

ABSTRACT

The importance of financial statement information in influencing investor decisions often encourages companies to present their performance as positively as possible in the eyes of investors, which can trigger dishonest financial reporting or financial statement fraud, defined as the deliberate misstatement of financial reports intended to deceive stakeholders such as investors and regulators. This study was conducted to analyze the effect of the fraud heptagon on the tendency of fraudulent financial reporting as proposed by Reskino (2022) in Azizah & Reskino (2023), which consists of seven indicators: pressure, opportunity, rationalization, competence, arrogance, culture, and religiosity. These seven indicators cannot be measured directly and are therefore proxied through the variables of financial target, ineffective monitoring, auditor switch, change of director, frequent number of CEO's picture, whistleblowing system, and philanthropy.

The population of this research comprises all banking companies listed on the Indonesia Stock Exchange from 2022 to 2024, with a total sample of 141 units of analysis, and the data were processed using SPSS 26. The type of data used is secondary data obtained from the companies' annual reports.

The results show that pressure has a significantly positive effect on the occurrence of fraudulent financial reporting, whereas opportunity, rationalization, competence, arrogance, culture, and religiosity do not have a significant effect on fraudulent financial reporting.

Keywords: *fraud, fraudulent financial reporting, fraud heptagon.*

