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## **The Study of Fraud in Financial Institutions (Analysis of Fraud Triangle Theory in Islamic Sharia Perspective)**

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### *Abstract*

*This research aims to (1) reveal the fraud practices and the factors that caused it, (2) understand and analyze the practices of fraud in the perspective of the triangle theory of fraud and fraud in the Islamic perspective (3) find the prevention pattern of fraud practice. This study used a qualitative approach. Data were collected by using interviews, observation and documentation. The location of this research was on BPR Mandiri Arta Abadi, Semarang. The subjects of this research were BPR leaders, customers and some employees. The validity of the data was tested using triangulation, include angulasi techniques, resources and time. Data were analyzed with the interactive silkus technique, namely, collecting, reducing, displaying and verifying. The research found that fraud was done because of internal and external factors. Internally, the offender committed fraud because the urge to want to get more income from outside of official income they received. A sense of responsibility both morally and awareness religions are less well encourage perpetrators to commit fraud. The academic level of principals pushed them to rationalize data and make a decision. The external pressure that is encouraging the perpetrators of fraud*

**Keywords:**

*fraud, fraud  
triangle.*

*are due to the pressure of the needs and willingness of family and relatives as well as supply of goods and services that encourage actors to do the fraud at work. Approach to fraud from the perspective of Sharia and triangle makes more comprehensive, academic, ethical and transcendental understanding of fraud. By this comprehensive understanding, it is able to prevent acts of fraud in financial institutions.*

## INTRODUCTION

White collar crime is crime that is only done by educated people, high society, and have the position. White collar crime is limited to crimes committed within the scope of the Office work and therefore not included in the crime of murder, adultery, rape and others. Crimes committed by a group of white collar crime by means of internal control system in the compromise of an organization's business. White collar crime is always associated with the fraud. United States also got the decisive blow from a very catastrophic crime of fraud i.e. Enron Inc. The rise and progress of Enron can be said very quickly as soon as its fall. In 2001, Enron was awarded by Fortune magazine as the most innovative company for six years in a row (1996-2001) and the total wealth of Enron that time was around USD 60 Billion and revenue approaching USD 101 billion. But unluckily, in December 2001 Enron applied the bankruptcy to the Court so that it becomes the largest and most complex bankruptcy after World.com in the history of the United States. Enron bankruptcy did not only bring harm to Enron shareholders, creditors, employees and partners but brings the shocking impact that was the collapse of the Arthur Anderson who became the independent auditors the financial statements Enron. Whereas, Arthur Andersen was then a public accountant.

Fraud is understood as the practice of cheating and fraud are often defined as irregularity or irregularity and deviation. Fraud as a wilful felony for using company resources are unnatural and wrong presents facts for personal gain. Fraud is also interpreted as a deliberate fraud. This includes lying, cheating, stealing and embezzling. Embezzlement is a revamp of the company's assets or wealth entrusted to him are not reasonable for personal gain. Fraud is an act against the law as intended by article 278 of the CRIMINAL CODE, article 268 KUHPer (Priantara, 2016:4).

Cases of fraud occur in banking, even there are eight major cases of fraud in banking in 2011 include cases of break-ins BRI Tarmini Square worth Rp 29 billion, bank BII Branch Office break-ins Prince Jayakarta worth Rp 3.6 billion, independent bank break-ins Rp 13 billion Depok break-ins, BNI, melting unnoticed owner deposits that occur in the BPR Pundi Artha Sejahtera, bank Danamon break-ins branch office tower Danamon almost worth Rp 3 billion in customer funds,



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In accordance with the theory of fraud Triangle by Donald R. Cressey, there are three conditions that are generally present at the time of the occurrence of fraud, namely pressure, opportunity and rationalization. Pressure occurs due to financial problems or needs, but many are moved due to greed. Opportunity is an opportunity that allows the occurrence of fraud. The perpetrators of fraud believed that their activity will not be detected. Rationalization occurs because someone is looking for a justification of activities containing fraud. The perpetrators believe or feel that their actions were not a fraud but as something that is indeed a right.

The practice of fraud is contrary to one of the *maqasid alsyari'ah*, namely (1) protect the property of the people from the party that tried to take the treasure in a way against the law of Shariah. In addition to the purpose of providing protection for the ownership of property, *maqasid al Shariah* also gives certainty to (2) uphold the religion of God (3) protect the soul (4) protect the soul and (5) protect the honor.

The research related to Triangle fraud has been done by (Murtanto and Iqbal, 2016: 17.1) stating that pressure and rationalization factors have an effect on fraud at company listed in BEI but opportunity factor has no effect to fraud on property company in BEI. Ratmono (2014: 16) in his research states that there is a positive relationship between pressure and rationalization with fraudulent financial statements, but rationalization is not supported as a determinant of fraud financial reports on 27 companies in the stock exchange who cheated financial statements and 27 companies that do not cheat financial statements.

Based on previous research stated that the theory of fraud triangle able to detect fraud on financial statements. The theory of fraud triangle is a theoretical analysis of interconnected facts in the practice of abuse of authority in the management of assets or property which is a public trust. Al-Quran and Sunnah of the

Prophet Muhammad as the primary basis in Islamic law, has provided guidelines and guidance that the practice of fraud against Islamic law. Therefore, researchers want to obtain an explanation through research to uncover the practice of fraudulent actions in managing institutions engaged in finance. Muslims, in particular, will gain a comprehensive understanding of the practice of this fraud, if any special research reveals and explains in detail the practice of fraud.

The researcher aims to reveal the practice of fraud in public financial institutions from the perspective of fraud triangle and fraud theory from the perspective of Islamic sharia.

## **REVIEW OF RELATED LITERATURE**

### **Agency Theory**

Agency theory describes the relationships between the shareholders as principal and agent management. Management is the party contracted by shareholders to work for the interests of shareholders. Because they are selected, the manajemen has to account for all his work to the shareholders. Jensen and Meckling (1976) explained the relationship of the Agency as "agency relationship as a contract under which one or more person (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent".

The agency relationship is a contract whereby one or more person (the principal) ruled another person (the agent) to perform a service on behalf of the principal as well as authorize the agent to make decisions that are best for the principal. If both sides have the same goal to maximise the value of the company, then believed to be an agent will act in a manner that complies with the interests of the principal. But in a company, the management acts as the agent is morally responsible for optimizing the benefits of the owners, but the managers also have an interest in their welfare (maximise & Ujiyantho Scouts, 2007). Conflict of interest or the differences of interest between a principal and an agent can trigger the agency problem that can affect the quality of reported earnings.

### **Financial Statement Fraud**

According to the Association of Certified Fraud Examiners (ACFE) (Rezaee, 2002), definition of financial statement fraud

is “the intentional, deliberate, omission, or misstatement of material facts, or accounting data which is be misleading and, when considered with all the information made available, would case the reader to change or alter his or her judgement or decision. “ According to the Australian Auditing Standards (AAS), financial statement fraud is an intentional omission or misstatement in a certain amount or disclosure in financial reporting to defraud the users of financial statements (Brennan and McGrath, 2007). Elliott and Willingham (1980) in Nguyen (2008) said that the fraud was deliberately done by management to satisfy investors and creditors through the financial statements misleading. In addition to investors and creditors, the auditor is one of the victims of financial statement fraud (Nguyen, 2008). Cheating is generally done in the name of organization through action by top management (Rezaee, 2002).

Financial report which contains elements of cheating can lead to a decline in the integrity of financial information and can affect many different parties such as owners, creditors, employees, auditors, and even competitors. Financial reporting fraud are often used by companies that are experiencing a financial crisis and motivated by misguided opportunism According to SAS No. 99, financial statement fraud can be done with:

1. Manipulation, forgery, or alteration of the accounting records, supporting documents from the financial statements drawn up.
2. The deliberate omission or Errors in information significantly to financial statements.
3. Misuse the principles associated with the number, classification, serving, or disclosure intentionally.

### **Earning Management**

Earnings management is defined by Copeland (1968: 10) in Utami (2005) as “some ability to increase or decrease reported net income at will”. It means that earnings management includes management efforts for maximize or minimize earnings, including income smoothing according to manager willingness. Scott (2000) in Rahmawati et al. (2006) shared the way of understanding on earnings management into two (1) see it as the opportunistic behavior of managers to maximize its utility in the face of contracts of compensation, debt contracts, and

political costs (opportunistic earnings management). (2) view earnings management from an efficient contracting perspective (efficient earnings management), where earnings management gives a manager flexibility to protect themselves and companies in anticipation unforeseen events for the benefit of the parties involved contract. Thus, managers can influence the market value of the company through earnings management, for example by making income smoothing and profit growth over time.

The management is to intervene in the external financial reporting process in order to benefit ourselves. Profit management is one factor that can reduce the credibility of financial statements, earnings management adds to the bias in financial statements and can disrupt the users of financial statements that believe the number of engineering earnings as the number of unprofessional earnings (Setiawati and Na'im, 2000 in Rahmawati et al, 2006).

Earnings management is a controversial and important area of financial accounting. Earnings management is not always interpreted as an adverse negative effort because it is not always earnings management oriented to profit manipulation. Earnings management is not always associated with attempting to manipulate accounting data or information, but rather is related to the selection of accounting methods deliberately chosen by management for certain purposes within GAAP limits. The parties of counter to earnings management assume that earnings management is a reduction in the reliability of information that is accurate enough to evaluate return on profits and the risk of the portfolio (Ashari et al, 1994 Assih, 2004).

Earnings management is difficult to detect from financial statements because of the tendency of earnings management not to be seen. Actions of earnings management is the embryo of the occurrence of an accounting scandal. Cornett et al. (cited by Ujiyantho and Scout 2007) stated the act of earnings management has spawned several cases of accounting reporting scandals that are widely known, including Enron, Merck, World Com and the majority of other companies in the United States. Gideon (2005) also stated that several cases that occurred in Indonesia, such as PT. Lippo Tbk and PT. Kimia Farma Tbk also involves financial reporting that begins from detected the existence of profit manipulation.



By looking at some of these examples, it is very relevant to say that earnings management is part of fraud. Financial statements of fraud are often preceded by misstatements or earnings management from quarterly financial statements that are considered immaterial but eventually grow to fraud on a large scale and produce a material misstatement of financial report (Rezaee, 2002). Earnings management can not be directly observed. So it takes a proxy to be able to indicate the occurrence of earnings management. In some studies, discretionary accruals are used as proxies for earnings management. Discretionary usage accruals as profit management proxy is calculated using Modified Jones Model Dechow et al. (cited by Ujijantho and Pramuka, 2007).

### **Definition of Fraud**

Albrecht and Zimbelman (2009: 7) define fraud as a general term and includes all the ways that can be designed by human intelligence, through one individual to get benefit from others by misrepresentation. There is no definite and same rules to serve as the basis for defining fraud includes surprises, deceit, cunning and other ways in which the other party is rigged.

Joseph Wells founder and chairman of the ACFE defines fraud as things that include all types of crime to get something that uses fraud or cheating as the main mode of operation. Based on the above understanding, it can be concluded that fraud is an act that aims to get benefit for themselves or certain parties in various ways that are not true.

The International Standard of Auditing (ISA) section 240 which discusses the auditor's responsibility to consider fraud defines fraud as ... 'a deliberate act by a member of the management of a company, a party to a governance, employee or third party committing fraud or fraud to obtain unfair or illegal profits. "

According to R. Simmons (in Koesmana et al, 2007), fraud must met 4 criteria i.e. :

1. The action is done intentionally
2. The existence of a victim who considers (for not knowing the real situation) that the action is fair and right, the perpetrator and the victim may be an individual, group or organization

3. The victim believes and acts on the basis of the actor's actions
4. The victim suffers losses due to the act of the perpetrator

### Fraud Triangle Theory

Fraud triangle theory is an idea that examines the cause occurrence fraud. This idea was first coined by Donald R. Cressey (1953) who called a fraud triangle or a fraud triangle. Fraud triangle consists of three conditions which is generally present at the time of fraud occurs ie incentive/pressure, opportunity, and attitude/rationalization (Turner et al., 2003).

Based on research of Donald R. Cressey who is interested in embezzlers which he called "trust violators" or violations of trust, ie those who violate the trust or trust entrusted to them. His research was published under the title *Other People's Money : Study in the Social Psychology of Embezzlement* .



Further development, the hypothesis of such research is known as fraud triangle or fraud triangle. The first corner of the triangle is titled pressure which is perceived non-shareable financial need. The second corner is opportunity. The third angle is rationalization.

### Pressure

Pressure is the incentive/pressure/ need to commit fraud. The pressure or demand that drives a person to do fraud can be divided to be more specific:

1. Financial pressures (*Financial Stability*)  
Financial pressure is a common thing that encourages a person to commit fraud, this can be:
  - a. Greed
  - b. Live under the will of others
  - c. Lots of debt

- d. Personal economic losses
- e. Sudden cash needs.

## 2. *Personal Financial need*

Motivation to fraud can be caused by gambling indulgence, drugs illicit, addicted to alcohol, as well as costly family living expenses .

## 3. *Financial Target*

A person can do fraud because he feels his work is less valued by the company, afraid of losing a job, being dissatisfied with work, being afraid of being promoted, and feeling less valued economically.

## 4. Other pressures

Another pressure can be the desire of couples who want to live a luxury, want to make parents happy, and other pressures not covered in the above three points.

## **Opportunity**

Opportunity is an opportunity that allows fraud. The perpetrators of fraud believe that their activity will not be detected. (Prihantara, 2013: 46). There are two factors that increase the chances of fraud. The first opportunity is a weak internal control system, e.g. less or none audit trial so that search can not be done. It includes the ineffectiveness of control. It is the existence of excess trust received by fraud perpetrators or supervisors are not discipline in supervision. The second factor that triggers an opportunity for fraud is bad organizational governance such as no high commitment and good example of the management layer, management attitude that is negligent, apathetic or indifferent and fails to discipline or sanction the perpetrators fraud.

## **Rationalization**

Rationalization is defined as an attempt to seek justification for its activities that contain fraud. Usually when a crime has been committed, this rationalization is usually abandoned instinctively and naturally. because it is not needed anymore. The first time a human will commit a crime or offense, there is an uneasy feeling. for example: when we repeat it, it becomes easy, and then becomes commonplace. When going

to steal the company's money for the first time, the justification is: "I'll pay, I'll change". After the offender has been successful stealing repeatedly, he does not require such rationalization. (Prihantara, 2013: 66).

### Obligation to Perform Amanah

The mandate is anything that is based upon us in the form of obligatory duties that we must perform with a sense of full responsibility, whether it is responsibility to fellow beings or to Allah swt. Running the mandate is very noble but it is very hard to fulfill it, so other beings other than human beings are not dare to accept and bear it. It is the word of Allah swt in the Quran QS. al-Ahzab (33 ): 72:

إنا عرضنا الأمانة على السماوات والأرض والجبال فأبين أن يحملنها  
وأشفقن منها وحملها الإنسان إنه كان ظلوما جهولا

Meaning: "Surely we have proposed a mandate to the heavens, the earth and the mountains, then everything is reluctant to assume the mandate, and they feared would betray, and trusted the mandate it by humans. Indeed, people are very unjust and very ignorant."

In the mandate, there are the rights of others that must be fulfilled by the bearer of the mandate. The realization of the order of social order, relationships, functions and roles and obligations is largely determined by the responsibility of the bearer of the mandate to give priority to justice by consistently obeying the rules that have been agreed upon. Abusing and denying the mandate will ultimately undermine the social order of life that causes chaos. Allah says:

إن الله يأمركم أن تؤدوا الأمانات الناس أن تحكموا

It means: "Allah hath commanded you to fulfill a mandate to the one who deserves it, and (enjoins you) if you set up the law among men so that you judge it fairly. Surely, Allah is the best of observe and the hearest to you." [An-Nisa: 58]

Allah swt strongly condemns the leader or anyone who misuses the mandate while they know it. Allah says:

يا أيها الذين آمنوا لا تخونوا الله والرسول وتخونوا أماناتكم وأنتم تعلمون

Meaning: "who believe not betray Allah and the Messenger (Muhammad) and (also) do not betray the trusts entrusted to you

*while you know* « [Al-Anfal: 27]

### Prohibition of Greedy Life

In Islam, the avaricious acting called *tamak* attitude of never being satisfied with everything. According to the terms, greed is the love to the world treasure or too much regardless of the bad fish on display in her family and society, and even more than that, avaricious or greedy attitude is against the law of God Almighty. God Almighty will be very angry with the people who are greedy and do not want to be grateful for the grace of the Almighty God given. Some of the characteristics of people who are greedy (1) not thanks to the welfare our owned (2) always feel less when he gets welfare (3) want to have something that is owned by someone else (4) has big dream, love to fantasize and not realistic (5) he does not want his wealth diminish at all (6) less appreciate the giving of others if not according to the wishes (7) too love treasures owned (8) too spirit in searching for treasure without regard to time and body condition (9) All deeds are always tendency that on the material. Avaricious act causes damage on their private life, the people around him and even give rise to hostility. Some ways to prevent from being dragged on greedy is (1) a person who always feels less avaricious and not thankful (2) the ordinance may give rise to a sense of envy and greed, *hasul* and hostility (3) the greedy will make people justify all ways in reaching the objective (4) the ordinance and greed will alienate someone from God Almighty (5) nature of greed makes people be hunks, for being fear if his wealth diminish.

Allah says:

ولقد آتينا لقمان الحكمة أن اشكر لله ومن يشكر فإنما يشكر لنفسه ومن كفر فإن الله غني حميد

Meaning: "We have indeed given wisdom to Luqman: «Thank God. and Whoever is ungrateful (to Allah), He is indeed grateful for himself; and whoever is not grateful, then surely Allah is Rich and Praised." (Lukman [31]: 12) .

A greed should be avoided to prevent life to be happy and to be content with the grace given by Allah Almighty. Some ways to avoid greed are by (1) thanking to Allah because He has given everything (2) familiarizing themselves with nature and low self-esteem (3) familiarizing with the generosity and honesty (4) get used to have a simple, frugal, qana'ah and piety

life (5) appealed to God so that the kept away from the greedy nature (6) avoiding the nature of envy if you see other people a lot of treasure (7) aware that the material simply ornate living and intermediaries towards the afterlife.

اعلموا أنما الحياة الدنيا لعب ولهو وزينة وتفاخر بينكم وتكاثر في الأموال والأولاد  
كمثل غيث أعجب الكفار نباته ثم يهيج فتراه مصفرا ثم يكون حطاما وفي الآخرة عذاب شديد  
ومغفرة من الله ورضوان وما الحياة الدنيا إلا متاع الغرور

Meaning: "Know that the life of the world is only play, and idle talk, and pageantry, and boasting among you, and rivalry in respect of wealth and children; as the likeness of vegetation after rain, whereof the growth is pleasing to the husbandman, but afterward it drieth up and thou seest it turning yellow, then it becometh straw. And in the Hereafter there is grievous punishment, and (also) forgiveness from Allah and His good pleasure, whereas the life of the world is but matter of illusion." (Al-Hadid [57]: 20)

Greed is excessive willingness and lust for possessing the world in various ways even in violation of state and even religion. Treasures and all material possessions are not really as a necessity, but rather as a will to boast of splendor with no boundaries. Even though the entire mountain of gold is given, the greedy will ask the whole world to be gold and want to own it. The greedy man will cease to have no world except after his stomach, ears and eyes are clogged by the ground for death. Prophet Muhammad SAW said:

يا أيها الناس إن النبي - صلى الله عليه وسلم - كان يقول «لو أن ابن آدم أعطى واديا ملاً  
من ذهب أحب إليه ثانياً , ولو أعطى ثانياً أحب إليه ثالثاً, ولا يسد جوف ابن آدم إلا التراب,  
ويتوب الله على من تاب»

Meaning: " hi people, actually the Prophet sallallaahu *<alaihi wa sallam* said, «If humans are given valleys full of gold, then he still wants a second valley such that. If he is given a second valley, he still wants a third valley. The human stomach is not full but with the ground. Allah certainly receives repentance for anyone who repents." (Narrated by Bukhari )

Allah says about the endless greed of men unless death comes:

ألهاكم التكاثر , حتى زرتم المقابر

Meaning: "Pretending to have hurt you, so you enter the grave ..."  
(At Takatsur, 1-2).

If happiness is measured only by the amount of possessions owned by a person, then no wealthy unhappy people, but in fact many rich people live in misery, and end up tragically. Prophet Muhammad SAW said:

العرض ولكن الغنى غنى النفس

*“Wealth (the essential) is not with the wealth of property. But wealth (the essential) is the heart that always feels enough. «(Narrated by Bukhari No. 6446 and Muslim No. 1051). Bukhari brings this hadeeth in Chapter «Wealth (the essential) is the wealth of the heart (the heart that always feels enough).»*

### **Theoretical Framework**

Other studies related to fraud have been done by Muhammad Iqbal and Murtanto ( 2016 ) about Analysis of Fraud Triangle Factors Influence on financial report fraud at property and real estate firms listed on the Stock Exchange of research Pressure Factor with financial ability category proxied by A CHANGE and Rationalization Factor projected by TACC have a significant influence on fraudulent financial statements on property and real estate firms .

Anugerah ( 2014 ) performs Identification of Good Corporate Governance in Prevention Fraud , the result of research stated that to realize Good Corporate Governance in order to prevent fraud, it needs combination of internal and external governance that run simultaneously.

Ramaraya ( 2008 ) identifies and elaborates issues in the detection of fraud in the audit of financial statements by external auditors. Based on the results of the study, authors stated that by the detection of fraud, it can overcome the weaknesses that exist so that fraud can be avoided. Based on previous research, it can be concluded that the trigger factor of fraud is pressure, opportunity and rationalization (Cressey, 1991). Fraud action can be minimized with good corporate governance. The preventive efforts of fraud can be done by overcoming the weaknesses in the company. The weakness of the company is caused by two factors: internal factors and external factors. External factors include the system of control within the company. They will generate opportunities or employee opportunities to conduct fraud. Pressure from the leadership also resulted in someone daring to commit fraud. Internal factors are as the main factors to avoid employees doing fraud. Rationalism is one of the

variables in fraud triangle which is an internal factor because rationalization arises from one's self. Rationalization of a person can be very evil and justify any means can even be very good and guided by the teachings of religion. If the rationalization of the perpetrators of fraud is based on worldly interests, then the fraud will assume his actions are true. However, the rationalization of fraud perpetrators based on religious teachings that prohibit the act of «taking money that is not his» whatever the reason then the perpetrators of fraud will not commit such fraud. So the theoretical framework of this research is as follows:

Chart 1: Theoretical Framework



Source: developed by Researchers

## Research Methods

The research conducted at BPR MAA Semarang used a qualitative approach with case study design. Techniques of collecting data were through interviews, observation and documentation. The data informants in this research were the head of BPR MAA branch, BPR MAA employees and customers. Technique to test the validity of data was triangulation which includes source angulation and time angulation technique. Data were analyzed by an interactive mile-hubbermans cycle technique that included data collection techniques, data reduction and data verification.

## RESULTS AND DISCUSSION

### Fraud Form in BPR MAA Semarang

Based on the results of interviews and observations that researchers have done, the weakness of supervision BPR MAA Semarang lies in the system that is not well programmed so it causes the fraud. Just like a savings card and a BPR MAA stamp, they are stored not in safe place so employees can make more savings books. Employees commit fraud by issuing multiple



saving books for one customer's name, so in addition to employee clients also hold valid saving books. The savings book that is owned by the customer has been registered directly in the company. Deposit money by the customer is recorded into two books of savings, so that when the employee uses the savings, he will look as if the withdraw of savings made by the customer. However, in reality in the savings account held by the customer no transaction occurred. This is reinforced by the results of interviews that have been done by the treasurer (Ambar). She mentioned that the employee made two savings cards; one for a customer and one for himself.

*"Karena kan dia bikin kartu tabungan dua, satu untuk nasabah satu untuk dia sendiri".*

That interview indicates that weak governance luggage storage are important in BPR MAA. This weakness will certainly cause an opportunity for employees to commit fraud. The unrecorded listing of the bookkeeping resulted in the bank not knowing how many customers opened an account at BPR MAA.

As it is known, that cash is to be *liquid*. Cash is an element that is prone to being stolen or diverted (Sugianto, 1987). *Pressure (incentive or motivation)*, is the impetus that causes a person to commit *fraud* because of lifestyle demands, financial inefficiency, gambling behavior, try to beat the system and job dissatisfaction (Salman in Wibowo, 2009). Tunggal (2012) states that there is an attitude, character, or set of ethical values that allow management or employees to commit dishonest acts, or they are in a stressful environment that makes them rationalize dishonest acts. This is reinforced by a statement from the head of BPR MAA Ngaliyan (Fendi). He mentioned that costumers' money sent every day, but if it uses manual system, they can cooperate with staff to have different note.

*"Uang nasabah disetor setiap hari, tapi waktu sistemnya manual ada indikasi kerjasama antara bagian dana dan tata usaha sehingga terjadi selisih antara nota prima dengan buku tabungan. Uang itu di pakai untuk keperluan sendiri dan menutupi kecurangan di nasabah yang lain".*

The same thing is also conveyed by the treasurer (Ambar) as follows:

*"Uang tabungan dan kredit dia yang menggunakan, mungkin untuk keperluan dadakan. Yang saya lihat dia juga agak glamour.*

*Intinya dia tidak jujur*". The misappropriation of money also occurs on credit. This happens because the supervision of credit is still lacking with the bad customer's intention. The use of direct credit is the use of funds directly from accounts receivable paid by the employee concerned. In BPR MAA regulation, customers wishing to conduct saving transactions and pay off credit must come directly to BPR MAA, but most customers are reluctant to come directly to BPR MAA. As for the quotation of the interview of Head of BPR, MAA Ngaliyan (Fendi) which reflects the above explanation.

*"Penggunaan kredit langsung itu, nasabah yang membayar kredit uangnya tidak disetor ke kantor. Yang bayar tidak dibayarkan. Idealnya yang nabung, yang bayar, dan penarikan harus ke kantor tapi karena masyarakat Ngaliyan males, ah nitip saja sama dia"*.

From some of the above interview quotes, this fraud is in line with the notion in Single written (2012: 189) defined as deliberate financial fraud, intended to take the assets or rights of people or other parties". Fraud of this type is in line with what was said by Sukrisno (1996: 241), namely (1) Bagging the received payment from customers and making the receipt of payment of unauthorized or proof homemade, (2) Receive payment of bills, take his money for personal gain and not report it.

### **Cause of Fraud Occurrence in BPR MAA The Weak Organizational Structure and Division of Authority**

Organizational structure that serves as a regulator and driving an organization like a human body has not been able to function properly by BPR MAA. Organizational structure that is not functioning properly will certainly impact on the occurrence of a task snatch that will cause a risk loophole. This is reinforced by the results of interviews that have been done with employees expressed by the chairman of BPR MAA Ngaliyan (Fendi) as follows:

*"Perangkapan tugas itu sudah pasti, karena pegawai disini hanya 5 orang"*.

The number of employees at BPR MAA Ngaliyan is only 6 people including the head of BPR MAA Ngaliyan. Hartadi (1987) mentions that the main feature of satisfactory internal control system is to have an organizational structure that separates the functional responsibilities appropriately and the level of personnel skill according to their responsibilities. If employees

in a company do not work in accordance with the responsibilities and skills possessed, then this will lead to the opening of opportunities for employees who have bad faith and dishonesty to commit fraud. In accordance with the theory of fraud triangle that action fraud occurs because of the opportunity. Opportunity to conduct fraud in BPR MAA Ngaliyan Semarang due to lack of employees until the occurrence of tasks that actually become a chance in doing fraud.

### **Inadequate Contributions of Salaries**

Hadiwiryo (2002) states that salary can play a role in increasing employee motivation to work more effectively, improve performance, increase productivity within the company, and balance the shortcomings and commitment that characterize the workforce of today. Salary is not the only motivation of employees in achievement, but salary is one of the important motivations that encourage employees to reach achievement, so the high salary will affect employee performance and loyalty (Poerwono in Wirawan, 2012). This is reflected in the arguments presented by the treasurer (Ambar) that early salary has percentage system and every 1 year twice. They are Idul Fitri and Christmas, usually 33% cashier and 32% administrative”.

The same thing was also said by the head of BPR MAA Ngaliyan (Fendi) regarding the salary system employees as follows:

*“Berdasarkan laba, kalau laba kurang maka kebijaksanaan pimpinan yang di pakek (UMD). Jika laba kurang masih dapat 600 ribu sampai 1 juta kan masih bisa untuk hidup di daerah. Selain itu saya kasih THR 1 tahun 2 kali, lebaran dan Natal.*

From his explanation, it can be known that based on the profit, if the profit is less, then the wisdom of the leader used (UMD). If the profit still less, between 600 thousand to 1 million, they can still be used to live in that area. In addition, he usually gives the additional supports three times a year.

The interview quotes show that Salary Provision for BPR MAA Ngaliyan is unable to meet the needs of employees. Giving salary especially to company employees is based on the percentage of deposits each month and work activities. Employees with a mediocre salary while the needs of a more diverse life will make the employee depressed (*pressure*) to force the employee to do fraud. The fraud actor at the BPR of

the MAA also considers that his work is heavier than the salary he receives, so the fraud at the BPR MAA finds it reasonable to take the customer's money in exchange for the operational costs of his work. This is in accordance with the theory *fraud triangle* triggered by Cressey that the fraud would rationalize his fraud with various rationalization reasons. Among them is "I'll pay later, I'll change, I deserve premises salary because it is in accordance with the exhaustion that I get". (Cressy in Priantara 2013: 66)

### **The Low Morality Due to the Existence of Opportunities (*Opportunity*) .**

BPR MAA Semarang highly upholds the family system in running operations company. Trust between leaders with subordinates and fellow employees applied in this company. Therefore it is entrusted to employees, whether in terms of savings or payment of debtors' accounts and even deposits. A person's greed can encourage someone to do things that are not commendable. In economics is mentioned that one of human nature is never satisfied. The level of one's satisfaction can not be measured, it all depends on how much gratitude and pleasure they feel, this is due to the low morality of the individual. This is reflected in the results of interview quotations conducted with the head of BPR MAA Ngaliyan (Fendi).

*"Moralis dia yang jelek, dia sudah berkali-kali melakukan kesalahan tapi saya berikan kesempatan lagi mengingat dia orangnya pintar, yang fatal sekali dia memalsukan tanda tangan saya dalam deposito. Langsung keesokan harinya (minggu) saya rapatkan sama badan pengawas dan pegawai bahwa saya sudah tidak bisa lagi memakai orang ini, saya minta dia mengundurkan diri".*

From that statement, it can be known that there was an employee whose bad moral. He *made mistakes several times, but* the head of BPR still gave him the chance because he is so smart. Because of doing the bad thing again, finally the head of BPR asked him to resign.

A habit that has made a pattern, formed by the environment, by requirement / *needs* or by the will imitate, compliance by it is usually difficult to be changed because this practice was already eliminate the influence of the authority itself. Because a bad habit makes the morality of self become less, therefore from any system made by BPR MAA if the morality of

each individual employee is still bad, system and supervision of company will not be meaningless.

### **Internalization of Religious Views**

Fraud can be seen from a theoretical academic perspective or morally ethical Islamic perspective. Acts of fraud committed individually or institutionally is not a sudden and stand-alone act. There are many factors both internal and external that are linked together, causally related, systemically that gives rise to fraud. The system of financial administration and internal control functions that have not maximized impact on opportunities for fraud.

Shari'ah Islam provides guidance for this life to be regulated, has direction and purpose. The goal of Islamic sharia has a comprehensive perspective, dimensional world and the hereafter, not only oriented at this time but long-term oriented and has the function to maintain and maintain the order of human life, maintain human dignity and provide protection and certainty of individual rights and ensure life certainty the world and the hereafter.

As described above, fraud is simply caused by internal and external factors. Fraud is internally done because individuals lacking strong religious integrity are internalized and imprinted in daily actions and actions. Irresponsible and self-centered people tend to ignore the message. If someone is unable to take responsibility for his own life then it will ruin the life of himself and his family. The result of a public official or a person who has authority in an institution that does not have an attitude of trust will have a systemic impact on the whole life of the institution. Institutions or financial institutions are public service agencies that govern the livelihood of the public and are strategic. Fraud in this financial institution will be prevented when every person within the financial institution has a deep trasendental appreciation of the obligation to be responsible for the mandate given. The responsibility of a task is not only to the leadership or to others, but a true sense of responsibility is a responsibility to God Almighty.

Financial management that meets the rules of financial accounting principles will be perfect if all managers and recipients of responsibility are personal, obedient and fearful of the wrath of Allah when they violate and neglect the mandate.

The mandate of man is indeed a message from Allah Almighty. Allah affirms In the Qur'an the letter of al-Ahzab (33) that the mandate of this life is given to mere humans, not to angels or other creatures. Indeed, this life's mandate is very noble, heavy and the reward is abundant from His side. In advertence and the urge of self-will and self-will to break the sharia has undermined the mandate. The greedy nature and the insatiable desire to own things and possessions is the destruction of religious integrity that encourages one to commit fraud. Humans need a number of treasures and objects to live the function of life, therefore humans are obliged to strive and are obliged to work. Indeed, human needs are very easy to fulfill in accordance with the ability of each. But when humans are drawn to lifestyles and a strong desire to fulfill this unbounded desire, it encourages one to be tempted to pervert in the management of public finances. The greedy man will stop until death comes. Do we all have no time to control ourselves so as not to be greedy to death while we all never know when death will come to us. It is like Allah says in the letter of al-Takatsur [102] verses 1-2, which means; live in luxury has neglected you until you enter the tomb.

## CONCLUSION

Based on the results of research and discussion, it can be concluded that the occurrence of fraud in BPR MAA through the mode of copying savings book by employees, this is due to lack of internal control on BPR MAA Ngaliyan so as to bring the opportunity. Giving salary especially to company employees is based on the percentage of deposits each month and work activities so that the salary is not in accordance with Minimum Regional Wages or *Upah Minimum Regional* (UMR). It can make the employees underpressure in the fulfillment of the needs (pressure), so that when the perpetrators of fraud caught they rationalize that their actions are right because they have done a hard job without accompanied by a adequate salary. With a good understanding of religion (shariah perspective) then BPR MAA employees will not commit fraud.

## Limitations

Limitations in this study are:

1. This research focused on BPR MAA.
2. This study only tested one of the fraud theory of fraud triangle theory .

## **Suggestion**

Based on the conclusions and limitations in the study, some suggestions that can be proposed in particular relating to further research as follows:

1. Subsequent research is suggested not only limited to BPR MAA institutions, but it can be more extensive than that.
2. Subsequent research is expected to use different fraud theory such as fraud diamond theory and pentagon fraud theory.
3. Evaluation of accounting system and supervision of the implementation of public finance services based on Islamic sharia, for the realization of maqasid alsyariah.

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