

ABSTRACT

Fraudulent financial statements are fraudulent which is done intentionally by manipulating financial statements for personal or group interests and this can mislead the users of financial statements in the decision making process.

This study aims to determine the effect of diamond fraud on the detection of financial statement fraud in the Consumer Goods Industry Sector which is listed on the Indonesia Stock Exchange for the period of 2016-2018. In this study using purposive sampling that is the sample used 102 sample data. The data analysis method in this study is logistic regression using SPSS 25 software.

The results of this study indicate that simultaneous financial stability, external pressure, ineffective monitoring, the nature of industry, change of auditors, and changes of directors affect the financial statement fraud. Partially financial stability, external pressure, nature of industry, change of auditors and changes of directors have no effect on financial statement fraud, while ineffective monitoring has an effect on financial statement fraud.

Keyword: *Fraudulent financial statements, Fraud Diamond, Pressure, Opportunity, Rationalization, Capability.*