

ABSTRACT

This study aims to analyze the pentagon fraud on financial statement fraud in banking companies listed on the Indonesia Stock Exchange. The sampling technique used was purposive sampling with a time period of 2014 – 2020 with a total sample data of 231 companies. The analysis was carried out by logistic regression analysis using the SPSS program.

The pentagon fraud theory shows five factors that influence financial statement fraud, namely pressure, opportunity, rationalization, capability, and arrogance. Pressure is proxied by financial stability, financial target, and institutional ownership. Opportunities are proxied by audit committee member meetings, ineffective monitoring, and quality of external auditors. Rationalization is measured by auditor turnover and total accrual ratio. Capability to use measurement through CEO education. Pride is proxied by political relations and dualism. The data analysis technique used is logistic regression analysis. The results of this study prove that financial stability, financial targets, ineffective monitoring, and dualism have a positive and significant effect on financial statement fraud. Audit committee member meetings, and the quality of external auditors have a negative and significant effect on financial statement fraud. Meanwhile, institutional ownership, auditor turnover, total accrual ratio, CEO Education, and Political Relations have no significant effect on financial statement fraud.

Keyword : Financial statement fraud, fraud pentagon, pressure, opportunity, rationalization, capability, and arrogance.