

Internal Control, Love of Money, Individual Morality, and Information Asymmetry: Influences on Accounting Fraud Tendency

I Kadek Feri Mahardika¹

A.A. Gde Putu Widanaputra²

^{1,2}Fakultas Ekonomi dan Bisnis Universitas Udayana, Indonesia

*Correspondences: feri.mahardika2016@gmail.com

ABSTRAK

The objective of this study is to examine the impact of internal control, individual morality, information asymmetry, and love of money on the propensity for accounting fraud at PT. Bali Regional Development Bank, Badung Branch Office. A sample of 44 respondents was selected using purposive sampling technique. The data analysis method employed is Partial Least Square (PLS), which includes bootstrapping, internal model evaluation, and external model evaluation. The findings demonstrate that internal control and individual morality negatively impact the propensity for accounting fraud. Conversely, love of money and information asymmetry positively influence this propensity.

Kata Kunci: *Internal Control; Love of Money; Individual Morality; Information Asymmetry; Accounting Fraud Tendency*

Student Motivation and Interest in Continuing Masters Education during the Covid-19 Pandemic

ABSTRACT

Penelitian ini bertujuan untuk mengetahui pengaruh pengendalian internal, *love of money*, moralitas individu, dan asimetri informasi pada kecenderungan kecurangan akuntansi pada PT. Bank Pembangunan Daerah Bali Kantor Cabang Badung. Sampel penelitian terdiri dari 44 responden yang dipilih dengan pendekatan *purposive sampling*. Pendekatan analisis data yang dipilih adalah *Partial Least Square* (PLS). Pengolahan respon kuesioner melibatkan evaluasi model luar, model dalam, dan *bootstrapping*. Hasil penelitian menunjukkan bahwa pengendalian internal dan moralitas individu memiliki pengaruh negatif pada kecenderungan kecurangan akuntansi, *love of money* dan asimetri informasi memiliki pengaruh positif pada kecenderungan kecurangan akuntansi.

Keywords: Pengendalian Internal; Love of Money; Moralitas Individu; Asimetri Informasi; Kecenderungan Kecurangan Akuntansi

Artikel dapat diakses : <https://ojs.unud.ac.id/index.php/Akuntansi/index>



e-ISSN 2302-8556

Vol. 34 No. 6
Denpasar, 30 Juni 2024
Hal. 1536-1549

DOI:
10.24843/EJA.2024.v34.i06.p15

PENGUTIPAN:

Mahardika, I. K. F. & Widanaputra, A. A. G. P. (2024). Internal Control, Love of Money, Individual Morality, and Information Asymmetry: Influences on Accounting Fraud Tendency. *E-Jurnal Akuntansi*, 34(6), 1536-1549

RIWAYAT ARTIKEL:

Artikel Masuk:
1 Maret 2022
Artikel Diterima:
9 April 2022

INTRODUCTION

Banking, an essential financial institution, plays a major role in a nation's economic development. The primary function of banks is to act as intermediaries, providing loans or credit between parties in need of financing and those with substantial financial resources. Banks generate financial statements to offer accountability and transparency in transactions involving the bank and its customers or investors (Pratiwi & Budiasih, 2020). During the preparation of these statements, misstatements can occur, either intentionally or inadvertently. The deliberate act of falsifying information in financial statements is referred to as accounting fraud (Nita & Supadmi, 2019).

The Bali Regional Development Bank, a financial organization under the control of the Bali regional government, has encountered problems with accounting fraud, as derived from BPD Bali's annual reports and incidents of fraudulent acts. One example of fraud discovered at the bank's Badung Branch involves the fraudulent issue and approval of credit, facilitated by subpar credit verification practices and interference by previous management. This resulted in a total loss exceeding 5 billion rupiah, marking the greatest nominal loss due to internal fraud ever recorded at the PT Bank Pembangunan Daerah Bali Badung Branch Office. Consequently, this branch was selected as the research venue.

A concept that explains why fraud can occur is known as fraud theory (Christian *et al.*, 2019). The Fraud Hexagon Theory, proposed by Vousinas (2019), links accounting fraud to six elements, which form the basis of this research. These elements include opportunity, capability, pressure, ego, collusion, and rationalization.

People may commit fraud when they are under significant pressure and perceive a substantial opportunity to perpetrate fraud. Internal control refers to a set of procedures used to prevent asset loss or misuse, ensure consistent financial reporting, and guarantee adherence to legal requirements (Rajeswari & Rasmini, 2022). Implementing robust internal controls can help reduce the likelihood of accounting fraud (Wiswantara & Widanaputra, 2020). Research by Pratiwi & Budiasih (2020) found that internal control has a negative effect on the tendency towards accounting fraud. However, research by Adiko *et al* (2019) discovered that the prevention of accounting fraud is not significantly affected by internal control.

When someone's love of money is exploited, opportunity and justification can lead to dishonesty. Individuals with a strong financial inclination are more likely to look for reasons or explanations for their dishonest behavior. According to studies carried out by Kase & Babulu (2023), accounting fraud is more likely to be committed by someone with a strong desire for money. However, research by Selawati & Martini (2023) found differing outcomes, specifically the absence of a connection between the love of money and the risk of engaging in accounting fraud.

Personal moral principles are a significant factor in assessing fraudulent behavior, in addition to a person's love of money. Due to loyalty to his religious convictions, a highly moral individual abstains from taking advantage of opportunities to commit deception. Studies carried out by Komala *et al* (2019) found that individual morality has a negative effect on the likelihood of accounting

fraud. Nonetheless, the study by Ariestina & Wahyuni (2021) discovered that the propensity for accounting fraud is unaffected by an individual's morality.

An additional element that can help to justify fraudulent activity is collusion. Collusion occurs when two or more people conspire to commit fraud due to unequal access to information. "Information asymmetry" refers to the discrepancy in knowledge between the principal and the agent (Khamimah *et al.*, 2021). Collaboration between management and staff increases the risk of accounting fraud. Research by Rajeswari & Rasmini (2022) discovered that there is a beneficial relationship between information asymmetry and accounting fraud. However, research by Robani & Halimatusyadiah (2021) found that information asymmetry has no impact on accounting fraud.

Researchers have discovered that numerous variables, such as information asymmetry, love of money, individual morality, and internal control, show variations across earlier studies. Under the title "The Effect of Internal Control, Love of Money, Individual Morality, and Information Asymmetry on the Tendency of Accounting Fraud," experts aim to conduct further research. Utilizing novel concepts like the fraud hexagon hypothesis, this work builds on earlier research by Nita & Supadmi (2019). This study employs unique data analysis methodologies and multiple research locations, exploring individual morality and love of money as indicators of accounting fraud.

The fraudulent hexagon theory explains the steps involved in committing accounting fraud. This theory starts with pressure, a state in which an individual faces various pressures, such as financial or professional, which incite them to commit fraud (Handoko & Natasya, 2019). Capability refers to the capacity to exploit opportunities to conduct fraud (Widnyana & Widyawati, 2022). An individual has the opportunity to commit fraud when specific conditions are met (Pratiwi & Budiasih, 2020). Rationalization is a cognitive process that justifies unethical behavior (Utami *et al.*, 2019). One's ego is exhibited through feelings of envy and a strong desire to obtain more than others. Collusion involves the intentional, malicious agreement of two or more people to act against a third party's rights or conspire to commit fraud (Vousinas, 2019).

The propensity to deliberately commit fraudulent acts, such as theft, embezzlement, and forgery, to gain unauthorized financial benefit is known as accounting fraud. The fraud tree, as defined by the Association of Certified Fraud Examiners (ACFE), categorizes accounting fraud into three main types: asset misappropriation, corruption, and fraudulent statements.

Internal control refers to a systematic method or process that assists an organization in achieving its objectives by ensuring reliable financial reporting, effective operations, and compliance with relevant regulations. The five essential components of internal control, as identified by the Committee of Sponsoring Organizations of the Treadway Commission, include the control environment, risk assessment, control activities, information and communication, and monitoring. Research by Deasri & Utama (2022). Chandrayatna & Sari (2019) and Kamil & Hidayah (2023) demonstrates how the tendency of accounting fraud is negatively impacted by internal control. There is an inverse correlation between the incidence of accounting fraud and the efficiency of an organization's internal control system.

In other words, the stronger the internal control framework, the lower the probability of accounting fraud.

H₁: The tendency of accounting fraud is adversely affected by internal control.

Individuals who judge everything by its monetary value and have a strong desire for money are said to exhibit a love of money (Sari & Widanaputra, 2019). Those with a strong propensity to value money are more likely to believe that having money is crucial to success and happiness. This belief motivates them to engage in activities with the express intent of making money (Ayunda & Helmayunita, 2022). The desire for wealth has the potential to breed greed, which makes individuals willing to tolerate immoral behavior to obtain money (Dewi & Gayatri, 2020). With the intention of achieving financial objectives, these behaviors can result in various negative actions such as corruption, cheating, manipulation, and abuse of authority (Nainggolan, 2023). The concept of the "love of money" is closely associated with greed and is considered the root of all moral transgressions. This is because individuals with a stronger attachment to money are more likely to act unethically, disregard religious beliefs, and utilize illegal methods to acquire excessive wealth (Maggalatta & Adhariani, 2020). Based on findings by Kase & Babulu (2023), Fade *et al* (2022) and Suryandari & Valentin (2021), research demonstrates how the desire for money positively affects one's propensity to engage in dishonest accounting practices. Thus, the likelihood of engaging in fraudulent accounting techniques is higher for individuals with a stronger inclination towards materialistic actions.

H₂: Love of money has a positive effect on the tendency of accounting fraud.

Morality is defined as the set of rules and standards that individuals and groups use to guide their behavior (Suarniti & Ratna Sari, 2020). It encompasses the general laws and principles that determine what is deemed right and wrong, as well as an individual's moral character. Morality also influences a person's conduct; virtuous behavior reflects positive moral principles, while dishonest acts that harm others demonstrate poor moral beliefs (Fernandhytia & Muslichah, 2020). Research shows a correlation between individual morality and the likelihood of committing accounting fraud. Individuals with higher moral reasoning are less prone to perpetrate accounting fraud (Nurjanah & Setiawan, 2021). Studies by Chandrayatna & Sari (2019), Siahaan *et al* (2022) and Sudarman *et al* (2019) have demonstrated that individual morality has a detrimental effect on the propensity to engage in accounting fraud. In other words, those who uphold strong moral principles in their lives are less inclined to commit fraud using dishonest accounting techniques.

H₃: The tendency of accounting fraud is negatively impacted by individual morality.

Information asymmetry occurs when the principal and the agent have different knowledge distributions (Hikmah *et al.*, 2022). It refers to a condition where one party to a transaction or activity possesses more, more accurate, or more relevant information than the other parties involved. This scenario is particularly exploitative when a person with a significant propensity for accounting fraud uses his superior knowledge and information to his advantage and conspires with other employees for personal gain. Research by Setyaningsih & Nengzih (2020), Rajeswari & Rasmini (2022) and Kurniawan & Purwati (2021) indicates that the

likelihood of accounting fraud is significantly correlated with information asymmetry. Specifically, the propensity for accounting fraud increases with the degree of knowledge asymmetry.

H₄: The tendency of accounting fraud is positively impacted by information asymmetry.

RESEARCH METHODS

Using an associative quantitative methodology, this study examines how the independent variable influences the dependent variable. The research employs a survey data collection strategy, utilizing a questionnaire as the primary research tool. The study was conducted at the Bali Regional Development Bank's Badung Branch Office. The population for the study consisted of the branch manager and all employees at the PT. Bali Regional Development Bank Badung Branch Office. Purposive sampling, a non-probability sampling technique, was used to select participants. The sampling criteria targeted the branch head, the credit division, the funds and services division, and staff members in each work unit who have direct contact with customers and are familiar with the process of creating financial reports. The sample size comprised 44 respondents.

Accounting fraud is characterized by a propensity to commit intentional and unjustifiable fraudulent behaviors, such as lying, deceiving, manipulating, producing financial statements falsely or deceptively, engaging in corrupt practices, and squandering assets for personal benefit (Deasri & Utama, 2022). Indicators used to assess the prevalence of accounting fraud are based on studies by Pratiwi & Budiasih (2020). These indicators include a propensity to falsify, alter, or manipulate financial records or ancillary documents; an intentional misuse of accounting principles; a propensity to misrepresent financial statements by making false claims about the theft of assets, leading the organization to pay for services or goods that were not actually received; and a propensity to misrepresent financial information.

The term "internal control" refers to a system of rules and regulations established and rigorously enforced by an organization to safeguard its assets and ensure data accuracy and compliance with all applicable laws and standards. The indicators used for evaluating internal control are derived from studies by Chandrayatna & Sari (2019). These indicators include the control environment, risk assessment, control activities, information and communication, and activities related to supervision or monitoring.

The term "love of money" describes the inherent attitudes and behaviors of individuals who place significant value on money and have an overwhelming affection for it (Suryandari & Valentin, 2021). The love of money variable is measured using five indicators obtained from research conducted by Permas *et al* (2020). These indicators are success, self-expression, happiness, money, and motivation.

Morality, an intrinsic quality, determines whether an individual's behaviors are deemed morally righteous or immoral (Anggara & Suprasto, 2020). Moral individuals naturally exhibit virtuous and ethical behavior, guided by principles that do not harm others. The indicators used to assess individual

morality are derived from research conducted by Rahimah *et al* (2018). These indicators include employees' understanding of an organization's responsibilities, the value of honesty and ethics, adherence to all relevant policies within the organization, and a person's tendency to act dishonestly.

Information asymmetry occurs when management, information providers, and business owners distribute information unequally (Suarniti & Ratna Sari. 2020). The indicators used to measure information asymmetry are derived from research conducted by Rajeswari & Rasmini (2022). These indicators include scenarios where management is better informed and understands the activities and input-output relationships in their domain more than external parties, and situations where management comprehends the potential and technical aspects of their responsibilities more than external parties.

Data processing for this study is conducted using the SmartPLS 4 software, which integrates descriptive statistics with SEM-PLS (Structural Equation Modeling-Partial Least Square). In PLS analysis, measurement testing is employed to evaluate the outer model, structural model testing is used to assess the inner model, and bootstrapping is utilized for hypothesis testing.

RESULT AND DISCUSSION

This study use descriptive statistics to display and explain the research data employed.

Table 1. Descriptive Statistics Results

<i>Variable</i>	<i>N</i>	<i>Minimum</i>	<i>Maksimum</i>	<i>Mean</i>	<i>Std.Deviation</i>
Internal Control (X_1)	44	23	60	50.04	10.08
<i>Love of Money</i> (X_2)	44	28	60	42.52	9.99
Individu Morality (X_3)	44	12	32	28.77	4.58
Information Asymmetry (X_4)	44	12	24	17.65	4.11
Accounting fraud tendency (Y)	44	12	42	19.25	6.97

Source: Research Data, 2024

According to the provided criteria, data for 44 respondents (N) are presented in Table 1. For the internal control variable (X_1), values range from a minimum of 23 to a maximum of 60, with a mean of 50.04 and a standard deviation of 10.08. The fact that the standard deviation is less than the mean value indicates a uniform distribution of internal control data. The love of money variable (X_2) ranges from a minimum of 28 to a maximum of 60, with a mean value of 42.52 and a standard deviation of 9.99, suggesting a uniform distribution for this variable. The individual morality variable ranges from 12 to 32, with a mean of 28.77 and a standard deviation of 4.58, indicating uniform data distribution. Information asymmetry ranges from 12 to 24, with a mean value of 17.65 and a standard deviation of 4.11, also demonstrating uniform data distribution. The accounting fraud tendency variable (Y) ranges from 12 to 42, with a mean of 19.25 and a standard deviation of 6.97, indicating uniform data distribution.

An external model test was conducted as part of the data analysis process in this study. The test consists of two parts: the validity test, which assesses discriminant and convergent validity, and the composite reliability evaluation, which measures reliability.

Table 2. Convergent Validity Test Results

Variable	Indikator	Outer Loading
Internal Control (X_1)	X1.1	0.867
	X1.2	0.945
	X1.3	0.945
	X1.4	0.892
	X1.5	0.895
	X1.6	0.853
	X1.7	0.932
	X1.8	0.895
	X1.9	0.865
	X1.10	0.907
	X1.11	0.910
	X1.12	0.896
	X1.13	0.867
	X1.14	0.924
	X1.15	0.940
Love of Money (X_2)	X2.1	0.821
	X2.2	0.865
	X2.3	0.833
	X2.4	0.751
	X2.5	0.807
	X2.6	0.819
	X2.7	0.780
	X2.8	0.902
	X2.9	0.838
	X2.10	0.906
	X2.11	0.864
	X2.12	0.881
	X2.13	0.814
	X2.14	0.832
	X2.15	0.864
Individu Morality (X_3)	X3.1	0.905
	X3.2	0.871
	X3.3	0.912
	X3.4	0.961
	X3.5	0.943
	X3.6	0.881
	X3.7	0.949
	X3.8	0.958
Information Asymmetry (X_4)	X4.1	0.938
	X4.2	0.936
	X4.3	0.930
	X4.4	0.940
	X4.5	0.926

Continued.,

X4.6

0.931

Source: Research Data, 2024

Table 2 presents findings indicating that variable indicators have an outer loading value greater than 0.50. Thus, it can be said that the convergent validity test was successfully completed by all indications. The requirement that there be a sufficient difference between two distinct ideas is known as discriminant validity. Convergent validity is demonstrated not only by the outer loading value but also by the Fornell-Lacker value, which needs to be greater than 0.50. Table 3 displays the Fornell-Lacker values.

Table 3. Fornell- Lacker calculation results

	(X ₁)	(X ₂)	(X ₃)	(X ₄)	(Y)
Internal Control (X ₁)	0.896				
Love of Money (X ₂)	-0.413	0.839			
Individu Morality (X ₃)	0.755	-0.486	0.923		
Information Asymmetry (X ₄)	-0.373	0.408	-0.337	0.933	
Accounting fraud tendency (Y)	-0.802	0.636	-0.894	0.513	0.829

Source: Research Data, 2024

According to Table 3, the Fornell-Larcker value for all constructs regarding the correlation between latent variables is more than 0.05. This shows that every variable satisfies the Fornell-Larcker assessment model's standards. The validity of the average value of variance extracted (AVE) can also be used as a measure of discriminant validity. If each variable's average variance extracted (AVE) is greater than 0.50, the model is deemed good.

Table 4. Average Variance Extracted (AVE) Calculation Results

Variabel	Average variance extracted (AVE)
Internal Control (X ₁)	0.803
Love of Money (X ₂)	0.705
Individu Morality (X ₃)	0.852
Information Asymmetry (X ₄)	0.871
Accounting fraud tendency (Y)	0.687

Source: Research Data, 2024

Table 4 demonstrates that the AVE value, which is above 0.50, in this study yields good outcomes for each indicator. Consequently, every validity test that was performed on the outer model's data indicates that every indicator is legitimate. Two criteria are used to evaluate the variable reliability test: composite reliability and Cronbach's alpha, which is derived from the indicator's value measuring the variable. If a variable's Cronbach Alpha and composite reliability value are both more than 0.70, it is regarded as dependable.

Table 5 demonstrates that the Cronbach's alpha and composite reliability values in this study exceed 0.70. It suggests that every signal that was employed for this study is trustworthy

Table 5. Instrument Reliability Testing Results

Variable	Cronbach's Alpha	Composite Reliability
Accounting fraud tendency (Y)	0.982	0.985
Internal Control (X ₁)	0.970	0.973
Love of Money (X ₂)	0.975	0.979
Individu Morality (X ₃)	0.971	0.973
Information Asymmetry (X ₄)	0.958	0.965

Source: Research Data, 2024

Following the initial model test, which the data passed with success. During the structural model testing phase, additional analysis was conducted on the research variables. The purpose of this step is to calculate the independent components' percentage contribution to the dependent variable. The R-squared determination test calculates how much endogenous variable variance is influenced by exogenous component variance. has a range of 0 to 1.

Table 6. Results of the Coefficient of Determination r-square (R²)

Variable	R-square.	R-square adjusted.
Accounting fraud tendency (Y)	0.901	0.891

Source: Research Data, 2024

The r-square value of 0.901 is displayed in Table 6. Consequently, it can be said that changes in internal control variables have an impact. wealth-affinity relationship. The tendency of accounting fraud is 90.1% when information asymmetry and personal ethics are combined.

The Variance Inflation Factor (VIF) is one of the metrics used in the inner model testing process. The presence of multicollinearity symptoms in a construct is evaluated using VIF. If VIF is less than 5, it is considered free of multicollinearity symptoms.

Table 7. Multicollinearity Test Results

Variable	Accounting fraud tendency (Y)
Internal Control (X ₁)	2.417
Love of Money (X ₂)	1.437
Individu Morality (X ₃)	2.542
Information Asymmetry (X ₄)	1.277

Source: Research Data, 2024

According to Table 7, the constructs in this investigation show no evidence of multicollinearity. Each variable with a VIF value less than 5 indicates this.

The degree to which the independent variable in the model structure influences the dependent variable is determined by the f-square effect size test. The threshold value of approximately 0.02 denotes a negligible impact. 0.15 denotes a moderate impact. and a strong influence is indicated by a 0.35 (Hair et al., 2017).

Table 8. F-square test results

Variable	Accounting fraud tendency (Y)
Internal Control (X ₁)	0.225
Love of Money (X ₂)	0.284

Individu Morality (X_3)	1.293
Information Asymmetry (X_4)	0.184

Source: Research Data, 2024

Table 8 demonstrates that the f square value of the variable indicating the tendency of accounting fraud, which is 0.225, is moderately affected by testing the internal control variable. The variable that indicates a desire for money has a moderate impact (f square value = 0.284) on the variable that indicates a possibility of accounting fraud. With a value of 1.293, the f square value of the accounting fraud tendency variable is significantly influenced by the individual morality variable. The variable representing the likelihood of accounting fraud has a f square value of 0.184, which is significantly influenced by the information asymmetry variable. Table 9 presents the results of hypothesis testing.

Table 9. Bootstrapping Path Coefficients Results

	<i>Original sample</i>	<i>Sample mean</i>	<i>Standard deviation</i>	<i>T statistics</i>	<i>P- values</i>
(X_1) -> (Y)	-0.232	-0.236	0.098	2.365	0.009
(X_2) -> (Y)	0.201	0.199	0.069	2.917	0.002
(X_3) -> (Y)	-0.570	-0.567	0.092	6.182	0.000
(X_4) -> (Y)	0.152	0.153	0.067	2.271	0.012

Source: Research Data, 2024

For the purpose of hypothesis testing, a one-sided bootstrap approach is utilized, employing T-Statistic and P-Value tests to evaluate hypotheses. A hypothesis is considered supported if the P-Value is less than 0.05 and the T-Statistic value exceeds 1.68. Table 9 confirms that all study hypotheses are accepted, as their P-Values are less than 0.05 and T-Statistic values exceed 1.68. The presence of a negative sign in the original sample indicates a negative correlation or opposite direction between the independent and dependent variables, particularly concerning factors related to internal control and personal morality. Conversely, a positive original sample suggests a direct relationship between the independent and dependent variables.

Results from the first hypothesis test indicate that the propensity for accounting fraud at the Bali Regional Development Bank Badung Branch Office is reduced by effective internal control. This finding demonstrates how the Regional Development Bank of Bali, Badung Branch Office, can successfully lower the risk of accounting fraud by implementing robust internal control systems. Such controls encourage employee effectiveness and efficiency through sound legislation, effective duty allocation, and enhanced supervision. The results of this study support the components of the fraud hexagon, which outlines six factors – such as opportunity and pressure – that motivate individuals to commit accounting fraud. By minimizing the tools and incentives to commit fraud, effective internal control implementation can significantly prevent potential fraudulent activities. This is achieved through stringent control measures and routine audits and monitoring, which substantially reduce the likelihood of accounting fraud. The findings of this study align with those of other studies conducted by Deasri & Utama (2022), Chandrayatna & Sari (2019) and Kamil & Hidayah (2023), which found that internal controls negatively impact accounting fraud.

The second hypothesis was tested, and the findings indicate a positive correlation between the propensity for accounting fraud at the Regional Development Bank Badung Branch Office and the love of money. Individuals focused on financial gains are therefore more prone to engage in unethical behavior. The components of the fraud hexagon support these findings, elucidating six elements that lead individuals to engage in accounting fraud, one of which is rationalization. Individuals with a strong desire for money may justify their dishonest behavior by citing reasons such as providing for their family's financial needs or facing unfair treatment at work. Prior research by Kase & Babulu (2023), Fade *et al* (2022), and Suryandari & Valentin (2021) found that the love of money positively impacts the propensity for accounting fraud.

The third hypothesis suggests an inverse correlation between personal ethics and the likelihood of engaging in accounting fraud. This implies that individuals with higher moral awareness are less likely to engage in fraudulent activities. The fraud hexagon theory, supported by the evidence from this investigation, identifies six elements that influence an individual's behavior, including opportunity. Individuals with strong moral convictions exercise greater caution and are less susceptible to engaging in deceptive practices, even when opportunities arise. Engaging in such behavior, which can harm others and contravenes both legal and religious standards, should be avoided. Previous research by Chandrayatna & Sari (2019), Siahaan *et al* (2022) and Sudarman *et al* (2019) found that individual morality negatively impacts the propensity for accounting fraud.

Testing the fourth hypothesis empirically reveals a positive correlation between information asymmetry and the probability of accounting fraud. If the distribution of information at the PT Bank Pembangunan Daerah Bali Badung Branch is noticeably uneven, accounting fraud may become more likely. The results of this investigation support the fraud hexagon hypothesis, which identifies six factors, including cooperation, that influence individuals to commit accounting fraud. Internal information asymmetry within a company or institution, such as that between management and employees, can foster collusion. Better access to financial data by management could be used to plot fraudulent acts with employees. The findings of this study are consistent with those of other research conducted by Setyaningsih & Nengzih (2020), Rajeswari & Rasmini (2022) and Kurniawan & Purwati (2021), concluding that the likelihood of accounting fraud is positively impacted by information asymmetry.

SUMMARY

This study found that accounting fraud is less likely to occur with strong internal control and robust individual morality, while the likelihood of accounting fraud is positively impacted by the love of money and information asymmetry. Thus, there is a reduced chance of accounting fraud when there is effective internal control and strong moral reasoning on an individual basis. Conversely, those with a great desire for money and significant information asymmetry within a business are more prone to commit accounting fraud.

Researchers recommend that by carefully assigning staff members to each work unit according to their level of ability, the PT Bank Pembangunan Daerah Bali Badung Branch Office can enhance the efficacy of internal monitoring and control. This approach will reduce information asymmetry and increase employee comprehension of banking operational provisions, thereby lowering the likelihood of accounting fraud driven by financial gain. It is hoped that future research will expand on these findings by incorporating additional variables that could influence the incidence of accounting fraud.

REFERENSI

- Anggara, I. K.Y., & Suprasto, H. B. (2020). Pengaruh Integritas dan Moralitas Individu pada Kecurangan Akuntansi dengan Sistem Pengendalian Internal sebagai Variable Mediasi. *E-Jurnal Akuntansi*, 30(9), 296. <https://doi.org/10.24843/eja.2020.v30.09.p10>
- Ayunda, A. E., & Helmayunita, N. (2022). Pengaruh Love of Money dan Sifat Machiavellian terhadap Kecenderungan Fraud Accounting dengan Gender sebagai Variabel Moderasi. *Jurnal Eksplorasi Akuntansi*, 4(1), 1-11. <https://doi.org/10.24036/jea.v4i1.498>
- Chandrayatna, I. D. G. P., & Sari, M. M. R. (2019). Pengaruh pengendalian internal, moralitas individu dan budaya etis organisasi pada Accounting fraud tendency . *E-Jurnal Akuntansi*, 27(2), 1063-1093.
- Deasri, Ni Kadek Dwita; Utama, I Made Karya. Pengendalian Internal, Komitmen Organisasi, Kesesuaian Kompensasi dan Accounting fraud tendency . *E-Jurnal Akuntansi*, [S.l.], v. 32, n. 8, p. 2105-2117, aug. 2022. ISSN 2302-8556
- Fade, A. M. R., Basri, Y. M., & Safitri, D. (2022). Fraud on Government: Reviewed From Organizational Ethical Culture, Leadership Style, and Love of Money. *Berkala Akuntansi Dan Keuangan Indonesia*, 7(1), 113-139. <https://doi.org/10.20473/baki.v7i1.32717>
- Fernandhytia, F., & Muslichah, M. (2020). The Effect of Internal Control, Individual Morality and Ethical Value on Accounting Fraud Tendency. *Media Ekonomi Dan Manajemen*, 35(1), 112. <https://doi.org/10.24856/mem.v35i1.1343>
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2017). *Pearson New International Edition: Multivariat Data Analysis. Exploratory Data Analysis in Business and Economics*. https://doi.org/10.1007/978-3-319-01517-0_3
- Handoko, B. L., & Natasya. (2019). Fraud diamond model for fraudulent financial statement detection. *International Journal of Recent Technology and Engineering*, 8(3), 6865-6872. <https://doi.org/10.35940/ijrte.C5838.098319>
- Kamil, A. H., & Hidayah, N. (2023). The Effect of Integrity and Effectiveness of Internal Control on Potential Accounting Fraud and Their Impact on Financial Accountability. *Dinasti International Journal of Digital Business Management*, Vol. 4, No. 1, December 2022, 4(1), 46-59.
- Kase, M. S., & Babulu, N. L. (2023). The Effect of Love of Money and Intrinsic Religiosity on the Tendency of Village Fund Accounting Fraud. *International Journal of Science and Society*, 5(4), 393-403. <https://doi.org/10.54783/ijsoc.v5i4.794>

- Komala, R., Piturungsih, E., & Firmansyah, M. (2019). Pengaruh Asimetri Informasi, Moralitas Individu Dan Pengendalian Internal Terhadap Accounting fraud tendency. *E-Jurnal Akuntansi*, 29(2), 645. <https://doi.org/10.24843/eja.2019.v29.i02.p12>
- Khamimah, K., Aminah, S., & Saroh, U. (2021). The Effect of Internal Control, Appropriateness of Compensation and Information Asymmetry on Accounting Fraud Tendencies (Study at Cooperatives in Gajah Mungkur District, Semarang City). *International Journal of Economics and Management Studies*, 8(1), 126-130. <https://doi.org/10.14445/23939125/ijems-v8i1p113>
- Kurniawan, F., & Purwati, A. S. (2021). The Influence of Internal Control, Compensation Suitability, Corporate Ethical Culture, Competency, Organizational Justice, Standard Enforcement, Asymmetric Information on Fraud Trends in Banking Article Information. *International Journal of Accounting, Taxation, and Business*, 2(1), 41-50. <https://journal.unsika.ac.id/index.php/IJATB>
- Maggalatta, A. and Adhariani, D. (2020), "For love or money: investigating the love of money, Machiavellianism and accounting students' ethical perception", *Journal of International Education in Business*, Vol. 13 No. 2, pp. 203-220 <https://doi.org/10.1108/JIEB-09-2019-0046>
- Nainggolan, E. P. (2023, September). Study on the Ethical Perceptions of Accounting Students: Evidence from Medan City. In *Journal of International Conference Proceedings* (Vol. 6, No. 3, pp. 169-185)
- Nita, N. K. N., & Supadmi, N.L. (2019). Pengaruh Pengendalian Internal, Integritas, Asimetri Informasi dan Kapabilitas Pada Kecurangan Akuntansi. *E-Jurnal Akuntansi*, 28(3), 1819-1837. <https://ojs.unud.ac.id/index.php/Akuntansi/index>
- Pratiwi, N. L. G. D. A., & Budiasih, I.G.A.N. (2020). Pengendalian Internal, Budaya Organisasi, dan Accounting fraud tendency di LPD Kabupaten Tabanan. *E-Jurnal Akuntansi*, 30(11). 1055-1070
- Permas, I.B.M.S.I., Dwirandra, A.A.N.B., Surdikha, I.M.S., Gayatri. (2020). Catur Purusa Artha Moderates The Influence of Love of money on Accounting Fraud (Article). *Institute of Advanced Scientific Research, Inc.* Vol.12(7). 24-31
- Rahimah, L. N., Murni, Y., & Lysandra, S. (2018). Pengaruh Penyajian Laporan Keuangan Desa, Lingkungan Pengendalian dan Moralitas Individu terhadap Pencegahan Fraud yang terjadi dalam Pengelolaan Alokasi Dana Desa (Studi Kasus di Desa Sukamantri, Desa Sukamanah, Desa Sukaesmi dan Desa Gunungjaya Kecamatan Cisaat Kabupaten Sukabumi). *Jurnal Ilmiah Ilmu Ekonomi (Jurnal Akuntansi, Pajak dan Manajemen)*, 6(12), 139-154
- Rajeswari, I., & Rasmini, N. (2022). Pengendalian Internal, Asimetri Informasi, Integritas, Dan Budaya Organisasi Pada Kecurangan Akuntansi. *E-Jurnal Akuntansi*, 32(6), 1492-1505. [doi:10.24843/EJA.2022.v32.i06.p08](https://doi.org/10.24843/EJA.2022.v32.i06.p08)

- Sari, N. L. P. W. A., & Widanaputra, A. A. G. . (2019). Pengaruh Love of Money, Equity Sensitivity, dan Machiavellian Pada Persepsi Etis Mahasiswa Akuntansi. *E-Jurnal Akuntansi*, 28(2), 1522.
- Setyaningsih, P. R., & Nengzih, N. (2020). Internal control, organizational culture, and quality of information accounting to prevent fraud: Case study from Indonesia's agriculture industry. *International Journal of Financial Research*, 11(4), 316-328. <https://doi.org/10.5430/ijfr.v11n4p316>
- Siahaan, A. M., Siboro, D. T., Sianipar, V. H., & Siboro, U. (2022). Impact of Individual Morality and Internal Control on Accounting Fraud Trends (Viewed From Literature Study). *International Journal of Science and Management Studies (IJSMS)* Vol, 5(1-6).
- Sudarman, & Kusuma, S. Y. (2019). Individual morality to accounting fraud tendency at whole bmts in kudas. *International Journal of Scientific and Technology Research*, 8(12), 1889-1892.
- Sudarman, Candrarin, G., & Asih, P. (2019). Internal control toward accounting fraud tendency at whole bmt. *International Journal of Scientific and Technology Research*, 8(11), 3230-3233.
- Utami, I., Wijono, S., Noviyanti, S., & Mohamed, N. (2019). Fraud diamond, Machiavellianism and fraud intention. *International Journal of Ethics and Systems*, 35(4). <https://doi.org/10.1108/IJOES-02-2019-0042>
- Vousinas, G. L. (2019). Advancing theory of fraud: the SCORE model. *Journal of Financial Crime*
- Widnyana, I. W., & Widyawati, S. R. (2022). Role of forensic accounting in the diamond model relationship to detect the financial statement fraud. *International Journal of Research in Business and Social Science (2147-4478)*, 11(6), 402-409.
- Wiswantara, I.B.G., & Wdianapura, A.A.G.P (2020). The Effect of Internal Control, Accounting Regulations Obedience, and Individual Morality in Accounting Fraud Tendency (Case Sutdy at Vilage Credit Institute for Gianyar District). *International Journal of Management and Commerce Innovations*, 8(1), 204-210.