

## Empirical Study on Fraud Prevention of Government Banks Using Financial Technology, Internal Control, and Internal Audit Variables with Individual Morality Mediator

Erni Yanti Natalia<sup>A</sup>, Wasiman<sup>B</sup>, David Humala Sitorus<sup>C</sup>

### Abstract

Batam must create a healthy business environment and investment climate as an industrial city. Various efforts made to boost investment will be useless if fraud is rampant. Corruption has a bad impact on the economy, this is because corruption can hinder growth caused by low investment in a country. The many phenomena of government banking fraud in the Riau Islands need to be researched, so that similar problems can be anticipated. There has been no previous research to answer this phenomenon, and the use of variable mediators has not been found. The descriptive research method with the Path Analysis model uses primary data (questionnaires). The collected data was then processed with SPSS. Answering the phenomenon of fraud problems that occur by conducting empirical studies using independent variables and variable moderators on Fraud Prevention is the purpose of this research. Conclusion of the results: Financial Technology has been proven to have a non-significant effect on Fraud Prevention using direct tests and indirect tests with individual morality mediators. Fraud prevention should not only rely on the sophistication of Financial Technology but maximize Internal Control and Internal Audit. Individual Morality has proven to have a significant effect on Fraud Prevention, so it is hoped that there will be efforts to prevent the degradation of employee morality.

**Keywords:** *Fraud Prevention, Financial Technology, Internal Control, Internal Audit, Individual Morality.*

### INTRODUCTION

The Association of Certified Fraud Examiners (ACFE) released "Asia-Pacific Occupational Fraud 2022" and placed Indonesia in 4th place as a country in the Asia-Pacific with the highest number of frauds. The largest fraud is corruption by 64%, misuse of company and state assets by 28.9%, and fraud in financial statements by 6.7% (Suyono HS, 2023).

Corruption, Asset Misappropriation, and Financial Statement Fraud are three types of fraud that often occur in financial and business contexts. Corruption is an act of abuse of power or position to

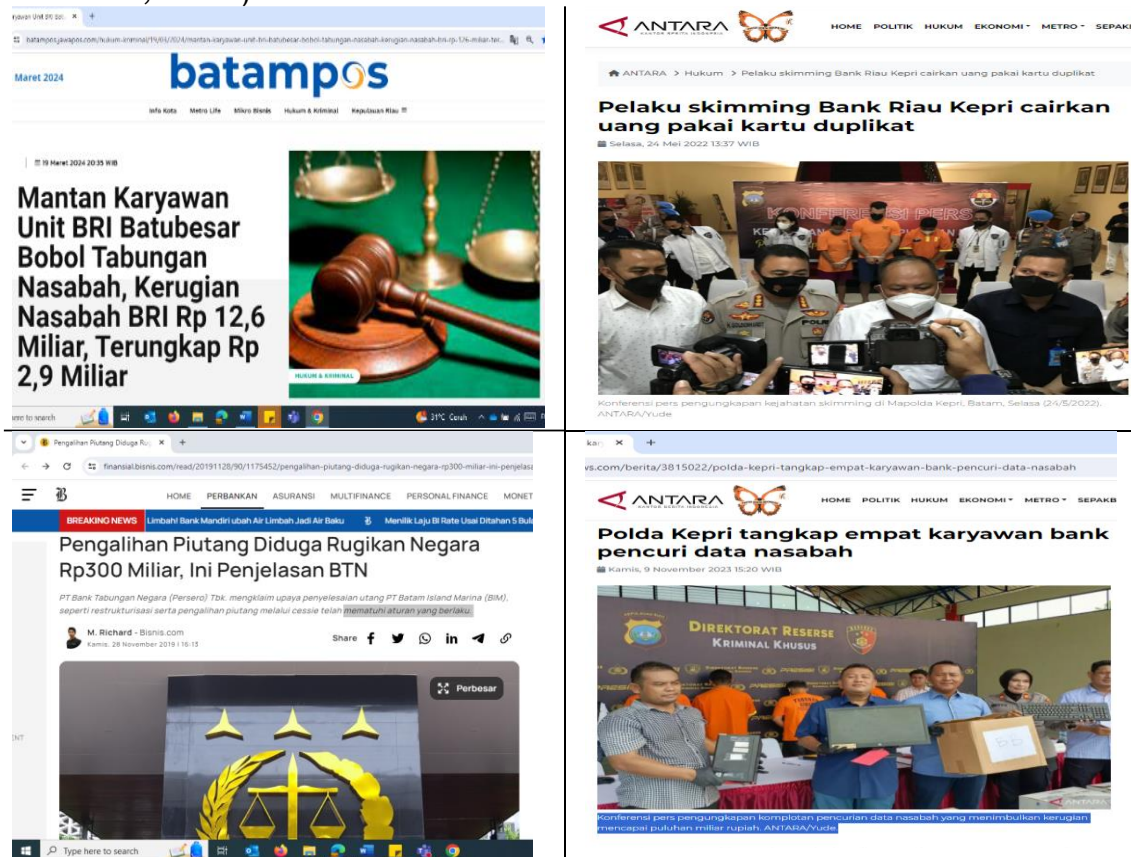
<sup>A</sup>Universitas Putera Batam, Indonesia, Email: [erni.siallagan@gmail.com](mailto:erni.siallagan@gmail.com)

<sup>B</sup>Universitas Putera Batam, Indonesia, Email: [wasiman903@gmail.com](mailto:wasiman903@gmail.com)

<sup>C</sup>Universitas Putera Batam, Indonesia, Email: [davidhumalasitorus@gmail.com](mailto:davidhumalasitorus@gmail.com)

obtain personal gain illegally. Asset Misuse occurs when a person uses or steals the assets of a company or organization for personal gain. Financial Statement Fraud involves falsifying or manipulating financial information presented in a company's financial statements. (esaunggul.ac.id, 2023)

This fraud phenomenon also occurs a lot in the Riau Islands province. Research on Fraud has been carried out by researchers in 2018 (Natalia & Pranoto, 2018a, 2018b) and 2023 (Yupianti & Natalia, 2023) by taking manufacturing companies in the city of Batam where Accounting, Finance, and Purchasing employees are samples in this study. The research was carried out because of the many fraudulent phenomena involving companies and company employees. This fraud case does not only occur in corporate organizations, but lately, it has occurred a lot in the banking world, even though most of them are carried out by government banks (BUMN/BUMD). Here are some of the phenomena that have been collected from various news sources (M. Richard, 2019; May/ndr, 2014; Primary, 2022, 2023; SATUKATA, 2023; Yashinta, 2024).



**Figure 1. The Phenomenon of Bank Fraud in the Riau Islands**

If left unchecked, this fraud problem will recur and harm many parties. The banking sector plays an important role for an investor and potential investor. The capital they will invest in the business world will be deposited in banks. If there are too many cases like this, potential investors/investors will hesitate to keep their funds in the bank and it will certainly cause negative effects, the initial intention to invest can be

undone. This will have a great impact on the progress of the city of Batam and the entire region in the Riau Islands province. Batam City currently holds the title of 'Batam industrial city' and is one of the spearheads of national economic development (Badan Pengusaha Batam, 2022).

Tua and Mahi (2023) have conducted a study of 507 districts and cities in Indonesia and found that investment accumulation is influenced by the prevention of corruption carried out over a long period of time at the city and district levels. Efforts to continue to boost investment through various deregulation measures will ultimately be ineffective if corruption is not immediately addressed.

The inhibition of economic development can be caused by the impact of corruption. Mauleny (2023) found that corruption affects the level of investment and business conditions, the distortion of resources, public spending experiences a decrease in productivity, the quality of development is degraded, and all of which ultimately hampers the economy.

Internal audit can be used as one way to minimize fraud (ACFE, 2020). Yusuf Faisal (Faisal et al., 2023) in 2023 conducted a study on Fraud and the results showed morality and control of internal partially had a negative influence on fraud of financial statement, and Santy in his research found that individuals with low morality tend to commit fraud (Setiawan, 2018).

Another study conducted by Bregitta in 2021 (Handoyo & Bayunitri, 2021) at PT Pos Indonesia-Bandung showed that audits of internal and controls of internal influenced fraud prevention. Other research on fraud prevention in the digital era had been also carried out in 2020 (Kristiyani & Hamidah, 2020), and several other studies with different objects and types of organizations by (Rahma et al., 2022), and (Probahudono et al., 2022).

The international journal Taofik Hidajat in 2020 (Hidajat, 2020) conducted research with BPR Indonesia objects with the title "Rural Banks Fraud" using Diamond Fraud Theory; Fouziah in 2022 (Fouziah et al., 2022) on bank fraud using the Fraud Hexagon Theory with secondary data (financial statements); Spyridon journal on fraud risk investigation (Repousis et al., 2019); Michele's research on the evaluation of banking fraud systems (Carminati et al., 2018), Conference by Nana & Jamal on fraud detection in banks with Support Vector Machine (Gyamfi & Abdulai, 2018), research (Imagbe et al., 2020) on banks in Nigeria.

Research by (Syahwildan & Damayanti, 2022) on Sharia banks examines the role of Fintech in financial performance. Almashhadani's research (Almashhadani & Almashhadani, 2023) uses the Financial Technology variable to measure Banking Performance. Technology has a very important role in banking in today's digital era.

Technology helps work become easier and overcome financial problems, but in fact from the phenomenon that occurs, it is found that financial crimes (Fraud) occur using technology. Worse still, this was

done by the bank employee concerned. There is even something planned and massive carried out by several bank employees from several different banks.

Internal Control and Internal Audit that are carried out according to their functions will affect the organization's goals to be achieved in an effective and efficient way. The weakness of the company's Internal Control and Internal Audit is the forerunner of opportunities for fraud. Apart from that, poor employee Individual Morality is suspected to be an indirect cause of fraud practices even though banks have implemented good Financial Technology, Internal Control and Internal Audit.

Various approaches have been taken by previous researchers to answer the phenomenon of fraud problems. On this occasion, the research team will examine from the perspective of behavioral accounting in determining the problem-solving approach using the Path Analysis model where Individual Morality is the mediator variable, and the independent variables use the variables Financial Technology, Internal Control and Internal Audit. It is hoped that this research can answer phenomenon of Fraud problems that are happening in the Riau Islands by conducting an empirical study using variable independent and variable moderator to test direct and indirect influences.

## **LITERATURE REVIEW**

ACFE defines Fraud as an act committed intentionally by one or more people inside or outside the organization that can cause financial or reputational losses (Mohamad Mahsun, 2023). Meanwhile (Otoritas Jasa Keuangan, 2019) formulated 4 pillars of the Fraud anticipation strategy, namely: (1) Prevention; (2) Detection; (3) Investigation, Reporting; (4) Sanctions, Monitoring, Evaluation, Follow-up.

Financial Technology in a narrow sense is interpreted as a solution to problems in financial cases using technology (Arner, et al). Meanwhile, in a broad sense, FSB formulates Financial Technology as an innovation from the financial sector by using technology that can produce models' business, applications, processes, and products related to financial services and financial organizations. Furthermore, Puschmann "Fintech is defined as any financial service or financial management which is based on technology in which it aims to provide innovation in financial services". (Muhammad & Sari, 2020).

Sawyer states that control is referred to as control. Control (internal checking) consists of three elements, namely: division of labor, use of accounting records, and employee rotation. The internal control model, namely: a) The CoCo model, includes the components: of objectives, commitments, and capabilities; b) The COSO model, includes five interconnected components, namely: Control Environment, Risk Assessment, Information and Communication, Control Activities, Monitoring (Natalia & Pranoto, 2018a). According to Rahman (Rahman, 2020), the internal control system is a procedure that affects an organization's goals to achieve them effectively and efficiently through

operational activities, the presentation of reliable financial statements, order of applicable laws and rules supported by reliable guarantees.

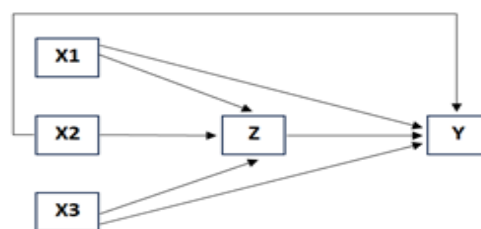
The Institute of Internal Auditors in (Fatimah & Pramudyastuti, 2022), stated "Internal auditing is an independent appraisal function established within an organization to examine and evaluate as a service to the organization". Internal audit is the role of an assessor who has the nature of independence in an agency or institution to evaluate and accept as a form of service to the agency. According to Alifia (Faisal et al., 2023), Morality is associated with moral attitudes or the whole value and principle of good attitudes and bad attitudes towards something.

## METHOD

This study applies the descriptive research method by collecting primary data and then processing and interpreting it in the form of a report. Data was obtained through the distribution of questionnaires to respondents who worked at Government Banks (State-Owned Enterprises) spread across several regions of the Riau Islands with details of positions: Teller, Customer Service, Back Office, Account Officer, General Affair, Credit Admin, and the like.

The research population consists of employees from government banks (BUMN) working in Main Branch Offices (KCU) and Sub-Branch Offices (KCP) located across various regions of the Riau Islands (KEPRI). The sample was selected using the technique of Cluster Sampling.

Data processing uses SPSS version 22. These results will be used to draw objective and accurate conclusions in accordance with the objectives and hypotheses in this study. This study uses *Path Analysis technique*. The intermediary variables are Individual Morality (Z), the dependent variable is Fraud Prevention (Y) and the independent variables are Financial Technology (X1), Internal Control (X2) and Internal Audit (X3). The design of the hypothesis test is presented in the following figure:



**Figure 2. The Path Analysis Model**

Path I : Direct Test  $X1 \rightarrow Y$ ; Indirect Test  $X1 \rightarrow Z \rightarrow Y$

Path II : Direct Test  $X2 \rightarrow Y$ ; Indirect Test  $X2 \rightarrow Z \rightarrow Y$

Path III : Direct Test  $X3 \rightarrow Y$ ; Indirect Test  $X3 \rightarrow Z \rightarrow Y$

Based on the Path Analysis model, there are two formulas for the path analysis structure, namely:

$$Z = P1X1 + P2X2 + P3X3 + \varepsilon1 \quad (1)$$

$$Y = P4X1 + P5X2 + P6X3 + P7Z + \varepsilon2 \quad (2)$$

Information:

X1 : Financial Technology

X2 : Internal Control

- X3 : Internal Audit
- Y : Fraud Prevention
- Z : Individual Morality
- ε : Other variables not included

## RESULTS AND DISCUSSION

Data on research This is analyzed through the Partial Least Squares (PLS) technique. SEM-PLS has superiority in matter modeling because SEM-PLS can allow modeling with An indicator that is formative or reflective (Sarwono, 2018:238).

The recapitulation of the questionnaires distribution to research objects is seen in the following table.

**Table 1. Recapitulation of Questionnaire**

	Batam City				Tanjung Pinang City				Total
	Bank Mandiri	BRI	BTN	BNI	Bank Mandiri	BRI	BTN	BNI	
Questionnaires given to KC and KCP	30	30	30	30	20	20	20	20	200
Returning questionnaire	29	23	29	22	17	0	20	19	159
Filled out questionnaires	27	23	19	22	17	0	20	19	147
Incomplete questionnaire filled/incorrect	7	5	0	0	1	0	1	0	14
Processed questionnaires	20	18	19	22	16	0	19	19	133

### Analysis Results

The questionnaires processed in the study were 133 questionnaires. The following are the results of the processing:

### Respondent's Identity

The identity of the respondents asked in the questionnaire includes: gender, age, education, working period, department/position and work unit of each respondent. Here are the details of each.

**Table 2. Respondent's Identity**

	Information	Frequency	Percent
Gender	Man	69	51.9
	Woman	64	48.1
	<b>Total</b>	<b>133</b>	<b>100.0</b>
Age	21-30 years old	45	33.8
	31-40 years old	64	48.1
	41-50 years old	21	15.8
	>50 years	3	2.3
	<b>Total</b>	<b>133</b>	<b>100.0</b>
Education	High School	3	2.3
	Diploma III	6	4.5
	S1 (Bachelor)	122	91.7
	S2 (Master)	2	1.5
	S3 (Doctoral)	0	0.0
	<b>Total</b>	<b>133</b>	<b>100.0</b>
Working Time	<1 year	19	14.3
	1-5 years	12	9.0
	6-10 years	29	21.8
	11-15 years	43	32.3
	>15 years	15	11.3
	<b>Total</b>	<b>133</b>	<b>100.0</b>
Department/Position	Teller	7	5.3
	Customer Service	16	12.0

	Back Office	38	28.6
	Account Officer	13	9.8
	Administrative Staff	11	8.3
	Management	23	17.3
	Other	25	18.8
	<b>Total</b>	<b>133</b>	<b>100.0</b>

### Data Analysis

The stages of data analysis techniques using the Path Analysis model in the study start from descriptive statistical analysis. In the following table are presented.

**Table 3. Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Fraud Prevention (Y)	133	16	47	36.16	6.373
Financial Technology (X1)	133	13	40	28.83	4.339
Internal Control (X2)	133	31	55	42.03	4.388
Internal Audit (X3)	133	29	56	43.72	4.691
Individual Morality (Z)	133	14	40	26.32	4.873

### Validity Test

This method of testing validity is carried out by correlating the construction score with the total score. The correlation analysis applied is Pearson Product Moment. If the Sig (2tailed) value is < of 0.05 and the Pearson Correlation is positive, then each question item in the questionnaire is called **Valid**, and vice versa. The following are the test results for each variable.

**Table 4. Fraud Prevention Validity Test Results (Y)**

Items		Y.1	Y.2	Y.3	Y.4	Y.5	Y.6	Y.7	Y.8	Y.9	Y.10
Fraud Prevention (Y)	Pearson Correlation	.718	.722	.763	.675	.428	.479	.489	.682	.677	.692
	Sig.(2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	133	133	133	133	133	133	133	133	133	133

**Table 5. Financial Technology Validity Test Results (X1)**

		X1.1	X1.2	X1.3	X1.4	X1.5	X1.6	X1.7	X1.8
Financial Technology (X1)	Pearson Correlation	.677	.690	.727	.640	.501	.629	.687	.690
	Sig.(2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000
	N	133	133	133	133	133	132	133	133

**Table 6. Internal Control Validity Test Results (X2)**

		X2.1	X2.2	X2.3	X2.4	X2.5	X2.6	X2.7	X2.8	X2.9	X2.10	X2.11	X2.12
Internal Control (X2)	Pearson Correlation	.455	.535	.541	.503	.423	.479	.460	.499	.473	.473	.425	.447
	Sig.(2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	133	133	133	133	133	133	133	133	133	133	133	133

**Table 7. Internal Audit Validity Test Results (X3)**

		X3.1	X3.2	X3.3	X3.4	X3.5	X3.6	X3.7	X3.8	X3.9	X3.10	X3.11	X3.12
Internal Audit (x3)	Pearson Correlation	.655	.633	.512	.675	.619	.656	.579	.536	.621	.693	.535	.456
	Sig.(2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	133	133	133	133	133	133	133	133	133	133	133	133

**Table 8. Individual Morality Validity Test Results (Z)**

		Z.1	Z.2	Z.3	Z.4	Z.5	Z.6	Z.7	Z.8
Individual Morality (Z)	Pearson Correlation	.802	.710	.766	.697	.719	.728	.612	.616
	Sig.(2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000
	N	133	133	133	133	133	133	133	133

From the test table for each of the variables above, it can be seen that the value of Sig (2tailed) is < of 0.05, where Pearson Correlation has a positive value, then it is concluded that the statement items in each questionnaire are **Valid**.

**Reliability Test**

The reliability test was determined based on Cronbach's Alpha value. The questionnaire is said to be **Reliable** if it has a > score of 0.6. Here are the results for each variable.

**Table 9. Variable Reliability Test**

Variable	Cronbach's Alpha	N of Items	Information
Fraud Prevention (Y)	.837	10	Reliable
Financial Technology (X1)	.769	8	Reliable
Internal Control (X2)	.646	12	Reliable
Internal Audit (x3)	.836	12	Reliable
Individual Morality (Z)	.805	8	Reliable

The value of Cronbach's Alpha from the table above shows a > value of 0.60. Therefore, it can be concluded that every item of statement used is declared **reliable**.

**Normality Test**

The normality of the data was tested using Kolmogorov-Smirnov. If the test result value shows Asymp. Sig.(2-tailed) > 0.05, so the study has normally distributed data.

**Table 10. Normal Test Results**

	Variable Name	Asymp. Sig Value	P>0.05	Conclusion
1	Fraud Prevention (Y)	0,187	P>0.05	Usual
2	Financial Technology (X1)	0,081	P>0.05	Usual
3	Internal Control (X2)	0,071	P>0.05	Usual
4	Internal Audit (x3)	0,191	P>0.05	Usual
5	Individual Morality (Z)	0,086	P>0.05	Usual

The table above shows the Asymp.Sig values. (2-tailed) > 0.05 for each variable. Therefore, it is concluded that the data has a normal distribution.

**Direct Hypothesis Test**

This test will prove the H0 or H1 to be accepted. H1 is accepted, then H0 is rejected with significance (sig. ≤ α 0.05).

$$\text{Substructure Equation 1: } Z = P1X1 + P2X2 + P3X3 + \epsilon1 \quad (1)$$

**Table 11. Results of the Coefficient of Direct Influence Path of Structure 1**

Coefficients <sup>a</sup>						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.002	.453		.003	.997
	Financial Technology	.069	.102	.076	.681	.497
	Internal Control	.354	.068	.565	5.180	.000
	Internal Audit	.216	.078	.359	2.755	.007

a. Dependent Variable: Individual Morality

$$\text{Equation Z} = 0.076X1 + 0.565X2 + 0.359X3$$

$$\text{Substructure Equation 2: } Y = P4X1 + P5X2 + P6X3 + P7Z + \varepsilon \text{ (2)}$$

**Table 12. Results of the Coefficient of Direct Influence Path of Structure 2**

Coefficients <sup>a</sup>						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.002	.586		.003	.998
	Financial Technology	.127	.132	.101	.963	.337
	Internal Control	.267	.097	.310	2.747	.007
	Internal Audit	.298	.104	.360	2.857	.005
	Individual Morality	.313	.113	.228	2.763	.007

a. Dependent Variable: Fraud Prevention

$$\text{Equation Y} = 0.101X1 + 0.310X2 + 0.360X3 + 0.228Z$$

The explanation of the test results from the two pathway analyses above is described as follows:

1. The results of the Financial Technology analysis of Fraud Prevention show a path coefficient of 0.101 with a Sig.value of 0.337>0.05. The coefficient of influence was insignificant so that **Ha was rejected.**
2. The results of the Internal Control analysis of Fraud Prevention show a path coefficient of 0.310 with a Sig.value of 0.007<0.05. The coefficient of influence was significant so that **Ha was accepted.**
3. The results of the Internal Audit analysis of Fraud Prevention show a path coefficient of 0.360 with a Sig.value of 0.005<0.05. The coefficient of influence was significant so that **Ha was accepted.**
4. The results of the Individual Morality analysis of Fraud Prevention show a path coefficient of 0.228 with a Sig.value of 0.007<0.05. The coefficient of influence was significant so that **Ha was accepted.**
5. The results of the analysis of Financial Technology of Individual Morality show a path coefficient of 0.076 with a Sig.value of 0.497>0.05. The coefficient of influence was insignificant so that **Ha was rejected.**

6. The results of the Internal Control analysis of Individual Morality show a path coefficient of 0.565 with a Sig.value of  $0.000 < 0.05$ . The coefficient of influence was significant so that **Ha was accepted.**
7. The results of the Internal Audit analysis of Individual Morality show a path coefficient of 0.359 with a Sig.value of  $0.007 < 0.05$ . The coefficient of influence was significant so that **Ha was accepted.**

**Table 13. Calculation of the Total Value for Path Analysis**

Information	Direct Influence	Indirect Influence	Total Influence
X1 → Y	0.101		
X2 → Y	0.310		
X3 → Y	0.360		
Z → Y	0.228		
X1 → Z	0.076		
X2 → Z	0.565		
X3 → Z	0.359		
X1 → Z → Y		$0.076 \times 0.228 = 0.017$	
X2 → Z → Y		$0.565 \times 0.228 = 0.129$	
X3 → Z → Y		$0.359 \times 0.228 = 0.082$	
8)			$0.076 + 0.017 = 0.093$
9)			$0.565 + 0.129 = 0.694$
10)			$0.359 + 0.082 = 0.441$

### Indirect Hypothesis Test

The table above presents the results of the calculation of direct influence and the calculation of indirect influence, so the conclusion of indirect influence is obtained as follows:

1. The coefficient of the direct influence of Financial Technology on Individual Morality was 0.076 with a Sig.value  $0.497 > 0.05$ , while the indirect influence was 0.017, so the total calculation was 0.093.
2. The coefficient of the direct influence of Internal Control on Individual Morality was 0.565 with a Sig.value  $0.000 < 0.05$ , while the indirect influence was 0.129, so the total calculation was 0.694.
3. The coefficient of the direct influence of Internal Audit on Individual Morality was 0.359. with a Sig.value  $0.007 < 0.05$ , while the indirect influence is 0.082, so the total calculation is 0.441.

### H1: Financial Technology on Fraud Prevention

From the results of the previous data path analysis, a coefficient value of 0.101 was obtained with a Sig.value  $0.337 > 0.05$ . These results show an insignificant value, so it is concluded that Financial Technology has an **insignificant** effect on Fraud Prevention and **Ha is rejected.** Research on Financial Technology that has been conducted by researchers (Muhammad & Sari, 2020) with the title "The Influence of Financial Technology on Islamic Banking: ANP-BOCR Approach". Where this study examines how financial technology affects the bank

using the BOCR, namely B=Benefit, O=Opportunity, C=Cost, R=Risk. The research both used primary data obtained from respondents. What distinguishes the research team is that the research team collects data in the form of questionnaires that have been compiled using certain indicators, while the previous researcher collected data through in-depth interviews and filling out questionnaires to experts from academics, practitioners in the field of FinTech (Financial Technology), practitioners from Islamic banking, and practitioners from government (Financial Services Authorities). The research results show that the speed of FinTech development opens positive opportunities for Sharia banking to collaborate in strategic areas with the FinTech industry as an integral customer of oriented. It can be concluded for the discussion of this hypothesis that Fraud Prevention cannot be prevented only with the sophistication of Financial Technology, but Financial Technology has an influence on the development of banking in terms of Benefit, Opportunity, Cost, and Risk (BOCR) aspects.

## **H2: Internal Control on Fraud Prevention**

From the results of the previous data path analysis, a coefficient value of 0.310 was obtained with a Sig. value  $0.007 < 0.05$ . These results show a significant value, so it is concluded that Internal Control has a significant effect on Fraud Prevention and **Ha is accepted**. This research is in line with the research conducted by (Handoyo & Bayunitri, 2021) "The Influence Of Internal Audit And Internal Control Toward Fraud Prevention" and the research (Natalia & Pranoto, 2018a) entitled "The Effectiveness of Internal Control and the Suitability of Compensation for the Tendency of Accounting Fraud with Unethical Behavior as an Intervening Variable in Companies in Batam City", as well as other similar studies conducted by (Komala et al., 2019), (Yupianti; Natalia, 2023), (Adiko et al., 2019). The results of previous studies show the same results that Internal Control contributes to fraud prevention. The research indicators used the indicators put forward by Sawyer research (Natalia & Pranoto, 2018a). These indicators are important indicators in the company's Internal Control which consists of five indicators, namely: Control Environment; Risk Assessment; Information and Communication Control Activities; Monitoring. It can be concluded for the discussion of this hypothesis that Fraud Prevention has proven to be significantly possible with good Internal Control and running as it should.

## **H3: Internal Audit on Fraud Prevention**

From the results of the previous data path analysis, a coefficient value of 0.360 was obtained with a Sig. value  $0.005 < 0.05$ . This result shows a significant value, so it is concluded that Internal Audit has a significant effect on Fraud Prevention and **Ha is accepted**. This research is in line with those conducted by (Handoyo & Bayunitri, 2021), (Fahmi & Syahputra, 2019), (Mahendra et al., 2021)), where the same results are that Internal Control contributes to fraud prevention.

Another research by (Fatimah & Pramudyastuti, 2022) examines Internal Audit from a different perspective using a literature review method approach entitled "Analysis of the Role of Internal Audit in Efforts to Prevent and Detect Trends in Accounting Fraud (Fraud)". The results of the study were obtained that: (1) The internal auditor evaluates in the form of assessment and testing of the internal control system implemented by the company; (2) The internal auditor has a role to ensure that all plans and agendas of the company run in accordance with the company's goals that have been set predetermined by understanding the scope of the company's internal control as a whole.

To answer the problem of Internal Audit, the research team used indicators put forward by the Institute Auditors (IIA). The indicators consist of seven, namely: the first is Manage of Internal Audit Activities, the second is Work Nature, the third is Planning of Assignment, the fourth is Assignments Implementation, the fifth is Assignment Results Communication, the sixth is Progress of Monitoring, and the seventh is Communication on Risk Acceptance. This indicator has been proven to be used to measure the direct influence of Internal Audits on Fraud Prevention. The conclusion is that for the discussion of this hypothesis, Fraud Prevention has been significantly proven to be carried out with a good Internal Audit and running as it should.

#### **H4: Financial Technology on Individual Morality**

From the results of the previous data path analysis, a coefficient value of 0.076 was obtained with a Sig. value  $0.497 > 0.05$ . These results show an insignificant value, so it is concluded that Financial Technology has an insignificant effect on Individual Morality and **Ha is rejected**. No study has ever tested the direct influence between Financial Technology variables that have a significant effect on Individual Morality so that it cannot be compared with the results of ongoing research. It can be drawn the provisional conclusion that proven Individual Employee Morality is not determined by Financial Technology. This means that even though the banking technology provided is very sophisticated, there is no relationship and influence on the good or bad moral behavior of employees. Like the theory about morality that was put forward earlier that "morality is a moral trait/wholeness of principles and values" (Faisal et al., 2023), so it has nothing to do with technological addiction. For the next research, it is hoped that the variables to measure Individual Morality can be replaced.

#### **H5: Internal Control on Individual Morality**

From the results of the previous data path analysis, a coefficient value of 0.565 was obtained with a Sig. value  $0.000 < 0.05$ . These results show a significant value, so it is concluded that Internal Control has a significant effect on Individual Morality and **Ha is accepted**. No study has ever tested the direct influence between Internal Control variables that have a significant effect on Individual Morality so that it cannot be

compared with the results of ongoing research. However, even though there has never been a previous study, from this research it can be seen that **Ha is accepted**, which means that Internal Control has a significant effect on Individual Morality. Good control in the company is proven to directly keep employees having good morality in working in line with the definition of morality itself, namely: morality is a person's principles and values related to good and bad. (Faisal et al., 2023).

#### **H6: Internal Audit on Individual Morality**

From the results of the previous data path analysis, a coefficient value of 0.359 was obtained with a Sig. value  $0.007 < 0.05$ . These results show a significant value, so it is concluded that Internal Audit has a significant effect on Individual Morality and **Ha is accepted**. No study has ever tested the direct influence between Internal Audit variables that have a significant effect on Individual Morality so that it cannot be compared with the results of ongoing research. However, even though there has never been a previous study, from this research it can be seen that **Ha is accepted**, which means that Internal Audit has a significant effect on Individual Morality. A good and proper internal audit in the company is proven to be able to keep employees behaving and have good morality at work, in line with the definition of morality itself, namely: morality is a person's principles and values related to good and bad. (Faisal et al., 2023).

#### **H7: Individual Morality on Fraud Prevention**

From the results of the previous data path analysis, a coefficient value of 0.228 was obtained with a Sig. value of  $0.007 < 0.05$ . These results show a significant value, so it is concluded that Individual Morality has a significant effect on Fraud Prevention and **Ha is accepted**. The results of the research are in line with the research conducted by (Fernandhytia & Muslichah, 2020) "The Effect of Internal Control, Individual Morality and Ethical Value on Accounting Fraud Tendency" where it was obtained that Individual Morality also has a significant negative influence on the accounting fraud tendency. However, this research is different from the one conducted by (Muttiarni, 2021) the title "The Study of Individual Morality and Internal Control and the Relationship on Accounting Fraud" where the results show that Individual Morality has an effect on Fraud Prevention efforts.

#### **H8: Financial Technology on Fraud Prevention through Individual Morality**

From the results of the previous calculation, the direct influence of Financial Technology on Individual Morality was obtained with a coefficient of 0.076 with a Sig. value  $0.497 > 0.05$ , while the indirect influence was 0.017, so that the total calculation was 0.093. The value of the direct relationship coefficient  $>$  the indirect relationship coefficient ( $0.076 > 0.017$ ), then it can be concluded that Z is a non-intervening variable or the actual relationship is direct, so **Ha is**

**rejected.** This means that Fraud Prevention cannot be significantly prevented only with the sophistication of financial technology supported by the individual morality of good employees. No study has ever examined the indirect influence of Financial Technology on Fraud Prevention through Individual Morality. It cannot be compared with the results of ongoing research. It is hoped that the next research use other variables to find the indirect influence or mediator between Financial Technology on Fraud Prevention in addition to the Individual Morality variable.

#### **H9: Internal Control on Fraud Prevention through Individual Morality**

From the results of the previous calculation, the direct influence of Internal Control on Individual Morality was obtained with a coefficient of 0.565 with a Sig. value  $0.000 < 0.05$ , while the indirect influence was 0.129, so that the total calculation was 0.694. The value of the direct relationship coefficient  $>$  the indirect relationship coefficient ( $0.565 > 0.129$ ), then it can be concluded that Z is a non-intervening variable or the actual relationship is direct, so **Ha is rejected.** This means that Fraud Prevention significantly cannot be prevented only with Internal Control supported by Individual Morality of good employees. No study has ever tested the indirect influence of Internal Control on Fraud Prevention through Individual Morality. So it cannot be compared with the results of ongoing research. However, research on the use of different intermediary variables has been conducted by (Natalia & Pranoto, 2018a) title "Effectiveness of Internal Control and Appropriateness of Compensation Against the Trend of Accounting Fraud with Unethical Behavior as an Intervening Variable in Companies in Batam City". The results of the study show that Internal Control is not significantly determined to the tendency of Accounting Fraud through Unethical Behavior. It is hoped that the next research use other variables to find indirect influences or mediators between Internal Control on Fraud Prevention in addition to the variables of Individual Morality and Unethical Behavior.

#### **H10: Internal Audit on Fraud Prevention through Individual Morality**

From the results of the previous calculation, the direct influence of Internal Audit on Individual Morality was obtained with a coefficient of 0.359 with a Sig. value  $0.007 < 0.05$ , while the indirect influence was 0.082, so that the total calculation was 0.441. The value of the direct relationship coefficient  $>$  the indirect relationship coefficient ( $0.359 > 0.082$ ), then it can be concluded that Z is a non-intervening variable or the actual relationship is direct, so **Ha is rejected.** This means that Fraud Prevention significantly cannot be prevented only by Internal Audit supported by Individual Morality of good employees. No study has ever examined the indirect influence of Internal Audit on Fraud Prevention through Individual Morality. So it cannot be compared with

the results of ongoing research. It is hoped that the next research can use other variables to find indirect influences or mediators between Internal Audit on Fraud Prevention in addition to the Individual Morality variable.

## CONCLUSION

Financial Technology had an insignificant effect on Fraud Prevention with a Sig. value of  $0.337 > 0.05$  and  $H_a$  was rejected. Internal Control has a significant effect on Fraud Prevention with a Sig. value of  $0.007 < 0.05$   $H_a$  received. Internal Audit had a significant effect on Fraud Prevention with a Sig. value of  $0.005 < 0.05$  and  $H_a$  was accepted. Financial Technology had an insignificant effect on Individual Morality with a Sig. value of  $0.497 > 0.05$  and  $H_a$  was rejected. Internal Control had a significant effect on Individual Morality, the value of Sig. was  $0.000 < 0.05$  and  $H_a$  was accepted. Internal Audit had a significant effect on Individual Morality with a Sig. value of  $0.007 < 0.05$  and  $H_a$  was accepted. Individual Morality had a significant effect on Fraud Prevention with a Sig. value of  $0.007 < 0.05$  and  $H_a$  was accepted. Financial Technology, Internal Control, Internal Audit are not significantly determined to Fraud Prevention, the value of the direct relationship coefficient  $>$  the indirect relationship coefficient. So it can be concluded that Individual Morality (Z) is a variable not Intervening or the actual relationship is direct, so  $H_a$  is rejected.

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