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Influence Of Sharia Audit And Corporate Good*governance*on The Quality Of Financial Reports Of Islamic Commercial Banks In Indonesia For The Period 2020 – 2024

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Abstract

The rapid development of the Islamic banking industry demands the availability of quality, transparent, and sharia-compliant financial reports. The quality of financial reports can be influenced by the effectiveness of sharia audits and the implementation of Good Corporate Governance (GCG). This study aims to analyze the effect of sharia audits and Good Corporate Governance (GCG) on the quality of financial reports at Islamic Commercial Banks in Indonesia for the period 2020–2024. This study uses a quantitative method with secondary data obtained from the annual reports of Islamic Commercial Banks and publications of the Financial Services Authority (OJK). The study population consists of all Islamic Commercial Banks in Indonesia, with a sampling technique using Purposive Sampling, based on the sampling technique obtained 12 Islamic Commercial Banks with a total of 60 observations. Data analysis was performed using panel data regression with the help of the EViews 14 program. The results of the study indicate that sharia audits have a positive and significant effect on the quality of financial reports, Good Corporate Governance (GCG) has a positive and significant effect on the quality of financial reports, and sharia audits and GCG simultaneously have a positive and significant effect on the quality of financial reports. Thus, increasing the effectiveness of sharia audits and implementing good GCG can improve the quality of financial reports of Islamic Commercial Banks in Indonesia.

Keywords: Sharia Audit, Good Corporate Governance, Quality of Financial Reports, Sharia Commercial Banks.

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INTRODUCTION

The Islamic banking industry in Indonesia continues to experience significant growth. According to data from the Financial Services Authority (OJK), total assets of Islamic commercial banks increased from IDR 638.6 trillion in 2020 to IDR 1,050 trillion in 2024. This growth demonstrates growing public trust in Islamic banking. In line with this development, Islamic banks are required to present high-quality, transparent, and sharia-compliant financial reports to meet the information needs of stakeholders.

One factor suspected of influencing the quality of financial reports is the sharia audit. A sharia audit is an audit process aimed at ensuring that all bank activities, transactions, and financial reporting comply with sharia principles, DSN-MUI fatwas, and applicable regulations. Sharia audits play a role in improving sharia compliance, preventing irregularities, and enhancing the reliability of the information presented in financial reports.

In addition to sharia audits, good corporate governance (GCG) is also a crucial factor in improving the quality of financial reports. GCG is a corporate governance system that implements the principles of transparency, accountability, responsibility, independence, and fairness. Good GCG implementation can strengthen internal control systems, minimize conflicts of interest, and enhance the credibility and transparency of financial reports produced by Islamic banks.

However, various issues remain within the Islamic banking industry, such as the suboptimal oversight function of the Sharia Supervisory Board, limited competence of Sharia auditors, delays in the publication of financial reports, and differences in the quality of GCG implementation among Islamic commercial banks. These conditions indicate that the quality of Islamic bank financial reports still faces various challenges that require attention.

Previous research has yielded mixed results. A study by Ahmad Mukoffin et al. (2023) found that good corporate governance has a positive and significant impact on financial reporting quality. Other research also indicates that sharia audits positively impact financial reporting quality by improving compliance and reporting transparency. However, several studies found that neither sharia audits nor good corporate governance (GCG) had a significant impact because sharia oversight and corporate governance functions were not yet optimally implemented. These differing research findings indicate a research gap that requires further study.

Based on the phenomena, problems, and inconsistencies in previous research results, this study aims to analyze the influence of sharia audits and good corporate governance on the quality of financial reports at Islamic commercial banks in Indonesia for the period 2020–2024. The research findings are expected to provide an empirical

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contribution to improving the quality of financial reports by strengthening sharia audits and implementing good corporate governance.

LITERATURE REVIEW

1. Agency Theory

Agency theory explains that the relationship between the principal (fund owner/customer) and the agent (bank management) has the potential to create conflict due to information asymmetry and the possibility of opportunistic management behavior. In Islamic banks, management is entrusted with managing customer funds in accordance with Islamic principles. To prevent this conflict of interest, oversight mechanisms such as Islamic audits and Good Corporate Governance (GCG) are required. These mechanisms ensure that management acts in the best interests of the fund owner, resulting in transparent, accountable, and high-quality financial reports.

2. Sharia Audit

A sharia audit is a systematic process of objectively obtaining and evaluating evidence regarding an entity's economic activities with the aim of determining whether those activities are conducted in accordance with Islamic sharia principles. In the context of Islamic banks, a sharia audit encompasses not only compliance with financial standards but also adherence to principles such as the prohibition of riba (usury), gharar (gharar), and maysir (unlawful activity), as well as the conformity of transactions with sharia edicts (fatwas). A sharia audit evaluates an organization's compliance with Islamic law, particularly in the area of muamalah (muamalah), unlike conventional audits, which focus more on compliance with accounting standards. This procedure is necessary for evaluating the management of zakat (zakat), waqf (waqf), and infaq (donation) funds, as well as the structure of financial products and contractual procedures within a sharia entity. As transactions become more complex and the expectations of the Muslim community toward Islamic financial institutions grow, the demand for sharia audits is also increasing.

3. Good Corporate Governance.

*Good Corporate Governance*Good corporate governance (GCG) is a set of mechanisms, rules, and practices that ensure management's accountability, transparency, independence, and responsibility towards stakeholders. In Islamic banks, GCG principles also encompass compliance with sharia principles through institutions such as the Sharia Supervisory Board (SSB) and internal mechanisms. The implementation of GCG is expected to increase the credibility of financial reports

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and stakeholder trust. GCG implementation aims to create sound corporate management, improve oversight, and minimize conflicts of interest.

4. **Quality of Financial Reports**
   Financial statements are one of the various pieces of information used by users for decision-making. These users are primarily external users, namely investors and creditors. Investors are interested in financial statements related to the amount of investment (capital) they have invested in the company. Through financial statement analysis, investors can determine and be confident in the security of their investment and the expected dividends. Creditors, on the other hand, are interested in financial statements related to the principal amount of the loan and the interest they will receive. Through financial statements, creditors can determine and predict the stability of future installment repayments and interest receipts.

METHOD

This study uses a quantitative approach with an associative approach. It aims to analyze the influence of sharia audits and Good Corporate Governance (GCG) on the financial reporting quality of Islamic Commercial Banks in Indonesia. The data used are secondary data obtained from the annual reports and financial statements of Islamic Commercial Banks published through the Financial Services Authority (OJK) during the 2020–2024 period. The study population consists of all Islamic Commercial Banks in Indonesia registered with the OJK. The sampling technique used purposive sampling with the criteria of banks that published complete annual reports and financial statements during the study period. Based on these criteria, 12 Islamic Commercial Banks were selected as research samples.Data analysis was performed using panel data regression with the help of EViews 14 software. Prior to hypothesis testing, descriptive statistical analysis and the best model selection test were conducted using the Chow test, the Hausman test, and the Lagrange Multiplier test. Furthermore, hypothesis testing was performed using the t-test, the F-test, and the coefficient of determination.

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RESULTS AND DISCUSSION

1. Descriptive Statistical Analysis

Table1 Descriptive Statistical Analysis Results

	Y	X1	X2
Mean	85.64800	209.6328	2.000000
Median	94.44000	88.89000	2.000000
Maximum	100.0000	7778.000	3.000000
Minimum	0.000000	0.000000	0.000000
Std. Dev.	19.81461	993.8835	0.582223
Skewness	-1.898474	7.545025	-0.519615
Kurtosis	7.552852	57.95843	4.800000
Jarque-Bera	87.86319	8120.346	10.80000
Probability	0.000000	0.000000	0.004517
Sum	5138.880	12577.97	120.0000
Sum Sq.	463299.3	60917218	260.0000
Sum Sq. Dev.	23164.51	58280463	20.00000
Observations	60	60	60

Source: Eviews 14, data processed by the author (2026)

The results of the descriptive statistical analysis show that the quality of financial reports (Y) has a minimum value of 0 and a maximum of 100, with an average of 85.6480, indicating that the quality of Islamic Commercial Bank financial reports for the 2020–2024 period is generally in the high category. The standard deviation value of 19.8146, which is smaller than the average, indicates that the data is homogeneous or relatively evenly distributed.

Sharia audit (X1) has a minimum value of 0 and a maximum of 7.778, with an average of 209.6328. The standard deviation of 993.8835, which is greater than the average, indicates that the level of sharia audit has quite high variations between banks so that the data distribution is uneven.

Good Corporate Governance (X2) has a minimum value of 0 and a maximum of 3, with an average of 2.0000, which indicates that the implementation of GCG in Islamic Commercial Banks for the 2020–2024 period is generally in category 2. The standard deviation value of 0.5022, which is smaller than the average, indicates that the data is homogeneous or evenly distributed.

2. Panel Data Regression Model Selection Test

a. Chow Test

Table 2 Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.800486	(11,46)	0.0816
Cross-section Chi-square	21.483585	11	0.0287

Source: Eviews 14, data processed by the author (2026)

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Based on the results of the Chow Test, the Cross-section F probability value was obtained at 0.0816 and the Cross-section Chi-square probability value was obtained at 0.0287. In making the Chow Test decision, the basis used was to look at the Cross-section F probability value. Because the Cross-section F probability value of 0.0816 is greater than the 0.05 significance level, then H0 is accepted and H1 is rejected. Thus, the more appropriate model to use is the Common Effect Model (CEM).

b. Housman Test

Table 3 Housman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.937151	2	0.0847

Source: Eviews 14, data processed by the author (2026)

Based on the results of the Hausman Test, the random cross-section probability (Prob.) value was obtained at 0.0847 with a Chi-Square statistic value of 4.937151. The basis for decision making in the Hausman Test was carried out by comparing the probability value with a significance level of 0.05. Because the probability value of 0.0847 is greater than 0.05, H0 is accepted and H1 is rejected. Thus, the more appropriate model to use is the Random Effect Model (REM).

c. *Test* Lagrange Multiplier (LM)

Table 4 Results of the Lagrange Multiplier (LM) Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.811268 (0.3677)	2.320569 (0.1277)	3.131837 (0.0768)
Honda	0.900704 (0.1839)	1.523341 (0.0638)	1.714059 (0.0433)
King-Wu	0.900704 (0.1839)	1.523341 (0.0638)	1.769633 (0.0384)
Standardized Honda	1.170655 (0.1209)	2.436229 (0.0074)	-1.057053 (0.8548)
Standardized King-Wu	1.170655 (0.1209)	2.436229 (0.0074)	-0.653280 (0.7432)
Gourieroux, et al.	--	--	3.131837 (0.0906)

Source: Eviews 14, data processed by the author (2026)

Based on the results of the Breusch-Pagan Lagrange Multiplier (LM) test in the Cross-section column, a probability value of 0.3677 was obtained. This value

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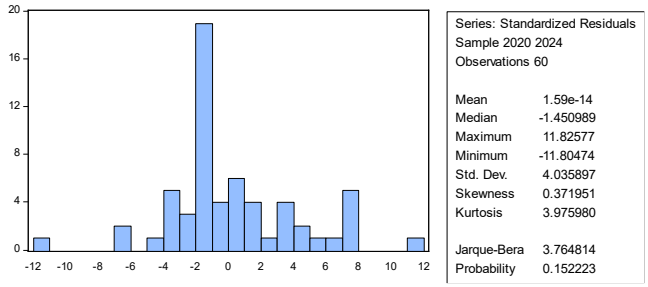
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is greater than the 5% significance level (0.3677 > 0.05), so H_0accepted. Thus, the more appropriate model to use in this study is the Common Effect Model (CEM).

3. Classical Assumption Test

a. Normality Test

Table 5 Normality Test Results



Source: Eviews 14, data processed by the author (2026)

Based on the results of the normality test, the Jarque-Bera value was 3.784914 with a probability value of 0.152223. This probability value is greater than the significance level of 0.05 (0.152223 > 0.05), so H_0accepted. Thus, it can be concluded that the residuals in this study are normally distributed and the regression model has met the assumption of normality.

b. Multicollinearity Test

Table 6

Multicollinearity Test Results

Variance Inflation Factors
Date: 05/30/26 Time: 14:03
Sample: 1 60
Included observations: 60

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	6.866554	24.43615	NA
X1	0.000577	14.57797	1.007603
X2	0.849409	13.09884	1.007603

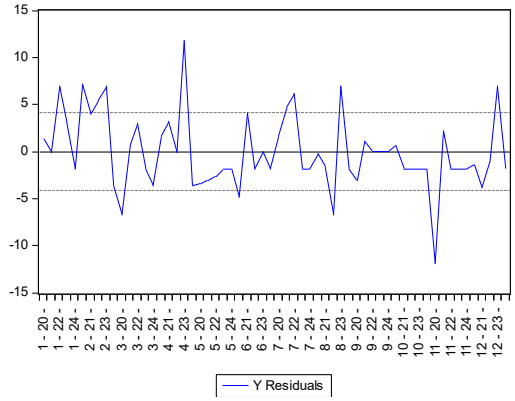
Source: Eviews 14, data processed by the author (2026)

Based on the results of the multicollinearity test using the Variance Inflation Factor (VIF), the Centered VIF value for the Sharia Audit (X1) variable was 1.007603 and Good Corporate Governance (X2) was 1.007603. Both values are less than 10, so it can be concluded that the regression model does not experience multicollinearity problems. Thus, the independent variables in this study do not have a high correlation and meet the classical assumptions of multicollinearity.

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c. Heteroscedasticity Test



Source: Eviews 14, data processed by the author (2026)

Graph 1 Heteroscedasticity Test Results

Based on the residual graph in the image above, it can be seen that the residuals are randomly distributed above and below the zero line and do not form any particular pattern. This indicates that the residual variance is constant and that there is no heteroscedasticity in the regression model. Thus, the regression model meets the assumption of homoscedasticity.

d. Autocorrelation Test

Table 7

Autocorrelation Test Results

R-squared	0.958513	Mean dependent var	85.64800
Adjusted R-squared	0.957058	S.D. dependent var	19.81461
S.E. of regression	4.106092	Akaike info criterion	5.711527
Sum squared resid	961.0194	Schwarz criterion	5.816244
Log likelihood	-168.3458	Hannan-Quinn criter.	5.752488
F-statistic	658.4670	Durbin-Watson stat	2.020051
Prob(F-statistic)	0.000000		

Source: Eviews 14, data processed by the author (2026)

Based on the results of the autocorrelation test using the Durbin-Watson statistic above, a value of 2.020051 was obtained. With 60 data and 2 independent variables, the Durbin Lower (DL) value is 1.5144, while the Durbin Upper (DU) value is 1.6518. These values are calculated between the upper limit (dU) and 4 − dU, namely 1.652 < 2.020051 < 2.348. Thus, H_0accepted, so it can be concluded that the regression model does not experience autocorrelation. Therefore, the classical assumption of autocorrelation has been met and the regression model is suitable for use in hypothesis testing.

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4. Panel Data Regression Analysis

The panel data regression model used in this study underwent a series of model selection tests, including the Chow test, the Hausman test, and the Lagrange multiplier test. These test results concluded that the most appropriate model was the Common Effects Model (CEM). The CEM estimation results yield the following regression equation:

Y = 11.8047357698 + 0.862889026464*X1 + 1.8469908748*X2

The panel data regression equation can be interpreted as follows:

a. The constant value of 11.8047 indicates that if the independent variables, namely X1 and X2, are considered to have a value of 0 (constant), then the value of the dependent variable (Y) is 11.8047 units.
b. The regression coefficient value of variable X1 (sharia audit) of 0.8629 indicates that every 1 unit increase in variable X1, assuming variable X2 remains constant (ceteris paribus), will increase the value of variable Y by 0.8629 units. A positive coefficient indicates a unidirectional relationship between X1 and Y.
c. The regression coefficient value of variable X2 (good corporate governance) of 1.8470 indicates that every 1 unit increase in variable X2, assuming variable X1 remains constant (ceteris paribus), will increase the value of variable Y by 1.8470 units. A positive coefficient indicates that X2 has a positive relationship with Y.
d. In general, this equation shows that variables X1 and X2 have a positive influence on Y, where an increase in the value of the two independent variables will tend to increase the value of the dependent variable.

5. Hypothesis Testing

a. Persian Test (T Test)

Table 8

Persian Test Results (T-Test)

Dependent Variable: Y
Method: Panel Least Squares
Date: 05/30/26 Time: 13:45
Sample: 2020 2024
Periods included: 5
Cross-sections included: 12
Total panel (balanced) observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.80474	2.620411	4.504918	0.0000
X1	0.862889	0.024020	35.92315	0.0000
X2	1.846991	0.921634	2.004040	0.0498

Source: Eviews 14, data processed by the author (2026)

Based on the results of the t-test, it shows that:

1) The t-test result of variable X1 (sharia audit) has a t-count of 35.92315, which means that the t-count value is greater than the t-table of 1.67203 (35.92315 >

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1.67203) and the probability value of 0.0000 is smaller than 0.05 (0.0000 < 0.05). Thus, it can be concluded that partially the sharia audit variable has a positive and significant effect on the quality of financial reports, or in other words, H1 is accepted.

2) The t-test result of variable X2 (Good Corporate Governance) has a t-count value of 2.004040, which means that the t-count value is greater than the t-table of 1.67203 (2.004040 > 1.67203) and the probability value of 0.0498 is smaller than 0.05 (0.0498 < 0.05). Thus, it can be concluded that partially the good corporate governance variable has a positive and significant effect on the quality of financial reports, or in other words, H1 is accepted.

b. Simultaneous Test (F Test)

Table 9
Simultaneous Test Results (F Test)

R-squared	0.958513	Mean dependent var	85.64800
Adjusted R-squared	0.957058	S.D. dependent var	19.81461
S.E. of regression	4.106092	Akaike info criterion	5.711527
Sum squared resid	961.0194	Schwarz criterion	5.816244
Log likelihood	-168.3458	Hannan-Quinn criter.	5.752488
F-statistic	658.4670	Durbin-Watson stat	2.020051
Prob(F-statistic)	0.000000		

Source: Eviews 14, data processed by the author (2026)

Based on the test results that have been carried out, the f-count value obtained is 658.4670. Meanwhile, the f-table value obtained is 3.159, which means the f-count value is greater than the f-table value (658.4670 > 3.159) and the probability value of 0.000000 is smaller than the significance value of 0.05 (0.000000 < 0.05). Thus, it can be concluded that simultaneously the variables of sharia audit and good corporate governance have a positive and significant effect on the quality of financial reports or in other wordsH3accepted.

6. Coefficient of Determination Test (R2)

Table 10
Results of the Coefficient of Determination (R2) Test

R-squared	0.958513	Mean dependent var	85.64800
Adjusted R-squared	0.957058	S.D. dependent var	19.81461
S.E. of regression	4.106092	Akaike info criterion	5.711527
Sum squared resid	961.0194	Schwarz criterion	5.816244
Log likelihood	-168.3458	Hannan-Quinn criter.	5.752488
F-statistic	658.4670	Durbin-Watson stat	2.020051
Prob(F-statistic)	0.000000		

Source: Eviews 14, data processed by the author (2026)

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Based on the test results, the adjusted value was obtainedR^2 of 0.957058. This indicates that 95% of the variation in financial report quality can be influenced by sharia audits and good corporate governance, while the remaining 5% can be influenced by other variables outside the research model.

DISCUSSION

1. The Influence of Sharia Audit on the Quality of Financial Reports

The partial test results for the effect of sharia audit on financial report quality indicate that the probability value of the sharia audit variable is 0.0000, which is smaller than the 0.05 significance level, with a positive regression coefficient of 0.870649. This indicates that sharia audit has a positive and significant effect on financial report quality. Therefore, the hypothesis that sharia audit has an effect on financial report quality is accepted. These results indicate that the better the implementation of sharia audit in Islamic Commercial Banks, the better the quality of the resulting financial reports.

This is supported by research (Rahmadieni and Qizam, 2019), which found that sharia audit standards influence the quality of financial report presentation at Baitul Mal wa Tamwil (BMT). The results showed that the better the implementation of sharia audit standards, the better the quality of the resulting financial report presentation. This finding indicates that sharia audits play a crucial role in enhancing the credibility and quality of financial information. This finding is also supported by research (Putri and Nasution, 2026), which states that sharia audits play a role in increasing transparency, accountability, and the reliability of financial reports by strengthening internal controls and preventing financial statement misstatements. Furthermore, research by Nurjanah et al. (2026) found that audit factors such as audit tenure and audit rotation can improve sharia audit quality, making the monitoring and inspection process more effective in producing reliable information. Therefore, these research findings further reinforce the importance of sharia audits as a crucial mechanism in creating high-quality financial reports that comply with sharia principles.

However, the results of this study do not entirely align with several previous studies. Research by Lestari and Oktaviana (2020) found that the role of the Sharia Supervisory Board did not significantly impact the quality of financial reports at BPRS in East Java. Furthermore, research by Hanum et al. (2022) also showed that audit quality did not significantly impact the quality of financial reports. Research by Kurniawan et al. (2025) found that one of the oversight mechanisms in corporate governance, namely the Board of Commissioners, did not significantly impact the quality of financial reports. These research results indicate that the existence of

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oversight and audit mechanisms does not necessarily directly improve the quality of financial reports if their implementation is not optimal.

2. The Influence of Good Corporate Governance on the Quality of Financial Reports

The partial test results of the effect of good corporate governance on the quality of financial reports indicate that the probability value of the good corporate governance variable is less than the 0.05 significance level, with a positive regression coefficient. This means that good corporate governance has a positive and significant effect on the quality of financial reports. In other words, the hypothesis that good corporate governance affects the quality of financial reports is accepted. These results indicate that the better the implementation of good corporate governance in Islamic companies or banks, the better the quality of the resulting financial reports.

This aligns with research conducted by Muhammad Syafii (2025), which showed that the implementation of Good Corporate Governance has a positive impact on the quality of financial reports. The study's results indicate that companies that consistently implement GCG principles tend to produce more reliable, relevant, and transparent financial reports.The results of this study are supported by research by Ginting et al. (2025), which found that good corporate governance has a positive and significant impact on the quality of financial reports. This study explains that the implementation of accountability, transparency, and fairness can improve the quality of financial reports, in terms of relevance, reliability, comparability, and ease of understanding. Furthermore, research by Tanjung and Permata (2020) also shows that the principles of good corporate governance influence the quality of financial reports with a very strong relationship. These results indicate that the implementation of good corporate governance principles can improve the quality of financial information presented to users of financial reports. Therefore, this study further strengthens the notion that good corporate governance is a crucial factor in improving the quality of financial reports through strengthening the oversight system, information transparency, and increasing management accountability.

However, the results of this study differ from several previous studies. Research conducted by (Ahmad Mukoffi et al., 2023) found that Good Corporate Governance did not significantly impact the quality of financial reports. This indicates that the implementation of corporate governance may not necessarily improve the quality of financial reports if its implementation is not effective and only limited to meeting formal organizational requirements. Furthermore, research by (Angel Christina Hia et al., 2025) also found that Good Corporate Governance had no effect on the integrity of financial reports. The researchers explained that the implementation of GCG is not

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strong enough to influence the quality of financial reports if it is not supported by an effective monitoring mechanism, adequate audit quality, and management commitment to implementing corporate governance principles. Meanwhile, research by (Bella Monica Sari and JB Amiranto, 2025) found that Good Corporate Governance has a negative effect on financial reports. These results indicate that GCG implementation that focuses solely on complying with regulations and administrative aspects without being balanced by effective implementation can create bureaucratic complexity and reduce the effectiveness of supervision, so that the GCG objective of improving the quality of financial reports is not optimally achieved.

3. The Influence of Sharia Audit and Good Corporate Governance on the Quality of Financial Reports

The research results show that sharia audits and good corporate governance have a positive and significant impact on the quality of financial reports. This finding suggests that improving the quality of sharia supervision and the implementation of good corporate governance can improve the quality of financial information produced by Islamic commercial banks. Therefore, the hypothesis that sharia audits and good corporate governance influence the quality of financial reports is accepted.

Empirically, research (Rahmadieni & Qizam, 2019) shows that sharia audit standards influence the quality of financial report presentation at Baitul Mal wa Tamwil (BMT), indicating that the implementation of sharia audits plays a role in improving reporting quality. Meanwhile, research (Muhammad Syafi'I, 2025) proves that the implementation of Good Corporate Governance has a positive effect on the quality of financial reports, as GCG strengthens the oversight and transparency functions within the company.

Overall, sharia audits and good corporate governance have a mutually supportive relationship in improving the quality of financial reports. Sharia audits ensure compliance with sharia principles and effective oversight, while good corporate governance strengthens corporate governance through improved control systems. The synergy between these two variables can produce higher-quality financial reports, thereby increasing investor, regulatory, and public trust in Islamic banks.

CONCLUSION

Sharia audits have a positive and significant impact on the quality of financial reports. These results indicate that the better the implementation of Sharia audits, the better the quality of the resulting financial reports. Effective Sharia audits can improve oversight of Sharia compliance, minimize reporting errors, and enhance the transparency and reliability of financial information.

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*Good corporate governance*has a positive and significant impact on the quality of financial reports. This indicates that the application of good corporate governance principles, such as transparency, accountability, responsibility, independence, and fairness, can improve the quality of financial report preparation and presentation, resulting in more relevant and reliable information.

Sharia audits and good corporate governance simultaneously have a positive and significant impact on financial reporting quality. These results indicate that the combination of effective sharia supervision and the implementation of good corporate governance can improve financial reporting quality in Islamic banks. Therefore, improving financial reporting quality is not influenced by a single factor, but rather by the synergy between sharia supervisory mechanisms and an effective corporate governance system.

SUGGESTION

For future research, it is recommended to add other variables that could potentially influence the quality of financial reports, such as profitability, company size, risk management, external audit quality, or sharia compliance, and expand the research period to obtain more comprehensive results. Furthermore, it is recommended to use a larger sample size involving other Islamic financial institutions, such as Sharia Business Units (UUS) or Sharia Rural Banks (BPRS), so that the research results can provide a more comprehensive picture of the factors influencing the quality of Islamic financial reports.

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