

ABSTRACT

***Earnings management** is a phenomenon that is influenced by various interest and Method. Manager may commit earnings management even if the company is based on sharia. The purpose of this research is to obtain understanding and investigates earnings management of **Muamalat Bank**, observed from 2012 to 2016.*

*The method of analysis and identify the earnings management practice in this research using **Qualitative approach** for its analysis and Eckel index for detection income smoothing.*

The results showed that Muamalat Bank did the earnings management on the turn of directors (2014) by taking a big bath. Evidenced by Revenue that increased significantly but Earnings and total accruals decreased dramatically. Income smoothing (2015-2016) is calculated by Eckel Index of 0.39 which means income smoother. Whereas the previous Board of Directors (2012-2013) did not perform earnings management in the last year before the turn.

Based on the results above, it can be concluded that the results of earnings management was good or bad based on whether it meets two criteria. The result was considered Good Earnings management if it is based on benefit of all parties and the method used was not violating applicable regulation or religious norms. Vice versa, earnings management was considered bad, if the motivation of it benefits an individual or groups (opportunistic) and in an inappropriate manner.

Keywords: Earnings Management, Qualitative Method, Muamalat Bank