

Hosmer and Lemeshow Test

step	Chi-square	Df	Sig.
1	12,758	7	.078

Source: Processed by the Author, 2022

Based on the output results above, it shows that the calculated chi square value is 12,758 which is smaller than the chi square table, which is equal to 14.07 with a significant value of 0.078 greater than 0.05. So that H₀ is accepted because there is no significant difference between variables.

Testing with the Wald Test

Table 6. The Wald test is carried out by entering the pressure, opportunity and rationalization variables one by one to determine the effect of each independent variable on the dependent variable.

Variables in the Equation

	B	SE	Wald	Df	Sig.	Exp(B)	95% CI for EXP(B)	
							Lower	Upper
StepX1	9,528	10,732	.788	1	.375	13732720	.000	18751570023801.242
1 ^a X2	4,945	2,473	3,997	1	046	140,452	1.102	17895.756
X3	-.503	.771	.425	1	.514	.605	.134	2,739
Constant	-2.153	1,188	3,282	1	.070	.116		

Source: Processed by the Author, 2022

Table 6 shows that variable pressure obtained regression coefficient of 9.528 with a significant level of 0.375 > 0.05. Because the significant level is greater than $\alpha = 0.05$, this means that pressure has no significant effect on fraudulent financial reporting, while the opportunity variable obtains a regression coefficient of 4.945 with a significant level of 0.046 < 0.05. Because the significant level is less than $\alpha = 0.05$, this means that opportunity has a significant effect on fraudulent financial reporting. on variables *rationalization* a regression coefficient of -0.503 is obtained with a significant level of 0.514 > 0.05. Because the significant level is greater than $\alpha = 0.05$, this is significant *rationalization* no significant negative effect on fraudulent financial reporting.

Parameter Estimation and Logistic Regression Test

Based on table 6 it shows the significance value of the variable Pressure and variables *Rationalization* > 0.05 so it can be concluded that there is no significant effect between the variables Pressure and *Rationalization* on Fraudulent Financial Reporting while in the Opportunity variable there is an influence on Fraudulent Financial Reporting, the logistic regression equation model is formed as follows:

$$\pi = \frac{\exp(-2.153 + 4.945X_2)}{1 + \exp(-2.153 + 4.945X_2)} = \frac{e^{-2.153 + 4.945X_2}}{1 + e^{-2.153 + 4.945X_2}}$$

Odds Value Test

Odds value is a way of presenting probability which explains the probability that the event will occur if divided by the probability that the event will not occur. Based on table 6 it is known that the exp value (B) of variable X1 or *pressure* as big 13,732,720 and this indicates that if there is Pressure, Fraudulent Financial Reporting will increase by 13,732,720 times compared to that without Pressure. Then for a B value of 9,528 this indicates that there is Pressure, it has a positive relationship with an increase in Fraudulent Financial Reporting.

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The output results for variable X2 or Opportunity show that the value of exp (B) is 140,452 and this indicates that if there is an Opportunity, Fraudulent Financial Reporting will increase by 140,452 720 times compared to that without Opportunity. Then for a B value of 4,945 this indicates that there is an Opportunity that has a positive relationship with an increase in Fraudulent Financial Reporting. Output results for variable X3 or *Rationalization* shows that the value of exp (B) is 0.605 and this indicates that if there is *Rationalization* then Fraudulent Financial Reporting will increase by 0.605 times compared to the absence of *Rationalization*. Then for a B value of -0.503 this indicates that there is *Rationalization* then it has a negative relationship with the increase in Fraudulent Financial Reporting.

Effect of Pressure, Opportunity and Rationalization on Fraudulent Financial Reporting.

Based on test results *Omnibus Test Of Model Coefficients* shows that Pressure, Opportunity and Rationalization together have a significant effect on Fraudulent Financial Reporting listed on the Indonesia Stock Exchange (IDX) in 2018-2020 so these results show that the higher the Pressure, Opportunity and Rationalization, the higher the level of Fraudulent Financial Reporting.

This research is in line with Tran (2020) Agency theory is part of the classic problem that there are different ways between managers and investors in terms of taking risks in investment strategies. Managers prefer much lower risk than investors because investors can diversify their assets into several types of financial assets while managers take full risk of their human resources with their current companies.

The agency theory also provides a boundary between the interests of the principal and the agent, in which the principal compensates the agent for his services managing the company and incurs monitoring costs to limit the activities of the agent so that they do not deviate, while the agent is responsible to the principal managing the company. These results are supported by research conducted by Thereskia Pinta Nauli Pane, et al (2020) examining fraudulent financial statements from a Fraud Triangle perspective. With results that prove there is an effect of pressure, opportunity and rationalization on fraudulent financial reporting.

Influence pressure towards Fraudulent Financial Reporting.

Based on the results of the Wald test hypothesis test, Pressure has no effect on *Fraudulent Financial Reporting* listed on the Indonesia Stock Exchange (IDX) in 2018-2020. The test results state that Fraudulent Financial Reporting in Banking listed on the IDX when viewed from the pressure as measured by financial targets through ROA calculations, most produce positive ROA which means the possibility of Fraudulent Financial Reporting in Banking is smaller so that it can be seen that the financial condition Banking is in good shape. These results are supported by research conducted by Thereskia Pinta Nauli Pane, et al (2020), Ni Kadek Yulik Eachandewi, et al (2020) and Dwi Fitrianiingsih, et al (2021) researched financial statement fraud in the perspective of the fraud triangle. found results that pressure (financial target) has no effect on *fraudulent financial reporting*

The results of this study are not in line with Dien Noviany Rahmatika, (2020) which states that pressure is a factor that drives fraud, pressure arises because of financial needs, lifestyle, and pressure from other parties and according to Statement of Auditing Standards (SAS) No. 99, states that financial targets are under pressure which can lead to fraud

The Effect of Opportunity on Fraudulent Financial Reporting.

Based on the results of the Wald test hypothesis test (partial test), states that H0 is accepted and H1 is rejected. This means that Opportunity or ineffective monitoring has a positive and significant effect on *fraudulent financial reporting* in banks listed on the Indonesia Stock Exchange (IDX) in 2018-2020. These results are in accordance with the theory put forward by Marshall B. Romney which states that fraudulent financial reporting can arise if it is driven by certain situations and conditions, for example weak sanctions, a malfunctioning internal control system in detecting and preventing fraudulent financial reporting and also reinforced by Priantara's opinion. (2013) who said the opportunity to commit fraud, one of which is the ineffectiveness of the internal control system or *Ineffective Monitoring*.

These results are in line with the research conducted by Tiffani (2015), Utomo (2018) and Thereskia et al (2020) show that ineffective supervision has a significant effect on fraudulent financial statements because there are many independent commissioners, supervision within the company can be carried out effectively thereby reducing management opportunities to commit fraud because they feel there is no loophole in doing so. In contrast to the research conducted by Yesiariani et al (2017), Rahayu (2019) and Samuel et al (2021) shows that the ineffectiveness of oversight does not affect the independent board of commissioners who cannot ensure that oversight is carried out effectively and avoids interference from other parties.

Influence Rationalization towards Fraudulent Financial Reporting.

Based on the results of the Wald test hypothesis test (partial test), *rationalization* no effect on *fraudulent financial reporting* listed on the Indonesia Stock Exchange (IDX) in 2018-2020. These results are in line with research conducted by Apriliana & Agustina

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(2017) and Nuryuliza & Triyanto (2019) who obtained the result that auditor changes had no effect, because auditor changes could have been caused by other things such as dissatisfaction with auditor performance.

In addition, the results of this test prove that *rationalization* hard to measure. According to Beneish et al (2005), measurement of rationalization can use total accruals to assess the probability of manipulation. In research conducted by Dwi Fitriyaningsih et al (2021) which measures rationalization using total accruals and the results also show that total accruals have no effect on fraudulent financial reporting. In contrast to research conducted by Ulfah et al (2017), Faradiza (2017) and Thereskia et al (2020) regarding auditor turnover, it states that auditor turnover has a significant effect on financial statement fraud, this is because companies that frequently change auditors are attempt to cover up fraud discovered by the old auditors.

4. CONCLUSION

Based on the explanation of the results of the previous discussion, the following conclusions can be drawn:

- a. *Pressure*, *Opportunity* and Rationalization together have a significant effect on Fraudulent Financial Reporting so these results show that the higher the Pressure, Opportunity and Rationalization in Banking, the higher the level of Fraudulent Financial Reporting so it can be said that Pressure, Opportunity and Rationalization can be used as instruments in detecting Fraudulent Financial Reporting in Banking listed on the Indonesia Stock Exchange
- b. *pressure* and Rationalization does not have a significant effect on Fraudulent Financial Reporting in Banking. The Pressure variable cannot be used as a tool for detecting Fraudulent Financial Reporting if the bank's financial condition is stated to be good so that the possibility of Fraudulent Financial Reporting is getting smaller while the Rationalization variable cannot fully be used as a Fraudulent Financial Reporting detection tool because Rationalization is difficult to measure.
- c. *Opportunity* has a significant effect on Fraudulent Financial Reporting, which means that this variable can be used as a tool to detect Fraudulent Financial Reporting in banks listed on the Indonesia Stock Exchange.

5. SUGGESTION

Based on the research results above, here are some suggestions related to the research results obtained, among others

- a. This study measures the Fraud Triangle by using a dummy proxy for ordinary proxies, so it is recommended that future researchers use proxies others in full to determine the effect.
- b. This research only measures *Financial Targets*, *Ineffective Monitoring* and Change in Auditor is suggested by future researchers to be able to measure using other ratios such as Financial Stability, External Pressure, Nature of Industry, Quality of External Audit, Organizational Structure, Frequent Number of CEO's Picture (CEO) and many more.
- c. This research can be used as one of the considerations for investing, it is suggested that investors in making investments should pay attention to the information in financial reports, especially the fraud triangle which is measured by ratios as a material consideration in making investment decisions and to find out whether there is fraud in financial reporting. .
- d. Future researchers are expected to use a wider scope by taking samples of other sector companies to obtain the results of their influence.

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