

ABSTRACT

Financial reporting fraud is a crucial issue that can disrupt the stability of the financial sector and undermine public trust in business entities. State-owned banks play a vital role in the national financial system, making honest and transparent financial reporting practices urgently necessary. However, numerous findings of violations and manipulation in financial reporting indicate weak internal oversight and corporate governance mechanisms. One approach to detecting potential fraud is to utilize the F-Score model, which measures the likelihood of fraud through specific financial indicators.

This study aims to examine the effect of Good Corporate Governance (GCG) mechanisms on financial reporting fraud in state-owned banks listed on the Indonesia Stock Exchange (IDX) for the 2017–2023 period, using the F-Score model as a fraud detection tool. The GCG mechanisms analyzed in this study include external audit quality, audit committee effectiveness, and independent board of commissioners, with company size and leverage as control variables simultaneously and partially in state-owned banks listed on the Indonesia Stock Exchange for the 2017–2023 period. The research subjects were state-owned banks listed on the Indonesia Stock Exchange for the 2017–2023 period. The research sample was obtained through a purposive sampling technique, resulting in 28 observational data sets, consisting of four sample groups with an observation period of seven years. This study used secondary data obtained from annual reports, audited financial statements, corporate governance reports, and the official IDX website. These data were then analyzed using panel data regression using SPSS 26 software.

The test results indicate that external audit quality, audit committee effectiveness, and board independence simultaneously influence indications of financial statement manipulation, with company size and leverage as control variables. Partially, external audit quality, audit committee effectiveness, and board independence do not influence indications of financial statement manipulation.

This research is expected to contribute to broadening knowledge and serve as a source of information for academics, regulators, and investors in decision-making. The limitations of this study lie in the limited period and sample. Therefore, future researchers are expected to add other variables relevant to the topic of financial statement manipulation, use different proxies, and expand the scope of the period and research objects to obtain better statistical results.

Keywords: *State-Owned Banks, F-Score, Good Corporate Governance, Indications of Financial Statement Manipulation*