

Fraud Triangle Analysis to Detecting Fraudulent Financial Statements in Banking Companies on The Indonesian Stock Exchange

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ABSTRAK

Abstrak: Penelitian ini bertujuan untuk menganalisis pengaruh *fraud triangle* yaitu terdiri dari *financial stability*, *personal financial need*, *external pressure*, *financial targets*, *ineffective monitoring*, *nature of industry*, *rationalization* terhadap kecurangan laporan keuangan pada Perusahaan perbankan yang terdaftar di Bursa Efek Indonesia tahun 2016-2021. Metode penentuan sampel yang digunakan dalam penelitian ini adalah *purposive sampling* yang kemudian diperoleh 15 perusahaan yang memenuhi kriteria dari 49 perusahaan perbankan yang terdaftar. Data dianalisis menggunakan regresi linear berganda. Hasil penelitian menunjukkan bahwa *financial stability*, *personal financial need*, *external pressure*, dan *financial targets* berpengaruh terhadap kecurangan laporan keuangan sedangkan *ineffective monitoring*, *nature of industry*, dan *rationalization* tidak berpengaruh terhadap kecurangan laporan keuangan.

Kata Kunci: *Fraud Triangle; financial stability; personal financial need; external pressure; financial targets; ineffective monitoring; nature of industry; rationalization.*

Abstract: *This study aims to analyze the effect of fraud triangle consisting of financial stability, personal financial need, external pressure, financial targets, ineffective monitoring, nature of industry, rationalization on financial statement fraud of banking companies listed on the Indonesia Stock Exchange in 2016-2021. The sampling method used in this research was purposive sampling which then obtained 15 companies that met the criteria from 49 registered banking companies. Data were analyzed using multiple linear regression. The research results show that financial stability, personal financial need, external pressure, and financial targets have an effect on financial report fraud, while ineffective monitoring, nature of industry, and rationalization have no effect on financial report fraud.*

Keywords: *Fraud Triangle; financial stability; personal financial need; external pressure; financial targets; ineffective monitoring; nature of industry; rationalization.*

A. INTRODUCTION

The issuance of financial statements is carried out to provide information about the financial position, financial performance and cash flow of the entity that is useful for most users of financial statements in making

economic decisions. To be said to be useful, the financial statements must contain information that is relevant (relevance) and reliable (reliability). According to A Statement of Basic Accounting Theory (ASOBAT), the concept of relevance is that information must relate to actions designed to facilitate or produce desired results. Reliable financial statements have information that is free from errors and irregularities, and has been properly assessed and presented in accordance with its purpose. However, in some cases, company manipulates their financial report to show the company's financial condition as well as possible with the assumption that users of financial statements consider the company's management performance to be good. This manipulation action is a form of fraud (Martantya, 2013).

Fraud is all activities that rely on fraud to gain profit. There are three conditions that can trigger fraud, namely pressure, opportunity, and rationalization, which are then known as the fraud triangle. The Fraud Triangle theory was first introduced by Cressey (1953) as an approach to detecting fraud.

According to Statement of Auditing Standards No. 99 (SAS No. 99), there are four types of pressure that lead to fraud, namely financial stability, external pressure, personal financial need and financial targets. Furthermore, the conditions that can detect fraud are opportunity, namely the nature of industry and ineffective monitoring variables. Then, the last condition that causes fraud is rationalization. Based on a report entitled "Report to the Nations" published by The Association of Certified Fraud Examiners or ACFE in 2022, it shows that fraud cases on financial statements are the least cases of various kinds of fraud but are very detrimental to a company, with an average loss of USD 593,000 and account for 9% of cases in the world.

This research was conducted because The Association of Certified Fraud

Examiners or ACFE revealed the results of its survey that the banking and financial services sector had the highest cases of various existing sectors, namely there were 351 cases with an average loss of USD 100,000. In Indonesia itself, there are several cases of fraud in banking companies, for example, the latest case is that in 2022 it was discovered that the customer service of one of the state-owned banks in Ketapang Regency allegedly corrupted interest and penalty income funds total Rp. 6.1 billion. This fraud can be known because the Assistant Micro Marketing Manager (AMPM) reported that the bank suffered a loss on January 31, 2022 even though the bank should have been in profit and coupled with the findings of abnormal balance anomalies in loan interest income accounts and penalty income (Cipta & Belarminus, 2022).

Previously, research using the fraud triangle was conducted by Utomo (2018). In his research, he argues that financial stability, financial targets, nature

of industry, and rationalization have no significant effect on fraudulent financial statements, while personal financial need has a significant positive effect on fraudulent financial statements, external pressure has a significant negative

effect on fraudulent financial statements, and ineffective monitoring has a significant effect on fraudulent financial statements.

In addition, Ramdany et al (2021) stated in their research that the pressure variable with the proxy of financial stability calculated using ACHANGE has a significant positive effect on financial statement fraud and the proxy of financial targets calculated with ROA has a significant positive effect on financial statement fraud. The opportunity variable with the nature of industry proxy calculated by INVENTORY has a significant positive effect on fraudulent financial statements and the ineffective monitoring proxy calculated by BDOUT shows no effect on fraudulent financial statements. Then, the rationalization variable with the change of auditor proxy has no effect on financial statement fraud.

Researchers hope to find a positive influence on financial stability, personal financial need, external pressure, financial targets, ineffective monitoring, nature of industry, and rationalization on financial statement fraud.

B. LITERATURE REVIEW

Agency Theory

Agency theory is a theory that was first discovered by Jensen and Meckling (1976). Jensen and Meckling state that an agency relationship is a contractual relationship, namely between one or more people (principal) hiring another person (agent) to perform some services on behalf of the principal which then involves delegating some authority in decision making.

The agent here has the responsibility to maximize the work that has been entrusted by the principal. Meanwhile, the principal is tasked with rewarding his work. In practice, agent performance assessment uses the basis of compensation. Thus, the agent tries in such a way as to achieve the target. If successful, the principal will provide the compensation to the agent. This then makes the agent encouraged to commit fraud to get more.

The problem that then arises from this principal and agent relationship is Information Asymmetry (Hayes et al., 2014). Information Asymmetry is a situation where the agent has more information about the company than the principal. This information asymmetry can change the meaning of accounting information. This unbalanced information cannot be used by the principal in making decisions.

Fraud

Fraud is defined as an intentional act that can cause material misstatement in the financial statements that are the subject of the audit (SAS No. 99). According to The Association of Certified Fraud Examiners or ACFE (2022) fraud or fraud in the world of work can be described through a fraud tree or fraud tree. On the fraud tree, the ACFE divides it into three classifications, namely:

1. Corruption

Corruption is a type of fraud committed by company employees by abusing their power and violating their obligations to obtain both direct and indirect

benefits. These include conflict of interest, bribery, illegal gratuities, economic extortion.

2. Asset Misappropriation

Asset Misappropriation is an act of theft or misuse of assets committed by employees at a company or organization where they work. These actions include theft of company cash, fraudulent bills or inflated company expense reports.

3. Financial Statement Fraud

Financial Statement Fraud is fraud committed by an employee by omitting material information or misstatements in an financial statements. This is done to cover up the true financial condition in order to gain an advantage. Included in this type of fraud is an employee who submits expenses on the financial statements to claim personal travel or meal allowances that do not actually exist.

Financial Statement Fraud

Report fraud can be defined as a scheme that causes material misstatement or omission of information in an organization's financial statements. With the occurrence of fraud in financial statements can mislead and harm investors or creditors. Financial statement fraud can be committed by presenting financial statements that are better than they actually are (over statement) or worse than they actually are (under statement) (ACFE, 2022).

Fraud Triangle Theory

Fraud Triangle is a theory proposed by Cressey (1953). This theory explains why someone commits fraud which is then widely used by organizations to describe the factors that cause fraud. Cressey divides it into three conditions, namely pressure (Pressure), opportunity (Opportunity), and rationalization (Rationalization).



Gambar 1 Fraud Triangle

1. Pressure

Pressure is a push to commit fraud occurring in employees (employee fraud) and by managers (management fraud) and this push occurs due to financial pressure, bad habits, work environment pressure and other pressures that fulfill lifestyle or life style such as the desire to have luxury goods (Karyono, 2013).

2. Opportunity

Opportunity exists due to weak internal controls. Weak internal controls will create opportunities to steal. Inadequate segregation of duties is a green light for employees to steal. If employees handle storage or even temporary access to assets while holding the accounting records for those assets, the potential for theft arises (Arens et al., 2016).

3. Rationalization

Rationalization is an act of justification for the fraud that has been committed. There is an attitude, character or set of values that allows management or employees to take dishonest actions or be in a stressful enough environment to make them rationalize fraud (Pebruary et al, 2020).

C. METHOD

Object of Research

Research on fraud triangle analysis to detect financial statement fraud is hypothesis testing. Thus, secondary data in the form of financial statement data is required as a research object in this study.

Variable Operationalisation

The variables used in this study are divided into two parts, namely the dependent variable and the independent variable. The dependent variable used in this study is financial statement fraud. Financial statement fraud will be calculated using the F-Score method. Measurement using F-Score is assessed with two components, namely accrual quality and financial performance (Skousen and Twedt, 2009), which can be formulated with the following equation:

$$\mathbf{F - Score = Accrual Quality + Financial Performance}$$

Accrual quality is calculated using the RSST accrual formula. Richardson et al (2005) state that accrual quality is calculated by RSST accrual which includes accruals of non-operating assets, non-current liabilities, and financial liabilities. The RSST accrual calculation model is as follows:

$$\mathbf{RSST\ accrual = \frac{(\Delta WC + \Delta NCO + \Delta FIN)}{AverageTotalAssets}}$$

Description:

$\Delta WC = (\text{Current Assets} - \text{Current Liability})$

$\Delta NCO = (\text{Total Assets} - \text{Current Assets} - \text{Investment and Advances}) - (\text{Total Liabilities} - \text{Current Liabilities} - \text{Long Term Debt})$

$\Delta FIN = (\text{Total Investment} - \text{Total Liabilities})$

$\text{Average Total Assets} = (\text{Beginning Total Assets} + \text{End Total Assets}) / 2$

Financial performance is calculated from changes in accounts receivable, changes in inventory accounts, changes in cash sales accounts, and changes in earnings before interest and taxes. The following is the calculation of financial performance:

$$\mathbf{Financial\ performance = changeinreceivable + changeininventories + changeincashsales + changeinearnings}$$

Description:

$$Change\ in\ receivables = \frac{\Delta Receivables}{AverageTotalAssets}$$

$$Change\ in\ inventories = \frac{\Delta Inventories}{AverageTotalAssets}$$

$$Change\ in\ cash\ sales = \frac{\Delta Sales}{Sales(t)} - \frac{\Delta Receivables}{Receivables(t)}$$

$$Change\ in\ earning = \frac{Earnings(t)}{Average\ Total\ Assets(t)} - \frac{Earnings(t-1)}{Average\ Total\ Assets(t-1)}$$

The company is said to have the potential to commit financial fraud if it has an F-Score value of more than 1, while if the F-Score value is less than 1,

the company does not have the potential to commit fraud against financial statements.

The independent variables used in this study are the three components contained in the fraud triangle, namely pressure, opportunity, and rationalization. The following is the method of measuring the independent variables used in this study:

Table 1. Measurement of Independent Variables			
No.	Variables	Indicator	Measurement
1.	<i>Financial Stability</i>	$ACHANGE = \frac{Total\ Aset\ t - Total\ Aset\ t-1}{Total\ Aset\ t}$	Ratio
2.	<i>External Pressure</i>	$LEV = \frac{Total\ Hutang}{Total\ Aset}$	Ratio
3.	<i>Personal Financial Need</i>	$OSHIP = \frac{Total\ saham\ yang\ dimiliki\ oleh\ orang\ dalam}{Total\ saham\ yang\ beredar}$	Ratio
4.	<i>Financial Target</i>	$ROA = \frac{Laba\ setelah\ pajak}{Total\ aset}$	Ratio
5.	<i>Nature of Industry</i>	$RECEIVABLE = \frac{(Receivable_t / Sales_t - Receivable_{t-1} / Sales_{t-1})}{}$	Ratio
6.	<i>Ineffective Monitoring</i>	$BDOUT = \frac{Jumlah\ dewan\ komisaris\ independen}{Jumlah\ total\ dewan\ komisaris}$	Ratio
7.	<i>Rationalization</i>	$AUDCHANGE =$ a dummy variable for change in auditor where 1 = if there is change in auditor and 0 = no change in auditor.	Dummy Variable

Population and Sample

The population in this study are banking companies listed on the Indonesia Stock Exchange in 2016-2021. Companies listed on the Indonesia stock exchange total 49 companies. Sampling is done by purposive sampling.

Purposive sampling is a sampling technique with certain considerations. This method is used in order to obtain a representative sample according to predetermined criteria. The criteria for sampling in this study are as follows:

1. Companies that are listed and not delisted on the Indonesia Stock Exchange for the period 2016-2021.
2. The company earned profit during the period 2016-2021.
3. Companies that publish financial reports and have complete data related to research variables on the company website or IDX website in 2016-2021.

In this study, 15 companies became samples that met the criteria from 49 total samples of banking companies.

Data Collection Technique and Data Analysis

The data collection techniques used in this study are documentation and observation techniques. Data collection is done by collecting financial reports of banking companies listed on the Indonesia Stock Exchange in 2016-2021 from the official website of the Indonesia Stock Exchange (www.idx.co.id). The data will then be analyzed using the multiple regression method using SPSS.

D. RESULT & DISCUSSION

Descriptive Statistical Analysis Results

Tabel 2. Descriptive Statistical Analysis
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Stability	90	-.08	.44	.1000	.07607
Personal Financial Needs	90	.000005	.125465	.00793320	.021995916
External Pressure	90	.72	.92	.8261	.05117
Financial Targets	90	.0002	.0325	.013759	.0079451
Ineffective Monitoring	90	.33	.75	.5773	.08990
Nature of Industry	90	-2.83	2.65	.1839	.81742
Rationalization	90	.00	1.00	.5000	.50280
Financial Statement Fraud	90	-1.30	.69	-.6061	.28132
Valid N (listwise)	90				

Source : Results of Data Processing SPSS version 25 (2023)

From the results of descriptive statistical analysis in table 2. It is known that the number of units of analysis (N) in this study is 90 units consisting of 15 banking companies listed on the Indonesia Stock Exchange (IDX) with a total of 6 periods, namely from 2016-2021.

Based on table 2, it is known that the results of descriptive statistical analysis of variables are:

1. The financial statement fraud variable or proxied by F-Score has a minimum value of -1.30 and a maximum value of 0.69. The average value of financial statement fraud from 2016-2021 is -0.6061. Seeing the average financial statement fraud value which is negative and less than 0, it can be concluded that some companies do not carry out non-cash and non-equity change activities. The standard deviation value of financial statement fraud from 2016-2021 is 0.28132.
2. The financial stability variable has a minimum value of -0.08 and a maximum value of 0.44. The minimum value occurred at Bank Danamon Indonesia Tbk in 2016. The maximum value occurred at Bank BTPN Tbk in 2019. The average value of financial stability from 2016-2021 is 0.10 and the standard deviation value of financial stability from 2016-2021 is 0.07607.
3. The personal financial needs variable has a minimum value of 0.000005 and a maximum value of 0.125465. The minimum value occurred at Bank Maspion Indonesia Tbk in 2016. The maximum value occurred at Bank Capital Indonesia in 2016. The average value of personal financial needs from 2016-2021 is 0.0079332 and the standard deviation value of personal financial needs from 2016-2021 is 0.021995916.

4. The external pressure variable has a minimum value of 0.72 and a maximum value of 0.92. The minimum value occurred at Bank Mestika Dharma Tbk in 2020. The maximum value occurred at Bank Capital Indonesia in 2019. The average value of external pressure from 2016-2021 is 0.8261 and the standard deviation value of external pressure from 2016-2021 is 0.05117.
5. The financial targets variable has a minimum value of 0.0002 and a maximum value of 0.0325. The minimum value occurred at Bank Sinarmas Tbk in 2019. The maximum value occurred at Bank Mestika Dharma Tbk in 2021. The average value of financial targets from 2016-2021 is 0.1013759 and the standard deviation value of financial targets from 2016-2021 is 0.0079451.
6. The ineffective monitoring variable has a minimum value of 0.33 and a maximum value of 0.75. The minimum value occurred at Bank Mayapada International Tbk in 2021. The maximum value occurred at Bank Woori Saudara Indonesia 1906 Tbk in 2016-2021. The average value of ineffective monitoring from 2016-2021 is 0.5773 and the standard deviation value of ineffective monitoring from 2016-2021 is 0.0899.
7. The nature of industry variable has a minimum value of -2.83 and a maximum value of 2.65. The minimum value occurred at Bank Capital Indonesia in 2021. The maximum value occurred at Bank Mayapada International Tbk in 2020. The average value of nature of industry from 2016-2021 is 0.1839 and the standard deviation value of nature of industry from 2016-2021 is 0.81742.
8. The rationalization variable has a minimum value of 0 and a maximum value of 1. The average value of rationalization from 2016-2021 is 0.50 and the standard deviation value of rationalization from 2016-2021 is 0.5028.

Multiple Linear Analysis Results

Table 3. Multiple Linear Analysis Results

Coefficients^a					
		Unstandardized Coefficients	Std. Error	Standardized Coefficients	
	Model	B		Beta	t
1	(Constant)	-.646	.183		-3.525
	Financial Stability	.671	.299	.220	2.243
	Personal Financial Need	-1.852	.394	-.464	-4.702
	External Pressure	.021	.010	.202	2.202
	Financial Targets	.056	.023	.240	2.476
	Ineffective Monitoring	-.065	.044	-.140	-1.484
	Nature of Industry	-.205	.145	-.131	-1.418
	Rationalization	.072	.058	.113	1.242
					Sig.
					.001
					.028
					.000
					.030
					.015
					.142
					.160
					.218

a. Dependent Variable: Kecurangan Laporan Keuangan

Source: Data processed (2023)

Based on the table above, the multiple linear regression equation is obtained as follows:

$$Y = -0,646 + 0,671X_1 - 1,852X_2 + 0,021X_3 + 0,056X_4 - 0,065X_5 - 0,205X_6 + 0,072X_7 + \varepsilon$$

From the multiple linear regression equation, it can be analyzed as follows:

1. The constant of -0.646 is interpreted that if financial stability (X1), personal financial need (X2), external pressure (X3), financial targets (X4), ineffective monitoring (X5), nature of industry (X6) and rationalization (X7) are constant, then the value of financial statement fraud is -0.646.
2. The financial stability regression coefficient (X1) of 0.671 is interpreted that if financial stability increases by 1% (while other independent variables are considered constant), it will increase the value of fraudulent financial statements by 0.671.
3. The regression coefficient of personal financial need (X2) of -1.852 is interpreted that if personal financial need increases by 1% (while other independent variables are considered constant), it will reduce the value of fraudulent financial statements by -1.852.
4. The external pressure regression coefficient (X3) of 0.021 is interpreted that if external pressure increases by 1% (while other independent variables are considered constant), it will increase the value of fraudulent financial statements by 0.021.
5. The regression coefficient of financial targets (X4) of 0.056 is interpreted that if financial targets increase by 1% (while other independent variables are considered constant), it will increase the value of fraudulent financial statements by 0.056.
6. The regression coefficient of ineffective monitoring (X5) of -0.065 is interpreted that if ineffective monitoring increases by 1% (while other independent variables are considered constant), it will reduce the value of fraudulent financial statements by -0.065.
7. The nature of industry (X6) regression coefficient of -0.205 is interpreted that if the nature of industry increases by 1% (while other independent variables are considered constant), it will reduce the value of fraudulent financial statements by -0.205.
8. The rationalization regression coefficient (X7) of 0.072 is interpreted that if rationalization increases by 1% (while other independent variables are considered constant), it will increase the value of fraudulent financial statements by 0.072.

Determination Coefficient Test (R^2)**Tabel 4. The Result of Determination Coefficient Test (R^2)****Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.600 ^a	.361	.306	.20899
a. Predictors: (Constant), Rationalization, Nature of Industry, Ineffective Monitoring, External Pressure, Financial Targets, Financial Stability, Personal Financial Need				
b. Dependent variabel: Kecurangan Laporan Keuangan				

Source: Data processed (2023)

From the table above, it can be seen that the coefficient of determination is 0.306. This value indicates that the independent variable is able to explain the dependent variable by 30.6% and the remaining 69.4% is explained by other factors not examined in this study.

Partial Test (*t*-test)

Tabel 5. Partial Test Results (*t*-test)

Model		Coefficients ^a				
		Unstandardized		Standardize	t	Sig.
		Coefficients	Std. Error	d Coefficients		
1	(Constant)	-.646	.183		-3.525	.001
	Financial Stability	.671	.299	.220	2.243	.028
	Personal Financial Need	-1.852	.394	-.464	-4.702	.000
	External Pressure	.021	.010	.202	2.202	.030
	Financial Targets	.056	.023	.240	2.476	.015
	Ineffective Monitoring	-.065	.044	-.140	-1.484	.142
	Nature of Industry	-.205	.145	-.131	-1.418	.160
	Rationalization	.072	.058	.113	1.242	.218

a. Dependent Variable: Kecurangan Laporan Keuangan

Source: Data processed (2023)

Based on table 5 above, it can be concluded that:

1. The financial stability variable (X1) has a positive effect on financial statement fraud. This can be seen from the significance value of financial stability in the table which shows a number smaller than 0.05, namely 0.028 ($0.028 < 0.05$). comparison of t_{count} with t_{label} also shows the same thing where $t_{\text{count}} > t_{\text{label}}$ ($2.243 > 1.98932$), it means that the hypothesis is accepted.
2. The personal financial need (X2) variable has a negative effect on financial statement fraud. This can be seen from the significance value of personal financial need in the table which shows a number smaller than 0.05, namely 0.000 ($0.000 < 0.05$). Comparison of t_{count} with t_{label} also shows the same

thing where $t_{\text{count}} > t_{\text{tabel}}$ ($4.702 > 1.98932$), so that the second hypothesis is accepted.

3. The external pressure variable (X3) has a positive effect on financial statement fraud. This can be seen from the significance value of financial stability in the table which shows a number smaller than 0.05, namely 0.030 ($0.030 < 0.05$). Comparison of t_{count} with t_{tabel} also shows the same thing where $t_{\text{count}} > t_{\text{tabel}}$ ($2.202 > 1.98932$), this means that the third hypothesis is accepted.
4. The financial targets variable (X4) has a positive effect on financial statement fraud. This can be seen from the significance value of financial stability in the table which shows a number smaller than 0.05, namely 0.015 ($0.015 < 0.05$). Comparison of t_{count} with t_{tabel} also shows the same thing where $t_{\text{count}} > t_{\text{tabel}}$ ($2.2476 > 1.98932$), so that the fourth hypothesis is accepted.
5. The ineffective monitoring variable (X5) has no effect on financial statement fraud. This can be seen from the significance value of ineffective monitoring in the table which shows a number greater than 0.05, namely 0.142 ($0.142 > 0.05$). Comparison of t_{count} with t_{tabel} also shows the same thing where $t_{\text{count}} < t_{\text{tabel}}$ ($1.484 < 1.98932$).
6. The nature of industry variable (X6) has no effect on financial statement fraud. This can be seen from the significance value of nature of industry in the table which shows a number greater than 0.05, namely 0.160 ($0.160 > 0.05$). Comparison of t_{count} with t_{tabel} also shows the same thing where $t_{\text{count}} < t_{\text{tabel}}$ ($1.418 < 1.98932$).
7. The rationalization variable (X7) has no effect on financial statement fraud. This can be seen from the significance value of rationalization in the table which shows a number greater than 0.05, namely 0.218 ($0.218 > 0.05$). Comparison of t_{count} with t_{tabel} also shows the same thing where $t_{\text{count}} < t_{\text{tabel}}$ ($1.242 < 1.98932$).

Discussion

Based on the results of the t test, the financial stability variable is concluded to have an effect on financial statement fraud partially because the results obtained $t_{\text{count}} > t_{\text{tabel}}$ ($2.243 > 1.98932$) and the value of financial stability is smaller than the predetermined significance level ($0.028 < 0.05$). The results of this study are in accordance with several previous studies such as research from Chandrawati and Ratnawati (2021), Ramdany et al (2021), Rahman et al (2020) and Ningsih and Syarief (2021) which show that financial stability affects financial statement fraud.

Based on the results of the t test, the personal financial need variable is concluded to have an effect on fraudulent financial statements partially because the results obtained $t_{\text{count}} > t_{\text{tabel}}$ ($4.702 > 1.98932$) and the value of personal financial need is smaller than the predetermined significance level ($0.000 < 0.05$). The results of this study are in accordance with the research of Utomo (2018) and Nugroho (2017) which shows that personal financial need proxied

by the OSHIP ratio significantly affects financial statement fraud, this can be seen from the statistically significant value of p-value $0.002 < 0.05$.

Based on the results of the t test, the external pressure variable is concluded to have an effect on fraudulent financial statements partially because the results obtained $t_{\text{count}} > t_{\text{tabel}}$ ($2.202 > 1.98932$) and the value of external pressure is smaller than the predetermined significance level ($0.030 < 0.05$). The results of this study are in accordance with the research of Chandrawati and Ratnawati (2021) and Saiful et al (2017) which state that external pressure has a significant effect on financial statement fraud.

Based on the results of the t test, the financial targets variable is concluded to have an effect on fraudulent financial statements partially because the results obtained $t_{\text{count}} > t_{\text{tabel}}$ ($2.476 > 1.98932$) and the value of financial targets is smaller than the predetermined significance level ($0.015 < 0.05$). The results of this study are in accordance with the research of Ramdany et al (2021), Utami et al (2017), and Kurniawati (2021) which concluded that financial targets proxied by ROA have a significant positive effect on financial statement fraud.

Based on the results of the t test, the ineffective monitoring variable is concluded to have no effect on fraudulent financial statements partially because the results obtained $t_{\text{count}} < t_{\text{tabel}}$ ($1.484 < 1.98932$) and the value of ineffective monitoring is greater than the predetermined significance level ($0.142 > 0.05$). The results of this study support the research of Saiful et al (2017) and Edi and Victoria (2018) which concluded that ineffective monitoring has no significant effect on financial statement fraud.

Based on the results of the t test, the nature of industry variable is concluded to have no effect on fraudulent financial statements partially because the results obtained $t_{\text{count}} < t_{\text{tabel}}$ ($1.418 < 1.98932$) and the nature of industry value is greater than the predetermined significance level ($0.160 > 0.05$). The results of this study support research from Saiful et al (2017) and Wahyuni and Budiwitjaksono (2017) which concluded that nature of industry has no significant effect on financial statement fraud.

Based on the results of the t test, the rationalization variable is concluded to have no effect on fraudulent financial statements partially because the $t_{\text{count}} < t_{\text{tabel}}$ ($1.242 < 1.98932$) and the rationalization value is greater than the predetermined significance level ($0.218 > 0.05$). The results of this study are in accordance with the research of Ramdany et al (2021) and Utomo (2018) which concluded that rationalization has no significant effect on financial statement fraud.

E. CONCLUSION

Based on the results of the analysis and discussion of research on the effect of the fraud triangle consisting of financial stability, personal financial need, external pressure, financial targets, ineffective monitoring, nature of industry, rationalization on financial statement fraud in 15 banking companies

listed on the Indonesia Stock Exchange for the period 2016-2021, it can be concluded that:

1. *Financial stability, personal financial need, external pressure and financial targets have a significant effect on financial statement fraud partially in banking companies listed on the Indonesia stock exchange for the period 2016-2021.*
2. *Ineffective monitoring, nature of industry and rationalization have no significant effect on financial statement fraud partially in banking companies listed on the Indonesia Stock Exchange in 2016-2021.*

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