The Influence of Ethics and Fraud Triangle Components on Employee Fraud

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Abstract

This study aims to analyze the influence of Donald Cressey's ethics and fraud triangle components, namely pressure, rationalization, and opportunity, on employee fraud. The sample was selected using a purposive sampling method from permanent and contract employees at Regional Office A of Bank XYZ, whose duties are directly or indirectly related to the credit service process. Based on these criteria, 530 respondents participated in this study. The influence of the independent variables on the dependent variable was tested using multiple regression. The results showed a negative influence of ethics on employee fraud. Meanwhile, the variables of pressure, rationalization, and opportunity had a positive influence on employee fraud. The research findings suggest that ethical values, pressure, rationalization, and opportunity influence employee fraud. Theoretically, this study extends Cressey's fraud triangle framework by incorporating ethical values as an additional explanatory dimension, offering new evidence on the ethics-fraud relationship in the Indonesian banking sector. Practically, these findings provide an empirical basis for Bank XYZ and similar financial institutions to strengthen ethics-based internal control mechanisms and implement targeted anti-fraud interventions for employees in credit-related job functions.

Keywords: fraud triangle components; ethics; pressure; rationalization ;opportunity; fraud

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Introduction

As organizations grow and develop, workplace fraud committed by individuals against the organizations that employ them also increases. According to a PwC survey of more than 5,000 companies worldwide, 47% of companies reported an increase in fraud incidents over the past two years, with an average of six incidents (PwC, 2020).The crimes affecting these companies were largely the result of customer fraud, cybercrime, asset misappropriation, bribery, and corruption by employees (PwC, 2020). Although internal perpetrators still account for 37% of crimes (PwC, 2020), the losses and impact can be significant and costly. Therefore, employee fraud (internal perpetrators) is the most dangerous form of fraud (ACFE, 2024). ACFE estimates that 5% of a company's profits are lost due to fraud (ACFE, 2024). Consistent with the situation faced by companies worldwide facing losses due to fraud, a 2019 ACFE survey, as shown in Figure 1, found that the companies most affected by employee fraud in Indonesia are those in the finance and banking industries (ACFE, 2024).

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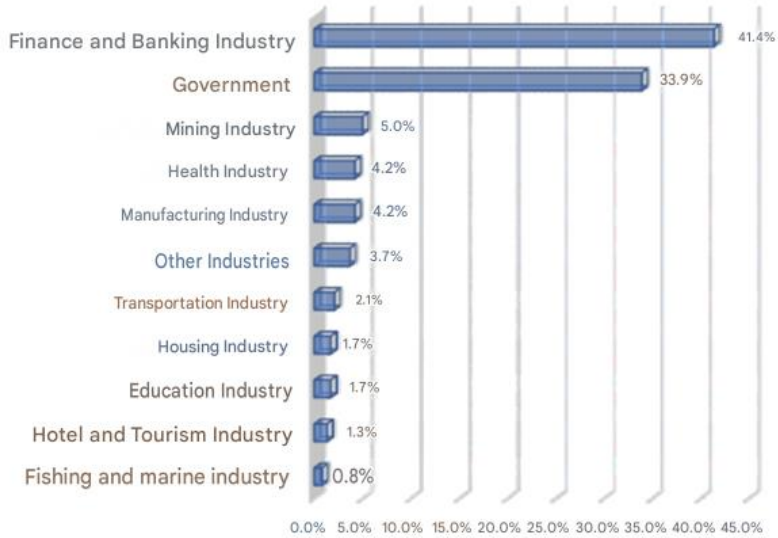

Figure 1. Types of Industry in Indonesia Most Harmed by Fraud, 2019 Survey Results
Source: (ACFE, 2024)

In line with the conditions of the industries in Indonesia most harmed by fraud, Bank XYZ, one of Indonesia's banks in the BUKU 4 category, also experienced an increase in fraud, resulting in potentially significant losses. Based on internal data from Bank XYZ from 2016 to 2020, incidents of fraud perpetrated by employees have shown an upward trend, with an average annual increase of 12%. Based on Bank XYZ's internal report, fraud is often perpetrated by employees in small office units. The position category most frequently implicated in fraud is those with job specifications related to credit distribution, namely account officers, with a total of 72.14% of the total fraud perpetrators. Furthermore, there has been an increase in reported ethical violations, according to Bank XYZ's internal data. In 2020, ethical violations committed by employees at XYZ Bank's Regional Office A, such as extramarital affairs between employees, fights, and defamation of the company and customers, increased by six cases, representing a 200% increase compared to the previous year (PT. Bank XYZ, 2021).

This certainly requires special attention from XYZ Bank's internal management. Based on Donald Cressey's fraud triangle components theory, there are three dimensions that lead someone to commit fraud: pressure, rationalization, and opportunity. The forms of pressure experienced by employees that drive them to commit fraud can vary, both from within the employee themselves and from work pressures (Zakiy & Satyarini, 2025). In addition to pressure, opportunity, in a study by Kazemian et al. (2019), was a very significant factor contributing to fraud incidents. Furthermore, according to Daffa et al. (2022), opportunity can generally be caused by weaknesses in internal controls. Opportunity is the ability to commit fraud, the fraudster believes that he understands and carries out the fraudulent act without being detected/known (Vousinas, 2019). Some examples of actions taken by superiors or employees that can result in an opportunity for fraud include a lack of monitoring and supervision by superiors, over-trust by superiors to subordinates, and work implementation instructions that are not properly implemented by all parties.

Rationalization, the third factor driving employee fraud, is an action taken by employees to justify the fraud. Fraud perpetrators can provide several acceptable reasons for committing fraud, and many fraud perpetrators see themselves as good people and not criminals (Vousinas, 2019). Fraud

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perpetrators rationalize fraud in many ways. Some examples in the banking world include employees engaging in "bank within a bank" practices (lending advances to customers), deliberately manipulating bank financial reports under the assumption that these actions will help the bank's business performance, and various other detrimental actions. Therefore, the purpose of this study is to examine the influence of ethics, pressure, rationalization, and opportunity on fraud committed by XYZ Bank employees.

Although the fraud triangle components have been extensively examined in prior banking research (Kazemian et al., 2019; Zuberi & Mzenzi, 2019), empirical findings on the influence of pressure on fraud remain inconsistent; while some studies confirm a significant positive effect (Machado & Gartner, 2017), Said et al. (2017) found no significant relationship between pressure and fraud. This inconsistency, combined with the observation that most fraud triangle studies emphasize situational conditions while giving limited attention to individual ethical standards, particularly within emerging-market banking contexts such as Indonesia points to a research gap that this study seeks to address. Cressey's fraud triangle explains fraud primarily through situational conditions pressure, opportunity, and rationalization but does not directly capture variation in individual moral standards that may independently restrain or facilitate fraudulent behavior (Al Halbusi et al., 2019; Owusu et al., 2020). Ethical values represent an internalized boundary of acceptable conduct (Manesh et al., 2024), that can operate alongside, rather than solely through, the three classical fraud triangle dimensions.

Literature Review

Fraud Behavior

According to the Association of Certified Fraud Examiners (ACFE), fraud refers to the intentional misuse of one's position or authority to obtain personal benefits through the improper use of an organization's assets or resources (ACFE, 2024).. In a broader context, fraud encompasses a variety of dishonest and illegal practices carried out by individuals or organizations, including deception, bribery, forgery, coercion, corruption, theft, embezzlement, misappropriation of assets, concealment of information, conspiracy, and collusion. Among the various theoretical perspectives explaining fraudulent behavior, the Fraud Triangle remains the most influential framework. Originally introduced by criminologist Donald Cressey, this theory proposes that fraudulent acts emerge when three essential conditions coexist: pressure, opportunity, and rationalization.

Within the Fraud Triangle framework, pressure represents the initial element that motivates an individual to engage in fraudulent behavior. Schuchter & Levi (2016) describe pressure as a personal problem or compelling need that cannot easily be disclosed or resolved through legitimate means, thereby encouraging unethical actions. Opportunity constitutes the second component and reflects an individual's belief that the organizational environment allows fraud to be committed with a relatively low risk of detection. In other words, employees are more likely to engage in fraudulent activities when they perceive weaknesses in internal controls or monitoring systems that make such misconduct feasible without immediate consequences. The third factor is rationalization, where the perpetrator rationalizes their crime by viewing their actions as non-criminal, common, and therefore justifiable.

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Hypothesis Development

The Influence of Ethical Values on Fraud

Several pieces of literature reveal that ethical values influence employee fraud. Al Halbusi et al. (2019) stated that ethical values, both written and unwritten, are part of an agreed-upon code of conduct and morals, thus relating to a person's beliefs about permissible and prohibited actions. Owusu et al. (2020) revealed that ethical values are closely related to agreed-upon standards of moral principles and behavior, and can therefore influence employees to commit fraud. With the increasing number of fraud cases, it is important to understand the vital factors that contribute to ethical or unethical decision-making by employees. Research conducted in the banking sector by Said et al. (2017) found a negative influence of ethics on fraud. Psychologically, this negative relationship can be explained through internalized moral reasoning as employees with stronger ethical values evaluate potential fraudulent actions against an internal standard of right and wrong (Al Halbusi et al., 2019), which raises the perceived moral cost of committing fraud and functions as a self-regulatory restraint independent of external monitoring (Owusu et al., 2020). Consequently, higher ethical values are expected to reduce the likelihood that employees act on situational pressures and opportunities to commit fraud. Based on this brief description, the authors propose the following hypothesis:

H1: Ethics negatively influences employee fraud.

The Influence of Pressure on Fraud

Several pieces of literature suggest that pressure influences employee fraud. Schuchter & Levi (2015) revealed that employee stress is caused by internal factors such as lack of income, as well as work-related pressures such as high targets, which influence employees to commit fraud. Another study conducted by Kazemian et al. (2019) in the banking industry showed that stress can arise from personal issues, such as financial needs and the work environment. The greater the stress, the greater the likelihood of an employee committing fraud. Examples of stressors that can trigger employees to commit fraud include personal financial needs, greed, living beyond one's means, personal debt, and unexpected financial needs unexpected (Albrecht et al., 2008). Research by Machado & Gartner (2017) and Mohamed et al. (2021) found a positive effect of stress on fraud. From a motivational perspective, unresolved financial or work-related pressure creates a non-shareable problem (Schuchter & Levi, 2016) that employees are driven to resolve, and fraud may be perceived as an available, if illegitimate, coping response when income or institutional support is inadequate (Albrecht et al., 2008). As pressure intensifies, the perceived cost-benefit calculation shifts toward fraud as a viable solution, increasing its likelihood. Based on this brief description, the authors propose the following hypothesis:

H2: Stress has a positive effect on employee fraud.

The Influence of Rationalization on Fraud

Several pieces of literature suggest that rationalization influences employee fraud within organizations. Research conducted by Zuberi & Mzenzi (2019) found that employee fraud is perpetrated due to rationalization. This rationalization is closely related to the employee's individual perspective. The most common rationalizations for fraud are denial of responsibility, denial of injury, and denial of victimization. Research by Jost & Davies (1996) revealed that rationalization is closely related to a person's subjective reasoning and can influence employees to commit fraud. Another study

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by Kazemian et al. (2019) conducted in the banking industry revealed that individuals' abilities or attitudes that allow them to justify wrongful behavior lead them to engage in fraud. Said et al. (2017) and Machado & Gartner (2017), also found a positive influence of rationalization on employee fraud. Cognitively, rationalization operates as a self-justifying mechanism that allows employees to reduce the psychological dissonance between committing fraud and viewing themselves as moral individuals (Vousinas, 2019). By framing fraudulent acts as common, harmless, or deserved, employees neutralize anticipated guilt (Zuberi & Mzenzi, 2019), which lowers the internal barrier to acting on pressure or opportunity. Based on this brief description, the authors propose the following hypothesis:

H3: Rationalization has a positive influence on employee fraud.

The Influence of Opportunity on Fraud

The existence of opportunities to commit fraud can lead to employees committing fraud within the organization. Research conducted by Jost & Davies (1996) revealed that opportunities arise due to various factors, such as the lack of monitoring equipment (CCTV) and lack of supervisory supervision, which influence employees to commit fraud. Research by Zuberi & Mzenzi (2019) found that weak internal control systems contribute to employee opportunities for fraud within the organization. These weaknesses encompass the control environment, control activities, communication and information, and monitoring and risk assessment. Other studies, such as Said et al. (2017) and Machado & Gartner (2017), also found a positive influence of opportunity on fraud. From a rational-choice perspective, opportunity reflects the perceived probability of committing fraud without detection (Vousinas, 2019); weak internal controls and limited supervision reduce this perceived detection risk (Zuberi & Mzenzi, 2019), increasing employees' subjective expected benefit of fraud relative to its risk, and thereby raising the likelihood of fraud when pressure or rationalization is also present. Based on this brief description, the authors propose the following hypothesis:

H4: Opportunity has a positive influence on employee fraud.

Methods

Sample and Procedure

This field research used a cross-sectional design, distributing questionnaires to XYZ Bank employees. The sample was selected purposively, with the criteria being employees directly or indirectly involved in the credit process. We concealed the identities of the research subjects because the theme we addressed was specific to the bank and related to the company's reputation. The population in this study was 2,411 permanent employees at XYZ Bank directly or indirectly involved in the credit process. The total number of respondents was 530, consisting of 146 female respondents (27.5%) and 384 male respondents (72.5%). In terms of age, the majority of respondents were aged 30 to 40, representing 299 (56.4%). The highest educational level of 413 respondents (77.9%) was a bachelor's degree, while 498 (94%) were permanent employees. Regarding length of service, 244 people (46%) had worked for 5 to 10 years, and the monthly income was dominated by employees earning between 3 and 6 million rupiah, amounting to 192 people (36.2%).

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Measurement

In total, the questionnaire consisted of 37 items across five variables (eight items each for ethics, pressure, rationalization, and opportunity, and five items for fraud). These items were pre-tested on 50 pilot respondents for validity and reliability purposes prior to being administered to the full sample of 530 respondents used in the main analysis.

Ethics

Ethics is defined by Cressy et al. (2012) as agreed-upon standards of what is desirable and undesirable, or right and wrong, behavior for an individual, group, organization, or entity. Ethics is measured using eight questions developed by Said et al. (2017). An example of an item is "I am accustomed to not compromising on the ethical principles I believe in."

Pressure

The pressure referred to in this study is the pressure that drives someone to commit fraud, defined as a non-shareable problem (Schuchter & Levi, 2016) The pressure experienced by employees is due to internal factors such as lack of income, as well as work-related pressures such as high targets (Dorminey et al., 2010). The pressure variable was measured using eight questions used by Said et al. (2017). An example of an item is "My job is very stressful."

Rationalization

Rationalization is defined as the justification for a criminal act that is believed to be non-criminal (Schuchter & Levi, 2016). The fraudulent act is believed to be a common occurrence. Rationalization is an individual's ability or attitude that allows them to justify wrongful behavior (Kazemian et al., 2019). The rationalization variable was measured using eight questions used by Said et al. (2017). An example item is "I believe I am underpaid for the amount of responsibility I am given."

Opportunity

Opportunity is defined as the perpetrator's perception of having Ability to commit fraud. Schuchter et al. (2016) defines opportunity as the ability to commit fraud, such that the fraudster believes they understand and commits the fraud without detection or knowledge (Vousinas, 2019). The opportunity variable was measured using eight questions used by Said et al. (2017). An example item is "The safe keys are securely secured."

Fraud

Fraud acts are acts involving improper use of a position (abuse) with the aim of gaining personal gain through fraud (misuse of organizational resources) (ACFE, 2024). Some examples of fraudulent acts include deception, bribery, forgery, coercion, corruption, theft, collusion, conspiracy, embezzlement, misappropriation, concealment, and collusion. The fraud act variable was measured using five questions adopted from Said et al. (2017). An example item is "I have been involved in or have committed misuse of company assets or resources."

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Data Analysis

We conducted a validity test using the total score of all questionnaire items (corrected item-total correlation). To test the reliability of the instrument in this study, Cronbach's Alpha was used (Zakiy, 2021). After instrument testing, we conducted descriptive statistical analysis to demonstrate the characteristics of measures of central tendency, variability, and shape as a summary of the data distribution (Tjahjono et al., 2025). Next, we tested the hypotheses using multiple linear regression to determine the effect of several independent variables on the dependent variable. Furthermore, we tested for normality, multicollinearity, and heteroscedasticity as prerequisites for this study.

Results and Discussion

Instrument Testing

To test the validity and reliability of this study, a pilot test was conducted. Before distributing the questionnaire to respondents, it was first piloted on several XYZ Bank employees. The pilot test involved 50 employees, with the following characteristics: 74% male (37 respondents), 50% aged between 30 and 40 years (25 respondents), 80% married (40 respondents), 80% bachelor's degree graduates (40 respondents), 96% permanent employees (48 respondents), 40% had 5 to 10 years of service (20 respondents), and 50% earned a salary between 3 and 6 million rupiah (25 respondents).

Validity Test

The questions in this questionnaire were used in a study conducted by Said et al. (2017) and were found to be valid. The questionnaire used in the study was then translated by the researcher and tested for face validity using a review process and consultation with a lecturer in the field of human resources. This questionnaire was also pre-tested on several employees to ensure that the sentences used in this study, which are translations of research conducted by, can be understood by respondents. In addition, this validity test was also carried out by correlating the question item scores with the total score of all question items (corrected item-total correlation) and using a minimum correlation limit of 0.3 with a significance level of 0.05. The results of the test from the pilot test conducted on 50 respondents were produced as shown in Table 1.

Table 1. Instrument Validity Test

Variables	Item Number	Corrected item-total correlation	Description
Ethics	E1	0,366	Valid
	E2	0,578	Valid
	E3	0,654	Valid
	E4	0,576	Valid
	E5	0,487	Valid
	E6	0,523	Valid
	E7	0,367	Valid
	E8	0,600	Valid
Pressure	P1	0,653	Valid
	P2	0,437	Valid
	P3	0,615	Valid
	P4	0,624	Valid
	P5	0,549	Valid
	P6	0,372	Valid

Variables	Item Number	Corrected item-total correlation	Description
	P7	0,366	Valid
	P8	0,386	Valid
Rationalization	R1	0,503	Valid
	R2	0,632	Valid
	R3	0,472	Valid
	R4	0,567	Valid
	R5	0,562	Valid
	R6	0,726	Valid
	R7	0,433	Valid
	R8	0,573	Valid
Opportunity	O1	0,638	Valid
	O2	0,674	Valid
	O3	0,674	Valid
	O4	0,750	Valid
	O5	0,728	Valid
	O6	0,693	Valid
	O7	0,576	Valid
	O8	0,488	Valid
Fraud	F1	0,593	Valid
	F2	0,339	Valid
	F3	0,617	Valid
	F4	0,625	Valid
	F5	0,619	Valid

Source: Primary data by researcher

Reliability Testing

Reliability testing in this study was conducted on several variables, with more than one question covering ethics, pressure, rationalization, opportunity, and fraud. The results of the pilot test with 50 respondents are shown in Table 2. The table indicates that these variables have high reliability, with Cronbach's Alpha values ranging from 0.7 to 0.9. For the fraud variable, the authors modified the questionnaire while still referring to research conducted by Said et al. (2017).

Tabel 2. Hasil Uji Reliabilitas Instrumen

Variables	Cronbach's Alpha
Ethics	0,8
Pressure	0,777
Rationalization	0,832
Opportunity	0,877
Fraud	0,771

Source: Primary Data

Normality Test

This normality test was conducted to verify whether the variables used in the research model were normally distributed. For the normality test, we used the One-Sample Kolmogorov-Smirnov method using SPSS. Based on Table 3, the significance value (Asymp. Sig.) is 1.666. With these results, the significance value is greater than 0.05, and it can be concluded that the data tested are normally distributed.

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Table 3. Normality Test Results

		Unstandardized Residual
N		530
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	1,03595820
Test Statistic		0,109
Asymp. Sig. (2-tailed)		1.666[c]

Source: Primary Data

Multicollinearity Test

The multicollinearity test was conducted by examining the Variance Inflation Factor (VIF) values. The multicollinearity test results in Table 4 show that all independent variables have VIF values ranging from 1 to 1.7, which are less than the VIF value of 5. This indicates that there is no multicollinearity.

Table 4. Multicollinearity Test Results

Variables	*Variance Inflation Factor (VIF)*
Ethics	1,145
Pressure	1,635
Rationalization	1,407
Opportunity	1,339

Source: Primary Data

Heteroscedasticity Test

The heteroscedasticity test in this study used scatterplots in SPSS. Based on the heteroscedasticity test results shown in Figure 2, it can be seen that there are no symptoms of heteroscedasticity because the data points are distributed in an irregular pattern (above, below, and around the zero value).

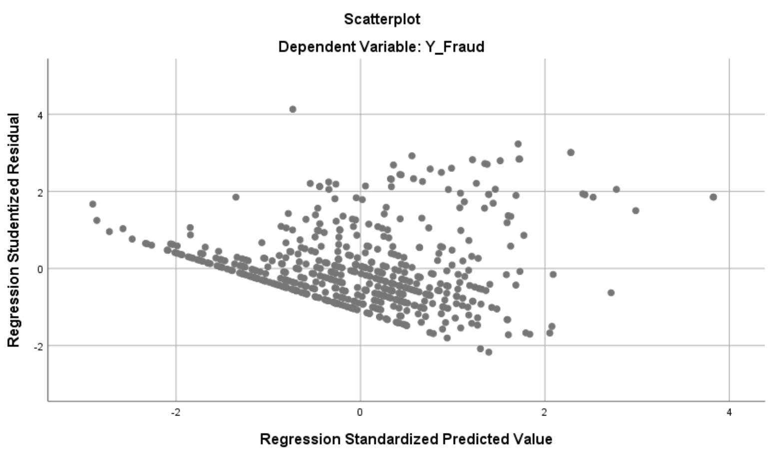

Figure 2. Heteroscedasticity Test Results

Hypothesis Testing

Hypothesis testing in this study used the SPSS application. Based on data obtained through questionnaires administered to respondents, statistical calculations were performed to test the hypotheses. The results of the hypothesis testing using a multiple linear regression model showed the influence of several independent variables—ethics, pressure, rationalization, and opportunity—on the dependent variable, fraud. The results of the hypothesis testing are shown in Table 5.

Table 5. Regression Analysis Results

Variables	Coefficient *(β)*	T-value	Sig.	Hypothesis
Constant		-3,49	0,001	
Ethics	-0,223	-5,98	0,000	Supported
Pressure	0,182	4,068	0,000	Supported
Rationalization	0,444	10,723	0,000	Supported
Opportunity	0,152	3,766	0,000	Supported

Dependent Variable: Fraudulent actions
Source: Data Primer

Hypothesis 1 examined the effect of ethics on fraud by proposing a negative association between the two variables. The regression results presented in Table 5 indicate a standardized coefficient (β) of -0.223, a t-statistic of -5.980, and a p-value of 0.000. Since the p-value is below the 0.05 significance threshold, the relationship is statistically significant and negative, confirming that higher levels of ethics are associated with lower levels of fraudulent behavior. Therefore, H1 is accepted. Hypothesis 2 investigated whether pressure positively influences fraud. As reported in Table 5, the regression analysis produced a β coefficient of 0.182, a t-statistic of 4.068, and a p-value of 0.000. The statistically significant result ($p < 0.05$) demonstrates that pressure has a positive effect on fraud, indicating that individuals experiencing greater pressure are more likely to engage in fraudulent behavior. Accordingly, H2 is supported.

The third hypothesis proposed that rationalization is positively associated with fraud. The findings summarized in Table 5 reveal a β coefficient of 0.444, a t-statistic of 10.723, and a p-value of 0.000. Because the significance level is well below 0.05, rationalization exerts a significant positive influence on fraudulent behavior. These findings provide empirical support for H3. Hypothesis 4 evaluated the relationship between opportunity and fraud by predicting a positive effect. Based on the regression output in Table 5, the analysis yielded a β coefficient of 0.152, a t-statistic of 3.766, and a p-value of 0.000. The significant p-value confirms that opportunity positively affects fraudulent behavior, suggesting that individuals who perceive greater opportunities to commit fraud are more likely to do so. Consequently, H4 is supported.

Discussion

Based on the results of the regression analysis, hypothesis H1 is supported. This suggests that the higher (better) employee ethics, the lower (lesser) the likelihood of fraudulent behavior. According to Manesh et al. (2024), ethics are accepted boundaries and are believed to be correct, both in terms of personal and social interests. Ethics provide boundaries related to the application in life of these boundaries, whether they are reasonable or not, supported by sound or poor reasoning. Ethics is the

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fundamental relationship between parties within an organization, such as managers, employees, stakeholders, and others. Therefore, these relationships are based on responsibilities and duties that must be carried out properly and correctly (Akaah, 1992).

The results of this study are consistent with those of Said et al. (2017), which revealed a negative relationship between ethical values and fraud. Furthermore, Zakiy et al. (Zakiy et al., 2025) stated that integrating ethics and organizational culture is crucial to create workplace control mechanisms that can reduce fraud. This finding is also supported by Puspita & Zakiy (2020), who argued that ethical activities should be considered to have a significant and beneficial impact on reducing workplace fraud. Some companies did not experience internal fraud when ethical activities were implemented within the company.

Based on the results of the regression analysis, hypothesis H2 was supported. This means that the higher the pressure experienced by employees, the higher the number of fraudulent acts committed by them. This finding differs from the study by Said et al. (2017), which found no relationship between pressure and fraud. Although the results of this study differ, previous studies conducted by Said et al. (2017) found an influence of stress on employee fraud.

Research conducted by unexpected Albrecht et al. (2008) found an influence of stress on fraud. This also aligns with research by Hidajat (2020) that found that employees often commit fraud due to financial factors, such as low salaries. Regarding non-financial motives, fraud can be motivated by dissatisfaction with the company and a poor work environment. Dissatisfaction with the company can be caused by procedural or distributive injustice. According to Purnama et al. (2020), employee perceptions of procedural and distributive injustice can lead to retaliation against the workplace. Some forms of employee resistance to managerial injustice include theft (fraud), procrastination, causing co-workers to procrastinate, arriving late for meetings, and working inappropriately.

The empirical findings provide support for Hypothesis 3, indicating that rationalization has a significant positive effect on fraudulent behavior. In practical terms, employees who are more likely to justify unethical conduct are also more likely to engage in fraudulent activities. Individuals often construct cognitive justifications that enable them to perceive fraudulent actions as reasonable or acceptable, thereby reducing feelings of guilt or moral conflict. As explained by Ishida et al. (2016), rationalization reflects a pattern of thinking in which individuals possess beliefs, values, or personal characteristics that allow them to deliberately commit fraud while experiencing little or no remorse for their actions.

The results of this study are consistent with those of Said et al. (2017), which revealed a positive and significant influence between rationalization and fraud. Like stress, rationalization is not an easily observable characteristic, as it is impossible to discern what a person might be thinking (Schuchter & Levi, 2015). Looking at the conditions at XYZ Bank, based on the fraud case clarification documents processed by the human resources department at XYZ Bank, it was found that some employees who committed fraud allegedly did so because the perpetrators felt the actions were acceptable or common.

Hypothesis 4 is also supported, demonstrating that opportunity is positively associated with fraud. This finding suggests that employees are more inclined to commit fraudulent acts when they perceive favorable circumstances that reduce the likelihood of detection. Albrecht et al. (2008) argue that opportunity represents one of the most influential determinants of fraud because inadequate

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internal controls create conditions that facilitate misconduct, including asset misappropriation and financial manipulation. When employees recognize weaknesses in organizational control systems, they may view fraudulent behavior as easier to execute and less likely to be discovered.

The present findings are consistent with previous empirical evidence. For example, Said et al. (2017) reported that opportunity is positively and significantly related to fraudulent behavior. Likewise, Zuberi & Mzenzi (2019), concluded that deficiencies in internal control systems increase employees' opportunities to commit fraud within organizations. These deficiencies may involve weaknesses in the control environment, control activities, information and communication processes, as well as monitoring and risk assessment mechanisms, all of which create conditions that facilitate fraudulent practices.

Conclusions

The findings of this study indicate that ethics play a significant role in reducing fraudulent behavior among employees. Specifically, stronger ethical values are associated with a lower likelihood of engaging in fraud. In contrast, the three dimensions of the Fraud Triangle pressure, rationalization, and opportunity were found to have significant positive effects on employee fraud. These results suggest that employees are more likely to engage in fraudulent behavior when they experience greater pressure, are able to justify unethical actions, or perceive opportunities to commit fraud without a high risk of detection. These results confirm Donald Cressey's theory of fraud, which states that pressure, rationalization, and opportunity can increase employee fraud. Theoretically, this study extends Cressey's fraud triangle by empirically validating ethics as an additional restraining factor, confirming that employee fraud in the banking context can be more comprehensively explained when moral considerations are integrated with the classical pressure-opportunity-rationalization framework. Practically, the findings suggest that Bank XYZ and similar financial institutions should strengthen ethics-based interventions such as periodic ethics training, integrity pledges, and ethical leadership development, particularly for employees in credit-related roles, who represent the largest share of fraud perpetrators identified in this study.

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