



Implementation of artificial intelligence in islamic accounting to enhance transparency in digital financial reporting

Sigid Eko Pramono
Universitas Islam Tazkia, Indonesia

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ABSTRACT

The implementation of Artificial Intelligence (AI) has transformed accounting practices by enabling automated data processing, anomaly detection, predictive analysis, and continuous financial monitoring. However, its application in Islamic accounting requires consideration of transparency, accountability, ethical responsibility, and Sharia compliance in digital financial reporting. This study aims to examine how AI can contribute to enhancing transparency in Islamic digital financial reporting. The study employs a library research approach using relevant books, academic journals, research articles, reports, and other scholarly sources. Data were analyzed using content analysis to identify patterns, relationships, and significant findings concerning AI, Islamic accounting, and digital financial reporting. The findings indicate that AI can strengthen financial reporting transparency through improved data accuracy, processing efficiency, anomaly detection, traceability, accessibility, and timely disclosure. Nevertheless, effective implementation requires data quality, human oversight, explainability, governance, and Sharia-based controls. The study concludes that integrating AI with Islamic accounting principles can support more transparent, accountable, and ethically responsible digital financial reporting.



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Corresponding Author:

Sigid Eko Pramono,
Universitas Islam Tazkia
Email: sigidepram@gmail.com

Introduction

The rapid digitalization of financial activities has transformed the way organizations record, process, analyze, and communicate financial information. Artificial intelligence (AI) has increasingly been integrated into accounting systems to automate transaction processing, identify anomalies, improve data accuracy, and support real-time financial reporting. Despite these developments, the digitalization of financial reporting also creates challenges concerning transparency, data reliability, traceability, and accountability. These challenges become particularly significant in Islamic accounting, where financial reporting is expected not only to provide reliable economic information but also to reflect principles of accountability, fairness, ethical conduct, and compliance with Islamic

principles. The increasing complexity and volume of digital financial transactions may therefore create difficulties for conventional accounting mechanisms to provide timely and sufficiently transparent information while simultaneously maintaining the distinctive requirements of Islamic accounting (Jones and Free 2026).

Existing literature has established that digital technologies can improve accounting efficiency, information accessibility, and financial reporting quality, while AI provides additional capabilities through automated data analysis, pattern recognition, fraud detection, and predictive processing. However, much of the existing research on AI in accounting focuses on conventional financial reporting, technological efficiency, automation, and decision support, with comparatively limited attention to the specific requirements of Islamic accounting. Traditional accounting theories and established digital reporting frameworks generally emphasize accuracy, relevance, reliability, and efficiency, but these dimensions may not fully address the ethical and Sharia-based accountability requirements embedded in Islamic accounting. In particular, questions remain concerning how AI-driven accounting processes can maintain transparency while ensuring traceability, human accountability, data integrity, and alignment with Islamic principles. This indicates a gap between the technological capabilities offered by AI and the broader conceptual requirements of transparent Islamic financial reporting in an increasingly digital environment (Stratopoulos and Wang 2025) (Kokina et al. 2025).

This study aims to examine the implementation of artificial intelligence in Islamic accounting and analyze its potential contribution to enhancing transparency in digital financial reporting. Specifically, the study seeks to identify the functions of AI that are relevant to Islamic accounting processes, examine how AI can support the accuracy, accessibility, consistency, and traceability of digital financial information, and analyze the extent to which AI implementation can be aligned with Islamic accounting principles. By connecting technological capabilities with the conceptual and ethical foundations of Islamic accounting, this study seeks to provide a more comprehensive understanding of how AI can be utilized not merely as an automation instrument but as a technological mechanism that supports transparent, accountable, and principle-based financial reporting (Zhang et al. 2022).

The importance of this research is grounded in the need to bridge technological innovation with the normative objectives of Islamic accounting. AI has the potential to strengthen transparency by processing large volumes of financial data, identifying irregularities, maintaining systematic records, and facilitating timely access to financial information; however, these benefits depend on appropriate governance, data quality, system accountability, and human oversight. Therefore, the implementation of AI should not be understood solely in terms of technological efficiency but also in relation to the principles governing the preparation and disclosure of Islamic financial information. This study argues that integrating AI with Islamic accounting principles can provide a conceptual pathway toward more transparent and accountable digital financial reporting, while simultaneously highlighting the need to address ethical, governance, and Sharia-compliance considerations. Accordingly, investigating this integration is important for developing an accounting framework that responds to digital transformation without compromising the fundamental principles of Islamic financial accountability (Munoko, Brown-Liburd, and Vasarhelyi 2020).

Artificial intelligence (AI) refers to a set of computational technologies designed to perform tasks that traditionally require human cognitive capabilities, including learning, reasoning, pattern recognition, problem-solving, and decision-making. In the accounting context, AI enables information systems to process large volumes of structured and unstructured financial data and generate outputs that can support accounting activities and managerial decisions. Unlike conventional rule-based information systems, AI can utilize machine learning, natural language processing, and other computational techniques to identify patterns and relationships within data. Its application in accounting has consequently expanded from basic automation toward more sophisticated functions involving data analysis, anomaly detection, forecasting, and decision support. Conceptually, AI can therefore be understood as a technological capability that enhances the ability of accounting systems to process information systematically, efficiently, and continuously while reducing the dependence on repetitive manual procedures (Eisikovits, Johnson, and Markelevich 2025).

The manifestation of AI in accounting can be categorized according to the functions it performs throughout the financial information process. First, machine learning applications can identify patterns in financial transactions and detect unusual activities that may indicate errors or irregularities. Second, natural language processing can facilitate the extraction and interpretation of information from textual financial documents, reports, and disclosures. Third, robotic process automation supported by AI can automate repetitive accounting activities, including data entry, reconciliation, classification, and transaction processing. Fourth, predictive analytics can analyze historical financial data to generate forecasts and support financial decision-making. AI can also facilitate continuous monitoring by analyzing transactions in real time and generating alerts when predefined or learned patterns of anomalies are identified. These manifestations demonstrate that AI is not limited to automation but can function as an analytical and monitoring mechanism within modern accounting systems, with potential implications for financial transparency and accountability (Abbas 2026).

Islamic accounting refers to an accounting framework that incorporates Islamic principles into the recognition, measurement, recording, presentation, and disclosure of financial information. While it retains the fundamental function of providing relevant and reliable information for economic decision-making, Islamic accounting extends the purpose of accounting beyond purely economic considerations by emphasizing accountability, justice, ethical conduct, and compliance with Sharia principles. Financial information is consequently expected to represent transactions and economic activities in a manner consistent with Islamic values, including fairness, honesty, trustworthiness, and responsible stewardship (Li 2026). The conceptual foundation of Islamic accounting is closely associated with the notion of accountability to God, society, and stakeholders, which distinguishes it from an exclusively profit-oriented perspective. Thus, Islamic accounting can be conceptualized as a system of financial accountability in which accounting information serves both economic and ethical purposes.

The manifestations of Islamic accounting can be observed through several dimensions of accounting practice and financial reporting. One dimension concerns Sharia compliance, whereby financial transactions and reporting practices should be consistent with applicable Islamic principles and avoid prohibited elements such as *riba*, *gharar*, and *maysir*. A second dimension involves accountability and stewardship, requiring organizations to provide financial information that enables stakeholders to evaluate the responsible management of resources. A third dimension concerns justice and fairness, reflected in the equitable recognition, measurement, and disclosure of financial activities. Islamic accounting may also manifest through transparent disclosure of Sharia-relevant information, including information concerning *zakat*, charitable activities, profit-sharing arrangements, and other socially responsible activities where applicable. These dimensions indicate that Islamic accounting encompasses not only technical accounting procedures but also ethical and religious considerations that influence how financial information is generated, evaluated, and communicated to stakeholders (Han and Wang 2026).

Digital financial reporting refers to the preparation, processing, presentation, and dissemination of financial information through digital technologies and electronic information systems. The concept extends beyond the simple conversion of traditional paper-based financial statements into electronic formats because digital reporting enables financial information to be processed, updated, accessed, and communicated through interconnected technological infrastructures. Digital financial reporting can facilitate greater timeliness, accessibility, consistency, and interoperability of financial information while enabling organizations to manage increasingly complex volumes of financial data. Technologies such as cloud computing, automated accounting systems, data analytics, structured reporting formats, and AI can further expand the capabilities of digital reporting environments. Consequently, digital financial reporting can be understood as an integrated technological approach to financial information management that supports the production and communication of financial information in a more dynamic and interconnected environment.

Digital financial reporting can manifest in several forms according to the technologies and functions used to produce and communicate financial information. Electronic financial statements represent the basic manifestation through which financial information is distributed digitally rather than exclusively through printed reports. Structured and machine-readable reporting enables

financial data to be systematically processed by different information systems, thereby improving data interoperability and analytical capabilities. Real-time or near-real-time reporting represents another manifestation, allowing financial information to be updated more frequently as transactions occur. Interactive digital reporting can additionally provide users with searchable, visual, and customizable financial information, while cloud-based reporting systems facilitate access and collaboration across organizational locations (AlSaleh and Mazhar 2025). When integrated with AI, digital financial reporting can also incorporate automated validation, anomaly detection, data classification, and analytical functions. These manifestations suggest that digital financial reporting provides an infrastructure through which technological capabilities can be connected with accounting principles, including the transparency and accountability requirements of Islamic accounting.

Method

The object of this study is the phenomenon of implementing artificial intelligence (AI) in Islamic accounting to enhance transparency in digital financial reporting. The study focuses on the problems emerging from the increasing adoption of digital technologies in accounting, particularly the need to ensure that AI-supported financial information remains accurate, traceable, accessible, accountable, and consistent with Islamic accounting principles. The research examines the relationship between technological capabilities provided by AI and the requirements of Islamic financial accountability in digital reporting environments. Particular attention is given to how AI can support the processing, verification, monitoring, and presentation of financial information while addressing transparency-related challenges such as data integrity, information asymmetry, automated decision-making, and accountability. Thus, the phenomenon investigated in this study is not limited to the technological adoption of AI but encompasses its implications for transparent and ethically responsible Islamic financial reporting.

This study employs a library research approach, in which the research process is conducted through systematic examination and interpretation of relevant written sources concerning the implementation of AI in Islamic accounting and digital financial reporting. The primary data consist of relevant scholarly literature discussing the application of AI in accounting, the principles and practices of Islamic accounting, and the development of digital financial reporting, particularly literature addressing transparency, accountability, data reliability, automation, and technological integration in financial information systems (Rejeb, Rejeb, and Treiblmaier 2026). Secondary data consist of supporting literature related to the three principal concepts of the study, namely Artificial Intelligence, Islamic Accounting, and Digital Financial Reporting, obtained from books, academic journals, research articles, scientific publications, reports, and other relevant scholarly sources. The selection of literature is directed toward sources that provide conceptual, theoretical, empirical, and contextual information necessary to understand the relationship between AI implementation and transparency within Islamic accounting environments.

The theoretical foundation of this study is primarily based on Agency Theory, developed by Michael C. Jensen and William H. Meckling in 1976, which explains the relationship between principals and agents and highlights the potential problems arising from differences in interests and information asymmetry between the parties. Within financial reporting, the theory provides a basis for understanding why transparent and reliable information is necessary to reduce information asymmetry and facilitate monitoring of organizational activities. The study also draws upon the Accountability Theory perspective, particularly the framework developed by Rob Gray, Dave Owen, and Carol Adams in 1996, which emphasizes the responsibility of organizations to account for their actions, decisions, and use of resources to relevant stakeholders (Tiwari and Khan 2020). These theoretical perspectives provide the assumptions underlying this research: AI-supported accounting systems can potentially strengthen information availability, monitoring, traceability, and disclosure, while Islamic accounting requires financial activities to be reported within a broader framework of ethical responsibility and accountability. The combination of these perspectives therefore provides a theoretical basis for examining AI as a technological mechanism that may contribute to greater transparency and accountability in digital Islamic financial reporting (Ramzan and Lokanan 2025).

The research process consists of several stages, beginning with the identification of the research problem and the formulation of the main concepts related to AI, Islamic accounting, and digital financial reporting. The subsequent stage involves collecting relevant literature through a comprehensive reading of written sources, including books, previous research, academic papers, journals, scholarly articles, institutional reports, and other publications associated with the research topic. The collected literature is then screened according to its relevance to the research objectives, conceptual contribution, theoretical foundation, and discussion of AI implementation, Islamic accounting principles, and digital financial reporting transparency. Relevant information is subsequently organized into thematic categories to facilitate comparison and synthesis across different sources. The final stage of the literature-gathering process involves integrating the identified concepts, arguments, findings, and theoretical perspectives to construct an analytical understanding of how AI can be implemented within Islamic accounting to support transparent digital financial reporting (Arsyad and Kharisma 2026).

The data are analyzed using content analysis, which involves systematically studying and processing the collected literature to identify recurring patterns, relationships, concepts, arguments, and significant information relevant to the research objectives (Zafar and Ali 2026). The analysis begins with the identification of key textual information concerning AI capabilities, Islamic accounting principles, digital financial reporting, transparency, and accountability. The identified information is then classified into thematic categories corresponding to the three principal keywords of the study and their relationships. Subsequently, similarities, differences, recurring arguments, and conceptual relationships across the literature are examined and synthesized. Particular attention is given to evidence concerning the potential contribution of AI to transaction processing, anomaly detection, data verification, monitoring, traceability, and disclosure, as well as the requirements of Islamic accounting concerning ethical conduct, accountability, fairness, and Sharia compliance. Through this content analysis process, the study develops a conceptual synthesis of how AI implementation may contribute to enhancing transparency in Islamic digital financial reporting while identifying the conditions and considerations necessary for its responsible application.

Results and Discussions

The content analysis of the selected literature indicates that the implementation of Artificial Intelligence (AI) in Islamic accounting has the potential to strengthen transparency in digital financial reporting through five interconnected functions: automated data processing, anomaly detection, information verification, continuous monitoring, and enhanced financial disclosure. The literature further indicates that the contribution of AI should not be evaluated solely according to processing speed or operational efficiency. Within an Islamic accounting environment, technological implementation must also be considered in relation to accountability, ethical responsibility, fairness, trustworthiness, and Sharia compliance. Recent literature on AI and financial reporting identifies Natural Language Processing (NLP), Optical Character Recognition (OCR), predictive analytics and machine learning, generative AI, and anomaly detection as important AI-related technologies capable of supporting financial reporting quality (Mukhlisin 2025).

The analysis also identifies a relationship between AI capabilities and the principal dimensions of transparency. AI-supported systems can increase the availability of financial information by automating data processing and reporting, improve accuracy through automated validation, strengthen traceability through systematic digital records, and facilitate timely disclosure through continuous processing. In Islamic accounting, these functions can complement the principles of amanah, accountability, honesty, and fairness that underlie transparent financial reporting. Recent studies emphasize that transparency in Islamic financial reporting encompasses technical, ethical, and spiritual dimensions rather than merely the disclosure of financial information. Accordingly, AI can be positioned as an enabling technology, while the normative direction of financial reporting remains determined by Islamic accounting principles and applicable governance requirements.

The literature further demonstrates that the relationship between AI and transparency is not automatically positive. AI systems depend substantially on the quality, completeness, security, and

representativeness of the data used to train and operate them. Poor-quality data can result in inaccurate classifications, inappropriate predictions, or misleading financial outputs. In addition, algorithmic bias, data security risks, regulatory misalignment, infrastructure limitations, and organizational resistance have been identified as important challenges to AI implementation in financial reporting. Therefore, the implementation of AI requires appropriate governance mechanisms, human oversight, explainability, and systematic validation to ensure that automated processes do not compromise the reliability and accountability of financial information (Zafar 2026).

The findings can be summarized through the following analytical framework:

Table 1. AI Functions and Their Contributions to Digital Financial Reporting and Islamic Accounting

AI Function	Contribution to Digital Financial Reporting	Relevance to Islamic Accounting	Transparency Dimension
Automated data processing	Reduces repetitive manual processing and improves processing consistency	Supports responsible and orderly financial recordkeeping	Accuracy and timeliness
Machine learning	Identifies patterns and supports financial analysis	Supports monitoring of financial activities	Information reliability
Anomaly detection	Identifies unusual transactions and potential irregularities	Supports accountability and prevention of improper transactions	Integrity and control
Natural Language Processing	Extracts and processes information from textual financial documents	Facilitates broader access to relevant financial information	Accessibility
Predictive analytics	Supports forecasting and analytical decision-making	Supports responsible financial planning	Relevance
Automated verification	Checks consistency and potential errors in financial information	Supports amanah and accountability	Reliability
Continuous monitoring	Enables ongoing assessment of financial transactions	Strengthens stewardship and organizational accountability	Traceability
Digital disclosure	Facilitates timely and accessible communication of financial information	Supports transparency toward stakeholders	Openness and accessibility

The analysis additionally shows that the effectiveness of AI in enhancing transparency depends on the interaction between technology, accounting principles, and governance (Feng, Kang, and Feng 2026). A technologically advanced system may produce highly efficient reports while still failing to satisfy Islamic accounting requirements if its processes are opaque, its data cannot be verified, or its outputs cannot be adequately explained to stakeholders. This finding is consistent with recent research emphasizing that transparency in Islamic financial reporting is associated with information accessibility, disclosure completeness, readability, traceability, and publication consistency. Thus, transparency should be regarded as a multidimensional outcome produced by the interaction of technological capability and institutional accountability rather than as a direct consequence of digitalization alone.

Artificial Intelligence as a Mechanism for Improving Financial Information Quality

One of the principal findings of this study is that AI can improve the quality of financial information by reducing dependence on repetitive manual processes and enabling systematic analysis of large volumes of accounting data. Conventional accounting systems generally rely on predefined procedures and human intervention at several stages of data processing. AI introduces additional analytical capabilities by recognizing patterns, classifying information, identifying anomalies, and generating analytical outputs. The literature indicates that AI applications in financial reporting can contribute to improved accuracy, efficiency, predictive capabilities, and audit quality (Kusumawati, Agustian, and Rosyalita 2025).

From an accounting perspective, these capabilities are relevant because transparency requires financial information to be sufficiently accurate and reliable for stakeholders. Errors in transaction classification, data entry, reconciliation, or reporting can reduce the credibility of financial statements even when information is technically available. AI-supported validation and automated reconciliation can therefore serve as mechanisms for reducing certain categories of processing errors. In Islamic

accounting, this function has additional significance because the preparation and disclosure of financial information are connected with ethical responsibility and amanah. Recent literature on Islamic accounting emphasizes that transparency is associated with values including trustworthiness, accountability, and ethical responsibility.

Nevertheless, AI should not be treated as an independent replacement for accounting judgment. Automated outputs remain dependent on the quality of input data, system configuration, model design, and governance procedures. Therefore, human review remains important, particularly for transactions involving complex Sharia considerations. AI can process and identify information, but determining whether a transaction satisfies specific Sharia requirements may require contextual interpretation and oversight from qualified accounting and Sharia professionals (Rosyalita et al. 2026).

AI-Based Anomaly Detection and Financial Accountability

The second major finding concerns the role of AI in detecting unusual financial transactions. Machine-learning-based anomaly detection can identify transaction patterns that deviate from established behavioral or statistical patterns (Gunistiyo et al. 2025). This capability is particularly relevant to transparency because unusual transactions may remain undetected when financial data are reviewed exclusively through manual procedures. Recent research on explainable AI for accounting data demonstrates the growing importance of combining anomaly detection with explanations that allow financial professionals to understand why a transaction has been flagged (Afzal et al. 2026).

The relevance of anomaly detection becomes stronger when considered through the lens of accountability. Agency Theory assumes that information asymmetry can emerge between parties with different interests and levels of access to information (Alonso-Morales and Sáez-Martín 2026). AI-based monitoring can potentially reduce some forms of information asymmetry by increasing the ability of organizations to continuously examine financial transactions and identify irregularities. In this sense, AI can function as a technological monitoring mechanism that complements conventional internal controls.

However, anomaly detection should not automatically be interpreted as evidence of misconduct. An unusual transaction may result from a legitimate business activity, an exceptional event, or a data-processing error. Consequently, AI-generated alerts should be subjected to human investigation and contextual assessment. Explainability becomes particularly important because financial professionals and stakeholders need to understand the basis upon which an AI system identifies an anomaly. The literature on explainable AI suggests that explanation quality is important for trust, documentation, and practical adoption of AI-based anomaly detection.

Islamic Accounting Principles as the Normative Foundation

The third finding is that AI implementation in Islamic accounting requires a normative foundation that extends beyond technological efficiency (Shalhoob 2026). Islamic accounting places emphasis on accountability, justice, ethical conduct, trustworthiness, and compliance with Islamic principles. Consequently, an AI-based accounting system should not merely answer whether financial information has been processed correctly but should also support the broader requirements governing how financial information is generated, disclosed, and evaluated.

Recent research describes transparency in Islamic financial reporting as an integration of technical, ethical, and spiritual dimensions, including amanah, ṣidq, ʿadl, accountability, and maqāṣid al-sharīʿah. Other recent literature similarly emphasizes that Islamic financial reporting requires transparency and accountability to operate alongside Sharia governance mechanisms. This indicates that AI adoption should be embedded within an institutional framework that establishes clear responsibilities for data management, model governance, financial reporting, and Sharia oversight (Akbar, Harun, and Elvia 2026).

Therefore, AI should be understood as a technological instrument supporting Islamic accounting rather than as a substitute for its normative principles. The technology can improve the speed, consistency, and analytical capability of accounting processes, but the objectives and boundaries of those processes must remain grounded in applicable accounting standards, Sharia principles, and organizational governance.

Digital Financial Reporting and the Expansion of Transparency

The fourth finding concerns the transformation of transparency through digital financial reporting. Traditional financial reporting primarily communicates information through periodic financial statements. Digital environments enable information to become more accessible, searchable, interconnected, and potentially more timely. When AI is incorporated into digital reporting systems, organizations can move from periodic and largely static reporting toward more dynamic forms of financial information management.

This transformation is relevant to Islamic accounting because transparency involves more than making a financial statement publicly available. Recent research on financial reporting governance in Islamic institutions identifies information accessibility, disclosure completeness, readability, traceability, and publication consistency as important dimensions of transparency (Wahab and Mahdiya 2025). Consequently, digital financial reporting can support transparency when it improves the ability of stakeholders to obtain, understand, and trace financial information.

The integration of AI can further strengthen this process through automated classification, validation, document processing, anomaly detection, and analytical presentation. However, digital accessibility does not necessarily guarantee substantive transparency. Information may be technically available but difficult to interpret, incomplete, insufficiently explained, or inaccessible to stakeholders without appropriate technological resources. Therefore, digital reporting should prioritize both technological accessibility and information understandability.

Integration of AI, Islamic Accounting, and Digital Financial Reporting

The central finding of this study is that the three principal concepts—AI, Islamic accounting, and digital financial reporting—can be integrated into a complementary framework for strengthening financial transparency. AI provides computational and analytical capabilities; Islamic accounting provides ethical and normative direction; and digital financial reporting provides the technological environment through which information is processed and communicated.

The relationship can be illustrated as follows:

Table 2. Relationship Between AI, Islamic Accounting, Digital Financial Reporting, Governance, and Transparency

Component	Primary Role	Key Mechanism	Expected Contribution
Artificial Intelligence	Technological capability	Automation, machine learning, NLP, anomaly detection, predictive analytics	Improved processing and analytical capacity
Islamic Accounting	Normative foundation	Amanah, justice, accountability, Sharia compliance	Ethical and responsible financial reporting
Digital Financial Reporting	Reporting infrastructure	Digital disclosure, real-time processing, accessibility, interoperability	Timely and accessible information
Governance	Control mechanism	Human oversight, internal control, Sharia supervision	Reliability and accountability
Transparency	Intended outcome	Accurate, accessible, traceable, complete disclosure	Greater stakeholder information quality

The proposed relationship suggests that transparency emerges when technological capability is combined with appropriate accounting principles and governance mechanisms. AI without Islamic accounting principles may prioritize efficiency without adequately addressing ethical requirements. Islamic accounting without appropriate digital infrastructure may retain normative strength but face limitations in processing increasingly complex financial information. Digital reporting without AI may improve accessibility but may have limited capacity to continuously analyze large and complex datasets. The integration of the three components therefore provides a more comprehensive conceptual approach.

Governance, Human Oversight, and Explainability

A further discussion concerns governance. The literature indicates that AI implementation can create risks related to data security, algorithmic bias, regulatory alignment, and organizational readiness. These risks are particularly important in financial reporting because errors or inappropriate

automated decisions can influence the information presented to stakeholders (Mohammed Jumaah et al. 2026).

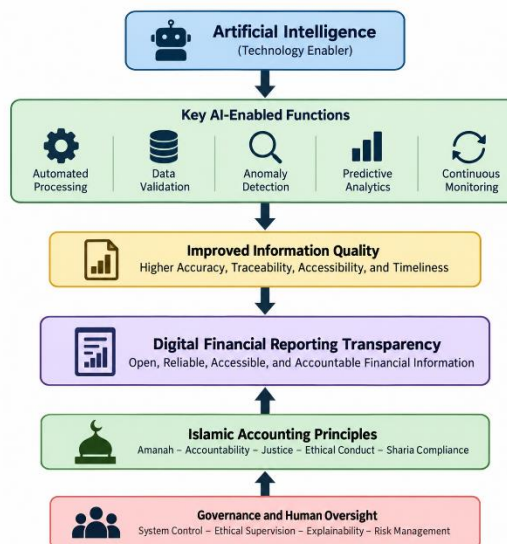
For Islamic accounting, governance should additionally ensure that automated accounting processes remain consistent with relevant Sharia requirements. Recent research on Islamic digital banking emphasizes that AI and other digital technologies may strengthen auditability and reporting timeliness while simultaneously creating challenges related to privacy, explainability, and regulatory fragmentation. This supports the argument that AI implementation requires a governance structure capable of connecting technological controls with ethical and Sharia oversight (De Villiers, Dimes, and Molinari 2024).

Human oversight therefore remains an important component of the proposed framework. AI can assist accountants by identifying patterns, generating alerts, and processing information, but final professional judgments should remain subject to appropriate human review. Explainability is particularly important when AI is used for anomaly detection or decision-support functions because stakeholders need to understand how significant outputs were generated (Mosteanu and Faccia 2020).

Proposed Conceptual Framework

Based on the synthesis of the literature, this study proposes a conceptual relationship in which AI contributes to digital financial reporting transparency through several intermediate mechanisms. These mechanisms include data accuracy, processing efficiency, anomaly detection, traceability, accessibility, and continuous monitoring. Islamic accounting principles function as the normative filter that determines whether the implementation and outputs of AI remain aligned with accountability, fairness, ethical conduct, and Sharia compliance.

The conceptual framework can be summarized as follows:



This framework indicates that AI does not directly determine transparency. Instead, AI creates technological capabilities that can contribute to transparency when they are implemented within an appropriate accounting and governance framework. Islamic accounting principles provide the normative boundaries, while governance mechanisms ensure that automated processes remain explainable, controllable, and accountable (Zhong, Li, and Zhong 2025).

Synthesis of Results and Discussion

Overall, the results indicate that the implementation of AI can potentially strengthen transparency in Islamic digital financial reporting through improvements in information processing, accuracy, anomaly detection, monitoring, traceability, and accessibility. At the same time, the literature demonstrates that technology alone cannot guarantee transparency. The quality of transparency depends on the interaction between technological systems, accounting principles, organizational governance, and human oversight (Zakaria 2025).

Recent research on Islamic accounting information systems similarly proposes the integration of Islamic accounting principles, information technology, and maqāṣid al-sharīah values as components of a broader Islamic accounting information system (Roszkowska 2021). Other recent research identifies AI, blockchain, and fintech as technologies that can strengthen auditability and reporting timeliness while creating new ethical and governance challenges. These findings reinforce the conceptual argument developed in this study that digital transformation in Islamic accounting should be approached as a socio-technical process rather than merely as technological adoption.

Accordingly, the principal contribution of this study lies in connecting the technological capabilities of AI with the normative requirements of Islamic accounting and the operational characteristics of digital financial reporting. The resulting framework positions transparency as a multidimensional outcome involving information quality, accessibility, traceability, accountability, ethical responsibility, and Sharia compliance. This perspective extends the discussion of AI in accounting beyond automation and efficiency toward a broader understanding of how emerging technologies can support responsible and transparent financial reporting within an Islamic accounting context.

Conclusions

This study concludes that the implementation of Artificial Intelligence (AI) provides significant technological capabilities for supporting transparency in Islamic digital financial reporting. Based on the synthesis of relevant literature, AI can contribute through automated data processing, financial information validation, anomaly detection, predictive analytics, continuous monitoring, and improved accessibility of financial information. These capabilities can strengthen several dimensions of transparency, particularly accuracy, timeliness, reliability, traceability, and information accessibility. However, the contribution of AI to transparency cannot be separated from the normative foundation of Islamic accounting. Islamic accounting emphasizes accountability, amanah, justice, ethical responsibility, and compliance with Sharia principles. Therefore, AI should function as an enabling instrument rather than as a replacement for professional accounting judgment and Sharia-based oversight. The effectiveness of AI-supported financial reporting depends on data quality, system reliability, algorithmic explainability, information security, human supervision, and appropriate governance mechanisms. The conceptual synthesis developed in this study demonstrates that transparency is achieved through the integration of AI capabilities, Islamic accounting principles, digital reporting infrastructure, and governance mechanisms. AI provides the technological capacity to process and analyze financial information, digital reporting provides the infrastructure for communicating information, while Islamic accounting establishes the ethical and normative boundaries within which these technologies should operate. Human oversight further ensures that automated outputs remain interpretable, accountable, and consistent with applicable accounting and Sharia requirements. Accordingly, the integration of AI into Islamic accounting represents a potential pathway for developing more transparent and accountable digital financial reporting. Future empirical research can further examine this conceptual relationship through case studies, surveys, or field-based assessments of Islamic financial institutions and organizations adopting AI-enabled accounting systems.

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