THE INFLUENCE OF FRAUD PENTAGON ON FRAUDULENT FINANCIAL STATEMENTS

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ABSTRACT

This research aims to determine the influence of Pentagon Fraud in the face of Fraudulent Financial Statements on Banking subsector companies that have registered on the IDX in the period 2019 to 2023. This research uses secondary data with a sampling technique in the form of purposive sampling. The sample used in the scope of this research is 33 companies. This research uses tools for analysis in the form of Smart PLS 4.0 software. The results of the scope of research carried out provide an indication that there is a positive and significant influence on Financial Stability and Director Change in the face of Financial Statement Fraud, Ineffective Monitoring and Changes Auditors do not have a negative and not significant influence in the face of Financial Statement Fraud. Meanwhile, there is a significant and negative influence on Frequent Number of CEO picture in the face of Financial Statement Fraud.

Keywords: Fraud Pentagon, Financial Stability, Ineffective Monitoring, Change in Auditor, Director Change, Frequent Number of CEO's Picture, Fraudulent Financial Statement

PENGARUH PENTAGON FRAUD TERHADAP KECURANGAN LAPORAN KEUANGAN

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Fraud Pentagon dalam menghadapi Fraudulent Financial Statement *pada perusahaan subsektor Perbankan yang telah terdaftar di BEI pada periode tahun 2019 sampai dengan tahun 2023. Penelitian ini menggunakan data sekunder dengan teknik pengambilan sampel berupa purposive sampling. Sampel yang digunakan dalam lingkup penelitian ini sebanyak 33 perusahaan. Penelitian ini menggunakan alat bantu untuk analisis berupa software Smart PLS 4.0. Hasil penelitian yang dilakukan memberikan indikasi bahwa terdapat pengaruh positif dan signifikan terhadap Stabilitas Keuangan dan Pergantian Direksi dalam menghadapi* Fraudulent Financial Statement, *Ketidakefektifan Monitoring dan Pergantian Auditor tidak memiliki pengaruh signifikan terhadap* Frequent Number of CEO picture *dalam menghadapi* Financial Statement Fraud.

Kata Kunci*: Fraud Pentagon, Stabilitas Keuangan, Ketidakefektifan Monitoring, Pergantian Auditor, Pergantian Direksi, Frequent Number of CEO's Picture, Fraudulent Financial Statement*

INTRODUCTION

Every company in running its business, has the aim of obtaining profits for stakeholders and other stakeholders. If the company expects the company's value to increase, then the company must produce quality profits. The profit of a company can be found in its financial statements. According Hidayat (2018), financial reports are a very important instrument to produce an output in the form of data or information about the company's financial status and performance obtained, so that financial reports can help users of the information in making and making financial economic decisions. As a means of conveying financial information, financial reports must be free from errors, including material misstatements that cause errors (error) or fraud (fraud). However, in some practices, it was found that the financial statements did not reflect the state of the company's proper performance, because the company committed fraud in the scope of the financial statements so that the performance of the company could still be seen in good condition. According to the Association of Fraud Examiners or what is abbreviated and referred to as (ACFE, 2022), fraud in financial reports is an outline, framework or method of measuring the level of loss, where this loss is caused by fraud in the workplace due to the inherent nature of concealment, fraud, and fraud, so that it becomes a global problem that often occurs and has an impact on all regions and all industries of the world. The ACFE categorizes fraud into three types, namely asset misappropriation, corruption, and fraudulent financial statements.

Research results from the Association of Certified Fraud Examiners or (ACFE, 2022), show that an average of 5% of people become victims of fraud from organizational income each year. From a study conducted by ACFE Global in 2022 published in Reports to the Nation (RTTN), it was found that total losses due to fraud exceeded USD 3.6 trillion based on a study of 2,110 practices representing fraud practices that occurred globally in 2020-2021. When viewed by field, the accounting and operations departments are the areas with the largest losses due to fraud reaching 12% - 15%, but the average loss of the accounting department is (USD 155,000), greater than the operations department of (USD 74,000). In addition, the ACFE report states that the most common fraud is fraud in asset misuse, the number reaches 86% with an average loss of (USD 100,000), this data is the same as the results of the asset misuse fraud research in 2020 conducted by ACFE. Then ACFE also found that corruption crimes accounted for 50% with an average loss of (USD 150,000) and the lowest fraud practice was financial statement fraud which accounted for 9% of all fraud practices, but actually had the highest average loss of (USD 593,000). The development of fraudulent practices can also be seen from various financial information media, here are the financial information media that contribute to the discovery of fraud or fraud in Indonesia.

Based on the ACFE Survey in 2022, indicating that the banking industry is the industry that most often carries out fraudulent activities compared to other industrial sectors, the average loss experienced in the banking and financial services sector is (USD 100,000) with 351 cases of fraud. The banking and financial services industry is still sensitive to fraud cases. Fraud or fraud that occurs in the banking and financial services industry, including Citybank's fraudulent practices by stealing funds amounting to Rp. 16.63 billion rupiah carried out by customer relations managers assisted by bank cashiers to Citybank's grade A customers. Similar fraudulent practices experienced in the banking industry were also found in Century Bank. The financial reports issued by Century Bank were considered damaging because of the many misstatements. This practice by Century Bank emerged in 2008, due to the failure of liquidation or clearing on November 19, 2008, which resulted in the Indonesia Stock Exchange (IDX) stopping the trading of its shares. Major fraudulent practices in the banking industry that occurred in 2016 included the practice of breaking into or stealing funds at Bank Rakyat Indonesia Tarmini Square amounting to 29 billion rupiah, then the break-in of Bank International Indonesia at its Branch Office in Pangeran Jayakarta amounting to 3.6 billion rupiah, the break-in at Bank Mandiri amounting to 18 billion rupiah, and the break-in of Bank Negara Indonesia Depok Branch. Another case is the disbursement in terms of deposits without the owner's knowledge, this practice occurred at Pundi Artha Sejahtera Rural Credit Bank, then, the theft of Bank Danamon amounting to nearly 3 billion rupiah, and the misappropriation of Panin Bank customer funds amounting to 2.5 billion rupiah. Further fraud was found at Lippo Bank by submitting different or different financial reports on managed funds to the public (Ulfah et al, 2017). Another case of fraudulent practices from the banking industry is the practice of stealing PT Elnusa Tbk funds at Bank Mega. In this practice, PT Elnusa Tbk had difficulty in withdrawing its deposits in the form of deposits at Bank Mega amounting to 111 billion rupiah, which were added with numerical interest in a percentage of 6% per year. The latest case that occurred in 2024 was the criminal act of corruption in the provision of BNI Wirausaha (BWU) credit facilities by PT Bank Negara Indonesia Jember Branch Office The state loss in this case amounted to 125.9 billion rupiah. then the corruption practice of PT Bank Pembangunan Daerah Banten Tbk KCP Malingping, where bank employees broke into a safe of 6.1 billion rupiah.

Every year, fraud is discovered, this kind of fraud has a significant impact on users because the information it contains becomes invalid, leading to wrong decisions and financial losses. Similar cases will continue to occur, if no detection and prevention measures are taken. Therefore, it is very important to detect fraudulent activities and find out the factors that cause fraud, before risks arise that will harm many parties in the future. The auditor, as the party carrying out the inspection activities, must be able to consider the possibility of fraud or fraud in various perspectives, to be able to overcome these fraudulent actions, the auditor must know the factors that influence these actions. The components that influence the incidence of fraud are explained in various

fraud theories, one of which is the Fraud Triangle described by Donald R. Cressey (1953). Cressey in Ardianingsih & Setiawan (2023), reveals that there are three elements or conditions for fraud, namely Pressure or what is also referred to as (Pressure), Opportunity or what is also referred to as (Opportunity), Rationalization or what is also referred to as (Rationalization). Along with the aspects of time, fraud theory is growing. The first development of this fraud theory was presented in 2004 by Wolfe and Hermanson under the name fraud diamond theory, by adding an additional component, namely Capability or what is also referred to as (Ability). The second development was presented in 2011 by Crowe under the name Crowe's Fraud Pentagon Theory, by combining two additional components, namely Capability and Arrogance.

Based on the description of the background above, the theory used, and also the output of previous studies that have variations, further research will be carried out with the title in the form of "The Effect of the Fraud Pentagon on Fraudulent Financial Statements in Banking Sub-Sector Companies Listed on the Indonesia Stock Exchange for the 2019-2023 Period."

LITERATURE REVIEW
Theoretical Foundation
Agency Theory
The main theory used in the scope of this research is agency theory. Jensen and Mcling created an economic science known as agency theory in 1976, the use of this theory is due to the fact that there is an ongoing relationship between principals and agents who have different needs and desires in some cases.

Financial Report
Accounting or financial reports are made to provide company financial data and are useful for report users, especially as a basis for assessing and reviewing the decision-making process in the future Hery (2023), revealing that financial reports are the aftermath of a series of actions to record and summarize all business transaction data during the relevant financial year.

Purpose of Financial Statements
Followed by Nur (2020), the purpose of the financial report is to be able to provide a comprehensive explanation of the circulation of company funds. This information is very useful for related parties because it can help them in the process of making important and strategic economic decisions.

Characteristics of Financial Statements
Because the preparation of financial statements depends on the characteristics of the financial statements themselves, Cashmere in Helmi (2019), states that recording during the process of preparing financial statements must be in line with applicable regulatory standards. In practice, financial reports are usually historical in nature, which means that financial reports are based on a variety of past data. Then, the financial statements are comprehensive, meaning that the financial statements are designed as complete as possible. Financial statements are made in harmony with regulations or rules. The preparation of a partial compilation will not submit a complete output about the finances of a company.

Elements of Financial Statements
The components of a financial report in accordance with PSAK No.1 consist of five main parts, namely: (a.) First in the form of an Income Statement during the period, (b.) Second in the form of a Statement of Changes in Capital or Equity during the period, (c.) Third in the form of a Statement of Financial Position or Balance Sheet or what is also referred to as a (Balance Sheet) at the end of the period, (d.) Fourth in the form of a Cash Flow Statement during the period, and (e.) Fifth in the form of Notes to the Financial Statements or what is referred to and abbreviated as (CALK).

Fraud
According to Rukmana & Nababan (2024), fraud is a deliberate act to be able to make audited financial reports and also not in accordance with what is reality.

Types of Fraud
There are three types of fraud defined by the Association of Certified Fraud Examiners (2016), including: first in the form of Asset Embezzlement or Asset Misappropriation or what is also referred to as (Asset Missappropriation), second in the form of Fraud in Financial Statements or what is also referred to as (Fraudulent Financial Statement), and third in the form of Corruption or what is also referred to as (Corruption). Followed by Albrecht et al., (2012), explaining five types of fraud including, as follows: 1. Embezzelment Employee or Occupational Fraud, 2. Management Fraud, 3. Investment Fraud, 4. Vendor Fraud, and 5. Customer Fraud.

Fraud Perpetrators

According to Suprajadi (2009), fraud perpetrators are classified as follows, namely: (1) First-time offenders, Is a type of perpetrator who considers embezzlement as something natural because the perpetrator is experiencing life pressure or because the perpetrator rationalizes his behavior. (2) Repeat offenders, Internal fraud has a greater tendency to carry out a fraud that is repetitive in nature. (3) Organized crime groups, committed by individuals or professional groups, who usually commit fraud of a special type. (4) Internal fraud for the benefit of the company, The tendency of the workforce to justify fraudulent acts, for the good of the company...

Financial Statement Fraud

Financial statement fraud is a condition where the financial position of the company's coverage is manipulated to trick or deceive readers of financial statements. Company officials have the potential to falsify the data presented in the financial statements because they have access to carry out such fraud. In accordance with Arens, et. al., in Napisah & Khuluqi (2022), fraudulent financial reporting means misleading users of financial statements on purpose to provide information or a description that is categorized as false or inaccurate about the amount presented in the scope of a report in the form of finance.

Fraud F-Score

The model in the form of an f-score contains the sum of accrual quality and financial performance. The f-score model was originally introduced by Dechow at a workshop in 2007. Dechow's goal in the f-score model is to expand the parameters that can be directly calculated from financial reports. The f-score variable element includes two things that can be observed in the scope of financial statements, namely an accrual quality that is proxied by RSST accruals, and financial performance. The combination of the two can effectively predict fraud from a financial statement perspective (Rini & Achmad, 2012). According to Agustina & Pratomo (2019), measurement with f-score is a financial fraud risk assessment parameter with the highest level of accuracy for detecting fraud.

$$fscore = Accrual\ Quality + Financial\ Performance$$

Mencari Accrual Quality:

$$RSST\ accrual = \frac{\Delta WC + \Delta NCO + \Delta FIN}{Average\ Total\ Asset}$$

dimana:

$$WC = (Current\ Assets - Current\ Liability)$$

$$NCO = (Total\ Assets - Current\ Asset - Investment\ and\ advences) - (Total\ Liabilities - Current\ Liabilities - Long\ Term\ Debt)$$

$$FIN = (Total\ Investment - Total\ Liabilities)$$

$$ATS = \frac{(Beginning\ Total\ Assets + End\ Total\ Assets)}{2}$$

keterangan:
WC = Working Capital
NCO = Non Current Operating Accrual
FIN = Financial Accrual
ATS = Average Total Assets

Mencari Financial Performance:

$$financial\ Performance = Change\ in\ Receivable + Change\ in\ Inventories + Change\ in\ Cash\ Sales + Change\ in\ Earnings$$

dimana:

$$Change\ in\ Receivables = \frac{\Delta Receivables}{Average\ Total\ Asset}$$

$$Change\ in\ Inventoris = \frac{\Delta Inventories}{Average\ Total\ Asset}$$

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

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

Source: Agustina & Pratomo (2019)
Figure 1. F-Score Formula

Fraud Triangle

The theory of the fraud triangle or what is also called the fraud triangle is a concept that examines the triggers of fraud. This theory was pioneered and elaborated by Cressey in 1953. There are a number of three reasons that a person commits fraud or what is also referred to as (fraud), namely first in the form of pressure or what is also referred to as (incentive or pressure), second in the form of opportunity or opportunity or what is also referred to as (opportunity) and third in the form of an alibi or excuse for actions or what is also referred to as (rationalization).

Fraud Diamond

Fraud diamond is a pattern of fraud, initiated by Wolfe & Hermanson (2004), as an advanced edition or expansion of the fraud triangle. This pattern adds a fourth factor to the onset of fraud, namely capability.

Fraud Pentagon

Crowe Horwath developed a theory in the form of fraud pentagon in 2011. The expansion of this theory was discovered by Cressey in 1953, by adding two dimensions or factors, namely first in the form of competence or what is also referred to as (competence) and second in the form of arrogance or what is also referred to as (arrogance).

Elements of Pentagon Fraud
Pressure

Pressure according to Albrecht et al., (2012), is an urge, motivation, or goal that wants to be addressed but is limited due to *incompetence*, thus requiring a person or individual to commit fraud. The approach Faradiza (2018), which is used and which will be examined in this study will be represented by financial pressure, namely the company's financial stability proxied by ACHANGE. as for the formula for calculating Achange, as follows:

$$ACHANGE = \frac{Total\ Assets\ (t) - Total\ Assets\ (t-1)}{Total\ Asset\ (t-1)} \quad (1)$$

Opportunity

In accordance with Albrecht et al., (2012), opportunity is a situation that can provide an opportunity for a person or individual, to carry out fraud. The approach Napisah & Khuluqi (2022), which is used to project this opportunity focuses on the ineffective monitoring category. Calculation or measurement of opportunities projected on ineffective monitoring or what is also referred to as (categorically ineffective supervision) uses the ratio of the total board of commissioners to the independent category or what is abbreviated and referred to as (BDOUT). The BDOUT calculation formula is as follows:

$$BDOUBT = \frac{Jumlah\ Dewan\ Komisaris\ Independen\ x\ 100\%}{Jumlah\ Total\ Dewan\ Komisaris} \quad (2)$$

Rationalization

In accordance with Albrecht et al., (2012), Rationalization is an important component of fraud because it is an alibi used to cover up an incorrect behavior, which appears in a person's mind when fraud occurs. In the approach Farmashinta & Yudowati (2016), which is used to project rationalization which focuses on the category of Change in Auditor. Measurement in the form of a change in auditor uses a dummy variable by giving a code of 1 for a company that carries out a change of auditor and also a code of 0 for a company that does not carry out a change in auditor.

Competence

Followed by Howart in Damayani et al., (2019), Capability is the ability of employees to ignore corporate household control, expand concealment schemes, and control social conditions in order to gain personal benefits. In the approach Tessa & Harto (2016), which is used to project *competence*, focuses on the Director Change category or what is also referred to as (director turnover). Measurement in the form of a change in director uses a dummy variable by giving a code in the form of 1 for a company that carries out a change in director and also a code in the form of 0 designation for companies that do not carry out a change in director.

Arrogance

According to Horwath in Damayani et al., (2019), Arrogance describes the excessive action and greed of people who can believe that a household control cannot be applied individually. Followed by Aprilia (2017), Arrogance is an arrogant act of an individual who believes that he can carry out a fraud and will also not be detected if a fraud

occurs. In the approach Kurnia & Anis (2017), which is used to project arrogance, focuses on the frequent number of CEO's picture category. Measurement in the form of frequent number of CEO's picture uses the total photos of the CEO that are displayed in the scope of the annual financial report. The categories in measuring the frequent number of CEO's picture, namely: (a) 1 - 5 Director photos, (b) 6 - 10 Director photos, **(**c) 11 - 15 Director photos.

Hypothesis Formulation
The Effect of Financial Stability on Fraudulent Financial Statement
In accordance with Beasley et.al in Skousen et al., (2008), the percentage change in the company's total assets which is considered large, shows an indication of the form of fraud carried out by management, therefore, the ratio of changes in total assets or what is also referred to as (ACHANGE) is used as a proxy in the variable in the form of financial stability.

This research is in line with the scope of research that has been carried out by Hardika et al., (2024), Anggraeni (2023), Ayem et al., (2022), Faradiza (2018), giving a statement that financial stability gives an influence on fraudulent financial statements. Based on this description, the hypothesis is proposed which is described as follows:
H$_1$: Financial stability gives a categorically negative influence on fraudulent financial statements

The Effect of Ineffective Monitoring on Fraudulent Financial Statement
Ineffective Monitoring occurs when the organization finds that there is no effectiveness in the organization's household control system, as a result it can provide leeway to various groups to falsify financial report data. The board of commissioners, which is categorically independent, believes that it can increase the effectiveness of a supervision within the scope of the organization, so as to reduce the possibility of fraud. So, the scope of this research is to proxy inneffective monitoring in the ratio of the number of commissioners with an independent category or what is also referred to as (BDOUT).

This research is in line with the scope of research carried out by Anggraeni (2023), as well as Faradiza (2018), and Septriani & Handayani (2018) stating that inneffective monitoring gives an influence on fraudulent financial statements. Based on this description, the following hypothesis is proposed:
H$_2$: Lack of control (ineffective monitoring) gives an influence with a positive value on fraudulent financial statements

Effect of Change in Auditor on Fraudulent Financial Statement
The transition in the form of auditors within an organizational scope is seen as an ambition to be able to scorch the flow of fraud or what is also called a (fraud trial) that has been identified by the previous auditor. Organizations that carry out acts of *fraud* or what is also referred to as (fraud), often carry out a change of auditors, because the previous auditor can catch indications in the form of fraud launched by a management Tiffani & Marfuah (2015), this is in accordance with the scope of research Anggraeni (2023) which explains that an effect of a Change in Auditor within the scope of a company can be an indication of fraud in the scope of financial statements. Based on the description of the data above, the hypotheses that can be formulated are:
H$_3$: Change in auditors has a positive value effect on fraudulent financial statements

Effect of Director Change on Fraudulent Financial Statement
Fraud will not be able to occur without an individual in the right category with the right ability to be able to launch every detail or also in the form of fraud. (Wolfe & Hermanson, 2004), gave a statement that the change of director will cause a period of stress which has an impact on the opening of doors in carrying out a fraud.

This research is in accordance with the scope of research conducted by Aulia et al., 2024), which provides a statement that change in director has a significant positive effect on fraudulent financial statements. Based on the description above, it is possible to draw the following hypothesis:
H$_4$: The change of directors (directors change) gives an influence that is positive category faced with fraudulent financial statements

Effect of Frequent Number of CEO's Picture on Fraudulent Financial Statement
Tessa and Harto (2016), stated that photos of the CEO that are overexposed in the organization's annual report can show the arrogant level of a CEO. So in the scope of this research, the frequent number of CEO's picture is used, which is measured or also calculated by looking at the total *number of* CEO photos exposed in the scope of a report in the annual range.

This research is in line with the research conducted by Aulia et al., (2024) which provides a statement that the frequent number of CEO's has a positive influence on fraudulent financial statements. Based on the description above, the following hypothesis can be drawn:
H$_5$: The frequent number of CEO's picture gives an influence with a positive category faced with fraudulent financial statements

Framework of Thought
Based on the description of the theoretical basis related to the fraud pentagon variable and the fraudulent financial statement variable, the results of the scope of previous research, and the problems that have been identified, a framework of thought is formulated in the scope of this study as follows:
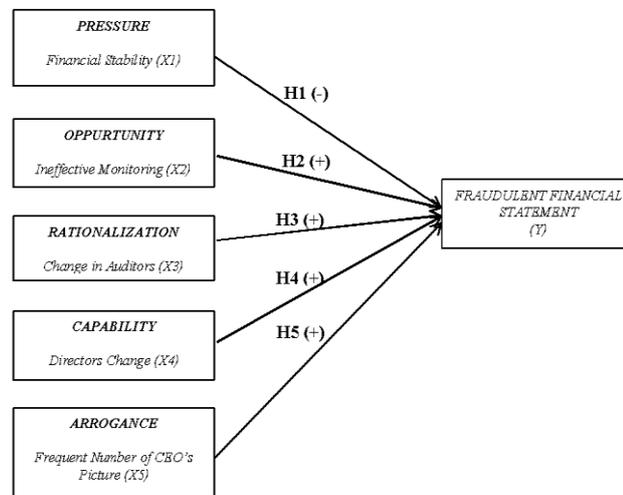
Source: Processed Data (2024)
Figure 2 Framework of Thought

RESEARCH METHODS
Place and Time of Research
The research was carried out by taking two data, namely financial reports and annual reports from several sites, including the Indonesia Stock Exchange or which is referred to and abbreviated to (BEI) which is introduced by www.idx.co.id and other categorically significant sources by using data originating from the official website of the banking subsector company concerned. The time used during the span of this research took place starting from August 2024 until December 2024.

Population and Sample
Sub-sector companies in the banking sector that have been registered on the Indonesia Stock Exchange or which are referred to and abbreviated to (BEI) are the population within the scope of this study. Based on data received from www.idx.co.id and other significant sources by using data from the official website of a company, banking sub-sector companies that are a population within the scope of this study, there are 47 companies. The technique for withdrawing the sample used in the scope of this research is purposive sampling.

Operational Definition of Research Variables
Financial Stability or symbolized as (X_1)
Financial Stability in research applies a ratio scale with indicators that assess the stability of financial conditions within the company, namely by looking at the position of assets in the company.

Ineffective Monitoring or symbolized as (X_2)
Ineffective Monitoring in research using a ratio scale with indicators that look at the number of commissioners with independent categories and also the total number of commissioners.

Change in Auditor or symbolized as (X_3)
Change in Auditor in the study uses a dummy scale by giving a code in the form of 1 designation for companies that carry out a switch in auditors and also a code in the form of 0 designation for companies that do not carry out a switch in auditors.

Director Change or symbolized as (X_4)
Director Change in the study applies a dummy scale by giving a code of 1 for a company that implements a change of managing director and also a code of 0 for a company that does not implement a change of managing director.

Frequent Number of CEO's Picture or symbolized as (X_5)

Frequent Number of CEO's Picture in the scope of the study uses a ratio scale with the total photos of the CEO displayed in the *annual report*. The categories in measuring the frequent number of CEO's picture, namely: (a) 1 - 5 Director photos, (b) 6 - 10 Director photos, (c) 11 - 15 Director photos.

Fraudulent Financial Statement or what is symbolized as (Y)

Fraudulent Financial Statement in the scope of the study applies a ratio scale with indicators of *accrual quality* and *financial performance.*

Data Analysis Technique

Data analysis is a mechanism that is done to capture data into information, the data can also be simply understood. Data analysis begins with grouping the data first, then presenting the data for each variable to be studied, then further calculations are carried out in order to obtain answers to problem formulations and test hypotheses. Data processing within the scope of this study uses the SmartPLS 4.0 analysis tool or what is also called (Partial Least Square) 4.0.

Descriptive Statistical Analysis of Variables

Analysis in the form of descriptive statistics is a statistical technique carried out to be able to carry out the analysis of evidence that has been accumulated to present a detailed illustration of useful data by first using the average value or what is also referred to as (mean), second in the form of standard deviation, third in the form of variance, fourth in the form of amount, fifth in the form of maximum value, and the sixth is the minimum (Ghozali, 2016), to visualize or translate the dependent variable, namely fraud in the form of financial reports and also variables with independent categories which are a component that cannot be separated from the fraud pentagon which is proxied on financial stability, lack of control, auditor switching, board of directors switching, and frequency in the form of the appearance of an image of the CEO.

Statistical Analysis of Data Multicollinearity

The multicollinearity test is a test carried out when some of the variables in the regression pattern are linearly related to each other. The test in the form of multicollinearity is used to assess whether there is a relationship between variables with independent categories within the scope of a pattern of research. If there is a high categorical relationship between a variable with an independent category and a variable that is categorically bound, a relationship that exists in the variable is disrupted. The assumptions of the Variance Inflation Factor or what is referred to and abbreviated as (VIF) can be made the following statements, namely: (1) If the VIF magnitude of the decimal number is> 10 then there is a multicollinearity. (2) If the VIF magnitude of the decimal number is < 10 then there is no multicollinearity.

Path Analysis

Path analysis is the development of analysis in the form of multiple linear regression analysis to estimate the quality relationship between variables that have been implemented previously based on theory (Ghozali, 2018).

Statistical Analysis of the Coefficient of Determination (R^2)

This model aims to consider the extent of the pattern's capability in describing and decomposing variations in variables whose categories are bound. There is also a criterion for assessing that if the value of the coefficient of determination becomes greater, the capability of the variable with the independent category in terms of describing the variable in the dependent category will be better. The value of the coefficient of determination or also *Adjusted* R^2 which is close to the number with a magnitude of one (1) gives a sign that the variable with the independent category submits almost all the information needed to carry out the prediction of the variation with the dependent category or gives an indication of the influence of the variable in the independent category or which is symbolized as (X) which is large faced with the variable with the dependent category or which is symbolized as (Y).

Hypothesis Test (t test)

Ghozali (2018), explained that the t test describes the extent of the impact caused between one variable and a category that is free singularly in interpreting the dependent variable. The validity of making a decision that is applied in a test in the form of a hyptesis is in the following scope: (1) if the value of the probability P value of the decimal number is > 0.05, then the hypothesis is rejected. Hypothesis rejection means that the variable that is categorically independent does not have a significant effect on the variable whose category is bound. (2) if the value of the probability P value of the magnitude of the decimal number is <0.05, then the hypothesis is accepted, it means that the variable in the independent category gives an influence that is in the significant category and is also faced with the variable in the dependent category.

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RESULTS AND DISCUSSION
Company Overview
This research was conducted in the form of banking companies that have been registered on the IDX for the period 2019 to 2023. Based on the method of carrying out the sampling that has been carried out in the previous chapter, this study uses Purposive Sampling, the sample that was selected was 33 banking companies.

Descriptive Analysis
Analysis in the form of descriptive statistics is implied to be able to provide an illustration or also describe the data that has been accumulated so that it can become information that has the purpose of observing a situation within the company in its true nature (Ghozali, 2016). The variables carried out by the study are, first in the form of Financial Stability or what is also referred to as (ACHANGE), second in the form of Ineffective Monitoring or what is also referred to as (BDOUBT), third in the form of Change in Auditor or what is also referred to as (AUDCHANGE), fourth in the form of Director Change or what is also referred to as (DCHANGE), fifth in the form of Frequent Number of CEO's Picture or what is also referred to as (CEOPIC) and sixth in the form of Fraudulent Financial Statement or what is also referred to as (FSCORE). The following are the results of the analysis in the form of descriptive statistics applying the Smart PLS analysis tool:

Table 1 Descriptive Analysis

Descriptive Statistics					
	N	Average	Median	Min	Max	Std. Deviation
ACHANGE	165	0.148	0.074	-0.398	4.648	0.416
BDOUBT	165	0.567	0.550	0.330	0.800	0.084
AUDCHANGE	165	0.430	0.000	0.000	1.000	0.495
DCHANGE	165	0.261	0.000	0.000	1.000	0.439
CEOPIC	165	1.697	2.000	1.000	3.000	0.674
FSCORE	165	0.301	0.237	-0.273	1.600	0.285

Source: SmartPLS Processed Data (2024)

Based on the data coverage of table 1 above, the conclusions that can be drawn are the variable in the form of financial stability or what is also referred to as (financial stability) has a minimum value of the decimal number, namely -0.398, obtained from PT. Bank Raya Indonesia Tbk. in 2021 and the maximum value, namely the decimal number, namely 4.648, obtained from PT. Bank Jago Tbk. in 2021 as well as the average value of the decimal number, namely 0.148 with the standard deviation, namely the decimal number, namely 0.416 from a sample coverage of 33 companies. Where, the standard deviation can be greater than the average value, meaning that the data does not spread in an even manner. The variable in the form of ineffective monitoring or what is also referred to as (lack of control) has a minimum value of the decimal number, namely 0.330, which originates from PT. Bank Mayapada Internasional Tbk in the range of 2021, 2022, up to 2023 and the maximum value of the decimal number, namely 0.800 originating from PT. Bank Neo Commerce Tbk. in 2023 and the value that becomes the average, namely the number in decimals with a magnitude of 0.567 with a standard deviation, namely the decimal number, namely 0.084 from the sample coverage of 33 companies. Where the standard deviation becomes smaller than the value that becomes the average, it means that the data spreads in an even manner. The variable in the form of a change in auditor or what is mentioned and abbreviated as (auditor change) is measured using a variable in the form of a dummy so that the minimum value, namely the magnitude of the decimal number, namely 0.00, is descriptive of the coverage of companies that do not carry out changes in auditors and also the maximum value, namely the magnitude of the decimal number, namely 1.00, is descriptive of the coverage of companies that carry out changes in the form of auditors. The value that becomes the average magnitude of the decimal number is 0.430 in the sense that there is a number in percentage terms with a magnitude of 43% of the scope of companies in the scope of this study that carry out changes in the aspect of auditors with the value of the standard deviation of the decimal number of 0.495 from the scope of the sample with many 33 companies. Where the aspect in the form of standard deviation becomes greater than the average value which means that the data does not spread in an evenly distributed manner. The variable in the form of director change or what is also referred to as (change of directors) is measured using a variable in the form of a dummy so that the minimum value, namely the amount of decimal numbers, namely 0.00 is a descriptive of the scope of companies that do not carry out changes in the board of directors and also the maximum value, the amount of decimal numbers, namely 1.00 is a descriptive of the scope of companies that carry out a change in the board of directors. The average value of the decimal number is 0.261. In a sense, there is a number in percentage with a magnitude of 26.10% of the scope of companies within the scope of this study that carry out changes in the board of directors with a value that becomes the standard deviation of the decimal number of 0.439 from the sample coverage with a lot of 33 companies. Where the standard deviation becomes greater than the coverage of the average value, which means that there is no data that spreads in an even manner. The variable in the form of frequent number of CEO's picture or what is also referred to as (the number of CEO photos displayed) has a minimum value of the decimal number, namely 1.00 and a value that is

the maximum decimal number, namely 3.00, as well as a value that is the average decimal number, namely 1.697 with a standard deviation of the decimal number, namely 0.674 from the sample coverage with many 33 companies. Where the standard deviation becomes smaller than the coverage of the average value, this means that the data spreads in an even manner. The variable in the form of fraud in the financial statements has a minimum value of the amount of decimal numbers, namely -0.273, obtained from PT. Bank Jtrust Indonesia Tbk. in 2019 and the maximum value obtained from PT. Bank Jago Tbk. in 2021 the amount of decimal numbers is 1.600 and the value that becomes the average is the number in decimals with a magnitude of 0.301 with a standard deviation of the amount of decimal numbers, namely 0.285 from a sample coverage of 33 companies. Where the standard deviation becomes smaller than the value that becomes the average, it means that the data becomes spread in an even way.

Data Multicollinearity Test
The test in the form of multicollinearity is used to be able to find out whether a model of regression is found to have a correlation between variables with independent categories or what is also referred to as (independent). The multicollinearity test can be done from a calculation in the form of a Variance Inflation Factor or what is mentioned and abbreviated as (VIF). In a model in the form of regression that is categorically good, there should not be a correlation that is strong between the independent variables. The following are the results of the test using an analytical tool in the form of Smart PLS:

Table 2 Multicollinearity Test

Variables	VIF	Description
ACHANGE	1,011	No Multicollinearity
BDOUBT	1,022	No Multicollinearity
AUDCHANGE	1,018	No Multicollinearity
DCHANGE	1,030	No Multicollinearity
CEOPIC	1,028	No Multicollinearity

Source: SmartPLS Processed Data (2024)

Based on the scope of table 2, the results of the multicollinearity test above provide a clue that the overall VIF value is less than the number in decimals with a magnitude of 10 so that it can be concluded that in the scope of the regression model there is no correlation between variables with independent categories or there is also no problem in the form of multicollinearity in the scope of data tested within the scope of the study.

Path Analysis
Based on the theory of Ghozali (2018), path analysis is used to be able to determine an influence in a direct or indirect way between variables with independent categories faced with variables with dependent categories. The following are the results of the coverage of *Path Coefficients* and also the significance test of the study, namely as follows:

Table 3 Path Analysis

Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/ STDEV|)	P Values	Conclusion
ACHANGE→ FSCORE	0,487	0,459	0,125	3,889	0,000	Positively Significant
BDOUBT→ FSCORE	-0,049	-0,056	0,066	0,737	0,231	Negative Not Significant
AUDCHANGE→ FSCORE	-0,154	-0,155	0,133	1,156	0,124	Negative Not Significant
DCHANGE→ FSCORE	0,303	0,287	0,160	1,891	0,030	Positive Significant
CEOPIC → FSCORE	-0,113	-0,107	0,055	2,053	0,020	Negative Significant

Source: SmartPLS processed data (2024)   Significant if *P Value* <0.05

Based on the coverage of table 4, the model of the analysis is as follows:

$$FFS = \beta_1 ACHANGE_1 + \beta_2 BDOUBT_2 + \beta_3 AUDCHANGE_3 + \beta_4 DCHANGE_4 + \beta_5 CEOPIC_5 \qquad (3)$$

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$$\text{FFS} = 0.487\text{CHANGE}_1 - 0.049\text{BDOUBT}_2 - 0.154\text{AUDCHANGE}_3 + 0.303\text{DCHANGE}_4 - 0.113\text{CEOPIC}_5 \quad (4)$$

From the scope of the regression equation above, the following inferences can be made: the value of the regression coefficient of the variable in the form of financial stability is positive, the magnitude of the decimal number is 0.487, meaning that if there is an increase by many units in the variable in the form of financial stability, it will have an influence on the value of fraud in the financial report in the amount of the decimal number, namely 0.487 with a positive coefficient and vice versa. The value of the regression coefficient of the variable in the form of ineffective monitoring or what is also referred to as (lack of control) is negative, the magnitude of the decimal number is 0.049, which means that if there is a decrease by many units in the variable in the form of ineffective monitoring, the value of fraud from financial reports will have an effect on the magnitude of the decimal number, namely 0.049 with a coefficient whose category is negative and vice versa. The value of the regression coefficient of the variable in the form of a change in auditor or what is also referred to as (auditor change) is a negative decimal number, namely 0.154, meaning that if there is a decrease of one unit in the variable in the form of a change in auditor, the value of fraud in the financial statements will have an influence on the decimal number, namely 0.154 with a coefficient whose category is negative and vice versa. The value of the regression coefficient of the variable in the form of director change or what is also referred to as (change of directors) is a positive decimal number, namely 0.303, meaning that if there is an increase of one unit in the variable in the form of director change, the value of fraud will have an influence on the decimal number, namely 0.303 with a coefficient whose category is positive and vice versa. The regression coefficient value of the variable in the form of frequent number of CEO's picture or what is also referred to as (the number of CEO photos displayed) is negative in the amount of decimal numbers, namely 0.113, meaning that if there is a decrease by many units in the variable in the form of frequent number of CEO's picture, the value of fraud in the financial statements will have an influence on the amount of decimal numbers, namely 0.113 with a negative coefficient and vice versa.

Statistical Analysis of the Coefficient of Determination (R^2)
This model aims to carry out a measurement of how far the ability of the model coverage is in carrying out an explanation and also carrying out the exposure of a variation from a variable with its dependent category. There is also a range of coefficient of determination values, namely the range between numbers in decimals with a magnitude of 0 and also numbers in decimals with a magnitude of 1. The following is the coverage of the results of the test in the form of model feasibility or what is also called (R Square) using the Smart PLS analysis tool:

Table 4 Statistical Analysis of the Coefficient of Determination (R^2)

Variables	R-square	Adjusted R-square
FSCORE	0,282	0,259

Source: SmartPLS Processed Data (2024)

Based on the scope of test results that have been carried out in the appendix in the scope of table 3, the value of (R^2) or the Adjusted R Square value of the decimal number is 0.259, which means that there is an influence on the variable in the form of Financial Stability or which is also referred to as (ACHANGE), second in the form of Ineffective Monitoring or which is also referred to as (BDOUBT), third in the form of Change in Auditor or which is also referred to as (AUDCHANGE), fourth in the form of Director Change or also referred to as (DCHANGE), fifth in the form of Frequent Number of CEO's Picture or also referred to as (CEOPIC) faced with Fraudulent Financial Statement or also referred to as (FSCORE) the magnitude of the decimal number is 0.259 or equal to the number in percentage with a magnitude of 25.9%, where the remaining number in percentage with a magnitude of 74.1% is explained by variables with other categories within the scope of this study.

Hypothesis Test (t Test)
This test aims to give an indication of how far an influence of a variable with an independent category in an individual way illuminates the variable with the dependent category. The results of the t statistical test can be seen as follows:

Table 5 Hypothesis Test Using Path Coefficient & Indirect Effect Bootstrapping

Variables	Original Sample (O)	T Statistics (|O/ STDEV|)	T table	P Values	Conclusion	Results
ACHANGE→ FSCORE	0,487	3,889	1.654	0,000	H1 rejected Ho accepted	Positive Significant
BDOUBT→ FSCORE	-0,049	0,737	1.654	0,231	H2 rejected Ho accepted	Negative Not Significant
AUDCHANGE→ FSCORE	-0,154	1,156	1.654	0,124	H3 is rejected Ho accepted	Negative Not Significant
DCHANGE→ FSCORE	0,303	1,891	1.654	0,030	H4 accepted Ho is rejected	Positively Significant
CEOPIC → FSCORE	-0,113	2,053	1.654	0,020	H5 is rejected Ho accepted	Negative Significant

Source: SmartPLS processed data (2024)

The Effect of Financial Stability on Fraudulent Financial Statement
Based on the data in table 5 of the Multiple Linear Regression coverage, it can be seen that the variable in the form of Financial Stability has a value that has an Original Sample (O) value of 0.487 so that the test direction shows a positive direction with a P Value value of the decimal number of 0.000 while the alpha of the decimal number is 0.050 (P Value of the decimal number is <0.050) and T Statistics of the decimal number is 3.889 while the T Table of the decimal number is 1.654 (T statistics> T Table). The results of the path coefficient provide a clue that the first hypothesis or what is mentioned and abbreviated as (H1) is rejected. This gives a clue that there is a significant positive influence between Financial Stability faced with Fraudulent Financial Statement.

The positive effect in this study is because the condition of the growth in assets from the scope of a subsector company in the form of banking in the 2019 period up to 2023 gives an indication of a stable condition. The linkage of factors in the form of pressure carried out by proxies with financial stability, becomes a condition where the growth of assets in companies whose category is stable, can provide a decrease in fraud faced with financial reports. This gives a sign that the growth of assets which is stable in nature, gives an indication of the performance of the company with a good category and can provide a smooth flow of funds in the form of investment in the company in the future (Zelin, 2018). In other words, the better the state of financial stability, the possibility or indication of fraud in financial reports will also decrease.

The results of the scope of this study are in line with the results of research conducted by Ayem et al., (2022), which state that there is an influence with a positive category of financial stability in detecting a fraudulent financial statement. Meanwhile, the results of this study are not in line with research conducted by Stevansyah & Suhendah (2023), Ratnasari & Solikhah (2019), which provides a statement that there is an influence with a negative category between financial stability in detecting fraudulent financial statements. Then, research conducted by Putra (2022), and Rahmawati & Nurmala (2019), gave a statement that there was no influence between financial stability in detecting fraudulent financial statements.

The Effect of Ineffective Monitoring on Fraudulent Financial Statement
Based on the data in table 5 of the Multiple Linear Regression coverage, it can be seen that the variable in the form of Ineffective Monitoring has an Original Sample (O) value of -0.049 so that the test direction shows a negative direction with a P value of decimal numbers, namely numbers in decimals with a magnitude of 0.231 while alpha magnitude of decimal numbers is 0.050 (P Value magnitude of decimal numbers is> 0.050) and T Statistics magnitude of decimal numbers is 0.737 while T Table magnitude of decimal numbers is 1.654 (T statistics < T Table). The path coefficient results provide a clue that the second hypothesis or what is mentioned and abbreviated as (H2) is rejected. This gives a clue that there is an influence whose category is negative which is also insignificant between Ineffective Monitoring faced with Fraudulent Financial Statement.

The effect with a negative and insignificant category in the scope of this study, occurs because many or few members of the commissioners with an independent category, cannot prevent fraud in financial reports. This gives a possibility that occurs if there is a member of the commissioner with an independent category in the scope of a company which is only held to be a requirement of the regulation in terms of implementing a fulfillment of governance in a company with a good category or also just a formality (Kurnia & Anis, 2017), meaning that in this study the number of commissioners is not an issue in detecting fraud in financial reports, but on the contrary, the most important issue is the effectiveness of the performance of the board of commissioners in the scope of a company.

The results of the scope of this study are in line with the results of the scope of research conducted by Fadhilah et al., (2024), Aulia et al., (2024), and Ayem et al., (2022), which provide a statement that ineffective monitoring has a negative effect on fraudulent financial statements. Meanwhile, the results of the scope of this study are not in line with the research conducted by Azizah & Henny (2023), which states that ineffective monitoring has a positive effect on fraudulent financial statements. Then, Pradana & Suwasono (2024), Wibowo

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& Putra (2023), and Milania & Triyono (2022), which provide a statement that ineffective monitoring does not provide an influence faced with fraudulent financial statements. However, it is different from Anggraeni (2023), Faradiza (2018), and Septriani & Handayani (2018), which provide a statement that ineffective monitoring has an influence faced with fraudulent financial statements.

Effect of Change in Auditor on Fraudulent Financial Statement
Based on the data in table 5 of the Multiple Linear Regression coverage, it can be seen that the variable in the form of Change in Auditor has an Original Sample (O) value of -0.154 so that the test direction shows a negative direction with a P Value value of the decimal number of 0.124 while the alpha of the decimal number is 0.050 (P Value of the decimal number is> 0.050) and T Statistics of the decimal number is 1.156 while the T Table of the decimal number is 1.654 (T statistics < T Table). The results of the path coefficient provide a clue that the third hypothesis or what is mentioned and abbreviated as (H3) is rejected. This gives a clue that there is no influence whose category is negative which is also insignificant between Change in Auditor faced with Fraudulent Financial Statement.

The influence that is negative and also insignificant in this study, occurs because companies are accustomed to using trusted auditor (KAP) services, this is evidenced by the large number of banking subsector companies in the conventional commercial bank category in the 2019-2023 period that use the services of the top 10 KAP in Indonesia, so that if there is a change in auditors, the company will not carry out the fraud. With another mention, if a company that carries out or does not carry out a change in auditor or what is also referred to as (auditor change), then the indication of being faced with fraud in the scope of financial reports decreases.

The results of the scope of this study are in line with the results of the research conducted by Fadhilah et al., (2024), Ayem et al., (2022), which provides a statement that the change in auditor gives a negative categorical influence faced with fraudulent financial statements. While the results of the scope of this study are not in line with the scope of research conducted by Aulia et al., (2024), which states that the change in auditor gives a positive influence on fraudulent financial statements. Then, research conducted by Azizah & Henny (2023), Putra & Suprasto (2022) and Faradiza (2018), which provides a statement that change in auditor does not have an influence faced with fraudulent financial statements. However, its nature is different from the scope of research conducted by Anggraeni (2023), Siddiq et al., (2017) which provides a statement that change in auditor gives an influence faced with fraudulent financial statements.

Effect of Director Change on Fraudulent Financial Statement
Based on the data in table 5 of the Multiple Linear Regression coverage, it can be seen that the variable in the form of Director Change has an Original Sample (O) value of 0.303 so that the test direction shows a positive direction with a P Value value of the decimal number of 0.030 while the alpha of the decimal number is 0.050 (P Value of the decimal number is <0.050) and T Statistics of the decimal number is 1.891 while the T Table of the decimal number is 1.654 (T statistics> T Table). The path coefficient results provide a clue that the fourth hypothesis or what is mentioned and abbreviated as (H4) is accepted. This gives a clue that there is a significant positive influence between Director Change faced with Fraudulent Financial Statement.

The influence is positive in this study, because a fraud will not be able to occur if someone does not have a competence or competence about the fraud, such as in-depth knowledge of the systems and processes being carried out, managerial and leadership abilities in influencing other individuals, having deeper access to sensitive information, having the ability to think strategically in planning fraud schemes, having extensive networks and relationships outside the company to back up fraud. In other words, the more often a company carries out changes in directors or directors or what is also referred to as (director change), there is a possibility or indication of fraud in financial reports also increasing.

The results of the scope of this study are in line with the results of the scope of research conducted by Aulia et al., (2024), Ayem et al., (2022), giving a statement that change in director has a significant positive influence faced with fraudulent financial statements. However, this research is not in line with research conducted by Fadhilah et al., (2024), Azizah and Henny (2023), and Putra and Suprasto (2022), which provide a statement that change in director does not have an influence faced with fraudulent financial statements.

Effect of Frequent Number of CEO's Picture on Fraudulent Financial Statement
Based on the data in table 5 of the Multiple Linear Regression coverage, it can be seen that the variable in the form of Frequent Number of CEO's Picture has an Original Sample (O) value of -0.113 so that the test direction shows a negative direction, with a P Value value of the decimal number of 0.020 while the alpha of the decimal number is 0.050 (P Value of the decimal number is <0.050) and T Statistics of the decimal number is 2.053 while the T Table of the decimal number is 1.654 (T statistics> T Table). The path coefficient results provide a clue that the fifth hypothesis or what is mentioned and abbreviated as (H5) is rejected. This gives a clue that there is a significant negative influence between Frequent Number of CEO's Picture faced with Fraudulent Financial Statement.

The negative effect that is also significant in the scope of this study occurs because the frequency of the appearance of pictures of the CEO in the annual report or what is also referred to as (annual report) of sub-sector companies in the form of banking in the period range from 2019 to 2023 gives an indication of frequency with a fairly high category. The more the number of CEO photos that appear in the annual report coverage in a company, gives an indication of the level of arrogance in a high category where the CEO has a desire to be recognized in the community for a status or also a position that is owned (Aprilia, 2017). In other words, the more companies display photos of directors in the annual report, the possibility or indication of fraud in financial reports will also decrease.

The results of the scope of this study are in line with the results of research conducted by (2022), which provides a statement that the frequent number of CEO's picture has a negative influence faced with fraudulent financial statements. However, the scope of this research is not in line with research Aulia et al., (2024) which gives a statement that the frequent number of CEO's picture gives a positive influence faced with fraudulent financial statements. Meanwhile, research conducted by Wahyutomo and Marsono (2024), Anggraeni (2023), Hastuti et al., (2023), which states that the frequent number of CEO's pictures does not have an influence faced with fraudulent financial statements.

CONCLUSION
The purpose of this study is to be able to determine whether or not there is an influence between Financial Stability or what is also referred to as (financial stability), Lack of Control or what is also referred to as (ineffective monitoring), Auditor Change or what is also referred to as (change in auditor), Director Change or what is also referred to as (director change), and the number of CEO photos displayed or what is also referred to as (frequent number of CEO's picture) faced with Fraudulent Financial Statement or what is also referred to as (Financial Statement Fraud) within the Banking Subsector Companies that have been registered on the Indonesia Stock Exchange with a period range of 2019 to 2023. The length of the coverage period of this study is 5 years starting from 2019 to 2023. The sample used in the scope of this study amounted to 33 companies. From the test in the form of hypothesis results carried out, the scope of the results of the study can be concluded in the scope of the following points: (1) The variable in the form of Financial Stability has a significant and positive effect on the Fraudulent Financial Statement in the scope of a Banking Subsector company registered on the IDX for the period 2019 to 2023. (2) The variable in the form of Ineffective Monitoring has an insignificant and negative effect on the Fraudulent Financial Statement in the scope of a Banking Subsector Company that has been registered on the IDX for the period 2019 to 2023. (3) The variable in the form of Change in Auditor provides an insignificant and negative influence on the Fraudulent Financial Statement in the scope of a Banking Subsector Company that has been registered on the IDX for the period 2019 to 2023. (4) The variable in the form of Director Change has a significant and positive influence on the Fraudulent Financial Statement in the scope of a Banking Subsector Company that has been registered on the IDX for the period 2019 to 2023. (5) The variable in the form of Frequent Number of CEO's Picture has a significant and negative influence on the Fraudulent Financial Statement in the scope of Banking Subsector Companies that have been registered on the IDX for the period 2019 to 2023.

There are limitations in the implementation of research that are required to be considered by later researchers if they want to be able to continue research. Limitations in the scope of this research, namely (1) The sample used in the scope of this research is only companies in the banking sector in the category of conventional commercial banks that have been registered on the Indonesia Stock Exchange or which are referred to and abbreviated to (BEI). (2) This research was conducted for only 5 years, namely in the 2019-2023 range. It is possible that it will provide a clue in the form of results that are different in nature if carried out within the scope of a longer period of time. (3) This study uses a model in the form of F-Score in measuring fraud in financial reports, while there are many other types of models used to measure fraud in financial reports. (4) Given the research results which show that only Ineffective Monitoring and also Change in Auditor do not have a significant influence on Fraudulent Financial Statement, it is hoped that further research can add other types of variables, in order to find out what factors can have an influence on Fraudulent Financial Statement.

Based on research conducted in relation to the influence of the Fraud Pentagon faced with Fraudulent Financial Statements in subsector companies in the form of banking that have been registered on the Indonesia Stock Exchange for the period 2019 to 2023, and from a conclusion that has been elaborated. Then the researcher wants to give a suggestion that is expected to be useful for further researchers, namely: (a) To the Company, it is hoped that a company will display profits, changes in total assets from year to year, and the actual total assets in the financial statements so that a pressure can be used to detect fraud in the financial statements. (b) To the Company, it is hoped that the company will always maintain a relationship in the form of cooperation with those who become external auditors who have a competency with high value in order to be able to exert pressure on the occurrence of fraud in financial reports, and provide a strong and logical reason when carrying out a change in auditors so that it can be known whether the reason is to switch to a better quality aspect and also follow a rule that is already in effect or another reason. (c) To the Company, it is hoped that the company will provide a reason when carrying out a change in the board of directors, whether because the term of office has expired or also related to acts of fraud in a financial report. (d) To the Company, it is hoped that the company will always display a photo

of the CEO and also an annual report so that the level of arrogance can be used to detect fraud in financial reports. (e) To investors, it is hoped that every investor will be careful in making purchases and also investing their capital in the shares of a company by considering information and also the financial performance of a company in order to avoid the risk of a company that has a performance with a bad category. (f) To academics, if they want to conduct research in the sector in the form of companies of the same nature, it is given a suggestion that they can add variables of another type, so that the scope of the variables tested becomes wider and also accurate in detecting a factor that causes fraud in financial reports. Given that this study only uses the fraud factor theory, namely the fraud pentagon theory. (g) And for future researchers, suggestions are made so that they can expand the population and also the sample to be researched because it can have an influence on the results faced with the model in the study.

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