

## The Role of the Sharia Supervisory Board in Mediating Disclosure of Islamic Social Reporting and the Quality of Financial Reports on the Reputation of Sharia Banking in Indonesia

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### ABSTRACT

This research examines the role of DPS in mediating ISR disclosure and the quality of financial reports on the reputation of sharia banking in Indonesia. The type of research used is associative with a quantitative approach. This research used a purposive sampling technique, where from the criteria results, 45 observations of Sharia Commercial Banks in Indonesia were obtained for 5 years. The data analysis technique used is panel data regression with the Eviews 12 application. The research results show that ISR disclosure and the quality of financial reports have no effect on the reputation of sharia banking. Meanwhile, the number of DPS influences the reputation of sharia banking. This research also found that the role of DPS was unable to mediate the relationship between ISR disclosure and the quality of financial reports on the reputation of sharia banking.

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## **INTRODUCTION**

Sharia banking is one of the financial sectors that has experienced rapid growth in Indonesia in recent years. The number of Sharia Banking in Indonesia for commercial banks reaches 13 banks, 20 UUS, and 165 Sharia BPRs (Financial Services Authority, 2022). Companies operating according to Islamic sharia must comply with Sharia principles in all their activities. This includes things like trading fairly, transactions without usury, and building solid pillars for their reputation (Usanti TP., & Shomad, 2022). The current phenomenon is that the market share of Sharia banks in Indonesia is said to be still low, namely around 5% of total bank assets nationally due to the lack of public interest in saving. One of the reasons for this problem is the bank's reputation, which is the initial image of the bank as a service provider. plays an important role in establishing working relationships between banks and their customers (Jasin et al., 2021).

Dowling (1994) states that reputation is the result of an assessment or evaluation that describes the public's perception of a company. In the face of increasingly fierce competition, Sharia banking needs to improve its reputation in the eyes of the public. A good reputation can encourage stakeholders to do things that can improve financial conditions and create a good environment for the company. A good reputation improves a company's image and can be used to improve performance and superiority compared to competitors (Afandi et al., 2019). Several factors influence a company's reputation, namely Islamic Social Reporting (ISR) disclosure which is still minimal, and the quality of financial reports which are not transparent and accountable.

Minimal ISR disclosures give rise to doubts and a lack of stakeholder trust in the company's commitment which can reduce the company's reputation. ISR is a form of corporate social responsibility to society that is based on Islamic principles (Suciarti & Wafiroh, 2023). Thus, companies must strive to disclose ISR well, which can show the company's commitment to social and environmental responsibility, and can increase public trust in the company. ISR is not only seen as a tool to meet Islamic ethical standards but also as a strategy. Therefore, companies that consistently implement ISR will gain benefits in the long term in terms of reputation, competitiveness, and financial performance.

The quality of financial reports is the main indicator in assessing a company's financial performance. Quality financial reports have a positive impact and increase the trust of stakeholders, such as customers, investors, and regulators (Situmorang & Pangaribuan, 2021). High-quality financial reports in Sharia banking reflect compliance with Sharia principles in managing funds and investments. Therefore, companies that want to improve their company reputation must pay attention to the quality of their financial reports, because the quality of financial reports has an important role in improving the reputation of Sharia banking companies.

In sharia banking there is a Sharia Supervisory Board (DPS) which is a body appointed to ensure that the company complies with sharia principles in its operations. DPS plays a role in assessing, providing advice and supervising sharia aspects in various decisions in company activities. DPS plays a key role in sharia banking which has an impact on the company's reputation. However, there are still several problems faced by DPS when carrying out its role, such as

a lack of adequate resources to carry out its role more effectively and still being considered less competent as a mediator. Along with the significant growth of ISR and the increasing importance of financial report quality, this research question arises from the need to further understand how the relationship between ISR disclosure, financial report quality and the role of DPS can shape stakeholder perceptions that can influence a company's reputation. Research by Hasan Mukhibad (2018) examines the role of DPS in ISR disclosure, Rahmat Ilyas (2021) examines the role of DPS in sharia banking, Suciarti and Wafiroh, (2023) examines the effect of ISR disclosure on company reputation, Rostiani and Sukanta (2018) who studied the influence of DPS on ISR disclosure, and Lenap, Karim, and Sasanti (2021) who studied the influence of DPS on company reputation. However, there has been no research that examines the financial quality of companies and research that combines all variables that use DPS as a mediating variable to be studied. Thus, this research aims to examine the role of DPS in mediating ISR disclosure and the quality of financial reports on the reputation of Sharia banking in Indonesia for the 2018-2022 period.

## **LITERATURE REVIEW**

### ***Syariah Enterprise Theory***

Sharia Enterprise Theory (SET) is a theory that discusses the relationship between responsibility and care for all stakeholders, including the highest stakeholder, namely Allah Subhanahu wa Ta'ala (Sumadi, 2022). With this theory, Sharia banking can reveal the company's Islamic Social Reporting (ISR) to the community and environment in the annual reports of Sharia Commercial Banks in Indonesia. The application of this theory in Islamic banking will improve the health of bank performance because management will comply with these principles. A high level of Sharia compliance allows a bank to be said to be a healthy bank. Banks must provide accurate and appropriate information so that stakeholders and the public can be confident in the truth of the information in the financial reports published by the bank (Lenap et al., 2021)

### ***Stakeholder Theory***

According to Suciarti and Wafiroh (2023), Fremeen (1984) as the originator of stakeholder theory or stakeholder theory is every group or individual who is influenced by or can influence the achievement of organizational goals. Stakeholder theory states that a company is an entity that does not only operate for its interests but is obliged to provide benefits to stakeholders (Afandi et al., 2019). In addition, the basis of this theory predicts that companies need stakeholder support so that all activities require stakeholder support and approval (Chintya Zara A. & Erinos NR, 2020).

### ***Reputation***

Reputation is a response or view of how a company is (Jasin et al., 2021). Company reputation provides an overview of the company's capabilities, in the form of whether the company's results are good or not, as well as looking at the strengths and weaknesses from the perspective of investors, employees, consumers, and also society (Budi et al., 2019). The reputation of a company is

not obtained instantly in a short time, it takes years to create a good company reputation (Suciarti & Wafiroh, 2023). Company reputation is based on stakeholder theory. This is because one of the company's efforts is to fulfill expectations and also to get support, attention, and positive impressions from stakeholders and the community. One of the reasons people decide to save is the reputation of the bank. Therefore, reputation is an important aspect that banks need to pay attention to (Muchlis and Utomo 2018).

### ***Sharia Supervisory Board (DPS)***

The Sharia Supervisory Board is one of the main organs in a sharia bank whose task is to ensure whether the bank's activities are by sharia principles (Nugraheni, 2018). The reason for establishing DPS in Sharia financial institutions is to ensure that all activities and principles carried out by Sharia banking do not deviate from the applicable rules (Hariyanti & Annisa, 2021). DPS is also a strong control holder for the company. DPS, which is a continuation of DSN, must monitor all transactions in Sharia banking optimally so that errors do not occur in Sharia banking operations (Prabowo & Jamal, 2017).

### ***Islamic Social Reporting (ISR)***

In sharia banking, measuring CSR is known as Islamic Social Reporting (ISR). ISR is a communication process between companies and stakeholders to report company performance in terms of sharia-based social and environmental responsibility (Afandi et al., 2019). ISR aims to increase the transparency of business activities by providing relevant information to meet the spiritual needs of using sharia-based company reports (Kumalasari et al., 2023). In achieving this goal, according to Haniffa R. (2002) ISR is divided into 5 (five) themes based on sharia principles including finance and investment, employees, products, society and the environment. After that, it was further developed by (Othman et al., 2009) into 6 (six) themes with the addition of corporate governance.

### ***Quality of Financial Reports***

Financial reports are financial information about a company in one accounting period that can be used to describe a company's performance (Kasmir, 2011). Information from this financial report contains available financial data regarding the financial condition of the company listed in the financial report (Mulya Rafika, 2018). Good financial reports are quality financial reports. The quality of financial reports is an important factor that influences a company's reputation. Quality financial reports can provide accurate, relevant, reliable, and trustworthy information (Tampubolon & Pangaribuan, 2018). Increasing stakeholder trust in the company can improve the company's reputation.

### ***Hypothesis Development***

#### ***The Relationship Between Islamic Social Reporting and Sharia Banking Reputation***

Stakeholder theory states that it is important to fulfill information needs and increase stakeholder trust, satisfaction, and positive behavior towards the company. Adequate ISR disclosure can show that the company is committed to social and environmental responsibility. This can increase stakeholder and public trust in the company which can improve the company's reputation by Sharia Enterprise Theory. Suciarti and Wafiroh (2023) and Nofrianti and Saraswati (2018) research show that ISR disclosure brings good benefits to society and also to bank reputation as measured using the ISR index. In addition, Syurmita and Fircarina (2020) revealed that ISR can influence a company's reputation as measured using ISR index content analysis. Thus, the following hypothesis can be put forward:

H1: ISR disclosure has a positive effect on the reputation of sharia banking.

#### ***The Relationship Between Financial Report Quality and Sharia Banking Reputation***

High quality financial reports indicate that the company has good and transparent performance. This can increase stakeholder trust in the company which can improve the company's reputation. Research (Indriani et al., 2023) shows that companies that apply stricter financial accounting standards have higher quality financial reports which have a good impact on the company's reputation as measured by discretionary accruals. Hidayah's research (2021) explains that report quality has a positive effect on bank market performance and it can be said that banks that provide good financial report information will receive a positive response from market players as measured by discretionary accruals. In addition, research by Cao, Myers, and Omer (2011) states that high-quality financial reports are characterized by a good reputation, measured by discretionary accruals. Therefore, the following hypothesis can be put forward:

H2: Kualitas laporan keuangan berpengaruh positif terhadap reputasi perbankan syariah.

#### ***The Relationship Between the Sharia Supervisory Board and the Reputation of Sharia Banking***

DPS is responsible for ensuring that all sharia banking products and procedures comply with sharia principles. The main role of the ulama in the DPS is to supervise the daily operations of the bank so that it is always in accordance with sharia principles. Ilyas' research (2021) examines the role of DPS in sharia banking with results showing that DPS has a strategic role in implementing sharia principles in sharia banking. Research by Norman et al., (2020) states that DPS has an important role in influencing bank performance as measured by the number of DPS members. In addition, research by Lenap, Karim, and Sasanti (2021) shows the results that the number of DPS influences the company's reputation as measured by the number of DPS members and reputation measured by third-party funds. So, it is hoped that the greater

number of DPS in Sharia banks will give Sharia banks a high level of Sharia compliance so that they can improve the reputation of Sharia banking in the eyes of stakeholders. So the following hypothesis can be put forward:

H3: The number of DPS has a positive effect on the reputation of sharia banking.

***The Relationship Between Islamic Social Reporting and Sharia Banking Reputation Mediated by the Sharia Supervisory Board***

DPS plays a role in supervising company activities so that they comply with sharia principles. Better ISR disclosure shows that the company has fulfilled its obligations to act in carrying out activities in accordance with sharia principles. Research by Syurmita and Fircarina, (2020), Afandi, Supaijo, and Ningsih, (2019) and Mukhibad, (2018) shows the results that ISR Disclosure has a positive and significant effect on company reputation as measured by the ISR index and DPS has a positive and significant effect on reputation. sharia banking as measured by the number of DPS. DPS can encourage companies to make more comprehensive and transparent ISR disclosures which can increase stakeholder trust and assessment of the company so that the company's reputation becomes better. Therefore, the following hypothesis is proposed:

H4: DPS can mediate the relationship between ISR disclosure and sharia banking reputation

***The Relationship Between the Quality of Financial Reports and the Reputation of Sharia Banking Mediated by the Sharia Supervisory Board***

Stakeholder theory explains that DPS plays a role in meeting the needs and expectations of stakeholders. DPS can encourage companies to prepare high quality financial reports. Quality financial reports can increase stakeholder trust and assessment of the company, so it is good for improving the company's reputation. Research by Putri and Hariani (2021) shows that the factors that reflect the quality of reports are the financial reports presented in annual reports prepared for the benefit of external parties which are taken into consideration in decision-making by investors as measured by company size, leverage and profitability. Hidayah's research (2021) shows that the quality of financial reports influences banking market performance. Good performance shows a good bank reputation as measured by discretionary accruals. Apart from that, Ilyas, (2021) stated that DPS has an important role in sharia banking. Therefore, the following hypothesis can be put forward:

H5: DPS can mediate the relationship between financial report quality and company reputation.

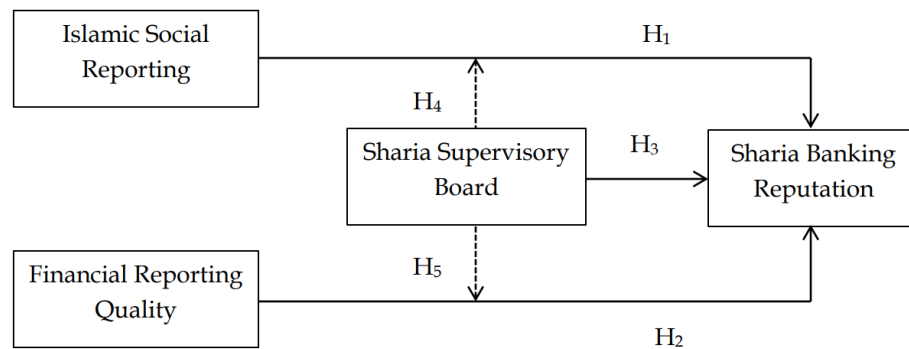


Figure 1. Research Conceptual Framework

## METHODOLOGY

This research uses associative quantitative methods with secondary data. The technique used in collecting the data required in this research is documentation techniques, namely collecting and reviewing secondary data in the form of annual reports or company annual reports published through the Financial Services Authority (OJK) website, namely [www.ojk.go.id](http://www.ojk.go.id) and the website each bank. This research uses ISR disclosure variables and financial report quality as independent variables, company reputation as the dependent variable and the role of DPS as a mediating variable. Data analysis in research is panel data regression. Each hypothesis will be tested with the eviews 12 application to examine the effect of ISR disclosure and financial report quality and determine the role of DPS in mediating ISR disclosure and financial report quality on company reputation.

Table 1. Variable Operationalization

| No | Variable   | Indikator Pengukuran  | Skala   |
|----|--|---|---------|
| 1  | Company Reputation (Y)(Lenap et al., 2021)               | $\frac{DPK\ Bank}{Total\ DPK\ Gabungan}$  | Rasio   |
| 2  | Islamic Social Reporting (ISR) Disclosure (X1)           | $\frac{number\ of\ indexes\ disclosed}{total\ disclosure\ index} \times 100$  | Rasio   |
| 3  | Quality of Financial Reports (X2)(Tiaras & Wijaya, 2017) | $TACit = NIit - CFOit$<br>Infoemation:<br>TACit = Total Accruals company i in period t<br>NIit = Net Income of company i in period t<br>CFOit = Cash Flow from operating activities i in period t | Rasio   |
| 4  | Sharia Supervisory Board (DPS) (Z)                       | Number of DPS in the nth year   | Nominal |

The population of this research is Sharia Commercial Banks in Indonesia with annual reports for 5 years, namely from 2018-2022. The research population was 13 Sharia Commercial Banks. The sample used is Sharia

Banking which was selected using a purposive sampling method with the following criteria: (1) Sharia Commercial Banks registered with the OJK in 2018-2022, (2) Sharia Commercial Banks that published financial reports and ISR disclosures consecutively in 2018-2022. A total of 9 Sharia Banking companies meet these criteria, namely: PT. Aceh Syariah Bank, PT. Bank Muamalat Indonesia, Tbk, PT. Bank Victoria Syariah, PT. Bank Jabar Banten Syariah, PT. Bank Mega Syariah, PT. Bank Panin Dubai Syariah, Tbk, PT. Bank Syariah Bukopin, PT BCA Syariah, and PT. Sharia National Retirement Savings Bank. So if the period is multiplied by 5 years it becomes 45 samples.

## RESEARCH RESULT

### *Descriptive Statistics*

Based on the results of the descriptive statistical analysis test in Table 2, it can be seen that Reputation has the lowest value of 0.001 with the highest value of 0.123 an average value of 0.033, and a standard deviation of 0.031. DPS has the lowest value of 2 with the highest value of 3 an average value of 2.2 and a standard deviation of 0.420. Then, ISR disclosure has the lowest value of 0.279 with the highest value of 0.850 an average value of 0.613, and a standard deviation value of 0.155. The quality of financial reports has the lowest value of -875 with the highest value of 968 an average value of -49.5 and a standard deviation of 328.

**Table 2. Descriptive Statistics**

|                              | N  | Min   | Max   | Mean  | Std. Dev |
|------------------------------|----|-------|-------|-------|----------|
| Reputation                   | 45 | 0,001 | 0,123 | 0,033 | 0,031    |
| DPS                          | 45 | 2     | 3     | 2,22  | 0,420    |
| ISR                          | 45 | 0,279 | 0,850 | 0,613 | 0,155    |
| Quality of Financial Reports | 45 | -875  | 968   | -49,5 | 328      |

Source: Data Sekunder Diolah, 2024

### *Model Feasibility Test*

**Table.3 Model Feasibility Test**

| Uji                      | Prob          | Model |
|--------------------------|---------------|-------|
| Test Chow                | 0,0000 < 0,05 | FEM   |
| Hauman Test              | 0,3927 > 0,05 | REM   |
| Legrange Multiplier Test | 0,0000 < 0,05 | REM   |

Source: Data Sekunder Diolah, 2024

Table 3 shows what is used, namely using the Random Effect Model (REM). Gujarati & Porter, (2009) explained that if the Random Effect Model (REM) is chosen, then the classical assumption test is not carried out because this model is a Generalized Least Square (GLS) estimation method. GLS is believed to be able to overcome the presence of time series autocorrelation by the correlation between cross sections and also produce estimators to fulfill the properties of Best Linear Unbiased Estimation (BLUE), which is a treatment method used to overcome errors in the assumption of homosdacity and autocorrelation.



## Hypothesis Testing

**Table. 4 Simultaneous Hypothesis Test Results (F Test)**

|                   |       |
|-------------------|-------|
| F-statistic       | 4,873 |
| Prob(F-statistic) | 0,005 |

Source: Data Sekunder Diolah, 2024

Based on the f test results in table 5, the prob value is 0.005 which is  $<0.05$ , then H1, H2, and H3 are accepted. This means that ISR disclosure and the quality of financial reports and the number of DPS simultaneously influence the reputation of sharia banking.

**Table.5 Results of Partial Hypothesis Testing (T Test)**

| Variable | Coefficient | Std Error | t-Statistic | Prob. |
|----------|-------------|-----------|-------------|-------|
| X1 → Y   | -0,028      | 0,011     | -2,679      | 0,011 |
| X2 → Y   | -7,658      | 4,791     | -1,599      | 0,117 |
| Z → Y    | 0,050       | 0,024     | 2,060       | 0,046 |

Source: Data Sekunder Diolah, 2024

Based on the t test results in table 4, the probability value X1 → Y is 0.011 which is  $<0.05$  with a coefficient value of -0.028, so H1 is rejected. This means that ISR disclosure has no effect on the reputation of sharia banking. The probability value of X2 → Y is 0.117 which is  $> 0.05$  with a coefficient value of -7.658, so H2 is rejected. This means that the quality of financial reports has no effect on banking reputation. The prob value Z → Y is 0.046  $< 0.05$  with a coefficient value of 0.050, then H3 is accepted. This means that the number of DPS influences the reputation of sharia banking companies.

**Table. 6 Coefficient of Determination Results**

|                    |       |
|--------------------|-------|
| R-squared          | 0,263 |
| Adjusted R-squared | 0,219 |
| S.E. of regression | 0,008 |

Source: Data Sekunder Diolah, 2024

Based on the results in table 6, ISR disclosure, the quality of financial reports and the sharia supervisory board are able to explain the reputation of sharia banking by 0.219 or 21.9%. The remaining 78.1% is explained by other aspects outside the variables in this study.

### Regression Equations

$$Y = -0,060 - 0,028 \cdot X1 - 7,658 X2 + 0,050 \cdot Z + [CX=R]$$

**Table. 7 Sobel Test Results**

| Variable   | Test statistic | Std Error | p-value |
|------------|----------------|-----------|---------|
| X1 → Z → Y | 1,293          | 0,101     | 0,195   |
| X2 → Z → Y | -0,311         | 0,396     | 0,756   |

Source: Data Sekunder Diolah, 2024

Based on the Sobel test results in Table 7, the P-Value value obtained is 0.1958 which is  $> 0.05$  with a Sobel Test Statistical Test value of 1.293, so it can be concluded that X1 does not have a significant influence on Y through Z as a mediating variable. This means that indirectly DPS is unable to mediate the relationship between ISR disclosure and the reputation of sharia banking. The P-Value value obtained is 0.7561  $> 0.05$  with a Sobel Test Statistical Test value of -0.3106, so it can be concluded that X1 does not have a significant influence on Y through Z as a mediating variable. This means that indirectly DPS is unable to mediate the relationship between the quality of financial reports and the reputation of sharia banking.

## **DISCUSSION**

### ***The Effect of ISR Disclosure on the Reputation of Sharia Banking***

Based on the research results, it shows that ISR disclosure has no effect on the reputation of sharia banking as measured by the ISR index. Isysaroh et al., (2019) stated this because ISR disclosure is a concept where sharia banks reveal their performance based on sharia principles. Although basically ISR disclosure is very important for various parties, in this case the disclosure does not have an impact on the reputation of sharia banking. The public, including bank customers, do not fully understand the concept of ISR and its benefits, so people only see the bank's reputation from the bank's visible performance, such as the number of customers who use the bank's services. People also tend to compare the social performance of Islamic banks with conventional banks. Priyadi et al., (2020) also stated that there are high expectations from the public for Islamic banks because these banks operate based on Islamic principles which make people confident in using Islamic banking services. The research is not in line with the research of Suciarti and Wafiroh (2023); Syurmita and Fircarina (2020); and Afandi et al., (2019) who stated that ISR disclosure is significant and has a positive impact on the reputation of sharia banking.

### ***The Influence of Financial Report Quality on Sharia Banking Reputation***

Based on the research results, the quality of financial reports has no effect on the reputation of sharia banking as measured by total accruals. The quality of financial reports, which includes clarity, readability, correctness and detail of the information contained therein, is indeed a very important aspect in assessing the credibility and reputation of a financial institution, especially in the context of sharia banking. Although basically the quality of financial reports is very important for various parties, in this case the quality of financial reports does not influence the reputation of Sharia banking. Irawan & Tjahjaningsih, (2016) stated that customer satisfaction has an impact on the bank's reputation because people trust in saving and investing according to their experience. Many people are still unfamiliar with reading financial reports so they trust recommendations from customers who use the bank's services. In addition, this research is not in line with research by Cao et al., (2011) which states that high-quality financial reports indicate a good company reputation.

### ***The Influence of the Number of Sharia Supervisory Boards on the Reputation of Sharia Banking***

Based on the research results, the number of sharia supervisory boards has a positive effect on the reputation of sharia banking as measured by the number of DPS members in sharia banks. Ilyas, (2021) stated that DPS has a strategic role in implementing sharia principles in sharia banking. This is in line with sharia enterprise theory, which in this theory applies three parts, namely God, social, and nature. DPS has an important role in compiling reports regarding the level of compliance with sharia principles. Apart from that, Norman et al., (2020) stated that the number of DPS is very important in improving sharia banking performance. A good number of DPS is between 3 and 6 people. This research is in line with research by Lenap et al., (2021) which states that the number of DPS can influence the reputation of Sharia banking. However, this research is not in line with research by Alifia Nurul Delafadia & Helliana, (2023) which states that DPS does not affect company reputation.

### ***The Influence of Islamic Social Reporting on Sharia Banking Reputation Mediated by the Sharia Supervisory Board***

Based on the research results, DPS is indirectly unable to mediate the relationship between ISR disclosure and sharia banking reputation. Even though DPS is responsible for ensuring sharia banks comply with sharia principles, it is felt that DPS is not yet capable of being a mediator between ISR disclosure and the reputation of sharia banking. Research by Sahara & Dalimunthe, (2023) states that DPS size has no effect on ISR disclosure. This is because the number of DPS in banks is more effective in supervising reporting and monitoring compliance with sharia principles. Mukhibad, (2018) stated that the strongest influence on ISR disclosure is the number of DPS. However, Alifia Nurul Delafadia & Helliana, (2023) stated that DPS has no effect on the company's reputation. This is an indication that the number of DPS does not indicate good supervision regarding bank compliance with sharia principles, but it is seen from the quality of the DPS itself. Thus, it is unable to act as a mediator due to limited control and is more focused on monitoring bank compliance with sharia principles.

### ***The Influence of Financial Report Quality on Sharia Banking Reputation Mediated by the Sharia Supervisory Board***

Based on the research results, DPS is indirectly unable to mediate the influence of the quality of financial reports on the reputation of sharia banking. DPS has an important role in ensuring that activities carried out by sharia banks comply with sharia principles and established standards. Ilyas, (2021) DPS has the main focus, namely monitoring bank activities whether they are in accordance with sharia principles or not, not the financial aspects of accounting or the quality of financial reports. Hidayah's research (2021) explains that report quality has a positive effect on bank market performance and it can be said that banks that provide good financial report information will receive a positive response from market players. However, in reality, not all people understand the data contained in financial reports and there are still many people who

prioritize sharia principles and people's experience in looking at bank reputation. Having a different focus can be an indication of why DPS is unable to mediate the influence of the quality of financial reports on the reputation of sharia banking.

## **CONCLUSIONS AND RECOMMENDATIONS**

Based on the research findings, it can be concluded that through partial tests ISR disclosure and the quality of financial reports have no effect on the reputation of sharia banking. Meanwhile, the number of DPS has an influence on the reputation of sharia banking. Furthermore, it simultaneously states that ISR disclosure, the quality of financial reports and the number of DPS simultaneously influence the reputation of sharia banking and are also able to explain the variables of ISR disclosure, financial quality and the number of DPS as much as 21.9%, the remaining 78.1% is explained by other aspects. . This research also found that the role of DPS was unable to mediate the influence between ISR disclosure and the quality of financial reports on the reputation of sharia banking.

The limitations of this research are that researchers find it difficult to find relevant research that discusses the relationship between the quality of financial reports and the reputation of sharia banking as well as research that discusses the influence of ISR disclosure and the quality of financial reports with financial reports with DPS as a mediating variable.

## **ADVANCED RESEARCH**

Based on the conclusions of this research, it is hoped that future researchers will be able to look for more references regarding the research to be studied. Apart from that, expanding this research by using different methods, research objects, and using other variables that can complement the research, because there are many other variables that can explain more about the reputation of Islamic banking.

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