ABSTRACT

Fraud or fraud is a deliberate behavior with the aim of obtaining personal gain. Fraud detection is an action taken to minimize the possibility of fraud or to minimize losses that may arise in the event of fraud. The data used in this study were obtained from annual report data.

The population in this study, namely the insurance sector companies listed on the Indonesia Stock Exchange in 2017-2020, obtained 44 sample data of companies with a research year of 4 years. The sampling technique used is purposive sampling. The data analysis method used in this research is descriptive statistical analysis and logistic regression using SPSS 25 software.

The purpose of this study was to determine the simultaneous and partial effect of financial stability, external pressure, ineffective monitoring, auditor turnover, director turnover, and frequent number of CEO's picture variables on financial statement fraud in insurance sub-sector companies listed on the Indonesia Stock Exchange in 2017-2020.

Based on the test results, the fraud pentagon simultaneously affects financial statement fraud. Partially, external pressure and ineffective monitoring variables have a negative and insignificant effect on financial statement fraud in insurance sub-sector companies listed on the Indonesia Stock Exchange in 2017-2020. The variables of financial stability, auditor turnover, change of directors, and frequent number of CEO's picture have a positive and significant effect on fraudulent financial statements in insurance sub-sector companies listed on the Indonesia Stock Exchange in 2017-2020.

Suggestions in this study for further research, it is suggested that further researchers can add variables or use other variables outside of this study that are in accordance with other research objects and the turn of the year of research so that research becomes better than before.

Keywords: Beneish M-Score Model, Financial Statement Fraud, Fraud Pentagon.