ABSTRACT

The expected credit loss has an impact on the measurement of credit loss allowances for banks that previously used the incurred loss method. This method is closely related to the qualitative characteristics of financial reporting, namely relevance from a forward-looking perspective. High-quality financial reporting is characterized by meeting qualitative characteristics, including relevance. Improved financial reporting quality enhances stakeholders' ability to make effective decisions. Therefore, it is important for financial statement users or stakeholders to understand factors that affect financial reporting quality. The aim of this research is to explain the impact of expected credit loss on financial reporting quality with audit committee financial expertise as a moderating variable.

The sample used in this research is banking companies listed on IDX during the period 2020-2021 using purposive sampling technique. Secondary data was used through documentation collection method. Hypothesis testing was conducted using multiple linear regression analysis and MRA using IBM SPSS software.

The results of this study indicate that expected credit loss has a positive and non-significant effect on financial reporting quality, and audit committee financial expertise moderates the relationship between expected credit loss and financial reporting quality.

Keywords: Expected Credit Loss, Financial Reporting Quality, Audit Committee Financial Expertise, Good Corporate Governance