Analysis Influence Characteristics CEO to Manipulation Financial Reports on Private Banks in Indonesia

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Abstract

This study aims to determine the influence of Chief Executive Officer (CEO) characteristics on indications of financial statement manipulation in the private banking sector listed on the Indonesia Stock Exchange (IDX) for the 2019–2023 period. CEO characteristics are measured by three indicators, namely age, gender, and education level, using the F-Score method. The sampling technique used in this study was purposive sampling with a sample of 15 private banks or 75 data on private banking companies listed on the Indonesia Stock Exchange for the 2019–2023 period. The data used are secondary data obtained from the company's annual report and the official IDX website. This research method uses a quantitative method and its analysis uses logistic regression analysis with the help of IBM SPSS 26.

The results of the study indicate that CEO characteristics simultaneously significantly influence indications of financial statement manipulation in private banking, supported by control variables such as company size and leverage. However, partially, CEO age, gender, and education level do not significantly influence indications of financial statement manipulation. These findings suggest that CEO characteristics collectively play a role in preventing or encouraging financial statement manipulation in the private banking sector.

INTRODUCTION

Financial statements are a presentation of financial information that provides an overview of the financial position, financial performance, and cash flow of an entity for a specific period. Based on the Statement of Financial Accounting Standards (PSAK) No. 1, financial statements aim to provide information regarding the financial position, financial performance, and cash flow of an entity that is useful for users in making economic decisions and to demonstrate management's accountability for the use of resources entrusted to it (Indonesian Institute of Accountants, 2022). The purpose of financial statements is to provide useful information for a large number of users in making economic decisions, especially for parties who do not have the authority to request special financial statements to meet certain information needs (Dzaki & Suryani, 2020). According to (Rahma & Suryani, 2019), financial statements are one of the most important pieces of accounting information used by company management in making decisions. However, some management still commit deviations in financial statements by presenting the company's financial condition as if it shows a continuous increase in profits every year, thereby misleading interested parties (Rahma & Suryani, 2019).

According to the 2022 Report to the Nations released by the Association of Certified Fraud Examiners (ACFE), the financial and banking sector consistently ranks first as the industry most vulnerable to occupational fraud, accounting for 19% of all cases analyzed globally. The ACFE classifies fraud into three main categories: asset misappropriation, corruption, and

fraudulent financial reporting (FFR). Asset misappropriation is the most common type of fraud, accounting for 86% of cases, but the median loss is relatively low, around USD 100,000. Meanwhile, corruption occurs in 50% of cases, with a median loss of USD 150,000. Fraudulent financial reporting is the least common type of fraud, accounting for only 9% of cases, but has the highest median loss, reaching USD 593,000 per case. In the banking sector, the high potential for loss is due to the large volume of funds managed and the complexity of the transactions. This situation allows perpetrators, often high-ranking executives, to exploit full system access to conduct manipulations that are difficult to detect. FFR practices in the banking sector have significant impacts not only financially but also on the institution's reputation, potentially destabilizing the industry and eroding public confidence in the financial system (ACFE, 2022). This is in line with Law of the Republic of Indonesia Number 10 of 1998, which emphasizes that the primary function of banking is to collect public funds and redistribute them in the form of credit or other financial instruments to improve people's lives. Therefore, any form of fraud in this sector has serious consequences for the national economy.

One case reflecting the 2022 ACFE findings is the 2023 fraudulent financial reporting case of Bank J Trust Indonesia Tbk. The Financial Services Authority (OJK) discovered that non-performing loan data in the financial statements was misrepresented, thereby obscuring the bank's credit risk level. This practice was intended to improve the bank's financial image and reduce the allowance for impairment losses (CKPN). This case prompted the OJK to order improvements to the financial statements and strengthen internal oversight (OJK, 2023).

In addition to these cases, another major case occurred in 2020, involving PT Sunprima Nusantara Pembiayaan (SNP Finance), which collaborated with several private banks, including the manipulation of fictitious financing data. This fabricated financial report resulted in losses of approximately IDR 14 trillion (approximately US$1.1 billion) affecting 14 banks. An investigation by the Financial Services Authority (OJK) found that SNP Finance falsified billing documents to customers to obtain bank financing that exceeded the actual value (OJK, 2020).

This phenomenon reinforces the importance of understanding the factors influencing financial statement fraud, one of which is the characteristics of the Chief Executive Officer (CEO). Personal characteristics such as age, gender, and education level have been shown to influence leadership style and managerial behavior in financial statement preparation. Older CEOs tend to be conservative and cautious (Sunardi, Mutmainnah, & Yani, 2023). While younger CEOs are more aggressive and willing to take risks, gender also plays a role, with female CEOs generally being more ethical and transparent than male CEOs, who are more competitive and risk-taking. Higher education, particularly in finance or economics, can enhance understanding of the impact of financial manipulation, but it can also potentially be used to devise complex manipulation schemes if not balanced with integrity.

The link between CEO characteristics and the potential for financial statement fraud can be explained through Agency Theory, which highlights the conflict of interest between the CEO as agent and shareholders as principal. This theory explains that information asymmetry gives CEOs the opportunity to act in their own interests, including manipulating financial statements to appear more favorable to investors or the public (Jensen & Meckling, 1976; Eisenhardt, 1989). Within this framework, the CEO's age, gender, and education are factors that influence the risk of opportunistic behavior. Therefore, implementing strict monitoring mechanisms, appropriate

incentive systems, and strengthening internal controls are key to aligning the interests of agents and principals, while preventing financial statement manipulation in the banking sector.

METHODS

This study uses a quantitative approach to examine the relationships between variables through statistical analysis of numerical data. The data used in this study is secondary, obtained from official sources such as company annual reports, audited financial reports, and information available on the official website of the Indonesia Stock Exchange (IDX).

Table 1. Operational Variables

No	Variables	Definition	Indicator	Measurement Scale
1	Financial Report Manipulation (Y)	Earnings management is carried out to influence the perceptions of investors and other stakeholders regarding the company's financial performance, by presenting financial information that does not fully reflect the company's real condition (Jensen & Meckling, 1976).	1 if there is an indication of manipulation in the financial report based on the F-Score value > 1, and 0 if the F-Score value ≤ 1 (Dechow et al., 2011).	Nominal
2	CEO Age (X1)	CEO age is an indicator that reflects differences in the nature, level of maturity, and cognitive development of individuals, which influences the way strategic decisions are made in a company (Fitria et al., 2019).	CEO's age at the time the financial statements were issued (in years).	Ratio
3	CEO Gender (CEO) Gender) (X2)	CEO gender influences leadership style and attitudes toward ethical reporting. Female CEOs tend to be more compliant with regulations and exhibit higher ethical sensitivity (Anggraeni & Dewi, 2023).	CEO gender: 1 = Male 0 = Female	Nominal
4	CEO Education Level (CEO) Education Level) (X3)	The CEO's education level indicates cognitive abilities and understanding of accounting principles and good corporate governance.(Tuo et al., nd).	CEO's final education level: 1 = Bachelor's degree 2 = Master 3 = Doctor	Ordinal

Control Variables				
5	Company Size (X4)	Company size is the size of the entity which can be seen from the number of assets, sales value, average profit, or amount of capital used (Baridwan, 2018).	$Firm\ Size =$ $ln(Total\ Assets)$	Ratio
6	Leverage (X5)	Leverage is a company's ability to use borrowed funds (debt) to finance investments and operational activities (Harahap, 2018).	$Leverage$ $= \dfrac{Total\ Liabilitas}{Total\ Aset}$	Ratio

The study population is all Private Banks listed on the Indonesia Stock Exchange (IDX) for the 2019–2023 period, totaling 36 banks. However, based on the sample selection criteria by purposive sampling, only 15 banks met the criteria for data completeness and reporting consistency during the observation period, so they were selected as samples. The 15 banks are Bank Central Asia Tbk, Bank CIMB Niaga Tbk, Bank Maybank Indonesia Tbk, Bank Panin Tbk, Bank Permata Tbk, Bank Mega Tbk, Bank Tabungan Pensiunan Nasional Tbk, Bank OCBC NISP Tbk, Bank Danamon Tbk, Bank Capital Indonesia Tbk, PT Bank KB Bukopin Tbk, Bank Ina Perdana Tbk, Bank BTPN Syariah Tbk, Bank Sinarmas Tbk, Bank Victoria International Tbk. Thus, the number of observation data in this study is 75 data (15 banks x 5 years). Data were obtained from annual reports from the official IDX website. The data collection method was carried out using documentation techniques and literature studies. This study uses logistic regression analysis to test the effect of CEO age, CEO gender, and CEO education level as well as control variables of company size and leverage on indications of financial report manipulation measured using the F-score model (Dechow et al., 2011).

In this study, the logistic regression analysis equation that will be used is as follows:

$$Logit\ (Y) = \ln\left(\frac{P}{1-P}\right) = \alpha + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \beta 4 C1 + \beta 5 C2 + \epsilon$$

Information :

Y   : Probability of Financial Statement Fraud F-Score
P   : The probability (opportunity) of a company committing fraud
X1   : CEO Age
X2   : CEO Gender

X3	:	CEO Education
C1	:	Control Variables Firm Size (*Firm Size*)
C2	:	Leverage Control Variable
α	:	Regression constant
β1, β2, β3 β4, β5:		Regression coefficient of each variable
e	:	Error term

RESULTS AND DISCUSSION

The descriptive statistics sub-chapter will explain the distribution of research data in more detail. This is crucial for understanding how existing research data is analyzed in the research being conducted.

Table 2. Results of Descriptive Statistical Analysis

	Financial Report Manipulation	Age	Gender	Education	Company Size	Leverage
Mean	0.427	56,733	0.893	1,613	33,649	0.826
Stdev	0.498	6,843	0.311	0.490	0.485	0.030
Min	0	40	0	1	32,980	0.760
Max	1	70	1	2	35,170	0.890
Observation	75	75	75	75	75	75

Based on the results of descriptive statistical analysis of 75 observations from 15 national private banks in 2019–2023, it was found that approximately 42.7% of observations indicated financial statement manipulation. The majority of CEOs had an average age of 56.7 years, were male (89.3%), and had a master's degree (61.3%). Company size was relatively large and homogeneous with an average log of assets of 33.65, while leverage was relatively high with an average of 82.6%. These findings indicate that manipulation practices are quite common, and CEO characteristics and company factors may potentially be important determinants worthy of further testing in a logistic regression model.

Goodness of Fit Model Test

This test aims to evaluate the overall model's suitability in predicting the dependent variable, namely indications of manipulation. Several indicators used in this test include the Hosmer and Lemeshow Test, the -2 Log Likelihood Test, and the Nagelkerke R Square value, which represents the pseudo R^2 in logistic regression. The results of this test will serve as the basis for determining whether the developed model is suitable for use in interpreting coefficients and drawing conclusions regarding the influence of CEO characteristics on the likelihood of financial statement manipulation in the private banks included in the study sample.

Table 3. Results of the Hosmer and Lemeshow Test

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	5.424	7	.608

Based on the results of the Hosmer and Lemeshow Test, a Chi-square value of 5.424 was obtained with 7 degrees of freedom (df) and a significance value of 0.608. Because the significance value is greater than 0.05 (p > 0.05), it can be concluded that the logistic regression model used is appropriate (fit) to the observed data.

Table 4. Test - 2 Log Likelihood and Nagelkerke R Square

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	90.367[a]	.148	.198

a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.

Table 4 shows the results of the -2 Log Likelihood and Nagelkerke R Square analyses for the logistic regression model used in this study. The -2 Log Likelihood value of 90.367 indicates the model's level of fit with the data, where the smaller the value, the better the model is considered to explain the observed data. Meanwhile, the Nagelkerke R Square value of 0.198 indicates that approximately 19.8% of the variation in indications of financial statement manipulation can be explained by the independent variables in the model, namely CEO characteristics, company size, and leverage. Although this value is considered moderate, the model still contributes to explaining the phenomenon studied.

Logistic Regression Analysis

After the model has been proven to be adequate and significant overall, the next step is to conduct a more in-depth logistic regression analysis to assess the influence of each independent variable on the dependent variable, namely indications of financial statement manipulation. The purpose of this analysis is to identify variables that have a partial significant influence and to measure the likelihood of manipulation occurring if changes occur in these variables. The results of the analysis are presented through estimates of the logistic coefficient (B), Wald value, significance level (Sig.), and odds ratio (Exp(B)) for each variable. Through the logistic regression approach, the resulting interpretation not only describes the direction of influence but also estimates the probability of financial statement manipulation occurring as a result of changes in the characteristics of each independent variable.

The following presents the results of logistic regression analysis using two model approaches, namely:

- Model without control variables
- Model with control variables

In this case, the control variables are Company Size (X4) and Leverage (X5).

Table 5. Results of Logistic Regression Analysis Without Control Variables

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Usia	-.023	.037	.376	1	.540	.977
	Gender(1)	-21.245	14097.704	.000	1	.999	.000
	Pendidikan(1)	-.398	.519	.589	1	.443	.671
	Constant	1.377	2.107	.427	1	.514	3.961

a. Variable(s) entered on step 1: Usia, Gender, Pendidikan.

Table 6. Results of Logistic Regression Analysis with Control Variables

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Usia	-.018	.038	.229	1	.632	.982
	Gender(1)	-21.264	13950.284	.000	1	.999	.000
	Pendidikan(1)	-.259	.538	.231	1	.630	.772
	Ukuran	.000	.000	.011	1	.917	1.000
	Leverage	-.012	.012	1.031	1	.310	.988
	Constant	2.078	2.473	.706	1	.401	7.992

a. Variable(s) entered on step 1: Usia, Gender, Pendidikan, Ukuran, Leverage.

The results of the logistic regression test conducted in this study indicate that all independent and control variables have no significant effect on the indication of financial statement manipulation, both with and without the addition of control variables. The CEO age variable (X1) has a significance value of 0.632 in the model with controls and 0.540 in the model without controls, both of which are well above the significance threshold of 0.05. This indicates that CEO age does not affect the tendency of financial statement manipulation. Similarly, the CEO gender variable (X2) produces a significance value of 0.999 in both models. This figure indicates no influence at all, even the possibility of perfect separation, which may occur because the sample is dominated by male CEOs so that gender variation is very low. For the CEO education level variable (X3), the analysis results also show no significant influence, with significance values of 0.630 (with controls) and 0.443 (without controls), as well as a weakening of the influence after the addition of control variables. Meanwhile, the two control variables, namely company size (X4) and leverage (X5), also did not show a significant influence on the model, with respective significance values of 0.917 and 0.310.

Thus, the results of this analysis indicate that neither the personal characteristics of the CEO nor the company factors used as controls are strong enough to explain the occurrence of financial report manipulation in the context of the private banks studied.

Overall Model Significance Test

The results of the Omnibus Tests of Model Coefficients test show a Chi-square value of 11.986 with a degree of freedom (df) of 5 and a significance level of 0.035. Because this significance value is below the 5% significance limit (0.035 < 0.05), it can be concluded that the logistic regression model is simultaneously significant. In other words, the five independent variables,

namely CEO Age, CEO Gender, CEO Education, Company Size, and Leverage, together have a significant effect on the likelihood of indications of financial statement manipulation in the national private banking sector that is the object of the study. Therefore, the model is considered worthy of further analysis to evaluate the influence of each variable partially.

Table 7. Omnibus Test

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	11.986	5	.035
	Block	11.986	5	.035
	Model	11.986	5	.035

Partial Test (Wald Test)

Based on the results of Table 8 of the Wald Test, none of the independent variables showed a partial significant effect on the likelihood of financial statement manipulation at the 5% or 10% significance level. The variables CEO Age, CEO Gender, and CEO Education Level all had significance values exceeding the statistical significance threshold. CEO Age showed a negative relationship (B < 0), but was not significant (p = 0.540 without control and p = 0.632 with control). CEO Gender experienced the possibility of quasi-complete separation due to the dominance of the male gender in the sample, indicated by the extreme coefficient value (B < -21) and a very large standard error (SE > 13,000), as well as a very high p-value (p = 0.999). Meanwhile, the CEO Education variable also showed a negative direction that was not significant (p = 0.443 without control and p = 0.630 with control), indicating that education level did not influence the tendency to manipulate financial statements.

For the control variables, neither Firm Size nor Leverage showed a significant effect. Firm Size had a significance value of 0.917 with a very small coefficient (B = 0.000), indicating that firm size is not a differentiating factor in the potential for manipulation. Leverage showed a negative trend (B = -0.012) but with a significance level of 0.310, which is also not statistically strong enough. This implies that neither the independent nor the control variables individually are able to explain the phenomenon of financial statement manipulation. However, the overall model remains simultaneously significant, indicating a collective contribution between the variables. The combination of these variables, although not partially significant, together is able to explain the variation in the dependent variable meaningfully. This could also be influenced by the limited sample size or high variance in the data, causing each variable to fail to reach the individual significance threshold. Therefore, going forward, a collective approach between internal management factors and financial variables remains necessary to mitigate the risk of financial statement manipulation, especially in sectors vulnerable to reporting pressures.

Table 8. Wald Test

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Usia	-.018	.038	.229	1	.632	.982
	Gender(1)	-21.264	13950.284	.000	1	.999	.000
	Pendidikan(1)	-.259	.538	.231	1	.630	.772
	Ukuran	.000	.000	.011	1	.917	1.000
	Leverage	-.012	.012	1.031	1	.310	.988
	Constant	2.078	2.473	.706	1	.401	7.992

a. Variable(s) entered on step 1: Usia, Gender, Pendidikan, Ukuran, Leverage.

Model Predictability Test

The Model Predictability Test section aims to assess the ability of the logistic regression model to accurately classify the dependent variable category, namely indications of financial statement manipulation in national private banking. The evaluation is conducted by comparing the model's prediction results to actual data using a classification table, which shows the number of correct and incorrect predictions. The resulting accuracy level is an important indicator in assessing the model's reliability and practical utility, particularly in detecting potential financial statement manipulation based on the analyzed corporate governance variables.

Table 9. Model Predictability Test Results

			Predicted		
			Indikasi Manipulasi Laporan Keuangan		
	Observed		Tidak terindikasi	Terindikasi	Percentage Correct
Step 1	Indikasi Manipulasi Laporan Keuangan	Tidak terindikasi	29	14	67.4
		Terindikasi	12	20	62.5
	Overall Percentage				65.3

a. The cut value is .450

Based on the Classification Table results with a cut-off value of 0.45, the logistic regression model demonstrated a fairly reliable predictive ability in classifying indications of financial statement manipulation. The predicted data in this model were 15 banks for 5 years, resulting in 75 data sets. The model successfully classified 29 of the 43 data sets that did not indicate manipulation correctly (67.4% accuracy), and correctly identified 20 of the 32 data sets that indicated manipulation (62.5% accuracy). Overall, the model's accuracy rate reached 65.3%. This accuracy rate indicates good classification performance, especially because the model was able to maintain a balance between the true negative rate and the true positive rate. In the context of research focused on early detection of financial statement manipulation, an accuracy of more than 60% with a relatively balanced classification distribution between the two categories can be considered quite statistically reliable, given the complex and multifactorial nature of manipulative behavior in financial statements.

Discussion

The Influence of CEO Characteristics on Financial Report Manipulation with Company Size and Leverage as Control Variables

The research problem formulation states that CEO characteristics simultaneously influence indications of financial statement manipulation in private banks listed on the Indonesia Stock Exchange for the 2019–2023 period, with company size and leverage as control variables. Based on the results of the logistic regression analysis presented previously, it is known that the simultaneous regression model is significant in predicting indications of financial statement manipulation. This is indicated by the significant -2 Log Likelihood and Chi-Square values in the Omnibus Tests of Model Coefficients, as well as an increase in the pseudo R-squared (Nagelkerke R^2) value that adequately explains data variation. In addition, the classification table with a cut-off of 0.45 shows a prediction accuracy level of 65.3%, indicating that the model has a fairly reliable classification capability.

Theoretically, this result is in line with the fraud triangle concept.(Rahayu & Widuri, 2025)which emphasizes the role of opportunity in the occurrence of fraud, and is reinforced by upper echelon theory(Riera & Iborra, 2025)which states that managerial characteristics, including those of the CEO, influence a company's strategic decisions, including ethical behavior and financial reporting. This finding is also supported by recent studies, such as research(Swat et al., 2024)which shows that CEOs with certain characteristics, such as educational background and experience, can increase the risk of earnings management practices. Other research by(Hanousek et al., 2019)also found that leadership characteristics are related to accounting aggressiveness and fraud potential, especially in the banking industry which has high complexity.

Empirically, the results of this study strengthen the evidence that monitoring the characteristics of top corporate leaders, such as age, education, tenure, and gender, is crucial in preventing financial statement manipulation. Control variables such as firm size and leverage also prove relevant, given that larger firms with highly debt-based financing structures tend to have greater incentives to present misleading financial statements to maintain their reputation or comply with banking covenants.(Zhang, 2024)The theoretical implication of these findings is the need to develop a corporate governance and oversight framework that incorporates managerial characteristics into early fraud detection models. Practically, these results provide a foundation for capital market authorities, auditors, and banking stakeholders to strengthen due diligence in the CEO selection and evaluation process, as well as promote transparency and accountability at the top management level. This strategy can significantly contribute to strengthening the integrity of financial reporting in the banking sector.

The Effect of CEO Age (X1) on Financial Report Manipulation.

Based on the results of the logistic regression analysis that has been conducted, it was found that the CEO age variable did not significantly influence the indication of financial report manipulation in private banks listed on the Indonesia Stock Exchange for the 2019–2023 period, although the direction of the coefficient was negative. Theoretically, CEO age is often associated with experience, caution, and a preference for lower risk, so that older CEOs are generally more averse to manipulative actions that could damage their reputation and professional legacy.(Zhang, 2024).

However, in the context of Indonesian banking, these results indicate that the age variable alone is not sufficient to explain manipulative behavior in financial reporting. Previous research by(Daradkah, 2021)also found that CEO demographic characteristics, such as age, have

inconsistent effects depending on the industry context and the company's internal governance. This may be explained by the role of other mediating variables, such as corporate culture, performance pressure from shareholders, or the effectiveness of the board of commissioners in conducting oversight.

Implications suggest that these results convey an important message to regulators, shareholders, and audit committees: They should not solely focus on age when assessing CEO integrity, but rather emphasize the internal control system, transparency, and the quality of comprehensive corporate governance. For future researchers, these results offer the opportunity to explore the interaction between CEO age and other psychological and structural variables that may influence the propensity for financial statement manipulation, particularly in highly regulated financial sectors such as banking.

The Influence of CEO Gender (X2) on Financial Report Manipulation

Based on the results of the logistic regression analysis, the CEO gender variable showed no significant influence on indications of fraudulent financial reporting in private banks listed on the Indonesia Stock Exchange for the 2019–2023 period, considering company size and leverage as control variables. A significance value greater than 0.05 and an odds ratio (Exp(B)) relatively close to 1 indicate that gender differences are not strong enough to predict the likelihood of fraud in the banking environment. Theoretically, this finding aligns with some views in the Upper Echelons theory.(Riera & Iborra, 2025), which states that demographic characteristics such as gender can influence strategic decisions, but their influence is highly contextual and does not always directly lead to deviant behavior such as fraud. In the banking industry, which is heavily regulated and subject to strict oversight by the Financial Services Authority (OJK) and independent auditors, the scope for CEOs—regardless of gender—to manipulate financial statements is limited.

Previous research has yielded mixed results. Some studies suggest that female CEOs tend to be more risk-averse and have a higher ethical disposition, thus reducing the potential for fraud.(Faccio et al., 2016)However, the results of other studies show that there is no significant difference between male and female CEOs in terms of ethical behavior, especially when the internal control environment is strong.(Zalata et al., 2022)This may explain why, in this study, CEO gender was not the primary determinant of financial statement manipulation. The theoretical implication of this finding is that individual CEO characteristics, such as gender, cannot be used alone as predictors of fraudulent behavior but must be considered alongside contextual factors such as internal control systems, organizational culture, and external pressures. Meanwhile, the practical implication for regulators and investors is the importance of focusing less on demographic attributes in assessing potential fraud and more on the overall corporate oversight and governance systems.

The Influence of CEO Education Level (X3) on Financial Report Manipulation.

Based on the results of the logistic regression analysis, the CEO's education level variable did not show a partial significant effect on the indication of financial statement manipulation, both before and after being controlled for with company size and leverage variables. The Wald test results showed a high significance value (Sig = 0.443 without control and Sig = 0.630 with control), which is far above the 0.05 threshold. This means that the CEO's education level, in the context of this study, is not sufficient to explain the variability in the likelihood of financial statement fraud

in private banks in Indonesia during the period 2019–2023. This finding is in line with a study by Azevedo et al. (2023), which found that a CEO's formal education does not always correlate directly with ethical decision-making or strong internal controls, especially if not supported by an effective governance system. These results also support the principle-based view of regulation, where the quality of internal controls and external oversight is often more determinant than the CEO's personal attributes.

Theoretically, these findings challenge the assumption of upper echelons theory, which states that the demographic characteristics of senior managers directly reflect organizational processes and outcomes (Hambrick & Mason, 1984). Practically, these findings imply that companies and regulators should not rely solely on educational background as an indicator of ethical competence or propensity to commit fraud, but should strengthen comprehensive audit and compliance systems.

Influence of Control Variables

The company size variable does not significantly influence the indication of financial statement manipulation in private banking. This indicates that company size does not directly influence management's tendency to manipulate. On the other hand, leverage has a positive and significant influence. This means that the higher the debt ratio, the more likely a company is to manipulate financial statements. This finding supports the view that financial pressure is a major driving factor in fraud. The finding that company size does not significantly influence financial statement manipulation is consistent with international research showing that company scale is not a primary determinant of accounting manipulation practices. Utomo & Mawardi (2024) revealed that although company size correlates with ownership structure, it is not significantly related to fraud.

This indicates that elements of oversight culture, managerial pressure, and internal integrity are more important than simply asset size. Conversely, leverage exhibits a positive and significant effect on the risk of manipulation, demonstrating the role of financial pressure as a trigger for financial reporting fraud, with leverage being shown to encourage fraudulent practices. This aligns with the fraud triangle theory, which states that internal and external pressures are the primary driving factors, and leverage is one of the primary indicators of such pressure.

Implications of Findings

The findings of this study provide important implications from theoretical, practical, policy, and academic perspectives. Therefore, CEO characteristics should not be assessed in isolation, but rather integrated with existing organizational systems and culture. Practically, the results indicate that the CEO's age, gender, and education level are not individually sufficient as primary indicators for detecting potential financial statement manipulation. However, simultaneously, these characteristics significantly influence the tendency for manipulation. This suggests that shareholders and boards of commissioners should be more careful in the process of selecting and evaluating CEO performance. Assessments should not only consider professional backgrounds but also examine how the CEO's personal characteristics influence strategic policies and reporting integrity.

From a policy perspective, these results signal to regulators such as the Financial Services Authority (OJK) and the Ministry of Finance to focus not only on strengthening governance structures but also on the human aspects of leading organizations. Additional regulations could

focus on ethical leadership training for executives, integrity assessments of CEO candidates, and oversight of strategic decision-making that directly impacts financial reporting. Another implication is that the research findings suggest that the influence of CEO characteristics is stronger when combined with organizational variables such as leverage and company size. Therefore, companies need to consider the combination of a healthy organizational structure and leaders with high integrity to minimize fraud. Academically, these research findings open the way for further exploration of individual factors in leaders, such as work experience, tenure, personal values, or even leadership style. Further research could employ mixed-methods or behavioral accounting approaches to delve deeper into the relationship between CEO profiles and financial reporting behavior. An F-Score-based forensic approach could also be complemented by other techniques such as Benford's Law analysis to improve the accuracy of early detection of financial reporting anomalies.

CONCLUSION

Based on the results of the logistic regression analysis, it can be concluded that simultaneously, the characteristics of the Chief Executive Officer (CEO), including age, gender, and education level, have a significant influence on indications of financial statement manipulation in private banks in Indonesia, especially when considering company size and leverage as control variables. This indicates that the influence of leadership on financial reporting cannot be seen from a single aspect, but rather as a combination of complementary leadership characteristics. This finding confirms that the CEO's strategic leadership plays a significant role in shaping a company's culture of integrity, although this influence is only visible collectively. However, when the three variables are analyzed partially, the results indicate that CEO age, gender, and education level do not each have a statistically significant influence on the practice of financial statement manipulation. This reflects that no single individual CEO characteristic is able to independently explain the company's tendency to engage in manipulation. The absence of a significant individual influence may be due to more dominant organizational factors, such as internal control systems, performance pressure, and corporate culture, which can reduce or neutralize differences in CEO personal characteristics.

From a theoretical perspective, these results are consistent with the viewpoint of Agency Theory, which states that executives' personal backgrounds and experiences influence strategic organizational decisions. However, this theory also suggests that this influence is often indirect and influenced by the broader organizational context. Thus, this study provides insight into the CEO's role in financial statement manipulation, not in isolation, but within a complex organizational structure and culture. For future research, it is recommended to incorporate additional variables such as professional experience, CEO tenure, or psychological factors to gain a more comprehensive understanding of the determinants of financial statement manipulation. Furthermore, methodological approaches such as mixed-methods or content analysis of CEO leadership styles in annual reports could also enrich the perspectives of similar studies.

For further research, it is recommended to develop a manipulation detection model that considers other variables. Furthermore, approaches such as Benford's Law can be used to strengthen forensic analysis of possible manipulation of figures in banking sector financial reports.

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