

## **ABSTRACT**

*This study aims to examine the effect of the implementation of IFRS 9 (PSAK 71) on earnings management and capital management in the Indonesian banking subsector, as well as to analyze the role of audit quality as a moderator in this relationship. Earnings management and capital management are proxied by loan loss provisions (LLP). Audit quality is measured using dummy variable based on the size and reputation of the audit firms (Big 4 and non-Big 4).*

*The population of this study consists of banks listed on the Indonesia Stock Exchange during the period of 2015-2024. Using purposive sampling, a sample of 36 banks was obtained, with a total of 360 observations. The analysis is conducted using Moderated Regression Analysis (MRA) with a Fixed Effect Model (FEM) approach and cross-section weights to address heteroskedasticity.*

*The findings of this study indicate that: first, the implementation of IFRS 9 (PSAK 71) increases earnings management, although only significant at the 10% level. Second, the implementation of IFRS 9 (PSAK 71) does not affect capital management. Third, audit quality does not moderate the effect of IFRS 9 (PSAK 71) implementation on earnings management and capital management.*

**Keywords:** *IFRS 9, PSAK 71, earnings management, capital management, loan loss provisions, banking.*

