**ABSTRACT**

This study aimed to analyze the factors affecting financial fraud using diamond fraud model. The proxy that used in this study is pressure by managerial ownership (OSHIP) and financial target (ROA), the opportunity by proxy effective monitoring (BDOUT) and nature of industry (RECEIVABLE), rationalization by proxy auditor change (AUDCHANGE) and the auditor’s opinion (AUDREPORT) and capability by proxy direction change (DCHANGE). The data of the research from secondary data, in the form of annual reports of banking company listed on the Stock Exchange during the period 2013 – 2015. This study using purposive sampling methods and multiple linear regression analysis with software SPSS version 17.00. The analysis was conducted by using classic assumption testing there are normality testing, multicolinearity testing, autocorrelation testing and heteroscedasticity testing.

The test results showed that the variable pressure is proxied by managerial ownership (OSHIP) and financial targets (ROA) significant positive effect on financial statement fraud, while variable opportunities, rationalization and capabilities not affect the financial statement fraud. Based in this test, the result is diamond fraud model can’t show the effect toward financial statement fraud.

*Keywords: financial statement fraud, diamond fraud, fraud score methods*