

NAGAT MOHAMED MARIE YOUNIS

A Study on the Impact of Digital Governance on the Quality of Accounting Information in Saudi Banks

Abstract

Research background and purpose: This study aimed to examine the impact of digital governance on the quality of accounting information in Saudi banks.

Design/methodology/approach: To achieve the study's objective and test its hypotheses, the descriptive-analytical approach was adopted to construct the theoretical framework. A field study was conducted on (319) financial managers, branch managers, heads of financial departments, and heads of electronic services departments in banks (12) during (2024-2025). The results were analyzed using regression analysis through IBM SPSS 31 program.

Findings: It indicates that the importance of digital governance in improving accounting information quality, which contributes increasing the level of disclosure and transparency and this reflected in financial reports quality, and the existence of a statistically significant impact between digital governance and accounting information quality in banks listed on the Saudi Stock Market. The study recommends that the management of Saudi banks should enhance digital governance and implement it effectively and facilitate the procedures for digital updating of banking transactions, which will be reflected in improving accounting information quality, it is necessary to issue an accounting standard that defines best practices and develop digital accounting tools to benefit from digital governance in financial transactions to keep pace with the rapid development of information technologies and increase the level of disclosure in financial reports.

Originality/value: The study is first in concerned on all dimensions of the qualitative characteristics of accounting information (relevance, credibility, comparability, understandability, appropriate timing, honest expression), while previous studies were limited to some of these dimensions. Also, studies that focused on accounting information quality did not address the dependent variable of digital governance directly. According to the researcher's knowledge, this is the first study that addresses digital governance and accounting information quality in the Saudi banking sector, which is one of the most important sectors in the Saudi economy.

Keywords: *digital governance, relevance, honest expression, understandability, appropriate timing, credibility, comparability, Saudi banks*

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1. Introduction

The concept of digital governance and its impact on improving the level of disclosure, transparency and financial reports quality is one of the most important topics that must be followed up on every new idea, whether it is put forward by academics or by banks listed on the Saudi Stock Exchange. Digital governance is of great importance to support digital transformation, enhance the culture of collaborative decision-making in institutions, improve efficiency and transparency, facilitate business performance, enhance public services, better competitiveness, and address governance challenges in various sectors in general. Digital governance is of great importance to banks, as it helps improve banks' performance, efficiency and sustainability, manage risks and overcome barriers to digital transformation. Digital governance enhances the transparency and quality of accounting information disclosure by reducing administrative transaction costs, strengthening human capital structures, and ensuring the timeliness and reliability of information, which in turn leads to better decision-making for stakeholders (Allassuli et al., 2025; Xu & Su, 2025).

Digital governance for banks is an effective tool that helps improve accounting information quality included in financial reports, as it is viewed as a system capable of defining roles and responsibilities, developing executive plans, and how to make digital decisions for the institution. These roles and responsibilities include supervising the design and development of digital services in all government areas and evaluating the performance of these services. The purpose of the digital governance policy is to monitor all activities related to the digital government in terms of compliance with regulations, legislation, and national systems, and providing privacy and security. Therefore, there has become an urgent need to identify the advantages of using the digital governance system to reach financial reports that contain information that is characterized by transparency, appropriateness, reliability, understandability, verifiability, timeliness, and comparability. Stakeholder theory focuses on improving the relationship between companies and stakeholders. Therefore, executives must maintain the interests of stakeholders in a sustainable manner for companies to succeed in a competitive environment. Therefore, stakeholder theory serves as a theoretical background for understanding the literature related to accounting information quality, which contributes to improving the level of transparency, reducing agency costs to help stakeholders make appropriate investment decisions, and improving the quality of accounting information, which in turn is reflected in the quality of financial reports.

The Kingdom of Saudi Arabia emphasizes the importance of digital transformation for companies to integrate the digital economy with the real economy and promote the transformation and development of traditional industries, digital governance supports Saudi Vision 2030, banks in the Saudi seek to keep pace with recent

developments in digital transformation and try to benefit from them to remain in their competitive market. Among the efforts of the Saudi Central Bank and the Capital Market Authority to develop regulatory frameworks and empower the financial technology sector, SAMA's initiatives at the end of 2023 included issuing rules regulating deferred payment companies, instructions for practicing digital brokerage activity, in addition to working on digitizing regulatory procedures. The number of active fintech companies in the Kingdom reached 216 and increased to 261 by the end of 2024, exceeding the Financial Sector Development Program's target of 230 by 2025. The Meken program was launched to empower emerging financial technology companies, within the framework of supporting entrepreneurship in the financial technology sector, by providing services in the field of cybersecurity, cloud computing and supporting innovation (Annual Report of the Financial Sector Development Program, 2024).

Many studies (Poon, 2014; Al-Hattami et al., 2024; Al-Haythami, & Farhan, 2023) have shown that before the digital era, there was a deficiency in accounting disclosure when meeting the needs of users of financial statements in order to rationalize their decisions in the Saudi financial market, with a decrease in the level of disclosure and transparency in the accounting information contained in the financial reports of banks in the Saudi financial market and the annual reports of the Board of Directors. However, with the emergence of digital governance and the increased reliance on technological technologies, this led to the adoption of accounting practitioners on modern technologies, which led to the development of the accounting process and all procedures, starting from bookkeeping to issuing financial reports, reducing agency costs, reducing information asymmetry and increasing the level and quality of disclosure and transparency of accounting information, which positively affected the quality of financial reports. Despite this, banks faced many challenges because of the increased reliance on digitization and the increase in digital services, which required overcoming them through digital governance. As a result of the increased reliance on digitization in Saudi banks, there was a need to understand its impact on the quality of accounting information, as digital transformation technologies can improve the quality of financial reports. Therefore, the study problem can be formulated in the following question: "What is impact of digital governance on the quality of accounting information disclosure contained in the financial reports of banks listed on the Saudi Stock Exchange?" there are a group of sub-questions stems from this question:

1. What is the impact of digital governance on relevance of accounting information contained in financial reporting for Saudi banks?
2. What is the impact of digital governance on honest expression of accounting information contained in financial reporting for Saudi banks?
3. What is the impact of digital governance on the understandability of accounting information contained in financial reporting for Saudi banks?

4. What is the impact of digital governance on the appropriate timing of accounting information contained in financial reporting for Saudi banks?
5. What is the impact of digital governance on credibility of accounting information contained in financial reporting for Saudi banks?
6. What is the impact of digital governance on the comparability of accounting information contained in financial reporting for Saudi banks?

By answering these questions, the study's objective will be achieved, which is to analyze the impact of digital governance on the quality of accounting information for banks listed on the Saudi financial market.

This study contributes to scientific literature in several ways. First, it enhances theoretical understanding of digital governance and its effective role in improve accounting information quality for enhance disclosure quality of financial reporting in Saudi banks. Second, the study provides empirical evidence for listed banks and regulatory bodies through focus on banks adopting digital transformation and digital governance, it impacts on accounting information quality; and draws the attention of board members, branch managers, and department heads in banks to understand the importance digital governance and the impact on the quality of disclosure for listed banks, while reformulating policies to enhance the development of the Saudi capital market. Also, the importance of the study stems from the importance of the variables it tests, as the topic of digital governance and accounting information quality is of utmost importance to managers, investors and stakeholders. Therefore, the researcher saw the need to conduct a study to determine impact digital governance on accounting information quality contained in financial reports and to bridge the research gap of previous studies in this field. In the following sections, the author presents literature review, research methodology, discussion of results, conclusion, limitations, recommendations, and future studies.

2. Literature review and hypothesis development

2.1. Theoretical background

The increasing interest in information technology and the spread of electronic services have led to the development of methods of disclosure and transparency in presenting information in financial statements, in a more efficient and accurate manner than the usual methods of traditional disclosure. It is noted that companies face many challenges because of the widespread use of information technology and the increased reliance on it in providing banking services in banks, so a major technological challenge has arisen that must be addressed through digital governance. The importance of digital governance is due to the use of modern technology in activating the supervisory role of banks, improving their financial performance, contributing to raising the level

of transparency and disclosure and creating value, and preserving the interests of stakeholders. The development of the digital economy has enhanced the capabilities of institutions in dealing with, transferring and organizing data assets, which greatly affects their accounting information quality.

Digital governance is one of the solutions that can be relied upon to improve information content quality of financial reports in banks. Therefore, the topic of digital governance and its importance to the accounting profession is considered an important topic that requires further discussion and analysis. Its importance lies in trying to avoid shortcomings in the level of disclosure and transparency in the accounting information contained in the financial reports. Begozzi et al. (2023) refer that best practices for digital governance in banking include implementing a dedicated information governance program, ensuring compliance with regulatory mandates, addressing barriers in strategy, technology and stakeholder engagement, and focusing on enhancing corporate governance through digital transformation, improving efficiency, and enhancing ESG performance, while addressing new regulatory risks and requirements. Key components of digital governance in banking include governance and risk management, regulatory compliance, transparency, accountability, responsibility, independence, fairness, technology management, innovation management, digital transformation and financial inclusion, and robust digital risk management frameworks (Sario et al., 2023).

The study (Mu, 2023) revealed a significant positive association between the digital transformation of enterprises and the quality of accounting information, as the digital transformation of enterprises enhances the quality of accounting information by improving the quality of internal control and attracting the attention of analysts. This effect is more evident in companies with low managerial ownership ratios, R&D investments, and intense market competition. Zhang (2025) stressed that digital transformation enhances transparency, accuracy, and timeliness and it has a significant positive impact on the quality of accounting information, and that internal controls and financial constraints play a mitigating role in the relationship between digital transformation and the quality of accounting information. The results of the study (Fang et al., 2023) indicated that the application of digital transformation in Chinese companies led to reducing earnings management and improving accounting quality by reducing agency costs, synchronizing stock prices, increasing corporate internal control, and attracting more analyst tracking to improve accounting qualities. The governance effects of corporate digital transformation are more positive in non-governmental companies, or companies with poor information quality, and in long-term-oriented companies.

The study (Al Shanti et al., 2023; Al Shanti & Elessa, 2023) found that there is an impact of digital transformation on increasing the quality of accounting information and the effectiveness of corporate governance through the deployment of blockchain technology in banks. The study (Pratama et al., 2023) confirmed that there is a relationship between

digitalization and the quality of accounting information, as digitalization reduces information asymmetry and improves the quality of accounting information by reducing absolute discretionary accruals and increases transparency and accuracy through automation in the financial reporting process. Thus, it improves the quality of financial reporting in Indonesian companies in the food and beverage, textile and chemical sectors. The study (Chen et al., 2024) found that there is a relationship between the digital transformation of companies and enhances the quality of accounting information by mitigating the agency problem. This positive effect is more significant among companies that receive less media coverage, have low industry competition and are not subject to cyberattack.

The study of Al-Haithami & Farhan (2023) concluded that the qualitative characteristics of accounting information have a statistically significant positive effect on the quality of electronic banking services in banks operating in Yemen. The study (Al-Okaily et al., 2022) indicated that digital accounting systems improve the quality of decision-making, which in turn enhances the quality of accounting information in Jordanian banks, and that the quality of information mediated the relationship between data and system quality and decision-making quality. Ultimately, the culture of analytical decision-making modified the relationship between information quality and decision-making quality. What distinguishes this study from previous studies is that it addressed the qualitative characteristics of accounting information and its six comprehensive dimensions (relevance, credibility, understandability, appropriate timing, honest expression, and comparability), while previous studies were limited to some of these dimensions.

Also, studies that focused on the quality of accounting information did not address the dependent variable of digital governance directly. According to the researcher's knowledge, this is the first study that addresses digital governance and the quality of accounting information in the Saudi environment. Also, the current study was applied to the Saudi banking sector, which is one of the most important sectors in the Saudi economy.

2.2. Digital governance

In this section, it will be possible to learn about the concept, importance and challenges of digital governance applied in the banking sector. It was defined as: a set of rules, policies, and processes and procedures that ensure that the use of technology in institutions is done in an effective and safe manner for improve institutional performance, enhance transparency, decision-making and reduce technical risks (Sun, 2024). It was defined as: smart and effective management of technology within firms for achieving the highest level of performance, quality and transparency. It is a comprehensive view approach that enables firms to make the most of technology while

maintaining security and transparency, and includes strategic planning, monitoring and continuous evaluation of the use of technology (Grigalashvili, 2023). Hakizimana et al. (2023) believed that it the framework and practices used to manage and monitor the use of digital technologies within an organization or society and includes policies, accountability, decision-making authority, data management, security and ethical use of digital tools and services. The study (Guerrero et al., 2023) stated that digital governance involves the use of digital technologies to enable, manage and transform government activities, and ensure the provision of effective, transparent and collaborative public services. That is, it involves the use of digital technologies to manage and deliver public services, enhance decision-making processes (Handayani & Natalia, 2025) and ensure transparency and accountability in government activities. There are six principles of digital governance: ensuring the basis for an effective governance framework, protecting shareholder rights, the role of stakeholders, fair treatment, disclosure and transparency, and the responsibilities of the board of directors.

The importance of applying digital governance in banks is due to (Abdurrahmanet al., 2023; Zhu & Jin, 2023; Tiwari, 2022; DeLone et al., 2021) enhancing transparency and accountability, the effectiveness of strategic decisions, improving efficiency and enhancing environmental, social and governance performance, improving institutional performance, reducing technical risks, improving internal control mechanisms, and attracting more from analysts, which reduces information asymmetry, reduces earnings management, reducing agency problems, and the quality of decision-making, which in turn enhances accounting information quality for financial reports in banks listed on the Saudi Stock Exchange. Studies (Shang et al., 2023; Fernández et al., 2023; Erkut, 2019) indicate that there are a set of challenges facing banks when implementing digital governance, including issues of technological infrastructure and its incompleteness, institutional and administrative barriers, legal and regulatory issues, financial constraints, lack of human resources, and cultural challenges such as resistance to change and lack of understanding of the importance of digital governance. To overcome these challenges, banks must have a strong technical infrastructure and qualified human resources, establish clear policies and procedures to ensure compliance to avoid any legal problems, increase awareness of the importance of digital governance and provide the necessary training and support to employees, keep pace with ongoing technical developments and ensure the security of digital systems.

Digital governance can be measured through its five dimensions, which are the framework and laws that govern the design and launch of electronic services, the commitment of departments and sections to the general master plan issued by e-governance, the identification of standards and measures that departments and sections must adopt in e-government systems, the quality of service, and the organizational aspects that help the board of directors perform the tasks assigned to

them within the framework of launching e-government projects (Poon, 2014; Daft, 2014; Basu, 2014).

2.3. Accounting information quality

Accounting information quality is defined as the qualities or characteristics that must characterize the accounting information contained in the financial statements and reports, which enable the evaluation of the level of accounting information quality and are useful to its users in making decisions and predicting financial failure. Managers are aware of the qualitative characteristics of financial information and use them to justify policy changes, especially when addressing measurement issues and enhancing transparency. The qualitative characteristics of accounting information quality have varied (Nobbs & Stadler, 2015).

Sahi (2023) and Al-Haythami and Farhan (2023) represent the characteristic of understandability, appropriate timing, honest expression, credibility, and comparability. Some have referred to the qualitative characteristics of accounting information quality as including relevance, reliability, understandability, comparability, and timeliness, some have mentioned it as including relevance, honest expression, comparability, and understandability in the accounting decisions taken by management. However, this current study will rely on the joint conceptual framework between FASB and IASB, amended in 2018, in classifying the qualitative characteristics of accounting information into basic qualitative characteristics, which are relevance and honest expression, and supporting characteristics, which are understandability, appropriate timeliness, credibility, and comparability. In the era of digital governance, the accounting information quality is affected with digital transformation, data quality management, and good governance practices, the roles of audit committees and boards of directors, sustainable financial statement governance, and political communications, which in turn affect the reliability and accuracy of accounting information, which is reflected in the quality of financial reports and the effectiveness of decision-making (Chen et al., 2024).

2.4. The impact of digital governance on accounting information quality

The digital governance and accounting information quality is an important research area, especially as digital transformation becomes increasingly integral to corporate operations. This synthesis explores how digital transformation, including the adoption of technologies such as blockchain and digital accounting systems, impacts accounting information quality and corporate governance. Studies indicate that digital governance and digital transformation generally improve accounting information

quality by enhancing transparency, accuracy, internal control, and reducing earnings management.

2.4.1. Digital governance and relevance

Relevance is one of the most important characteristics that information must have, and the Accounting Standards Committee defined it as “information that must be relevant to the needs of decision makers.” The relevance of information is achieved by the presence of predictive capacity of information and its relative importance. Digital governance helps provide information that can make a difference in decision-makers’ decisions, making them appropriate, as users of accounting information can evaluate past performance and predict future results or confirm or change previous assessments (Handajani et al., 2024). Digital governance affects the decisions of stakeholders as it prevents the right to access information related to the desired decisions to be taken. Information considering digital governance is characterized by high predictive and confirmatory value, so the researcher believes that digital governance leads to improving the relevance of accounting information (Zampella et al., 2025). Therefore, the following hypothesis can be formulated:

H1.1. There is a statistically significant impact between digital governance and relevance of accounting information contained in financial reporting for Saudi banks.

2.4.2. Digital governance and honest presentation

It is a property that confirms that the information is free of errors, bias to a reasonable degree, and that it honestly represents what it claims to represent. Three sub-property branches from this property are: completeness, neutrality, and freedom from errors. Digital governance helps in the integrity of electronic books and documents supporting operations and providing accurate and objective assurances of the absence of fictitious documents. It also supports transparency requirements by disclosing and being transparent about the governance mechanisms used to control electronic operating systems (García-Lacalle & Torres, 2021). Al-Shahamani et al. (2025) found digital governance improves accuracy, compliance, and auditability; requires training and infrastructure.

Digital governance increases the accuracy and reliability of the information contained in financial reports and provides honest representation of the accounting information contained in financial reports and the completeness of financial reports. Therefore, digital governance must provide a full description of some information about its nature, quality, and the procedure used to determine the digital description, and reduce manipulation of accounting information and its freedom from errors, as digital governance provides strict

control to ensure that financial transactions and information are free of accounting from errors and honesty in expression and verifiability achieves consensus among stakeholders, and shows hidden information in financial reports, which works to reduce information asymmetry and thus improve the credibility of accounting information (Li et al., 2023). Digital governance works to provide information that increases the verifiability and neutrality of accounting information that cannot be shown by traditional methods. Here, neutrality means that the digital governance system monitors impartiality and does not discriminate one user from another. Therefore, reports published electronically are for public use, which increases the honest expression of the performance and financial position of the facility. Therefore, the researcher believes that digital governance leads to improving the credibility of accounting information. Therefore, the following hypothesis can be formulated:

H1.2. There is a statistically significant impact between digital governance and honest expression of accounting information contained in financial reporting for Saudi banks.

2.4.3. Digital governance and understandability

It means that the information displayed is easy to understand and comprehend by users, and no matter how high-quality financial reports are, in the absence of the understandability element, they will be useless to users. Digital governance leads to improving the understanding and analysis of the content of the information contained in the financial reports more clearly and thus showing unclear information and providing a better picture of the company. Digital governance leads to improving the understanding of other information from annual reports such as discussions, calls and videos, improving the understanding of the company's strategic performance, improving the understanding of the company's various operations, and thus improving the understanding of the company's performance as a whole, digital governance leads to providing valuable information in understanding and making company decisions, as a better opinion can be reached by relying on detailed information about the company, and thus a better understanding of the extent of the company's success or failure, and that it helps in increasing the cognitive content of financial information, especially when allocating a portfolio of securities (Byard & Weintrop, 2006).

Engkus et al. (2024) study finds that digital governance affects the understanding of financial information and is essential for achieving transparency and accountability in financial operations, and enhances the ability to access financial information smoothly and understand it more, and the digital transformation towards digital financial systems allows for more innovative and comprehensive management of financial reports, which

improves the understanding of financial results and better evaluation of financial performance, so the researcher believes that digital governance leads to improving the understandability of accounting information. Therefore, the following hypothesis can be formulated:

H1.3. There is a statistically significant impact between digital governance and the understandability of accounting information contained in financial reporting for Saudi banks.

2.4.4. Digital governance and timeliness

Timeliness means that information must be delivered at the right time to decision makers so that it does not lose its ability to influence decisions to achieve the greatest benefit expected from this information. If information is not available when needed, it will lose its ability to influence the decision, so it must be provided at the right time to have an appropriate impact on the decision. Digital governance contributes to the clarity and transparency of accounting information and its timely provision (Rosly et al., 2024). It can improve the reliability of transaction recording, present financial reports timely, and available information for users, reduced data manipulation, and enhancing accountability (Handayani & Natalia, 2025). It plays an important role in enhancing the timing of financial reports by integrating digital tools and improving e-governance practices and control mechanisms. This leads to improving the efficiency of publishing financial information in a timely, which benefits stakeholders by providing more up-to-date and valuable data. It has been proven that adopting digital solutions such as online social networks, websites, and digital platforms improves the timing of financial reports (McGee & Yuan, 2012). Xu & Su (2025) confirm that digital governance enhances the quality and transparency of accounting information disclosure and increases the timeliness and utility of information. Therefore, the researcher believes that digital governance leads to improving timeliness property. Therefore, the following hypothesis can be formulated:

H1.4. There is a statistically significant impact between digital governance and the appropriate timing of accounting information contained in financial reporting for Saudi banks.

2.4.5. Digital governance and credibility

It means the consensus of information for users to use the same measurement methods, which leads to the same results, so if external users using the same measurement

method reach different results, the information is not credible, and auditors cannot express an opinion on it. Digital governance contributes to achieving a high degree of standardization of measurement methods for the information contained in financial reports, which makes those responsible for accounting measurement use the same measurement methods that they reach the same results, which means that digital governance helps in ensuring that the information contained in financial reports is credible and thus can be relied upon and evidence of its validity can be established, and digital governance affects the qualitative characteristics of financial data, such as the possibility of verification, by improving the preparation, processing and presentation of financial statements. This ensures that financial reports are relevant, complete and free of errors, which enhances their reliability and verifiability (Al-Hattami et al., 2024). Therefore, the researcher believes that digital governance leads to improving verifiability property. Therefore, the following hypothesis can be formulated:

H1.5. There is a statistically significant impact between digital governance and credibility of accounting information contained in financial reporting for Saudi banks.

2.4.6. Digital governance and comparability

It means the possibility of comparing accounting information with information from other institutions or different periods of the same institution. Digital governance helps to use digital technology to store financial transactions in multiple places, and each participant gets a copy of the ledger, thus all transactions are visible to each participant, which increases transparency and contributes to immediate access to accounting information (Druzhilovskaya, 2019). It plays a crucial role in enhancing the comparability of financial information by improving the quality and transparency of accounting practices, as institutions rely on digital transformation, and digitization allows for modified display formats that enhance user interaction and understanding, thus improving the quality and comparability of accounting information, this is achieved by reducing of earnings management and agency, and the impact is more evident in environments with high market competition or transparency (Zhang et al., 2024). Yang et al. (2024) conclude digital transformation can enhance the comparability of corporate accounting information, this effect is more pronounced in non-state-owned enterprises and in enterprises with poor corporate governance quality. Digital governance improves comparability between the establishment's sectors, comparing the company for more than one financial period, and between similar sectors in similar establishments through the extensive information provided by digital governance. Hu and Yang (2024) confirm that digital governance enhances quality, transparency, and comparability, strongest with good governance. Therefore, the researcher believes that

digital governance improves the comparability property of accounting information. Therefore, the following hypothesis can be formulated:

H1.6 There is a statistically significant impact between digital governance and the comparability of accounting information contained in financial reporting for Saudi banks.

From the above, the researcher believes that there is a strong relationship between digital governance and the quality of accounting information contained in financial reports, as the application of digital governance leads to improving the characteristics of the quality of accounting information. As it is the regulatory body that is effectively relied upon to provide transparency and disclosure in financial reports. As digital governance provides monitoring of the activities of banks by an electronic group continuously and the use of digital services widely by customers and beneficiaries of digital services, which can increase the transparency of financial information. From the above, the main hypothesis of the study can be derived as follows:

H1: There is a statistically significant impact between digital governance and accounting information quality contained in the financial reports of Saudi banks

3. Research methodology

This study aims to identify the opinions of the study sample regarding impact of digital governance on the quality of accounting information contained in the financial reports of Saudi banks (Figure 1).

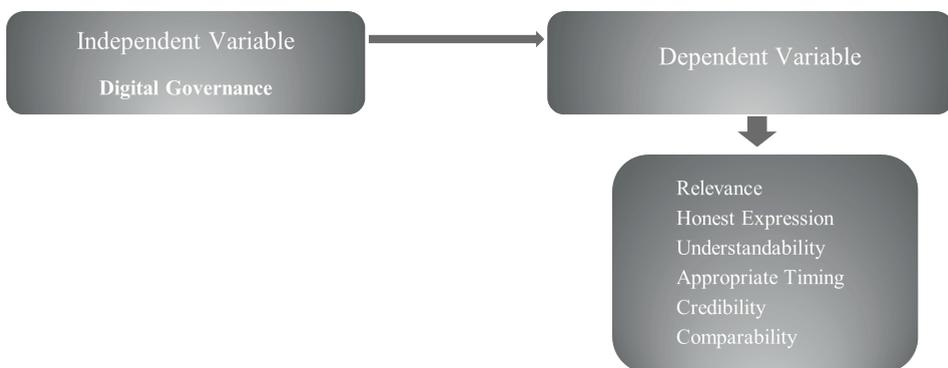


Figure 1. The regression model

Source: prepared by the researcher

The population consists of all employees in the banking sector listed on the Saudi Stock Exchange during 2024 and the First semiannual of 2025. In the Kingdom of Saudi Arabia, there are 30 banks currently licensed by the Saudi Central Bank, 13 local banks and 17 branches of foreign banks. Due to the difficulty of using a comprehensive census method for data collection because of the large size of the study, high costs, and time constraints, a systematic random sampling method was used. The researcher relied on a questionnaire distributed electronically to collect data from 12 banks to both financial managers, branch managers, heads of financial departments, and heads of electronic services departments, and the five-point Likert scale was used when designing questionnaire. Table 1 shows that the number of valid questionnaires was 319 from 338, representing a response rate of 94.4%, which is acceptable for completing the study. The number of missing questionnaires was 19, representing 5.62%, which is a low percentage, indicating the cooperation of the study participants, as shown in the Table 1.

Table 1. Community, research sample size, number of correct responses, and response rate

No.	Bank name	Sample size	No. of correct responses	Response rate %
1	Saudi British Bank (SABB)	28	26	92.9
2	Saudi Fransi Bank	24	22	91.7
3	Saudi Hollandi Bank	15	15	100
4	Samba Financial Group	29	26	89.7
5	Al Rajhi Bank	43	40	93
6	Alinma Bank	34	31	91.2
7	National Commercial Bank	37	36	97.3
8	Riyadh Bank	33	31	94
9	Arab National Bank	29	28	96.6
10	Bank Albilad	25	25	100
11	Saudi Investment Bank	17	17	100
12	Bank Aljazira	24	22	91.7
	Total	338	319	94.4

Source: own study

Table 2 presents the distribution of the study sample according to academic qualification, level of experience, and job title. Of the total sample, 178 (55.80%) hold a bachelor's degree, 91 (28.53%) hold a master's degree, and 50 (15.67%) hold a doctorate. In terms of experience level, 79 (24.76%) have less than 5 years of experience, 117 (36.68%) have experience ranging from 5-15 years, and 123 (38.56%) have more than 15 years of experience. In terms of job title, 163 (51.10%) are managers, and 156 (48.90%) hold head of department.

Table 2. Distribution of the study sample according to academic qualification, level of experience, and job title

Data	Academic qualification			Level of experience			Job title	
	Bachelor	Master	Doctorate	Less than 5	5-15	More than 15	Managers	Head of Department
No.	178	91	50	79	117	123	163	156
%	55.80	28.53	15.67	24.76	36.68	38.56	51.10	48.90

Source: own study

After coding data and entering it into the computer, the researcher has analyzed data contained in the questionnaire through IBM SPSS 31 program that included the following statistical methods: Reliability and Validity Coefficients (Cronbach Alpha), testing (Kolmogorov- Smirnov) to test the normal distribution of data, descriptive Statistics of variables and testing the study hypotheses.

The survey questionnaire was designed with two main questions. The researcher measured each variable using 38 sub-questions. The abbreviations used are explained in Appendix 1.

Independent variable: Digital governance, symbolized by DG, was measured using 8 sub-questions in the questionnaire, and was symbolized by the variables X1.....X8.

Dependent variable: Accounting information quality, symbolized by AIQ, was measured using the characteristics of the accounting information quality, which are relevance, honest expression, understandability, appropriate timing, credibility, and comparability, using 30 sub-questions in the questionnaire, and were symbolized by the variables Y1.....Y30. The responses were converted into quantitative values according to a five-point Likert scale to determine the relative importance of each study variable.

4. Results

4.1. Reliability and validity coefficients

Cronbach's alpha test was used to test the internal consistency of the questionnaire. The results shown in Table 3 indicate that the degree of consistency in the sample's responses was 81.7%, which is an acceptable percentage because the standard alpha value is greater than 60%. It is clear from the results that the self-reliability value was high for all variables of the survey equaled 90.4%. The questionnaire can be relied upon to generalize the results to the community.

Table 3. Reliability and validity coefficients for the study variables

Variables	Variable name	Number of statements	Reliability	Validity
Independent variable	Digital Governance	8	0.774	0.880
Dependent variable (Qualitative characteristics of accounting information)	Relevance	5	0.862	0.928
	Honest Expression	5	0.891	0.944
	Understandability	5	0.719	0.848
	Appropriate Timing	5	0.773	0.879
	Credibility	5	0.858	0.926
	Comparability	5	0.799	0.894
All questionnaire axes			0.817	0.904

Source: own study

4.2. Assessment of normality assumptions

Table 4 demonstrates that the distribution of data was normal where the value of test of first variable DG amounted to 0.685 at the significance level (0.791), which is higher than the significance level (0.05). And the value of test of second variable AIQ amounted to 0.489, at the significance level (0.867), which is higher than the significance level ($\alpha > 0.05$).

Table 4. Results of the Smirnov–Kolmogorov test

Variables		DG	AIQ
N		338	338
Normal Parameters	Mean	4.19	4.02
	Std. Deviation	0.71	0.49
Kolmogorov-Smirnov Z		0.685	0.489
Asymp. Sig. (2-tailed)		0.791	0.867

Source: own study

4.3 Results of the descriptive statistics

Table 5 shows that according to the respondents' opinions, X3 (Digital governance helps protect financial systems and ensure the quality of the bank's digital financial operations and services) is better, as its arithmetic mean reached 3.86, followed by X8 (Digital governance contributes to providing a lot of information that stakeholders need, which leads to improving the quality of accounting information and thus reducing agency problems and information asymmetry) with an average of 4.34, and X4 (Digital governance contributes to reforming internal control systems and strengthening the control and accountability process in the bank) with an average of 4.07, and the overall average of the independent variable reached 4.19.

Table 5. Descriptive analysis of the statements measuring digital governance

DG (X)	Mean	Median	Standard deviation	Mini	Max	Rank
X1	4.33	5	0.87	1	5	4
X2	4.28	5	0.87	1	5	3
X3	3.86	4	1.36	1	5	1
X4	4.07	4	0.97	2	5	8
X5	4.19	4	0.82	2	5	6
X6	4.16	4	0.79	3	5	7

X7	4.29	5	0.80	3	5	5
X8	4.34	5	1.06	1	5	2
	4.19	4.25	0.71	2.38		5

Source: own study

Table 6 shows that the higher mean is better, as the average responses tend to very agree and agree, by analyzing the data, it was found that the responses of the study sample tend towards agreement, as the general average for all variables reached 4.02 with a standard deviation of 0.49, which confirms that digital governance works to improve the qualitative characteristics of accounting information, which are relevance, honest expression, understandability, appropriate timing, credibility, and comparability, which improves accounting information quality, which in turn is reflected in the quality of financial reports in Saudi banks, which confirms the acceptance of the study hypotheses.

Table 6. Descriptive analysis of the statements measuring the accounting information quality

AIQ (Y)		Mean	Median	Standard deviation	Mini	Max	Rank
Relevance	Y1	3.93	4	1.02	2	5	5
	Y2	4.23	5	0.95	1	5	3
	Y3	4.01	4	0.91	1	5	4
	Y4	4.33	5	0.81	1	5	2
	Y5	4.43	5	0.74	2	5	1
Honest Expression	Y6	4	4	0.98	1	5	1
	Y7	3.92	4	1.03	1	5	5
	Y8	3.93	4	1.04	1	5	4
	Y9	3.97	4	1.03	1	5	3
	Y10	3.98	4	0.97	1	5	2

Understandability	Y11	3.91	4	1.16	1	5	5
	Y12	3.97	4	1.07	1	5	3
	Y13	3.74	4	1.11	1	5	4
	Y14	3.97	4	1.08	1	5	2
	Y15	4.47	5	0.75	1	5	1
Appropriate Timing	Y16	3.98	4	0.55	2	5	3
	Y17	3.96	4	1.17	1	5	4
	Y18	4.02	4	1.04	1	5	2
	Y19	3.94	4	0.98	1	5	5
	Y20	4.07	4	0.93	2	5	1
Credibility	Y21	3.96	4	1.27	1	5	4
	Y22	3.72	4	1.04	1	5	5
	Y23	4.05	4	1.02	2	5	2
	Y24	4.20	5	1.11	1	5	1
	Y25	3.99	4	0.55	3	5	3
Comparability	Y26	4.05	4	0.95	2	5	3
	Y27	3.96	4	0.99	2	5	4
	Y28	3.82	4	0.99	2	5	5
	Y29	4.07	4	0.98	1	5	2
	Y30	4.14	4	0.92	2	5	1
		4.02	4.10	0.49	2.60	4.93	

Source: own study

4.4. Testing the study hypotheses

The researcher tested the main hypothesis of the study: *There is a statistically significant effect between digital governance and accounting information quality contained in the financial reports in Saudi banks*, by using simple linear regression analysis to determine the extent of the impact of digital governance on the characteristics of accounting information. The following sub-hypotheses branch out from this main hypothesis:

- H1.1. *There is a statistically significant impact between digital governance and relevance of accounting information contained in financial reporting for Saudi banks.*
- H1.2. *There is a statistically significant impact between digital governance and honest expression of accounting information contained in financial reporting for Saudi banks.*
- H1.3. *There is a statistically significant impact between digital governance and the understandability of accounting information contained in financial reporting for Saudi banks.*
- H1.4. *There is a statistically significant impact between digital governance and the appropriate timing of accounting information contained in financial reporting for Saudi banks.*
- H1.5. *There is a statistically significant impact between digital governance and credibility of accounting information contained in financial reporting for Saudi banks.*
- H1.6. *There is a statistically significant impact between digital governance and the comparability of accounting information contained in financial reporting for Saudi banks.*

The tables 7 and 8 show the most important results achieved from the simple regression analysis.

Table 7. Results of the simple regression analysis of the data for the relationship between digital governance and accounting information characteristics

Model	R	R ²	Adjusted R ²	F	Sig.	Change Statistics				
						R ² Change	F Change	df1	df2	Sig. F Change
1	.969	.939	.935	108.201	.000	.995	378.833	4	8	.000
2	.932	.868	.846	39.516	.000	.924	567.435	2	6	.000
3	.897	.804	.789	52.280	.000	.911	495.482	7	9	.000
4	.884	.781	.772	94.356	.000	.897	819.678	3	7	.000
5	.830	.688	.674	82.249	.000	.792	289.783	4	8	.000
6	.945	.893	.883	87.788	.000	.919	337.912	5	9	.000

Source: own study

Table 8. Regression coefficients for the data on the relationship between digital governance and accounting information characteristics

Hypotheses	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics		Decision
		B	Std. Error	Beta			Tolerance	VIF	
H1.1	Constant	13.079	1.185		11.047	.035			Accept
	X	.325	.014	.106	1.830	.000	.635	1.574	
H1.2	Constant	-.787	11.855		-.066	.001			Accept
	X	.834	.061	.838	7.773	.000	.834	1.199	
H1.3	Constant	6.129	2.823		2.172	.003			Accept
	X	.378	.058	.374	6.470	.000	.822	1.216	
H1.4	Constant	.331	.064		5.169	.047			Accept
	X	.249	.061	.295	4.841	.000	.740	1.351	
H1.5	Constant	17.120	.027		4.379	.000			Accept
	X	11.655	1.191	.734	9.785	.000	.708	1.413	
H1.6	Constant	47.736	12.823		6.672	.082			Accept
	X	.283	.087	.472	3.723	.001	.755	1.325	

Source: own study

Adjusted R² for the study variables reached .935, .846, .789, .772, .674, .883 respectively, which indicates that changes in digital governance contribute to explaining 93.5%, 84.6%, 78.9%, 77.2%, 67.4%, 88.3% of the change that occurs in the accounting information characteristics. The high statistical significance of the previous models, as the significance of F is less than $\alpha=5\%$, and it was found that the significance of F is at a significance level of 0.000, which indicates the accuracy of the model and the possibility of using it effectively. High statistical significance of the study variables as the significance of (t) is less than $\alpha=5\%$. There is a positive effect for all study variables because the regression coefficient has a positive, and we notice the significance of the regression coefficient through the sig value,

as the digital governance coefficient was positive and statistically significant at a significance level of 0.000, which indicates the existence of a positive essential relationship between the independent variable and the dependent variable, and this is a logical result, as digital governance contributes to improving accounting information characteristics, which in turn is reflected in improving accounting information quality and financial reports quality, and this confirms the validity of the study hypotheses. Table 3 shows that all linear VIF statistics are less than 2, which indicates the absence of an essential linear correlation between the variables, as well as the existence of a good relationship between all independent variables. The results of the statistical analysis indicate the impact of digital governance on the six characteristics of accounting information, which is reflected in the quality of accounting information, which is reflected in financial reports disclosure quality of Saudi banks, reducing information asymmetry, increasing the level of disclosure and transparency. This means accepting the six sub-study hypotheses, which entails accepting the main hypothesis that states (there is a statistically significant impact between digital governance and accounting information quality contained in the financial reports of Saudi banks). This is consistent with the results of the studies (Zhang, 2025; Alassuli et al., 2025; Al-Shahamani et al., 2025; Hu & Yang, 2024; Yang et al., 2024).

5. Conclusions

The study aims to analyze the impact of digital governance on the accounting information quality of banks listed in the Saudi Stock Exchange. A field study was conducted by distributing 338 questionnaires to financial managers, branch managers, heads of financial departments, and heads of electronic services departments in 12 banks listed on the Saudi Stock Exchange during 2024-2025, 319 questionnaires were returned (94.4%) and were fully analyzed. The study reached several key conclusions, including: the importance of digital governance in improving accounting information quality, which is reflected in financial reports disclosure quality, reducing information asymmetry, increasing the level of disclosure and transparency, improving risk management for helping investors make sound investment decisions, and also the existence of a statistically significant impact between digital governance and accounting information quality contained in the financial reports in banks listed on the Saudi Stock Market (Tadawul), which contributes to enhancing the competitiveness of Saudi banks. The findings, the most important recommendations that the researcher believes are necessary and can be used in Saudi banks can be summarized.

The study recommends that the management of Saudi banks should enhance digital governance and implement it effectively and facilitate the procedures for digital

modernization of banking transactions, which will be reflected in improving the quality of accounting information and its level of efficiency in capital markets. The need to issue an accounting standard that defines the best practices for benefiting from digital governance in financial transactions with the aim of creating digital accounting tools that enhance the level of transparency and disclosure and increase the quality of accounting information. They need to enable members of boards of directors, branch managers and department heads in banks to understand the importance and reality of digital governance and know its implications for improving accounting information quality in financial reports. The need to develop build a digital workforce to overcome the gap in digital skills and current employee skills with the aim of achieving digital leadership for Saudi banks, as well as creating new business models with the redevelopment of the accounting education so that it is more focused on digital skills to meet the needs of the labor market. Although digital governance plays role in improving accounting information quality and achieving increasing in disclosure in the financial reports, the extent of its benefit may vary based on the comprehensiveness of digital transformation efforts and the factors specific to each sector.

When conducting the study, we faced some limitations. Due to the novelty of the study topic, the researcher faced the problem of the lack of sufficient Arab studies in the Saudi environment, as well as the large size of the study community, which limited the study to the banking sector only without the rest of the sectors in the Saudi environment. The researcher recommends the need to increase scientific research that is concerned with digital governance in accounting thought and to know its impact not only on the quality of accounting information but also on non-accounting information in different sectors and other time periods to test the relationship between digital governance and the quality of financial reports information.

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Declaration of Generative AI and AI-assisted technologies in the writing process

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Appendix

Abbreviations of Variables

Variables	Symbol	Explanation of the Abbreviation
DG (X)	X1	Digital governance systems increase the efficiency of the bank's financial policy structure.
	X2	Digital governance systems affect compliance with the bank's internal controls while ensuring that its systems are updated periodically.
	X3	Digital governance helps protect financial systems and ensure the quality of the bank's digital financial operations and services.
	X4	Digital governance contributes to reforming internal control systems and strengthening the control and accountability process in the bank.
	X5	Digital governance contributes to controlling cyber-attacks that may be exposed to financial operations in the bank.
	X6	Digital governance increases the levels of disclosure and transparency of financial information and contributes to achieving a high degree of profitability and liquidity for the bank.
	X7	Digital governance works to combat corruption within the bank, which increases investor confidence and protects stakeholders.
	X8	Digital governance contributes to providing a lot of information that stakeholders need, which leads to improving the quality of accounting information and thus reducing agency problems and information asymmetry.

AIQ (Y)	Relevance	Y1	Digital governance contributes to providing relevant, objective and valuable information, which improves the quality of information contained in financial reports with the aim of increasing customer confidence and improving investment and credit decisions in the bank.
		Y2	Digital governance helps in managing the bank's risks and achieving strategic objectives to increase the bank's competitiveness.
		Y3	Digital governance helps in improving the prediction of future profits and future growth opportunities, which increases the importance and quality of accounting information in the bank.
		Y4	Digital governance helps in providing information of confirmatory value to improve the evaluation ability of financial reports, and improve the prediction of the bank's future performance, which increases the degree of confidence in accounting information.
		Y5	Digital governance contributes to ensuring the provision of the best banking services in the fastest time and at the lowest costs, which increases customer satisfaction.
	Honest Expression	Y6	Digital governance enhances the honest representation of information about the bank's financial operations, and ensures the completeness of financial reports, which improves the degree of confidence in those reports.
		Y7	Digital governance contributes to providing neutral accounting information with honest representation, which achieves harmony between the interests of the parties related to the bank and improves the credibility and quality of financial reports.
		Y8	Digital governance provides information free from bias and confirms the accuracy of the accounting data and information contained in the financial reports, which provides the necessary indicators and standards to measure the bank's financial performance.
		Y9	Digital governance contributes to achieving the greatest degree of similarity between the bank's objectives and the requirements for achieving information security and protection.
		Y10	Digital governance helps in honest disclosure when presenting error-free information included in the bank's financial reports.

AIQ (Y)	Understand-ability	Y11	Digital governance helps improve the understanding and analysis of the content of accounting information, which increases the credibility and quality of financial reports.
		Y12	Digital governance provides valuable detailed financial information that helps improve the understanding of strategic performance and makes sound decisions for the bank.
		Y13	Digital transformation in digital financial systems helps in more innovative and comprehensive management of financial reports, which improves the understanding of financial results and better evaluation of financial performance.
		Y14	Digital governance contributes to improving the understanding of the nature of the bank's various financial operations due to the disclosure of the nature of the bank's operations.
		Y15	Digital governance helps in a conscious understanding of financial information with the aim of achieving more transparency and accountability in financial operations.
	Appropriate Timing	Y16	Digital governance enhances the timing of financial reports by integrating digital tools and improving e-governance practices and control mechanisms, which benefit stakeholders by providing more up-to-date and valuable data.
		Y17	Digital governance contributes to the comprehensiveness of disclosure and transparency and ensures the timely delivery of accounting information to stakeholders.
		Y18	Digital governance helps provide financial information in a timely manner that can be relied upon in making sound decisions.
		Y19	Digital governance contributes to establishing controls and regulatory procedures that ensure reducing risks from managing activities in a timely manner, and providing banking services in the shortest possible time, which achieves the quality of financial reports.
		Y20	Digital governance helps with seeing all transactions, which increases confidence and the level of disclosure, and contributes to immediate access to accounting information, which ensures the bank's financial reports' quality.

AIQ (Y)	Credibility	Y21	Digital governance impacts credibility by improving the preparation, processing and presentation of financial statements with the aim of ensuring that financial reports are relevant and complete.
		Y22	Digital governance contributes to the completeness and accuracy of accounting information and its freedom from bias and errors, which increases the credibility of accounting information.
		Y23	The bank's digital governance contributes to providing credible accounting information, which reduces information asymmetry and increases the trust and credibility of the bank's financial reports.
		Y24	Digital governance helps the bank issue financial reports that include accounting information that has predictive value and credibility, which is positively reflected in the quality of financial reports.
		Y25	Digital governance contributes to achieving a high degree of standardization of measurement methods for the information contained in financial reports, which makes those responsible for accounting measurement use the same measurement methods and achieve the same results.
	Comparability	Y26	Digital governance helps improve the comparability of information between bank departments, or between a bank branch and its counterpart in the market for the same financial period.
		Y27	Digital governance helps improve the comparability of the bank and its branches for more than one different financial period.
		Y28	The application of digital governance helps improve the comparability between the bank and its counterpart in the Saudi market by providing detailed information, thus improving the competitiveness of banks.
		Y29	Digital governance plays a crucial role in enhancing the comparability of financial information by improving the quality and transparency of accounting practices.
		Y30	Digital governance allows for modified presentation formats that enhance user interaction and understanding, thus improving the comparability of accounting information.