

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

Mita Rizki Amalia¹, E.Yusnaini², Rela Sari³

^{1,2,3}Postgraduate Program in Economics, Accounting Concentration, Sriwijaya University

ABSTRACT: Financial statement fraud is one form of fraud that has the most damaging impact on the sustainability of the company, the stability of the financial industry, and public trust. This phenomenon is increasingly complex with increasing business pressures, financial market dynamics, and changes in accounting standards that expand the scope of managerial considerations. This study aims to provide empirical evidence regarding the influence of the six elements of the Fraud Hexagon Pressure, Opportunity, Rationalization, Ability, Ego, and Collusion on financial statement fraud in financial sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2024. In addition, this study examines whether accounting complexity acts as a moderating variable that can strengthen or weaken the relationship between the Fraud Hexagon and financial statement fraud. The study uses a quantitative approach with panel data regression. Model selection is carried out through the Chow and Hausman Test, which shows that Fixed The Effect Model (FEM) was the best model. The results showed that the variables Pressure (X1), Ability (X4), and Collusion (X6) had a positive and significant effect on financial statement fraud, while Opportunity (X2), Rationalization (X3), and Ego (X5) had no significant effect. Accounting complexity was not proven to be a moderating variable. These findings emphasize the importance of strengthening internal control systems and corporate governance oversight to reduce fraud risk.

KEYWORDS: Fraud Hexagon, Financial Reporting Fraud, Accounting Complexity

I. INTRODUCTION

Financial statement fraud is a form of fraud that has the most destructive impact on company sustainability, financial market stability, and public trust. As a sector that relies heavily on transparency and information integrity, the financial industry demands high reporting standards. However, a number of high-profile cases in Indonesia, such as the PT Jiwasraya Insurance, PT Asabri, and KSP Indosurya shows that the practice of financial reporting manipulation remains widespread. These cases not only cause significant financial losses but also undermine public trust in financial institutions and the effectiveness of existing oversight systems.

Fraud in financial reporting can be committed in various ways, including revenue manipulation, concealment of losses, unrealistic asset presentations, and fabrication of credit loss reserves. The complexity of the financial industry, the large volume of transactions, and the high demand for accounting estimates provide ample room for management to engage in judgment-based manipulation. It is in this context that modern fraud theories such as the Fraud Hexagon become relevant. This theory was developed by Vousinas (2019) as a refinement of the Fraud Triangle, Fraud Diamond, and Fraud Pentagon. Fraud Hexagon adds two new elements, namely Ego and Collusion, which is considered increasingly dominant in modern corporate fraud.

The elements of the Fraud Hexagon are: Pressure, Opportunity, Rationalization, Capability, Ego (arrogance), and Collusion provides a comprehensive perspective on why fraud occurs. Pressure arises from performance expectations, financial issues, and external pressures. Opportunities arise from weak internal controls. Rationalization allows the perpetrator to justify the act of fraud. Capability refers to the perpetrator's technical capacity and access to commit fraud. Ego is related to arrogance or abuse of power. Collusion describes cooperation between two or more parties to facilitate fraud.

In addition to behavioral factors, technical conditions such as accounting complexity also contribute to fraud risk. The implementation of new standards such as PSAK 71, PSAK 72, and PSAK 73 increases the need for estimates and the use of

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

complex models, thus opening up room for management to engage in manipulation that is difficult for auditors or stakeholders to identify. Accounting complexity is believed to strengthen the relationship between the Fraud Hexagon and financial statement fraud because it creates opportunities for irregularities that are more difficult to detect.

Although the Fraud Hexagon has been widely discussed theoretically, empirical research in Indonesia, particularly in the financial sector, remains limited. Previous studies have largely utilized the Fraud Triangle or Fraud Diamond, while testing the Fraud Hexagon in the modern financial industry and the post-pandemic period is still rare, creating a research gap.

Therefore, this study was conducted to provide empirical evidence regarding the influence of Fraud Hexagon on financial reporting fraud in financial sector companies in Indonesia, as well as to analyze whether accounting complexity moderates this relationship. The research results are expected to provide significant contributions both theoretically and practically, including for academics, regulators, auditors, and company management.

II. LITERATURE REVIEW

A. Agency Theory

Agency Theory, introduced by Jensen and Meckling (1976), explains the contractual relationship between the principal (company owner) and agent (management). In this relationship, the principal gives the agent authority to manage the company and make decisions that are considered best for the company. However, differences in goals, personal interests, and levels of information create the potential for conflict known as agency conflict.

In the context of fraud, agency theory explains that management can exploit information gaps and oversight weaknesses to commit financial statement fraud. When the principal is unable to evaluate management decisions comprehensively, the agent may act in personal interests, even if it is detrimental to the company. This theory is the basis for why the factors in the Fraud Hexagon are relevant in explaining fraudulent behavior.

B. Fraud Hexagon

Fraud Hexagon is the latest development theory in the fraud literature put forward by Vouras (2019) to explain the causes of fraud more comprehensively than previous models such as Fraud Triangle, Fraud Diamond, and Fraud Pentagon. This theory is very relevant to use in the context of financial sector companies, as in this study, because fraud that occurs in the financial industry tends to be complex, involves many parties, and is often related to performance pressure and management flexibility in processing accounting estimates. The Fraud Hexagon explains that fraud is influenced not only by pressure, opportunity, and rationalization, but also by the perpetrator's ability, ego, management, and collusion within the company. The following explains the six elements of the Fraud Hexagon:

The first element, Pressure, is pressure to commit fraud that is financial and non-financial in nature. Pressure can take many forms such as high financial needs, the need to report better results due to pressure to meet targets especially during times of crisis as quickly as possible and also sometimes simply a person's desire to prove that they can beat the system (related to ego). In crisis years, the potential for fraudulent acts is higher which is a result of the economic recession and pressure from employers to meet business objectives along with cost cutting due to tight budgets, where their financial position or professional status within the company will not be affected.

The second element is Opportunity, which is one of the elements in the triangle fraud theory which occurs due to weak supervision and control systems implemented in the company. Business design often provides ample opportunities for fraudsters, leading to theft or misuse of assets. SAS No. 99 states three categories of conditions that create opportunities for financial fraud: the nature of the industry, ineffective monitoring, and organizational structure. According to Rahmawati (in Larum et al., 2021), there are several causes of opportunities for someone to commit fraud, such as weak internal controls, indiscipline, difficulty accessing information, the absence of an audit process, and apathy.

The third element, Rationalization, is the perpetrator's attempt to justify their actions by arguing that they deserve a larger share of the proceeds (Sagala & Siagian, 2021). Companies that frequently change their internal audit committees allow for manipulation of their financial reports. This is done to rotate the audit committee so that the new audit committee is unaware of the problems that occurred previously.

The fourth element is Capability, as a person's ability to override internal controls, practice and develop fraudulent strategies, and control social situations to gain their advantage Marks (2014). According to Wolfe & Hermanson (2004), fraudulent acts cannot occur if a person does not have the capability to do so.

The fifth element, Ego (Arrogance), is an element of fraud that shows the attitude of an individual who feels that with his position he can avoid internal supervision and the individual feels that he is unlikely to be involved in fraud Sagala & Siagian,

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

(2021). Research by Yusof et al. (2015) shows that the element of arrogance can be measured by looking at the presence of a CEO who is also a politician, the frequency of appearance of CEO images, autocratic leadership style, and the presence of CEO duality (a CEO who also serves as part of the board of directors in the same company).

The sixth element is Collusion, which refers to a fraudulent agreement or compact between two or more persons, whereby one party commits an act against another for a malicious purpose and to defraud a third party of its rights. The parties involved in collusion may be employees within an organization, a group of individuals from different organizations and jurisdictions, or members of a criminal organization or collective. Venter (2007) and Voutsinas (2019).

Thus, Fraud Hexagon explains that fraud is not an act that occurs spontaneously, but is the result of a complex interaction between pressure, opportunity, rationalization, individual abilities, the psychological characteristics of the perpetrator, and social dynamics within the organization. This model provides a more realistic perspective on modern fraud, particularly as it highlights the roles of ability, ego, and collusion, which are highly relevant to major fraud cases in today's era. The Fraud Hexagon Theory also reinforces the view that fraud prevention can not only be done through strengthening internal controls, but also through managing organizational culture, increasing transparency, monitoring management behavior, and mitigating the risk of collusion between parties within the company.

C. Accounting Complexity

Accounting complexity refers to the degree of difficulty in understanding, applying, and assessing information in financial statements due to the increasing number of accounting standards, measurement methods, and estimates used. This complexity arises when the reporting process requires a high level of professional judgment, the use of long-term economic assumptions, and extensive and technical disclosures. In financial sector companies, accounting complexity becomes increasingly prevalent due to the nature of transactions involving risky financial instruments, derivative contracts, allowances for credit losses, and fair value measurements that are highly sensitive to changes in market conditions.

The adoption of IFRS-based accounting standards, particularly PSAK 71, PSAK 72, and PSAK 73, has increased the complexity of reporting in Indonesia. PSAK 71 requires the use of an expected credit loss (ECL) model, which requires an assessment of the probability of default and projections of macroeconomic conditions. PSAK 72 requires the identification of performance obligations in revenue contracts, while PSAK 73 adds the requirement to recognize right-of-use assets and lease liabilities based on estimates of future cash flows. These standards expand the scope for management judgment, resulting in financial statements being increasingly influenced by subjective assumptions and estimates.

Previous research supports the role of accounting complexity as a factor influencing the quality and transparency of financial reporting. Hoitash and Hoitash (2017) showed that reporting complexity measured through XBRL structure is associated with increased audit risk and decreased readability of financial statements. In the context of oversight, high complexity increases the auditor's burden, thus increasing the likelihood of undetected misstatements. Other research, such as Barber and Hollie (2020), indicates that the complexity of accounting methods can improve reporting quality when applied conservatively, but still creates challenges for report users who lack adequate technical competence. In Indonesia, Rais (2020) found that accounting complexity negatively impacts reporting timeliness, which has implications for investor perceptions of company credibility.

In relation to fraud, accounting complexity is seen as a factor that can open up opportunities for financial report manipulation. The more complex a report is, the more difficult it is for auditors and stakeholders to assess the fairness of the information presented, so that manipulation actions carried out through adjustments to estimates or incomplete disclosures can be more easily disguised. In financial sector companies, accounting complexity has the potential to strengthen the influence of pressure, ability, and collusion, the three elements of the Fraud Hexagon that have been proven significant in previous research on financial statement fraud. Therefore, in this study, accounting complexity is positioned as a moderating variable that can strengthen or weaken the relationship between Fraud Hexagon and financial reporting fraud.

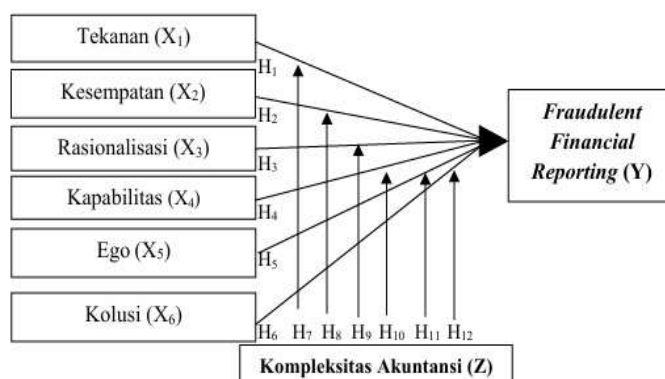
D. Financial Reporting Fraud

According to Nurul Husna et al. (2023), financial statement fraud can arise through various forms of manipulation, such as timing differences carried out by shifting the time of transaction recognition as occurred in the TaniHub case to show better performance; fictitious revenues, namely recording income without real transactions such as in PT Artha Cemerlang Finance; canceled liabilities and expenses, namely the elimination or concealment of liabilities as found in the LPEI case which covered up credit risk; improper disclosure, namely the disclosure of unreasonable material information such as in the case of Bank BJB which did not report the difference in promotional funds transparently; and improper asset valuation, namely asset valuation that does not comply with accounting principles such as in the case of PT Taspen which continued to record the full value of

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

problematic investments. These various forms of fraud show that manipulation can occur in revenue recognition, transaction timing, liabilities, disclosure, and asset valuation, thus threatening the reliability of financial statements and underscoring the importance of internal control and compliance with accounting standards.

III. DEVELOPMENT OF RESEARCH HYPOTHESES



- H1** : Pressure influences financial reporting fraud in financial sector companies listed on the IDX during the 2020-2024 period.
- H2** : Opportunity influences financial reporting fraud in financial sector companies listed on the IDX during the 2020-2024 period.
- H3** : Rationalization has an impact on financial reporting fraud in financial sector companies listed on the IDX during the 2020-2024 period.
- H4** : Ability has an influence on financial reporting fraud in financial sector companies listed on the IDX during the 2020-2024 period.
- H5** : Ego has an influence on financial reporting fraud in financial sector companies listed on the IDX during the 2020-2024 period.
- H6** : Collusion has an impact on financial reporting fraud in financial sector companies listed on the IDX during the 2020-2024 period.
- H7** : Accounting complexity moderates the effect of pressure on financial reporting fraud in financial companies on the IDX during the 2020-2024 period.
- H8** : Accounting complexity moderates the effect of Opportunity on financial reporting fraud in financial sector companies listed on the IDX in 2020-2024.
- H9** : Accounting complexity moderates the effect of rationalization on financial reporting fraud in financial sector companies listed on the IDX in 2020-2024.
- H10** : Accounting complexity moderates the effect of Ability on financial reporting fraud in financial sector companies listed on the IDX in 2020-2024.
- H11** : Accounting complexity moderates the influence of ego on financial reporting fraud in financial sector companies listed on the IDX in 2020-2024.
- H12** : Accounting complexity moderates the effect of collusion on financial reporting fraud in financial sector companies listed on the IDX during 2020-2024.

IV. RESEARCH METHODS

Fraud Hexagon variables (pressure, opportunity, rationalization, ability, ego, and collusion) and financial statement fraud, as well as the moderating role of accounting complexity. The data analyzed comes from available financial information from 2020-2024 which can be accessed using the official IDX website at www.idx.co.id. The study population included all financial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample selection technique used purposive sampling with the following criteria:

Details of Population Data and Research Sample

No.	Criteria	Number of Companies
1.	Financial sector companies listed on the Indonesian Stock Exchange in 2020-2024	106

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

2.	Companies that have issued their annual reports for 5 consecutive years in the period 2020-2024	(0)
3.	Companies that provide research-related data in annual reports	(76)
	Research sample	30
	Observation Period	5
	Total (30 x 5)	150

The operational variables and measurements of each variable applied in this study are listed in Table below this:

Operational Research Variables and Measurement

Variables	Measurement	Measurement Scale
Fraudulent Financial Reporting (FFR)	F-Score = Accrual Quality + Financial Performance	(Agustina & Pratomo, 2019)
Stimulus (STI)	$ROA = \frac{NET\ INCOME}{TOTAL\ ASSET}$	(Achmad et al., 2022).
Opportunity (OPP)	Effective Monitoring $= \frac{Jumlah\ Dewan\ Komisaris\ Independen}{Total\ Dewan\ Komisaris}$	Skousen et al. (2008)
Rationalization (RAT)	Dummy variable; companies that changed auditors during the research period were coded 1 and companies that did not change auditors were coded 0.	(Indarto & Ghazali, 2016) and (Novitasari & Chariri, 2018)
Capability (CAP)	A dummy variable where if there is a change in directors the code is 1, conversely if there is no change in directors the code is 0.	(Warsidi et al., 2018)
Ego (EGO)	The number of CEO photos included in the company's annual report.	(Yulia Ningsih & Reskino., 2023)
Collusion (COL)	Audit fee=Ln. (Audit Fee reported)	(Jannah et al., 2021)
Accounting Complexity (AC)	Derivative $= \frac{Nilai\ absolut\ fair\ value\ of\ derivatif\ instrumen}{Total\ Aset\ tahun\ t-1}$	(Li et al ., 2025)

Data analysis in this study was conducted using a quantitative approach with descriptive statistics and classical assumption tests to ensure model feasibility. Hypothesis testing used panel data regression selected through the Chow , Hausman, and Lagrange Multiplier tests to determine the best model. Furthermore, testing the influence of the Fraud Hexagon variables on financial statement fraud, as well as the moderating role of accounting complexity, was conducted using Moderated Regression Analysis (MRA). The significance of the model was tested using the t-test, F-test, and Adjusted R² value to assess the explanatory power of the model. All analyses were performed with statistical software to obtain valid empirical results.

V. RESULTS AND DISCUSSION

A. Descriptive Statistics

	X1	X2	X3	X4	X5	X6
Mean	8.987400	54.95507	0.140000	0.866667	2.853333	21.63621
Median	7.215000	50,000,000	0.000000	1,000,000	3,000,000	21.68134
Maximum	39.30000	100,0000	1,000,000	1,000,000	12,00000	25.38271
Minimum	0.110000	25,00000	0.000000	0.000000	1,000,000	18.90619
Std. Dev.	7.878471	13.66631	0.348149	0.341073	1.615307	1.461705

Source: Data processed (Eviews)12, 2025

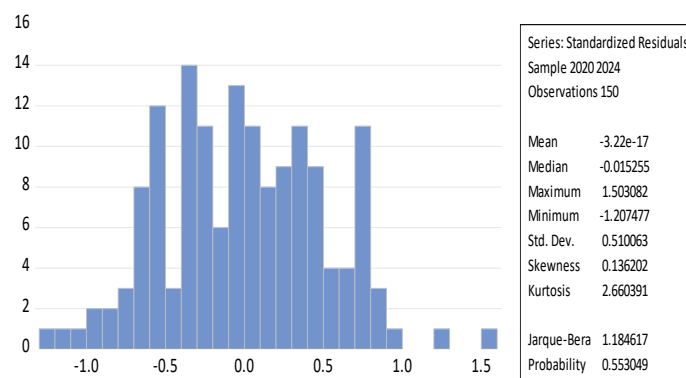
The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

The descriptive analysis table above was used to describe the characteristics of the data before regression testing. The research variables include Pressure (X1), Opportunity (X2), Rationalization (X3), Ability (X4), Ego (X5), Collusion (X6), Financial Reporting Fraud (Y), and Accounting Complexity (Z). The descriptive results show that several variables have high variability, such as X1 and X5, while variables such as X3 and X4 show low variability. This finding indicates that the sample company structure has significant behavioral differentiation so that it is suitable for analysis using panel data.

B. Panel Regression Model

The Chow test results show a Chi-square probability value of 0.0165, indicating the appropriate model is the Fixed Effect Model (FEM). The Hausman test results also show a probability of $0.0393 < 0.05$, indicating that FEM is again the best model. Therefore, panel data testing is conducted using the Fixed Effect Model.

C. Classical Assumption Test



Source: Processed data (Eviews) 12, 2025

Normality The results of the normality test show a Jarque-Bera value of 0.553049 (> 0.05) so that the residuals are normally distributed.

D. Heteroscedasticity

Dependent Variable: Y
 Method: Panel Least Squares
 Date: 11/22/25 Time: 15:19
 Sample: 2020 2024
 Periods included: 5
 Cross-sections included: 30
 Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.288806	2.421013	-1.358442	0.1770
X1	0.037298	0.013350	2.793854	0.0061
X2	-0.005308	0.007204	-0.736781	0.4628
X3	0.120777	0.169033	0.714518	0.4764
X4	1.393811	0.177419	7.856058	0.0000
X5	0.014972	0.037162	0.402884	0.6878
X6	0.329280	0.108812	3.026134	0.0031

Source: Processed data (Eviews) 12, 2025

Heteroscedasticity From the table above, several variables (X1, X4, X6) show indications of heteroscedasticity, so that further analysis uses robust standard error so that the results remain reliable.

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

E. Multicollinearity

	X1	X2	X3	X4	X5	X6
X1	1,000,000	0.256350	-0.087537	0.054043	0.212031	0.374856
X2	0.256350	1,000,000	0.244275	-0.152492	0.178155	-0.045918
X3	-0.087537	0.244275	1,000,000	-0.067824	-0.058716	-0.068420
X4	0.054043	-0.152492	-0.067824	1,000,000	-0.047915	0.060565
X5	0.212031	0.178155	-0.058716	-0.047915	1,000,000	-0.069711
X6	0.374856	-0.045918	-0.068420	0.060565	-0.069711	1,000,000

Source: Processed data (Eviews) 12, 2025

the multicollinearity table, a correlation matrix was used to test for multicollinearity between variables X1 through X6. The calculation results show that all correlation values are well below the critical limit of 0.80, which is generally used as an indicator of high multicollinearity. The highest correlation value was only 0.374856 for all variables, while the other variable pairs showed very low correlations, with some even negative, but still within the range that does not indicate multicollinearity. These low correlation values indicate that each independent variable does not have a strong linear relationship with each other. Therefore, it can be concluded that the regression model does not contain multicollinearity, and all independent variables are suitable for use in further regression analysis.

F. Fixed Effect Model (FEM) Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.961171	2.644780	-1.497732	0.1371
X1	0.037188	0.013811	2.692610	0.0082
X2	-0.005873	0.008153	-0.720373	0.4729
X3	0.119429	0.188835	0.632450	0.5284
X4	1.419030	0.193638	7.328256	0.0000
X5	0.030955	0.041498	0.745932	0.4573
X6	0.353606	0.118048	2.995445	0.0034
Z	0.861639	0.624460	1.379814	0.1705
X1Z	0.004091	0.011684	0.350176	0.7269
X2Z	0.001691	0.002414	0.700560	0.4851
X3Z	-0.017931	0.033682	-0.532384	0.5956
X4Z	-0.008851	0.082869	-0.106809	0.9151
X5Z	-0.016102	0.011311	-1.423636	0.1575
X6Z	-0.042033	0.032268	-1.302611	0.1955
Effects Specification				

Source: Processed data (Eviews) 12, 2025

From the table above, it can be concluded that the regression results show that the Pressure variable (X1) has a significant positive effect on financial reporting fraud. Opportunity (X2) has no significant effect. Rationalization (X3) has no significant effect. Ability (X4) has a very significant positive effect. Ego (X5) has no significant effect. Collusion (X6) has a significant positive effect. Accounting Complexity (Z) has no effect. All moderating interaction variables are not significant. This shows that the moderation of accounting complexity is not evident in all relationships between X1–X6 and Y.

G. Statistical Test

1) **t-test** From the results of the t-test, the significant variables are X1, X4, and X6, while X2, X3, X5, and Z are not significant.

F-statistic	6.554621
Prob(F-statistic)	0.000000

Source: Processed data (Eviews) 12, 2025

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

2) **F test** from the table above The F-statistic value of 6.554621 with a p-value of 0.000 shows that all independent variables together have a significant effect on fraudulent financial reporting.

R-squared	0.668037
Adjusted R-squared	0.566118

Source: Processed data (Eviews) 12, 2025

Coefficient of Determination (R^2) from the table above The adjusted R^2 value of .566 indicates that 56. 6% of the variation in financial reporting fraud can be explained by the model.

The Influence of Pressure on Financial Report Fraud

Pressure has been shown to have a significant positive effect on fraud. This finding is in line with the Fraud Hexagon which asserts that pressure, especially financial pressure such as profitability demands (ROA proxy), can drive management to commit fraud to maintain an image of success. These results are consistent with the research of Agusputri & Sofie (2019) and Stevansyah & Suhendah (2023).

The Influence of Opportunity on Financial Reporting Fraud

Opportunity has not been shown to influence fraud. This shows that in the financial sector, internal control mechanisms are relatively strong so that the existence of opportunities does not directly encourage fraud. These results are in line with Utami et al. (2022), but differ from Aprilia & Furqani (2021).

The Effect of Rationalization on Financial Reporting Fraud

Rationalization has no significant effect. Auditor change (rationalization proxy) does not directly increase the risk of fraud because the company follows the auditor rotation provisions according to regulations. Strict oversight of the financial industry reduces the role of moral justification for perpetrators. This finding is consistent with Utomo et al. (2019).

The Influence of Ability on Financial Reporting Fraud

Ability is the most significant variable in the model. Fraud can only be committed by individuals with capacity, experience, and authority. In the financial sector, perpetrators with strategic positions can exploit internal process loopholes to manipulate financial reports. These results support the Fraud Hexagon theory and align with research by Dewi & Yuliati (2022).

The Influence of Ego on Financial Report Fraud

Ego does not have a significant influence. CEO duality does not increase the likelihood of fraud because financial sector companies have multiple layers of oversight. This finding is in line with Indriani & Rakhman (2021).

The Effect of Collusion on Financial Report Fraud

Collusion has a significant impact on fraud. Collusion between individuals or external parties is an important factor in the occurrence of fraud because it allows coordination to hide irregularities. This finding supports Aviantara (2021).

THE MODERATING ROLE OF ACCOUNTING COMPLEXITY

Accounting complexity does not moderate the relationship between X1–X6 and Y. The results show that all interaction variables are not significant because financial sector regulations are very strict , so that complexity does not become a loophole for fraud. Multi-level supervision internal audit, external audit, OJK closes opportunities exploiting complexity, Fraudulent behavior is more influenced by human factors, ability and collusion. compared to the technical aspects of recording. These results support Amara & Trabelsi (2019) who stated that strict regulations can eliminate the moderating role of accounting complexity. Overall, these findings indicate that fraud in the financial sector is mostly triggered by pressure, ability, and collusion , not by the complexity of the accounting system.

VI. CONCLUSIONS

The results of this study indicate that financial reporting fraud in financial sector companies in Indonesia is substantially influenced by behavioral factors within the Fraud Hexagon framework, specifically pressure, capability, and collusion, which have been shown to significantly influence the probability of fraud. These findings suggest that financial pressure, management's capacity to exploit system loopholes, and cooperation among actors play a significant role in encouraging the practice of financial reporting manipulation. Conversely, the variables of opportunity, rationalization, and ego do not show a significant influence, reflecting that financial industry regulations, internal control systems, and strict corporate governance have limited management's room to commit irregularities based on these factors. Furthermore, accounting complexity has not been shown to act as a moderating variable, so complexity in the reporting system neither strengthens nor weakens the relationship between the Fraud Hexagon elements and financial reporting fraud. This condition confirms that regulatory oversight and strict

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

reporting standards in the financial sector are able to reduce the risk of abuse of accounting complexity. Thus, this study confirms that the main determinants of fraud are more behavioral and collaborative, rather than technical accounting, so that fraud prevention efforts need to be directed at strengthening management integrity and mitigating potential collusion.

REFERENCES

- 1) Diany, &Wahjoe. (2024). The Effect of Financial Distress, Foreign Ownership, and Complexity of Company Operations on The Timeliness of Financial Reporting (Empirical Study on Property and Real Estate Sector Companies Listed on The Indonesia Stock Exchange in 2019-2023). *Journal of Tourism Economics and Policy*, 4(4), 486–495. <https://doi.org/10.38142/jtep.v4i4.1152>
- 2) Al-saedi, M. O., &Almaliki, O. J. (2023). The Role of Internal Audit Quality on Earnings Management. *International Academic Journal of Economics*, 10(1), 64–70. <https://doi.org/10.9756/IAJE/V10I1/IAJE1007>
- 3) Arel, B., Tomas, M. J., & Stark, L. (2023). The Effect of Fraud Diamond Capability Measures on Fraud Occurrence. *Journal of Forensic Accounting Research*, 8(1), 141–159. <https://doi.org/10.2308/JFAR-2021-024>
- 4) Azevedo, Y. G. P., Silva, M. C. G. e, & Nakao, S. H. (2024). The moderating role of duality split on the relationship between CEO narcissism and earnings management. *Corporate Governance: The International Journal of Business in Society*, 24(6), 1237–1262. <https://doi.org/10.1108/CG-06-2023-0229>
- 5) Bader, A. A., Abu Hajar, Y. A., Weshah, S. R. S., &Almasri, B. K. (2024). Predicting Risk of and Motives behind Fraud in Financial Statements of Jordanian Industrial Firms Using Hexagon Theory. *Journal of Risk and Financial Management*, 17(3), 120. <https://doi.org/10.3390/jrfm17030120>
- 6) BechirChenguel, M. (2022). Financial Fraud and Managers, Causes and Effects. In *Corporate Social Responsibility*. IntechOpen. <https://doi.org/10.5772/intechopen.93494>
- 7) Brodish, J. (2025). *Fraud Triangle* (P. Gupta, Ed.). SAGE Publications, Inc. <https://doi.org/10.4135/9798348811693>
- 8) du Toit, E. (2024). The Red Flags Of Financial Statement Fraud: A Case Study. *Journal of Financial Crime*, 31(2), 311–321. <https://doi.org/10.1108/JFC-02-2023-0028>
- 9) Goebel, Z. (2023). Competence to comprehend and knowledging. *Language & Communication*, 33(4), 366–375. <https://doi.org/10.1016/j.langcom.2013.03.006>
- 10) Isa, Alias, Mohd Ali, M., HasnizaHaron, N., Bi Mohamed Sadique, R., & Johan, N. (2024). Factors influencing asset misappropriation in financial institutions: The application of fraud diamond theory. *Edelweiss Applied Science and Technology*, 8(5), 131–143. <https://doi.org/10.55214/25768484.v8i5.1670>
- 11) Harjati, S., & a, R. (2023). The Relationship Of Individual Morality And Auditor Perceptions Of Fraud Tendency: Testing Of The Fraud Pentagon Theory Approach. *International Journal of Advanced Research*, 11(01), 910–924. <https://doi.org/10.21474/IJAR01/16097>
- 12) Hatoum, K., Moussu, C., & Gillet, R. (2022). CEO overconfidence: Towards a new measure. *International Review of Financial Analysis*, 84, 102367. <https://doi.org/10.1016/j.irfa.2022.102367>
- 13) Hulu, G. F. R., Iskandar Sam, &MisniErwati. (2024). Analysis of Fraudulent Behavior using the Fraud Hexagon Approach at Jambi University. *Indonesian Journal of Economic & Management Sciences*, 2(2), 219–238. <https://doi.org/10.55927/ijems.v2i2.8939>
- 14) Jiang, Y. (2022). Study on the Functional Orientation of Malicious Collusion. *Asian Journal of Social Science Studies*, 7(3), 44. <https://doi.org/10.20849/ajsss.v7i3.1035>
- 15) Leonora, H., &Apriwenni, P. (2023). PENGARUH FRAUD HEXAGON DALAM MENDETEKSI FRAUDULENT FINANCIAL STATEMENT PADA SUB SEKTOR PERBANKAN. *Jurnal SIKAP (SistemInformasi, Keuangan, Auditing Dan Perpajakan)*, 8(1), 26–39. <https://doi.org/10.32897/jsikap.v8i1.2878>
- 16) Li, L., & McMurray, A. (2022). Corporate Fraud Comparison Across Industries. In *Corporate Fraud Across the Globe* (pp. 135–167). Springer Nature Singapore. https://doi.org/10.1007/978-981-19-3667-8_6
- 17) Luo, Y. (2023). Reduce Fraud: From Fraud Motivation to Fraud Avoidance. *Advances in Economics, Management and Political Sciences*, 9(1), 174–179. <https://doi.org/10.54254/2754-1169/9/20230375>
- 18) Malaquias, R. F., &Zambra, P. (2019). Complexity in accounting for derivatives. *Accounting Research Journal*, 33(1), 108–127. <https://doi.org/10.1108/ARJ-11-2017-0192>
- 19) Mubarika, N. R., &Handayani, Rr. S. (2022). Value Relevance of Accounting Information from PSAK 72. *JurnalAkuntansi Dan Keuangan*, 24(1), 1–9. <https://doi.org/10.9744/jak.24.1.1-9>

The Effect of Fraud Hexagon on Fraudulent Financial Reporting with Accounting Complexity as a Moderating Variable in Financial Sector Companies

- 20) Muhthadin, M. Al, & Amin, M. N. (2023). Hexagon Fraud In Fraudulent Financial Statement: Perusahaan Sektor Keuangan Yang Terdaftar Di BEI Periode 2018-2021. *Jurnal Aplikasi Akuntansi*, 8(1), 157–172. <https://doi.org/10.29303/jaa.v8i1.292>
- 21) Nurfadilah, S., Putra, W. E., & Ridwan, M. (2024). Influence of Fraud Triangle on Financial Statement Fraud with Financial Distress as an Intervening Variable. *International Journal of Multidisciplinary Approach Research and Science*, 2(03), 1232–1247. <https://doi.org/10.59653/ijmars.v2i03.934>
- 22) Oktavia, S., Bahari, A., & Kartika, R. (2022). Pengaruh Elemen Fraud Hexagon Theory Terhadap Fraud Laporan Keuangan. *Jurnal Akuntansi Dan Ekonomika*, 12(2), 275–284. <https://doi.org/10.37859/jae.v12i2.4207>
- 23) Rahman, A. F., Iqbal, S., & Carolina, J. (2025). Fraud diamond insights: Predictors of financial statement fraud in the financial services sector. *Acta Commercii*, 25(1). <https://doi.org/10.4102/ac.v25i1.1367>
- 24) Rahman Siddiq, F., & Sutopo, B. (2024). The Fraud Hexagon as an Analytical Framework for Predicting Financial Statement Fraud: A Systematic Literature Review. *APLIKATIF: Journal of Research Trends in Social Sciences and Humanities*, 3(2), 158–176. <https://doi.org/10.59110/aplikatif.v3i2.467>
- 25) Risa Putri Wahyu Wulansari, & Muhammad Abdul Aris. (2024). Pengaruh Fraud Hexagon Theory Terhadap Fraudulent Financial Statement: Studi pada Perusahaan BUMN yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2020-2023. *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 6(11). <https://doi.org/10.47467/alkharaj.v6i11.5766>
- 26) Roffia, P., & Poffo, M. (2025). Revisiting the Fraud Triangle in Corporate Frauds: Towards a Polygon of Elements. <https://doi.org/10.20944/preprints202502.0112.v1>
- 27) Sun, X., & Chen, Y. (2022). Why do people with similar levels of internal control differ in their likelihood to commit fraud? Analysis of the moderating effect of perceived opportunity to commit fraud. *Frontiers in Psychology*, 13. <https://doi.org/10.3389/fpsyg.2022.999469>
- 28) Syurmita, S., Nisa, I. S., & Syafei, A. W. (2024). Analisis Pengaruh Teori Fraud Hexagon dalam Mendeteksi Kecurangan Pelaporan Keuangan. *Jurnal Al Azhar Indonesia Seri Ilmu Sosial*, 5(1), 41. <https://doi.org/10.36722/jaiss.v5i1.2710>
- 29) Tawiah, V., & Borgi, H. (2022). Impact of XBRL adoption on financial reporting quality: a global evidence. *Accounting Research Journal*, 35(6), 815–833. <https://doi.org/10.1108/ARJ-01-2022-0002>
- 30) Yasa, I. A., Thalib, Moch. M. Y., & Wahyuni, L. M. (2025). Utilizing the diamond fraud theory perspective to analyze financial statement fraud. *Journal of Applied Sciences in Accounting, Finance, and Tax*, 8(1), 1–10. <https://doi.org/10.31940/jasafint.v8i1.1-10>
- 31) Yosef, M. C., & Sumarna, A. D. (2024). The Fraud Pentagon Analysis In Financial Companies On The Indonesia Stock Exchange. *Moneter: Jurnal Keuangan Dan Perbankan*, 12(3), 556–567. <https://doi.org/10.32832/moneter.v12i3.1080>



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.