

***THE INFLUENCE OF FRAUD PENTAGON IN DETECTING  
FRAUDULENT FINANCIAL REPORTING  
IN BANKING COMPANIES LISTED  
ON THE INDONESIAN STOCK EXCHANGE  
IN 2021 - 2023***

*Author Name* : Liska Damayu Br Pohan  
*Student of Number* : 5304211357  
*Supervisor* : Rosmida, S.E., M.Si, CGAA, BFA

***ABSTRACT***

*This study analyzes the influence of the Fraud Pentagon elements on fraudulent financial reporting in 46 banking companies listed on the Indonesia Stock Exchange during the period 2021 – 2023. The elements tested include financial target, financial stability, external pressure, ineffective monitoring, change in auditor, change of director, and frequent number of CEO's picture. The research results show that financial stability ( $t$ -statistic = -8.860,  $p$ -value = 0.000), ineffective monitoring ( $t$ -statistic = 3.884,  $p$ -value = 0.000), and frequent number of CEO's picture ( $t$ -statistic = -5.985,  $p$ -value = 0.000) have a significant influence on fraudulent financial reporting. On the other hand, financial target ( $t$ -value = 0.167,  $p$ -value = 0.868), external pressure ( $t$ -value = 0.181,  $p$ -value = 0.241), change in auditor ( $t$ -value = 0.274,  $p$ -value = 0.206), and change of director ( $t$ -value = -0.682,  $p$ -value = 0.478) do not have a significant influence on fraudulent financial reporting. Simultaneously, the Fraud Pentagon as a whole shows significant relevance in detecting fraud. These findings emphasize that internal supervision and risk management based on the elements of the Fraud Pentagon must be strengthened to prevent fraud in the banking sector. Keywords: Fraud Pentagon, Fraudulent Financial Reporting, Banking Companies, Indonesia Stock Exchange*