

The Quality of Islamic Financial Report Information and Financial Transparency in Relation to the Effectiveness of Islamic Bank Financial Performance Analysis: The Mediating Role of Financial Analysis Competence

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Abstract: This study examined the associations of Quality of Islamic Financial Report Information and Financial Transparency with the Effectiveness of Financial Performance Analysis and assessed whether Financial Analysis Competence statistically mediated these relationships. A quantitative explanatory survey used data from 300 Islamic bank employees working in finance, accounting, audit, risk, or performance-analysis functions. Respondents were selected purposively, and the questionnaire contained 26 reflective indicators rated on a five-point Likert scale. The model was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4. All indicator loadings exceeded 0.70, composite reliability ranged from 0.913 to 0.957, AVE ranged from 0.636 to 0.760, and HTMT values ranged from 0.074 to 0.549. Financial Analysis Competence was positively associated with analysis effectiveness ($\beta = 0.427$, $p < .001$). Quality of Islamic Financial Report Information and Financial Transparency were also positively associated with Financial Analysis Competence ($\beta = 0.275$ and 0.358) and with analysis effectiveness ($\beta = 0.134$ and 0.164). The indirect associations through Financial Analysis Competence were significant for information quality ($\beta = 0.117$, $p < .001$) and transparency ($\beta = 0.153$, $p < .001$), while both direct paths remained significant. Within the limits of a cross-sectional survey, the findings indicate that Financial Analysis Competence has a significant statistical mediating role in the relationship between the financial information environment and the Effectiveness of Financial Performance Analysis.

Keywords: Effectiveness of Financial Performance Analysis; Financial Analysis Competence; Financial Transparency; Islamic Banking; PLS-SEM; Quality of Islamic Financial Report Information

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INTRODUCTION

Islamic banks evaluate financial performance within a setting shaped by governance, risk, and Sharia-related accountability. Evidence from banking research indicates that stability and performance are associated with governance arrangements, risk management, and the effective use of organizational resources (Bilgin et al., 2021; Paltrinieri et al., 2021; Reyad et al., 2022). Financial performance analysis therefore requires more than ratio calculation because reported information must be converted into judgments that support managerial evaluation. Reporting and oversight mechanisms affect the informational value available to decision makers, while cross-country evidence shows that institutional arrangements can produce different outcomes across Islamic banking settings (Elnahass et al., 2024; Jan et al., 2021; Kashi et al., 2024). These

conditions make the quality and accessibility of financial information central to understanding how effectively performance is analyzed.

The usefulness of financial reports depends on whether reported information supports interpretation, comparison, and evaluation. In banking, stronger oversight and monitoring are associated with higher financial reporting quality and more credible information (Chronopoulos et al., 2024; Elnahass et al., 2024). Broader evidence also shows that institutional monitoring and market structures shape the reliability of information available to users (Chen et al., 2024; Mi et al., 2024). In Islamic banking, governance arrangements and Sharia-related reporting expectations further influence the relevance of accounting information, while sustainability and governance practices can affect disclosure quality (Toumi & Hamrouni, 2025; Ferdous et al., 2025). Accordingly, Quality of Islamic Financial Report Information in this study refers to information that is relevant, accurate, reliable, complete, timely, and consistent enough to support financial analysis.

Financial Transparency is related to information quality but concerns whether information is sufficiently open, accessible, clear, and timely. Islamic banks vary in Sharia-related disclosure, so the existence of formal reports does not necessarily imply comparable transparency across institutions (Benamraoui et al., 2023). Governance arrangements also influence voluntary, sustainability, and Shariah-related disclosure practices and their usefulness to stakeholders (Nobanee & Ellili, 2021; Boudawara et al., 2023; Abdul Rahim et al., 2023). Intellectual-capital and digital disclosure studies similarly show that both the content and governance of disclosure matter in Islamic financial institutions (Adznan et al., 2023; Musleh Alsartawi et al., 2022). Evidence from an Islamic audit setting further supports viewing transparency as an institutional reporting practice rather than as a synonym for information quality (Asnaashari et al., 2025).

Effective analysis also depends on the competence of the person using financial information. Human-capital research in banking links employee knowledge, skills, and training with organizational performance because these capabilities shape how resources are interpreted and applied (Rahman & Akhter, 2021; Adesina, 2021). Islamic banking studies similarly associate human and intellectual capital with performance, although the contribution of individual components varies across settings (Ur Rehman et al., 2022; Asutay & Ubaidillah, 2024). A recent meta-analysis reports a positive overall relationship between human capital and Islamic bank financial performance (Zafar, 2024). In this study, Financial Analysis Competence therefore captures the ability to understand financial statements, use ratios, interpret changes, compare periods, identify performance drivers, and use information for evaluation.

Previous studies have generally connected reporting, disclosure, technology, governance, or human capital with bank-level outcomes rather than with the effectiveness of the analysis process itself. Financial technology and digital transformation have been associated with Islamic bank performance and sustainability (Yudaruddin, 2023; Siswanti et al., 2024), while the quality of digital banking applications has been examined in relation to user outcomes (AL-Habashneh et al., 2024). Other research addresses reporting timeliness, e-accounting and financial-report quality, and approaches to evaluating annual reports of Islamic financial institutions (Endri et al., 2024; Mohammed & Wahhab, 2024; Kharisova et al., 2026). Within the literature reviewed in this study, comparatively less attention has been given to the associations of information quality and transparency with the effectiveness of the financial analysis process itself. It also leaves open whether Financial Analysis Competence statistically links these information characteristics with analysis effectiveness.

The proposed model connects the information environment with user capability and analysis effectiveness. The Resource-Based View treats Financial Analysis Competence as an internal capability through which an organization can obtain value from information resources (Barney, 1991), while Agency Theory and Signaling Theory provide rationales for the roles of transparency and credible disclosure (Jensen & Meckling, 1976; Spence, 1973). H1 proposes a positive association between Financial Analysis Competence and the Effectiveness of Financial Performance Analysis; H2 and H3 propose positive associations of Quality of Islamic Financial Report Information with competence and analysis effectiveness. H4 and H5 propose corresponding associations for Financial Transparency, whereas H6 and H7 propose indirect associations of information quality and transparency with analysis effectiveness through Financial Analysis Competence. Because the study is cross-sectional, these hypotheses concern statistical relationships and do not establish temporal causality.

This study examines the associations among Quality of Islamic Financial Report Information, Financial Transparency, Financial Analysis Competence, and the Effectiveness of Financial Performance Analysis in Islamic banks, including the statistical mediating role of competence. Its theoretical contribution is to integrate information characteristics and analytical capability within one model focused on the effectiveness of the analysis process rather than on profitability alone. This study complements recent Islamic banking research on governance and reporting by examining analytical capability as a statistical link between information characteristics and the effectiveness of financial performance analysis (Fatmawati et al., 2022; Zafar, 2024). Empirically, the model separates the direct associations of information quality and transparency with analysis effectiveness from their indirect associations through competence. Practically, the results can inform the coordinated development of reporting systems, disclosure practices, and employee analytical capability.

METHOD

Research Design, Setting, and Data Structure

This study used a quantitative explanatory survey design to examine the relationships among Quality of Islamic Financial Report Information (X1), Financial Transparency (X2), Financial Analysis Competence (M), and the Effectiveness of Financial Performance Analysis (Y). X1 and X2 were specified as exogenous constructs, M as a mediating construct, and Y as the endogenous construct. The model tested five direct paths, namely $M \rightarrow Y$, $X1 \rightarrow M$, $X1 \rightarrow Y$, $X2 \rightarrow M$, and $X2 \rightarrow Y$, together with two specific indirect paths, $X1 \rightarrow M \rightarrow Y$ and $X2 \rightarrow M \rightarrow Y$. Because the data were collected at one point in time, the structural paths were interpreted as associations within the observed sample rather than as evidence of causality. PLS-SEM was selected because the study simultaneously evaluated a reflective measurement model and a structural model containing direct and indirect relationships.

Participants and Sampling

The study population comprised employees of Islamic banks whose work involved finance, accounting, auditing, risk management, control, or performance analysis. Purposive sampling was used because participation required direct experience in using, understanding, or evaluating bank financial information. The final analytical dataset contained 300 respondents, consistent with the respondent profile reported in the results. The available manuscript did not provide the number of institutions approached, the geographic coverage of participating banks, the fieldwork period, the number of questionnaires distributed, or the response rate; no values for these items were

added during revision. Respondent characteristics included gender, age, educational attainment, years of service, and job function.

Instrument and Data Collection

Data were collected with a structured questionnaire using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument contained 26 reflective indicators across four constructs. Quality of Islamic Financial Report Information was measured with six indicators covering relevance, accuracy, reliability, completeness, timeliness, and consistency; Financial Transparency used six indicators covering openness, accessibility, clarity, material disclosure, timeliness, and transparent delivery. Financial Analysis Competence comprised seven indicators addressing conceptual understanding, ratio use, interpretation, identification of changes, inter-period comparison, identification of performance drivers, and the use of information for evaluation, while the Effectiveness of Financial Performance Analysis comprised seven indicators covering accuracy, relevance, timeliness, clarity, identification of strengths and weaknesses, achievement evaluation, and support for managerial decision making. Respondents received an explanation of the study and participated voluntarily; confidentiality was maintained and the data were used for research purposes. The manuscript did not identify the original scale sources, pilot-testing procedure, ethics approval number, or data-collection dates, so these details were not inferred or fabricated.

Data Analysis

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4. The measurement model was evaluated using outer loadings, Cronbach's alpha, composite reliability (ρ_A and ρ_C), average variance extracted (AVE), and the heterotrait-monotrait ratio (HTMT). Indicator loadings around or above 0.70, AVE above 0.50, and adequate internal consistency were used as evidence that the reflective measures performed acceptably, while HTMT was used to evaluate discriminant validity (Hair et al., 2022). Structural model assessment examined collinearity through VIF, explanatory power through R^2 , effect size through f^2 , and predictive relevance through Q^2 . Bootstrapping in SmartPLS 4 was then used to estimate path coefficients, t statistics, p values, and specific indirect associations for H1-H7. The sequence of measurement and structural assessment is summarized in Figure 1.

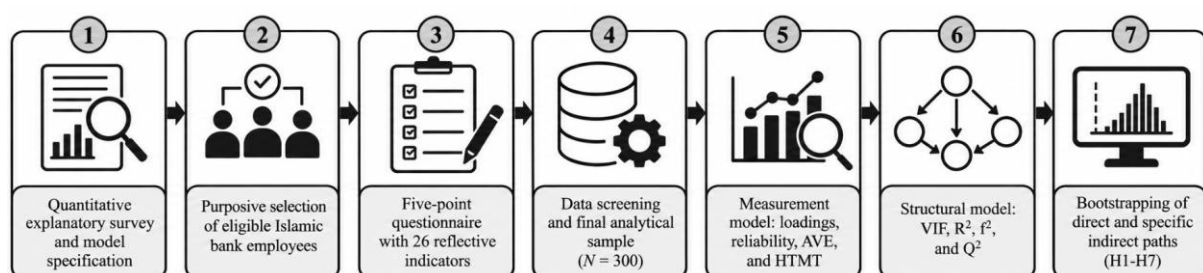


Figure 1. Research Procedure and PLS-SEM Analysis Flow

RESULTS

The results are presented in the same sequence used to evaluate the PLS-SEM model: respondent characteristics, descriptive statistics, measurement model assessment, structural model assessment, direct paths, and specific indirect paths. All reported statistics are retained from the original dataset and are interpreted as sample-based associations.

Research Results

1) Respondent Profile

The final sample comprised 300 respondents. Women represented 51.0% of the sample and men 49.0%. The largest age group was 36-45 years (32.7%), followed by 26-35 years (30.3%), 46-55 years (27.7%), and 25 years or younger (9.3%). Most respondents held a bachelor's degree (56.7%), followed by a master's degree (31.3%), diploma (8.3%), and doctorate (3.7%).

Work experience was also distributed across categories: 33.0% had 1-3 years of service, 29.0% more than 6 years, 28.3% 4-6 years, and 9.7% less than 1 year. Respondents represented audit (26.0%), risk (21.3%), performance analysis (19.3%), accounting (17.0%), and finance (16.3%), consistent with the functions specified in the sampling criteria.

Table 1. Respondent Characteristics

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	147	49.0
	Female	153	51.0
Age	≤25 years	28	9.3
	26-35 years	91	30.3
	36-45 years	98	32.7
	46-55 years	83	27.7
	≥56 years	0	0.0
Last education	Diploma	25	8.3
	Bachelor	170	56.7
	Master	94	31.3
	Doctor	11	3.7
Years of service	<1 year	29	9.7
	1-3 years	99	33.0
	4-6 years	85	28.3
	>6 years	87	29.0
Job Function	Finance	49	16.3
	Accountancy	51	17.0
	Audit	78	26.0
	Risk	64	21.3
	Performance Analysis	58	19.3
Total		300	100.0

Table 2 shows that Quality of Islamic Financial Report Information had the highest mean ($M = 3.723$, $SD = 0.696$), followed by Financial Transparency ($M = 3.608$, $SD = 0.681$), the Effectiveness of Financial Performance Analysis ($M = 3.403$, $SD = 0.856$), and Financial Analysis Competence ($M = 3.161$, $SD = 0.816$). The larger standard deviations for competence and analysis effectiveness indicate greater response dispersion for these constructs.

Table 2. Descriptive Statistics

Variables	Number of Indicators	N	Minimum	Maximum	Mean	Standard Deviation
Quality of Islamic Financial Report Information (X1)	6	300	2	5	3.723	0.696
Financial Transparency (X2)	6	300	1	5	3.608	0.681
Financial Analysis Competence (M)	7	300	1	5	3.161	0.816
Effectiveness of Financial Performance Analysis (Y)	7	300	1	5	3.403	0.856

2) Measurement Model Assessment

Table 3. Outer Loadings

Construct	Indicator	Outer Loading	Decision
Financial Analysis Competence (M)	M1	0.852	Valid
	M2	0.872	Valid
	M3	0.870	Valid
	M4	0.853	Valid
	M5	0.856	Valid
	M6	0.850	Valid
	M7	0.854	Valid
Quality of Islamic Financial Report Information (X1)	X1.1	0.798	Valid
	X1.2	0.750	Valid
	X1.3	0.810	Valid
	X1.4	0.846	Valid
	X1.5	0.795	Valid
	X1.6	0.791	Valid
	X2.1	0.773	Valid
Financial Transparency (X2)	X2.2	0.788	Valid
	X2.3	0.795	Valid
	X2.4	0.805	Valid
	X2.5	0.840	Valid
	X2.6	0.782	Valid
	Y1	0.867	Valid
	Y2	0.879	Valid
Effectiveness of Financial Performance Analysis (Y)	Y3	0.849	Valid
	Y4	0.876	Valid
	Y5	0.874	Valid
	Y6	0.873	Valid
	Y7	0.885	Valid

All 26 indicators had outer loadings above 0.70. Loadings ranged from 0.750 to 0.846 for Quality of Islamic Financial Report Information, 0.773 to 0.840 for Financial Transparency, 0.850 to 0.872 for Financial Analysis Competence, and 0.849 to 0.885 for the Effectiveness of Financial Performance Analysis; therefore, all indicators were retained.

Table 4. Construct Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability (rho_A)	Composite Reliability (rho_C)	AVE	Decision
Financial Analysis Competence (M)	0.940	0.941	0.951	0.737	Reliable and Valid
Quality of Islamic Financial Report Information (X1)	0.888	0.902	0.914	0.638	Reliable and Valid
Financial Transparency (X2)	0.886	0.889	0.913	0.636	Reliable and Valid
Effectiveness of Financial Performance Analysis (Y)	0.947	0.948	0.957	0.760	Reliable and Valid

All constructs met the reliability and convergent-validity criteria used in the study. Cronbach's alpha ranged from 0.886 to 0.947, rho_C from 0.913 to 0.957, and AVE from 0.636 to 0.760, with each AVE exceeding 0.50.

Table 5. Discriminant Validity (HTMT)

Construct	M	X1	X2	Y
Financial Analysis Competence (M)	-			
Quality of Islamic Financial Report Information (X1)	0.284	-		
Financial Transparency (X2)	0.387	0.074	-	
Effectiveness of Financial Performance Analysis (Y)	0.549	0.252	0.339	-

HTMT values ranged from 0.074 to 0.549, all below the 0.85 criterion. The largest value was between Financial Analysis Competence and the Effectiveness of Financial Performance Analysis (0.549), supporting the empirical distinctness of the four constructs.

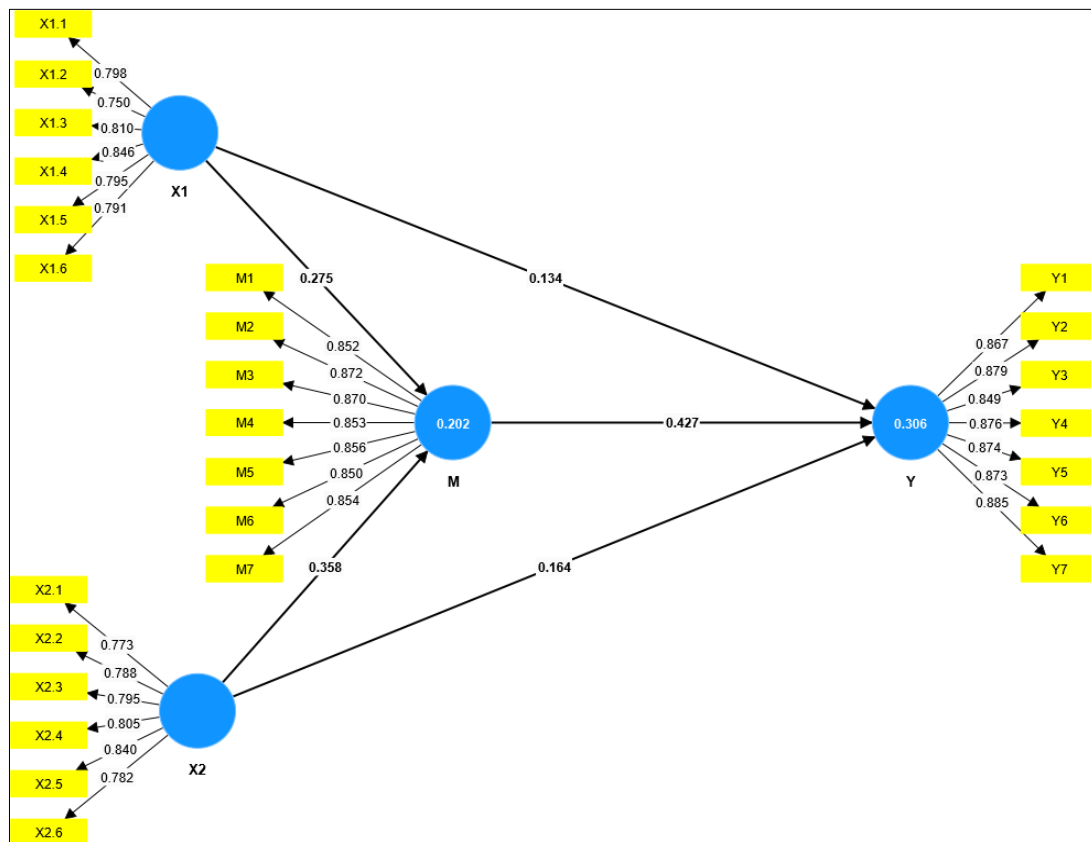


Figure 2. Estimated Research Path Model

Figure 2 summarizes the estimated measurement and structural model, including the five direct paths and the R^2 values for the two endogenous constructs. Statistical significance should be interpreted from the bootstrapping results in Tables 10 and 11 rather than from the displayed path coefficients alone.

3) Structural Model Assessment

Table 6. Collinearity Assessment (VIF)

Relationship between variables	VIF	Decision
Financial Analysis Competence → Effectiveness of Financial Performance Analysis	1.252	There is no multicollinearity
Quality of Islamic Financial Report Information → Financial Analysis Competence	1.000	There is no multicollinearity
Quality of Islamic Financial Report Information → Effectiveness of Financial Performance Analysis	1.095	There is no multicollinearity
Financial Transparency → Financial Analysis Competence	1.000	There is no multicollinearity
Financial Transparency → Effectiveness of Financial Performance Analysis	1.160	There is no multicollinearity

Structural VIF values ranged from 1.000 to 1.252, indicating no material collinearity among the predictors in the specified model.

Table 7. Coefficient of Determination (R^2)

Endogenous Construct	R-square	Adjusted R-square	Interpretation
Financial Analysis Competence (M)	0.202	0.196	20.2% variance explained
Effectiveness of Financial Performance Analysis (Y)	0.306	0.299	30.6% variance explained

Quality of Islamic Financial Report Information and Financial Transparency explained 20.2% of the variance in Financial Analysis Competence ($R^2 = 0.202$; adjusted $R^2 = 0.196$). Together with Financial Analysis Competence, they explained 30.6% of the variance in the Effectiveness of Financial Performance Analysis ($R^2 = 0.306$; adjusted $R^2 = 0.299$), leaving substantial variance outside the model.

Table 8. Effect Size (f^2)

Relationship between variables	f^2	Interpretation
Financial Analysis Competence → Effectiveness of Financial Performance Analysis	0.210	Medium
Quality of Islamic Financial Report Information → Financial Analysis Competence	0.095	Small
Quality of Islamic Financial Report Information → Effectiveness of Financial Performance Analysis	0.023	Small
Financial Transparency → Financial Analysis Competence	0.160	Medium
Financial Transparency → Effectiveness of Financial Performance Analysis	0.033	Small

The largest f^2 was observed for Financial Analysis Competence → Effectiveness of Financial Performance Analysis (0.210), followed by Financial Transparency → Financial Analysis Competence (0.160). The remaining f^2 values were 0.095, 0.023, and 0.033, indicating smaller unique contributions for those paths.

Table 9. Predictive Relevance (Q^2)

Construct	SSO	SSE	Q^2	Interpretation
Financial Analysis Competence (M)	2,100.000	1,793.028	0.146	Predictive relevance
Quality of Islamic Financial Report Information (X1)	1,800.000	1,800.000	0.000	Not applicable (exogenous)
Financial Transparency (X2)	1,800.000	1,800.000	0.000	Not applicable (exogenous)
Effectiveness of Financial Performance Analysis (Y)	2,100.000	1,621.175	0.228	Predictive relevance

Q^2 was positive for both endogenous constructs, with 0.146 for Financial Analysis Competence and 0.228 for the Effectiveness of Financial Performance Analysis, indicating predictive relevance within the blindfolding assessment. The Q^2 values of 0.000 for the exogenous constructs were not interpreted because those constructs were not predicted within the model.

4) Hypothesis Testing

Table 10. Direct Path Estimates

Hypothesis	Connection	Original Sample (β)	Sample Mean	STDEV	T Statistics	P Values	Decision
H1	M → Y	0.427	0.425	0.044	9.606	< .001	Supported
H2	X1 → M	0.275	0.280	0.047	5.881	< .001	Supported
H3	X1 → Y	0.134	0.136	0.049	2.734	0.006	Supported
H4	X2 → M	0.358	0.361	0.052	6.874	< .001	Supported
H5	X2 → Y	0.164	0.167	0.051	3.179	0.001	Supported

Financial Analysis Competence was positively associated with the Effectiveness of Financial Performance Analysis ($\beta = 0.427$, $t = 9.606$, $p < .001$), supporting H1. Quality of Islamic Financial Report Information was positively associated with Financial Analysis Competence ($\beta = 0.275$, $t = 5.881$, $p < .001$) and with analysis effectiveness ($\beta = 0.134$, $t = 2.734$, $p = .006$), supporting H2 and H3.

Financial Transparency was positively associated with Financial Analysis Competence ($\beta = 0.358$, $t = 6.874$, $p < .001$) and with analysis effectiveness ($\beta = 0.164$, $t = 3.179$, $p = .001$), supporting H4 and H5. Financial Analysis Competence had the largest direct coefficient among the paths predicting analysis effectiveness.

5) Mediation Analysis

Table 11. Specific Indirect Path Estimates

Hypothesis	Mediation Relationship	Original Sample (β)	Sample Mean	STDEV	T Statistics	P Values	Decision
H6	X1 $\rightarrow$ M $\rightarrow$ Y	0.117	0.119	0.023	5.064	< .001	Supported
H7	X2 $\rightarrow$ M $\rightarrow$ Y	0.153	0.153	0.027	5.571	< .001	Supported

The indirect association of Quality of Islamic Financial Report Information with analysis effectiveness through Financial Analysis Competence was significant ($\beta = 0.117$, $t = 5.064$, $p < .001$), supporting H6. The corresponding indirect association for Financial Transparency was also significant ($\beta = 0.153$, $t = 5.571$, $p < .001$), supporting H7.

Because both direct paths to Y and the corresponding indirect paths through Financial Analysis Competence were statistically significant, the observed pattern is consistent with partial statistical mediation. The indirect coefficient was larger for Financial Transparency (0.153) than for Quality of Islamic Financial Report Information (0.117), but the cross-sectional design does not establish a temporal causal process.

6) Summary of Hypothesis Testing

Table 12. Summary of Hypothesis Testing Results

Hypothesis	Connection	Path Coefficient (β)	T Statistics	P Values	Decision
H1	Financial Analysis Competence $\rightarrow$ Effectiveness of Financial Performance Analysis	0.427	9.606	< .001	Supported
H2	Quality of Islamic Financial Report Information $\rightarrow$ Financial Analysis Competence	0.275	5.881	< .001	Supported
H3	Quality of Islamic Financial Report Information $\rightarrow$ Effectiveness of Financial Performance Analysis	0.134	2.734	0.006	Supported
H4	Financial Transparency $\rightarrow$ Financial Analysis Competence	0.358	6.874	< .001	Supported
H5	Financial Transparency $\rightarrow$ Effectiveness of Financial Performance Analysis	0.164	3.179	0.001	Supported
H6	Quality of Islamic Financial Report Information $\rightarrow$ Financial Analysis Competence $\rightarrow$ Effectiveness of Financial Performance Analysis	0.117	5.064	< .001	Supported
H7	Financial Transparency $\rightarrow$ Financial Analysis Competence $\rightarrow$ Effectiveness of Financial Performance Analysis	0.153	5.571	< .001	Supported

All seven hypotheses received statistical support. Financial Analysis Competence had the largest direct coefficient for analysis effectiveness ($\beta = 0.427$), and the indirect coefficients through competence were 0.117 for Quality of Islamic Financial Report Information and 0.153 for Financial Transparency. The pattern indicates that information characteristics were associated with analysis effectiveness both directly and indirectly through competence.

Discussion

Financial Analysis Competence occupied the central position in the structural results because it had the largest direct coefficient for the Effectiveness of Financial Performance Analysis. This pattern suggests that the value of financial information is associated not only with its quality and accessibility but also with users' capacity to interpret it. Human-capital studies in banking similarly connect knowledge and skills with performance, while Islamic banking research links intellectual capital with financial outcomes (Rahman & Akhter, 2021; Ur Rehman et al., 2022; Asutay & Ubaidillah, 2024). The present result is narrower because competence was measured through financial-analysis tasks rather than through broad human-capital indicators.

Within this sample, task-specific analytical capability therefore appears closely aligned with effective performance analysis.

Quality of Islamic Financial Report Information was positively associated with analysis effectiveness, although its direct effect size was small. Relevant, accurate, reliable, complete, timely, and consistent information can provide a more dependable basis for comparison and evaluation, which is consistent with evidence that oversight and market conditions shape financial reporting quality (Chronopoulos et al., 2024; Chen et al., 2024; Mi et al., 2024). In Islamic banking, governance arrangements also influence the relevance and accountability value of reported information (Toumi & Hamrouni, 2025; Ferdous et al., 2025). The small direct effect indicates that information quality alone does not account for much of the variation in analysis effectiveness. Its practical value is therefore better understood together with competence and the broader reporting environment.

Financial Transparency was positively associated with both Financial Analysis Competence and analysis effectiveness. From an agency perspective, accessible and clear disclosure can reduce information asymmetry, while signaling theory suggests that consistent disclosure can strengthen the credibility of information used in evaluation (Jensen & Meckling, 1976; Spence, 1973). Empirical studies show that governance characteristics shape voluntary, Shariah, sustainability, and intellectual-capital disclosure in banking (Nobanee & Ellili, 2021; Benamraoui et al., 2023; Boudawara et al., 2023; Abdul Rahim et al., 2023; Adznan et al., 2023). These findings support treating transparency as an information-access condition rather than as a duplicate measure of reporting quality. The distinction matters because reliable information may still be difficult to use when it is not clearly disclosed or readily accessible.

The competence result is also consistent with the Resource-Based View, which treats valuable internal capabilities as resources through which organizations can use other assets more effectively (Barney, 1991). Islamic banking evidence associates human and intellectual capital with profitability and productivity, although the contribution of individual components differs across contexts (Ur Rehman et al., 2022; Asutay & Ubaidillah, 2024). Zafar's (2024) meta-analysis and primary evidence from banking also support the relevance of human-capital investment and skill development (Rahman & Akhter, 2021). In this study, competence was operationalized through ratio use, interpretation, inter-period comparison, and identification of performance drivers. This task-specific alignment may partly account for the relatively stronger association between Financial Analysis Competence and analysis effectiveness, although the present design does not directly test the source of this difference.

The significant indirect association through Financial Analysis Competence provides statistical evidence that the relationship between Quality of Islamic Financial Report Information and analysis effectiveness is partly linked with employees' analytical capability. Conceptually, higher-quality information may provide clearer analytical inputs, while greater competence may facilitate the interpretation and evaluation of those inputs. Banking studies show that the usefulness of accounting information depends on monitoring and the institutional conditions under which information is produced and interpreted (Chronopoulos et al., 2024; Elnahass et al., 2024). Research on digital and accounting information also links information-system quality with reporting and user outcomes (Mohammed & Wahhab, 2024; AL-Habashneh et al., 2024). The significant indirect coefficient is therefore consistent with a capability-based mechanism, although the cross-sectional data cannot establish whether better information develops competence over time.

Financial Transparency also had a significant indirect association with analysis effectiveness through Financial Analysis Competence, and its indirect coefficient was descriptively larger than that for information quality. Greater access to information can support evaluation only when users can identify material content and interpret it appropriately. Islamic banking research similarly shows that disclosure operates together with governance and accountability structures rather than in isolation (Jan et al., 2021; Fatmawati et al., 2022). Digital disclosure research and evidence from Islamic audit practice further emphasize the importance of presentation, content, and institutional transparency (Musleh Alsartawi et al., 2022; Asnaashari et al., 2025). Because the two indirect coefficients were not formally compared, their numerical difference should not be interpreted as evidence that transparency is categorically more important than information quality.

Conceptually, the study combines two elements that are often examined separately: the characteristics of financial information and the capability of the user who processes it. Recent Islamic banking research has emphasized governance, disclosure, sustainability, technology, and bank-level outcomes (Reyad et al., 2022; Yudaruddin, 2023; Siswanti et al., 2024; Kashi et al., 2024). By focusing on the Effectiveness of Financial Performance Analysis, the present model shifts attention from final bank outcomes to the analytical process that precedes managerial judgment. It also distinguishes information quality from transparency and adds Financial Analysis Competence as a statistical mediator connecting both conditions with analysis effectiveness. This contribution is process-oriented and does not imply that the four constructs capture all organizational determinants of effective analysis.

For management, the results indicate that reporting improvement and competence development should be treated as complementary rather than isolated initiatives. More extensive disclosure may yield limited analytical benefit when employees lack the skills to interpret it, while training cannot compensate for information that is inconsistent, delayed, or difficult to access. This interpretation is consistent with evidence linking intellectual capital with Islamic bank performance and governance structures with reporting practices (Asutay & Ubaidillah, 2024; Boudawara et al., 2023). The unexplained variance in both endogenous constructs also indicates that other organizational, technological, governance, or cultural factors may matter, although they were not measured here. The practical implication is therefore context-specific: information quality, transparency, and analytical competence should be strengthened together and evaluated alongside additional organizational evidence.

CONCLUSIONS

This study examined the relationships among Quality of Islamic Financial Report Information, Financial Transparency, Financial Analysis Competence, and the Effectiveness of Financial Performance Analysis using survey data from 300 Islamic bank employees. All five direct paths and both indirect paths through Financial Analysis Competence were positive and statistically significant. Financial Analysis Competence had the largest direct coefficient for analysis effectiveness, while information quality and transparency retained smaller significant direct associations. The results therefore support a model in which the financial information environment and users' analytical capability are jointly associated with effective performance analysis.

The study's main contribution is the positioning of Financial Analysis Competence as a statistical mediator between information characteristics and analysis effectiveness. This process-oriented perspective extends research that commonly focuses on profitability, stability,

governance, or disclosure as final bank-level outcomes. It also distinguishes accurate and reliable information from accessible and transparent information as related but non-equivalent conditions for analysis. Because the study is cross-sectional, the direct and indirect relationships should be interpreted as statistical associations rather than as established causal sequences.

Practically, the findings support coordinated improvements in reporting quality, disclosure accessibility, and employee analytical capability. Training may focus on financial-statement interpretation, ratio analysis, inter-period comparison, and performance evaluation, while reporting systems should maintain relevant, reliable, timely, consistent, and accessible information. These measures are best treated as complementary improvements rather than as substitutes for one another.

The study is limited by its cross-sectional, self-reported design and by the model's explanatory coverage. The predictors explained 20.2% of the variance in Financial Analysis Competence and 30.6% of the variance in the Effectiveness of Financial Performance Analysis, leaving substantial variance outside the model. Future research could use longitudinal or multi-source designs, broader institutional coverage, independently validated measures, and additional organizational, technological, or governance variables to test whether the observed relationships remain stable across settings.

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