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DOES FINANCING DECISION-MAKING BY REGIONAL GOVERNMENT-OWNED SYARIAH BANKS DEPEND ON FINANCIAL-INFORMATION QUALITY AND MANAGERS' CHARACTERISTICS?

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ABSTRACT

This study examines the impact of financial information quality on managers' financing decision-making. It also investigates the role of managers' characteristics – educational background, gender, and working period – on the relationship between the quality of financial statement information and financing decision-making. The samples were finance managers at Bank Aceh Syariah, a Syariah bank owned by the regional government in Aceh, consisting of 24 finance managers at the branch offices and 86 finance managers at sub-branches that spread throughout Aceh. The data was obtained by using a questionnaire distributed using google form. A multivariate analysis was used to test the hypothesis. The results showed that the quality of financial statement information has a positive effect on financing decisions. It becomes the basis for managers in making financing decisions in Islamic banks owned by local governments. Managers' characteristics do not influence financing decisions and do not strengthen or weaken managers in making financing decisions based on financial statements. The result confirms hypothesis 1, however, it does not support any other hypotheses regarding finance managers' characteristics. Therefore, it is suggested for future research to broaden and compare the characteristics of finance managers of national Islamic banks in Indonesia and Islamic banks from other countries to capture comprehensive results.

KEYWORDS: Financing decisions, finance managers' characteristics, financial statement information quality, regional government-owned sharia banks.

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INTRODUCTION

This study examines whether the quality of financial information affects the decisions of finance managers in providing financing to the potential debtors in the context of sharia banks. Some previous researches have addressed the effect of financial statement information on financing decisions in the setting of conventional banks (Berger, Minnis, & Sutherland, 2017; Calcagnini, Cole, Giombini, & Grandicelli, 2018; Cassar, Ittner, & Cavalluzzo, 2015; Chan, Hsieh, Lee, & Yueh, 2015; DeZoort, Wilkins, & Justice, 2017; Donelson, Jennings, & Mcinnis, 2017; Kwok, 2002; Minnis & Sutherland, 2017). However, few studies have examined the role of financing managers' characteristics in moderating the effect of financial statement information on the financing decisions of shariah banks, especially regional-government-owned Syariah banks. This study aims to identify whether the different attributes of finance managers provide a different view on financial statement information quality so that they make a different financing decision, in the case of regional-government-owned Syariah banks.

Financing is the spearhead of a bank in obtaining revenue, both revenue from sharing as well as buying and selling. As a source of income, financing carries a very high risk of default. For this reason, banks need to adhere to the principle of prudence. Each financing decision is made carefully with mature considerations based on many factors so that the risk of default does not occur. The factors considered include the collateral owned by the customer, previous financing history, the amount of financing request, and the financing plan. Specifically for business purposes, financial statement information is necessary for making financing decisions. The quality of financial statement information is the main requirement for evaluating financing applications (Berger et al., 2017). This evaluation is crucial in anticipating the risks posed in the decision to provide financing.

Although a rigorous analysis and consideration have been carried out, the possibility of default by the borrower still exists when financing decision is made not based on the hierarchy (Calcagnini et al., 2018). When the quality of the borrower's financial statement is not well-reviewed, the potential for default by the borrower is high (Minnis & Sutherland, 2017). The greater the risk detected by the financier is, the greater the demand for high-quality financial reports. DeZoort et al., (2017) state that banks evaluating GAAP-based financial statements report a higher probability of financing approvals and lower interest rates than lenders considering statements made using other reporting frameworks, especially when the applicant's level of financing risk is high.

In general, managers analyze the provision of financing at the time of submitting a request for funding by a customer. The analysis of qualitative and quantitative data can be carried out before making decisions (Palvia, Vähämaa, & Vähämaa, 2020). In the quantitative analysis, banks attempt to measure the extent to which the customer's (company) financial capacity is. Financial ratio analysis is obtained by analyzing the company's financial statements and using the horizontal analysis method, namely comparing the same ratios from two or more periods. Financial statements can help banks to obtain an overview of the financial condition of the company to be financed and become an important source of information as one of the considerations in making financing decisions. Therefore, the decision to provide bank financing to customers is based on in-depth analysis. In the qualitative analysis, banks also review the history of prospective borrowers whether they have taken financing from other banks. In addition, the bank also analyzes how these funds are going to use to obtain an overview of risk control.

Previous literature showed that banks' demand for high-quality financial reports varies according to the type of financing, strategy, and internal information structure. Banks that enter new markets more often collect audited financial statements (Berger et al., 2017). The quality of financial statement information with various measurements is generally used in investment decisions, compensation agreements, and debt terms. Based on previous research, the borrower's monthly financial statements are used by banks to make financing amendments before the borrower's public financial statements are released (Calcagnini et al., 2018). The decision to provide financing will be higher on financial statements prepared based on GAAP (Generally Accepted Accounting Principles) than on financial reports based on FRF (Financial Reporting Framework) or tax-based reporting (DeZoort et al., 2017).

The decision to provide financing is inseparable from the quality of information on the borrower's financial statements. Berger et al., (2017) state that banks will use the borrower's audited financial statements when the borrower will propose new financing. In addition, banks have the expertise to evaluate new financing applications by evaluating the borrower's audited financial statements. A relevant idea is disclosed by Cassar et al., (2015) stating that when borrowers use accrual accounting in the preparation of their financial statements, the potential for rejection of financing applications will decrease.

Furthermore, Chan et al., (2015) revealed that banks will increase the provision of financing when prospective borrowers have used financial statements that adopt International Financial Reporting Standards (IFRS). Donelson et al., (2017) found that financiers will distinguish between financial statements in terms of quality, including conservatism, especially based on accrual and restatement patterns so that these conditions increase approval for financing. The quality of financial statement information is substantially more important for financiers who provide larger financing. Relevant to previous research reporting that finance officers used more notes on financial statements to consider financing provision (Kwok, 2002). Moreover, when borrowers use the accrual basis in preparing their financial statements, there is a high potential for their financing to be approved.

In the process of evaluating the quality of financial statement information as a requirement for financing decisions, the education of finance managers plays a significant role. This can strengthen the provision of financing decisions. Pascal, Mersland, & Mori, (2017) explained that finance managers who have a business education, financially and socially perform better than finance managers with other educational backgrounds. Finance managers with a business education appear to be better at managing a much-debated trade-off between providing small financing and generating sound financial results. King, Srivastav, & Williams, (2016) show that finance managers with a Master of Business Administration (MBA) education outperform their peers with other educational backgrounds in the field of performance, including in creating innovation and generating profitability. Lin, Lin, Song, & Li, (2011) stated that the education level of finance managers can increase company innovation; this innovative step can be seen from the increase in company profits.

In addition to educational background, the gender of finance managers also influences them in making financing decisions. The gender of finance managers plays an important role in efficient investment decisions by improving governance and disciplining management (Ullah, Majeed, & Fang, 2020). Previously, Ting, Chueh, & Chang, (2017) also revealed that in banking, the gender of finance managers has power in improving performance. Palvia et al., (2020) explain that female-led banks who deal with high real estate exposure and have lower default risk, are less likely to fail despite real estate price shocks. Luo, Huang, Li, & Lin, (2018) also pointed out that banks with female finance managers tend to charge low financing fees for borrowers who are not state-owned companies, companies without political connections. This action is conducted to avoid default.

Relevantly, evaluating the quality of financial statement information serves as risk aversion. Banks led by female finance managers are less risky. This is because women tend to be more risk-averse than men (Skała & Weill, 2018). The Skała & Weill, (2018) suggest that gender quotas on bank boards can reduce risk-taking behavior. Likewise, what was expressed by Palvia et al., (2020) is that banks with female finance managers have a more conservative level of capital after controlling for the risk of bank assets and other attributes. Small banks with female finance managers are less likely to fail during financial crises. This shows that gender-based behavior affects company decisions. Women are more conservative in their financial reporting; the relationship between gender of finance managers and conservatism varies with the level of various corporate risks such as litigation risk, default risk, systematic risk, and finance manager's specific risks such as job security risk (Francis, Hasan, Park, & Wu, 2014). Similarly, Bacha & Azouzi, (2019) revealed that the manager's gender affects the tendency to delegate financing decision making. Overconfident and optimistic female bank managers are more conservative than men and they tend to centralize the financing decision-making process.

The tenure of the finance manager is also one of the factors that influence the finance manager in making financing decisions based on financial statement information. Financing managers with longer tenures will better understand the characteristics of prospective borrowers (O'Sullivan, Mamun, & Hassan, 2016). Managers with longer tenure will be able to predict and understand better (O'Sullivan et al., 2016). Furthermore, because of the predominant tenure, the expertise of the finance manager also becomes a basis for financing decisions (Cornaggia, Krishnan, & Wang, 2017). Cornaggia, Krishnan, & Wang, (2017) stated that managerial ability is a significant financing rating factor, then high-skill management can reduce the adverse impact on the financing risk factor rating. This will be a driving force when the finance manager evaluates the quality of the borrower's financial statement information as one of the requirements when applying for financing. O'Sullivan et al. (2016) stated that the tenure of the finance manager can improve bank performance by increasing the effectiveness of evaluating documents for financing approval. Banks with stronger finance managers are likely to provide large profits for the banks (Ting & Huang, 2018).

Besides some studies showing significant findings, however, several previous studies have shown contradictory results. Elsharkawy, Paterson, & Sherif, (2018) used the independent variables of the board of directors' diversity in the form of gender, nationality, and educational background of finance managers. Furthermore, the dependent variable is bank performance. They examined a sample of 54 public banks in the UK in 2005-2015, and had 535 observations. The results suggested a positive but not significant relationship between finance managers' education and bank performance, and a significant positive relationship between gender diversity and bank performance. Luo et al., (2018) investigated the relationship between female finance managers and male finance managers when looking at their effect on operational risk. They examined the final sample consisting of 1,931 companies listed on the China Stock Exchange in 2006-2012. The results found consistent evidence that Chinese banks tend to charge lower borrowing costs to firms with female finance managers compared to firms with male finance managers. This effect is more pronounced (1) for non-state-owned firms than for state-owned firms, (2) for firms without political connections than for the firms with political connections, and (3) during non-crisis periods. They found no significant effect for firms with a female chairman, CFO, or director.

Gottesman & Morey, (2010) used the independent variable such as the educational background of the finance managers, the school where the finance managers graduated. While the dependent variable is the financial performance of the bank. They examined a sample of 390 companies in the US. Their results revealed that no significant evidence that the type or selectivity of finance managers' education is related to the company's financial performance. These results indicate that the educational background of the finance manager is not related to financial performance. Specifically, they found that finance managers, who manage firms, with MBA degrees performed no differently than firms with finance managers who have non-liberal arts degrees, law degrees, or liberal arts degrees. The study also found that firms run by finance managers from more selective schools were no better off than firms run by finance managers from lessselective schools.

Based on the empirical and research gap above, this study aims to examine whether financing decisions are influenced by the quality of financial statements information and the characteristics of finance managers on Syariah banking belonging to local governments. In addition to that, it investigates the role of finance managers' characteristics in moderating the relationship between financial information quality and financing decisions.

Literature Review

Financing Decision

Financing is the provision of money or equivalent claims based on an agreement or agreement between the bank and another party that requires the party being financed to return the money or bill after a certain period with compensation or profit-sharing (Kasmir, 2008: 96). The decision to provide financing is taken by the finance manager to channel funds to the parties who are in need. Furthermore, the recipient of the funds will pay off the debt within a predetermined time with an amount that has been agreed upon by both parties.

Quality of Financial Report Information

The quality of financial statement information is financial statements that can represent qualitative characteristics according to PSAK No. 1 (2017). The following are characteristics of the quality of financial statement information, namely (1) reliable, financial statements are presented honestly, free from material errors and misleading information for users of financial statements as consideration for decision making. (2) relevant, financial statements can be used to evaluate, correct, and confirm the results of events that are or have occurred. (3) comparable, users of financial statements can identify, predict trends (tendencies) of the company's performance and financial position both between periods and between similar companies through financial statements. (4) understandable, the information contained in the financial statements is easy to understand and read by users of financial statements who, in this case, already have adequate knowledge.

Characteristics of a Finance Manager

The characteristics of the finance manager play an important role in making financing decisions. In general, the finance manager has important tasks including planning, managing, and analyzing all functional business activities such as operations, human resources, finance, and marketing following the company's strategic objectives. A finance manager must also be able to identify and improve the company's operational performance by motivating various divisions in the company. In addition, finance managers are also able to make various strategic decisions that have a good impact on the sustainability of the company. They are also able to develop policies, procedures, and standards in corporate organizations (Atmaja, 2008:70).

According to Ting et al., (2017), the main premise of the upper echelon theory is that the experiences of executives, values, and personality greatly affect their interpretation of the situation at hand and influence their choices as well. While their focus tends to produce a strong explanation of the result of the organization. In this case, Ting et al., (2017) added that there are several characteristics related to the personal characteristics of finance managers including education level, years of service, and gender.

Education level describes the latest level of education taken by a finance manager. Upper echelon theory explains that education can develop potential so that it can realize the personality, intelligence, and skills needed by a finance manager. The higher the education taken by a finance manager, the better the knowledge and skills one might have (Ting et al., 2017). Followed by the experiences, it refers to a position that has been occupied by a finance manager previously. When a finance manager possesses certain experiences, the finance manager tends to be wiser in considering matters related to decision making such as funding decisions. The next characteristic is gender, which is a set of characteristics related to sex consisting of men and women. In general, men are considered more risk-takers while women tend to be more risk-averse. For this reason, female finance managers are likely to choose decisions with a lower level of possible risk compared to male finance managers who prefer to choose decisions with a higher level of possible risk.

Hypothesis Development

The Effect of the Quality of Financial Report Information on Financing Decisions

Berger et al., (2017) stated that banks will use the borrower's audited financial statements when the borrower proposes new financing. In addition, the bank also has its expertise to evaluate new loan applications by evaluating the borrower's audited financial statements. When borrowers use accrual accounting in preparing their financial statements, the potential for rejection of financing applications decreases (Cassar et al., 2015). Banks increase the provision of financing when prospective borrowers have used financial statements that adopt IFRS (Chan et al., 2015). Likewise, Donelson et al., (2017) revealed that financiers will distinguish between financial statements in terms of quality, including conservatism, especially based on accrual and restatement patterns. Thus, these conditions increase the approval for financing. The quality of financial statement information is substantially more important for lenders who provide larger loans. Relevant to Kwok, (2002) stating that finance officers use more notes on financial statements to consider the provision of financing. Moreover, when borrowers use the accrual basis in preparing their financial statements, there is a high potential for their financing to be approved. The quality of financial statement information is used by financiers as a basis to evaluate financing applications. This evaluation is important in anticipating the risks posed in the decision to provide financing (Palupi & Kurniawati, 2018; Suryanto, Siskawati, & Sofyani, 2018).

One of the risks posed is the default. The probability of default by the borrower is high when the financing decision is made not based on the hierarchy (Calcagnini et al., 2018). This means that when you do not review the quality of the borrower's financial statement information as one of the standards in the decision to provide financing, the potential for default by the borrower tends to be high. A relevant case was also disclosed earlier, the lender asks for the borrower's financial report as a basis for evaluating risk (Minnis & Sutherland, 2017). The greater the risk detected by the financier is, the higher quality financial statements will be requested again. Similarly, (DeZoort et al., 2017) state that lenders who evaluate GAAP-based financial statements report a higher probability of loan approval and lower interest rates than lenders who consider statements made using other reporting frameworks, particularly when the applicant's level of financing risk is high.

***H_1*:** The quality of financial statement information has a positive effect on financing decisions.

The Effect of Finance Managers' Education on the Relationship between Quality of Financial Statements Information and Financing Decisions

The quality of financial statement information is used as a basis to evaluate financing applications. The evaluation is carried out to anticipate the possibility of default by the borrower when the financing decision has been approved. On the other hand, in the process of evaluating the financing application file from the borrower, the education factor of the finance manager is not separable. Finance manager education plays a role in strengthening the provision of financing decisions. One who strengthens the decision to provide financing is a finance manager who attains education in business. Pascal et al. (2017) stated that microfinance institutions that have finance managers with an educational background in business performed significantly better, financially and socially than MFIs managed by finance managers with other types of educational backgrounds. Finance managers who have qualifications in business are better at managing a widely-debated trade-off between making small loans and producing sound financial results.

A relevant statement is expressed by King et al., (2016) that MBA-educated finance managers outperform their other colleagues in the field of performance, including innovative creation and generating profitability. The same trend was expressed by Lin et al., (2011) that the education level of finance managers can increase company innovation, this innovative step can be noticed from the increase in company profits.

***H_2*:** Education can moderate the relationship between the quality of financial statement information and the decision to provide financing.

The Effect of Gender of the Finance Managers on the Relationship between Quality of Financial Statement Information and Financing Decisions

The quality of financial statement information is used as a basis for evaluating financing applications. The evaluation is carried out to anticipate the possibility of default by the borrower when the financing decision has been approved. On the other hand, in the process of evaluating the financing application file from the borrower, the gender factor of the finance manager cannot be separated. Ullah et al., (2020) revealed that the gender of finance managers plays an important role in efficient investment decisions by improving governance and disciplining management. This is relevant to what was mentioned by Ting et al., (2017), that in banking, gender is one of the strengths of performance improvement in banking

Evaluation is carried out on the financing application file and aims to prevent default by the borrowers. This is in line with Palvia et al. (2020) stating, female-led banks with high real estate exposure have a lower default risk and are less likely to fail after real estate price shocks. Meanwhile, Luo et al. (2018) stated that banks with female finance managers tend to charge low borrowing costs for borrowers who are not state-owned companies, companies without political connections. This approach intends to avoid default.

Relevantly, evaluating the quality of the financial statement information serves as risk aversion. Skała & Weill, (2018) stated that banks led by female finance managers are not too risky, women are more risk-averse bank finance managers than men. Their findings suggest that gender quotas on bank boards can contribute to reducing risk-taking behavior. Likewise, as stated by Palvia, Vähämaa, & Vähämaa, (2014) that banks with female finance managers have a more conservative level of capital after controlling the risk of bank assets and other attributes. Small banks with female finance managers are less likely to fail during financial crises. This shows that gender-based behavior affects company decisions. Francis et al., (2014) stated that female finance managers are more conservative in their financial reporting, the relationship between the gender of finance managers and conservatism varies with the level of various corporate risks such as litigation risk, default risk, systematic risk, and specific risks of finance managers such as work safety risk. In addition, Bacha & Azouzi, (2019) stated that the manager's gender affects the tendency to delegate financing decision making. Overconfident and optimistic female bank managers are more conservative than men and tend to centralize the financing decision-making process

***H₃*:** Gender can moderate the relationship between the quality of financial statement information and the decision to provide financing.

The Effect of Finance Managers' Working Period on the Relationship between Quality of Financial Statement Information and Financing Decisions

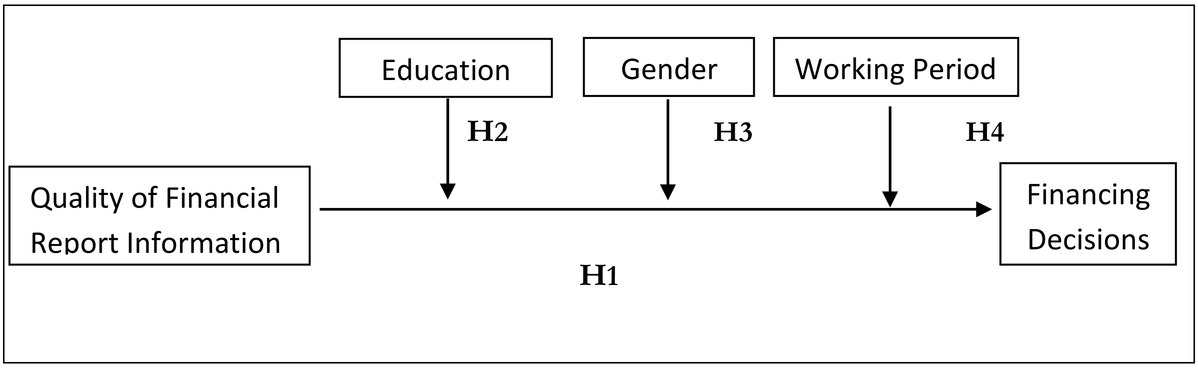
The quality of financial statement information will be used as a basis for evaluating financing applications. The evaluation is carried out to anticipate the possibility of default by the borrower when the financing decision has been approved. On the other hand, in the process of evaluating the financing application file from the borrower, the financing manager's tenure factor is inseparable. The finance manager whose tenure dominates will better understand the characteristics of the prospective borrower in an area. In this way, they will be able to predict and understand the borrowers. Furthermore, due to the predominance of tenure, the expertise of the finance manager also becomes the basis for making decisions to grant financing.

This is consistent with Cornaggia et al., (2017), stating that managerial ability is a significant financing rating factor; thus, high-skill management can reduce the adverse impact on the financing risk factor rating. This will be a driving force when the finance manager evaluates the quality of the borrower's financial statements as one of the requirements for applying for financing. A similar idea was also expressed by O'Sullivan et al., (2016) that the tenure of a finance manager can improve bank performance, one of which is the effective evaluation of financing approvals. The finance manager whose tenure is dominant will tend to be stronger and understand the characteristics of the borrower. Ting et al., (2017) mentioned that banks with stronger financing managers will provide large profits for the banks.

H₄ **:** Working period moderates the relationship between the financial-statement information quality and the decision to grant financing.

The tested hypotheses are described in the research framework as depicted in Figure 1.

Figure 1
Research Framework



METHOD

The samples in this study were finance managers at Bank Aceh Syariah, namely 24 finance managers at branch offices, and 86 finance managers at sub-branches spread throughout Aceh. The samples were 110 financing managers in 2021. Bank Aceh Syariah is a Sharia bank owned by the regional government in Aceh.

The data used in this study is primary data obtained through a questionnaire. The data collection technique used in this study was distributing questionnaires to predetermined respondents. using the google form. All variables with their indicator and scale are shown in Table 1.

Definition and Operationalization of Variables

The dependent variable in this study is financing decision (FD_i). This variable is measured by the Likert scale with five indicators, namely assets, financing range, potential borrowers, historical financial statements, audited financial statements, and collateral appraisal (Donelson et al., 2017).

Tabel 1. Variables and the Indicators

No.	Variable	Indikator	Scale
1.	Financing Decision-Making	- Asset, - Range financing, - Potential borrower, - History financial statements, - Financial statement audited, - Collateral appraisal. Source: (Donelson et al., 2017).	Likert
2.	Financial-Information Quality	- Reliable, - Relevant, - Compared, - Understandable. Source: (Berger et al., 2017).	Likert
3.	Education	- 1: Accounting finance manager, - 0: Non-accounting finance manager. Source: (Elsharkawy et al., 2018)	*Dummy*
4.	Gender	- 1: Male finance manager, - 0: Female finance manager. Source: (Luo et al., 2018)	*Dummy*
5.	Working Period	- 1: 5-10 years, - 0: > 10 years. Source: (Ting et al., 2017)	*Dummy*

The moderating variables are educational background (EB_i), gender (Gd_i), and working period (WP_i) of the finance managers. Education is the latest level of education attained by a finance manager. Finance manager education affects bank governance and performance (Elsharkawy, Paterson, & Sherif, 2018). Education was measured by a category scale of 1 for accounting education, and 0 for non-accounting. Gender is the gender of the finance manager which consists of male (measured by a category scale of 1) or female (measured by a category scale of 0). Gender is one of the variables that describe the characteristics of company management (Ramadan, 2021). The term of service is the number of years of service held (Ulfa, Suprapti, & Latifah, 2021). The tenure of a finance manager is a position that has been held for 5-10 years or even more than 10 years (Ting et al., 2017). Years of service are also measured on a category scale of 0 if 5-10 years, and 1 if more than 10 years.

The independent variable in this study is the quality of financial statement information (IQ_i). According to SAK (2017), the quality of financial report information is reliable, relevant, comparable, and understandable. Financial statements are generally part of financial reporting. The financial report is the responsibility for the results of the management's performance of the company that has been entrusted to the manager regarding the financial condition and operational results of the company which is reflected in the company's financial statements. This variable is measured by the Likert scale.

Hypothesis Testing Method

To test the hypothesis, this study used a multivariate analysis. To avoid a multicollinearity problem, the required equation is divided by two, as shown in equation 1 and equation 2.

The model to test the hypothesis is:

$$FD_i = \alpha_0 + \alpha_1 IQ_i + \alpha_2 EB_i + \alpha_3 Gd_i + \alpha_4 WP_i + \varepsilon_i \quad \text{(Eq 1.)}$$

$$FD_i = \lambda_0 + \lambda_1 IQ_i + \lambda_5 IQ_i{*}EB_i + \lambda_6 IQ_i{*}Gd_i + \lambda_7 IQ_i{*}WP_i + \varepsilon_i \quad \text{(Eq 2.)}$$

Where FD_i is financing decision of the respondent I; IQ_i is information quality of financial statements of the respondent I; EB_i is the educational background of the respondent I; Gd_i is gender of the respondent I; WP_i is working period of the respondent I; $IQ_i{*}EB_i$ is the interaction between information quality of financial statement and educational background; $IQ_i{*}Gd_i$ is the interaction between information quality of financial statement and gender; $IQ_i{*}WP_i$ is the interaction between information quality of financial statement and working period.

RESULTS AND DISCUSSION

Characteristics of Respondents

The characteristics of respondents–gender, working period, and education–are presented in Table 2.

Tabel 2. Characteristic of Respondents

No.	Characteristics	Amount	Percentage
1.	Gender		
	- Male	75	68,2%
	- Female	35	31,8%
	Total	110	100%
2.	Working Period		
	- 5-10 Years	40	36,3%
	- > 10 Years	70	63,7%
	Total	110	100%
3.	Educational Background		
	- Accounting	89	80,9%
	- Non-Accounting	21	19,1%
	Total	110	100%

The first characteristic used to describe the respondents is gender. The respondents involved in this study were 75 males (68.2%) and 35 females (31.8%). Thus, male respondents were more dominant than female respondents. Besides, the second characteristic is years of service. Respondents who have a working period of 5-10 years are 40 people (36.3%), while those who have a service period of more than 10 years are 70 people (63.7%). Therefore, respondents who had a working period of more than 10 years were dominant in this study. Last, the third characteristic of the respondents is the respondent's latest education. Respondents who have an educational background in accounting were 89 people (80.9%), while those who do not have an accounting background were 21 people (19.1%). As such, the respondents with accounting education dominated this study.

Respondents' Perception of Financing Decisions

Tabel 3. Respondents Perception of Financing Decisions

No	Respondents' Perception of	Mean	Pearson Correlation	Cronbach's Alpha
1	The decision to provide financing.	4.31	0.1874	0.7
2	The Information Quality of Financial Statements	4.34	0.1874	0.7

The mean score of respondents' perceptions regarding the decision to provide financing is 4.31, which is considered as the very good category. This means that the finance managers at Bank Aceh Syariah respond to the financial statements that have been used to consider the decision to provide financing to their prospective borrowers. The mean score of respondents' perceptions of the quality of financial statement information is 4.34, which is categorized in the very good category. This means that the finance managers at Bank Aceh Syariah respond the quality of financial reports that have also been used in the context of evaluation and for consideration of decisions to provide financing to their prospective borrowers.

The results of the validity test showed that all statements used in this study are valid with the correlation coefficient value above the critical value of product-moment correlation, which is 0.1874. The results of the reliability test in this study indicated that the Cronbach's Alpha value obtained by each statement is greater than 0.7. These results indicate that all items in the questionnaire have met the element of reliability.

The Relationship between Finance Managers' Characteristics and Financing Decision

We employ a cross-tab analysis to examine the correlation between finance managers' characteristics and financing decisions as represented in Table 4. The decisions to provide financing for customers above point 4.5 (FD) are dominated by male finance managers than the females, with an accounting background and tenure between 5-20 years.

FD	Gd			EB			WP		
	.00	1.00	Total	.00	1.00	Total	.00	1.00	Total
3.70	1	0	1	0	1	1	0	1	1
3.80	0	3	3	0	3	3	3	0	3
3.90	3	4	7	1	6	7	3	4	7
4.00	13	13	26	5	21	26	18	8	26
4.10	7	7	14	3	11	14	7	7	14
4.20	0	8	8	1	7	8	4	4	8
4.30	2	4	6	0	6	6	6	0	6
4.40	0	4	4	1	3	4	4	0	4
4.50	2	10	12	3	9	12	8	4	12
4.60	2	5	7	1	6	7	5	2	7
4.70	1	4	5	2	3	5	4	1	5
4.80	1	3	4	1	3	4	2	2	4
4.90	0	4	4	1	3	4	1	3	4
5.00	3	6	9	2	7	9	5	4	9
Total	35	75	110	21	89	110	70	40	110
Pearson Chi-Square			19.225**			4.859**			16.57**

Tabel 4. The Correlation of Financing Decision and Finance Managers' Characteristics

Note: FD is financing decision; Gd is gender, 1 denotes male and 0 for female. EB is an educational background, 1 for accounting, and 0 for non-accounting. WP is a working period. Years of service are also measured on a category scale of 0 if 5-10 years, and 1 if more than 10 years. The symbol of ** denotes a significance level of 5%.

Hypothesis Testing Results

The multiple regression results of the effect of the quality of financial statement information and finance managers' characteristics on the decision to provide financing are presented in Table 5.

Equations	Variables	Coefficients	t-stat.	Sig.	Collinearity Statistics	
					Tolerance	VIF
Eq. 1	(Constant)	1.664	5.278	.000		
	IQ	.636	8.586***	.000	.908	1.101
	Gd	.020	.346	.730	.899	1.112
	WP	-.004	-.521	.603	.939	1.064
	EB	-.101	-1.521	.131	.999	1.001
	Adj. R-Square	.422				
	F-Stat.	20.897***				
Eq. 2	(Constant)	1.552	4.799	.000		
	IQ	.661	7.818***	.000	.695	1.439
	IQ*Gd	.003	.254	.800	.823	1.215
	IQ*WP	-.001	-.452	.652	.832	1.202
	IQ*EB	-.024	-1.594	.114	.963	1.039
	Adj. R-Square	.422				
	F-Stat.	20.923***				

Tabel 5. The Multiple Regression Results

Note: The symbol of *** denotes a significance level of 1%.

The Effect of Information Quality of Financial Statement on Financing Decisions

As shown in Table 5, the statistical tests resulted that the financial statement information quality has a positive significant effect on financing decisions (coef. = 0.636, t-stat. = 8.586). This finding showed that the information quality of financial statements has been used by the finance managers of Bank Aceh Syariah in their decisions to provide financing. The results of this study are relevant to Berger et al., (2017) stating that banks will use the borrower's audited financial statements when the borrower will propose new financing. In addition, the bank also has its expertise to evaluate new loan applications by evaluating the borrower's audited financial statements. When borrowers use accrual accounting in the preparation of their financial statements, the potential for rejection of financing applications will decrease (Cassar et al., 2015). However, these results are not consistent with Donelson et al., (2017) in the context of conventional banks. Donelson et al., (2017) found that conventional banks in the US do not use customers' financial statements to decide whether they will provide financing to their customers. Instead, the banks use their customers' financial statements only for administration requirements. The banks make a financing valuation based on customers' collaterals.

Banks will increase the provision of financing when prospective borrowers have used financial statements that adopt IFRS (Chan et al., 2015). Likewise, Donelson et al., (2017) revealed that financiers will distinguish between financial statements in terms of quality, including conservatism, especially based on accrual and restatement patterns, so that these conditions increase approval for financing. The quality of financial statement information is substantially more important for lenders who provide larger loans. Relevant to Kwok, (2002) stating that finance officers use more notes on financial statements for the consideration of providing financing. Moreover, when borrowers use the accrual basis in preparing their financial statements, there is a high potential for their financing to be approved. The information quality of financial statements will be used by financiers as a basis for evaluating financing applications. This evaluation is important in anticipating the risks posed in the decision to provide financing.

The Effect of Finance Managers' Characteristics on Financing Decisions

The results showed that the effect of finance managers' characteristics on financing decisions is not significant. The coefficient and t-statistics of gender (Gd), working period (WP), and educational background (EB) neither as independent variables nor as moderating variables do not significantly affect financing decision as shown in Table 4. These results indicate that the characteristics of managers do not influence them in making financing decisions. In other words, financing decisions are only based on the quality of financial statement information and do not depend on the characteristics of the finance managers.

Managers' Educational Background and Financing Decisions

The process of evaluating the financing application file from the borrower cannot be separated from the influence of the manager's educational background. Manager's education plays a role in strengthening the provision of financing decisions. One that strengthens the decision to provide financing is a business-educated manager. Pascal et al.,

(2017) stated that microfinance institutions (MFIs) with managers who attains a business education performed significantly better, financially and socially than MFIs managed by managers with other types of educational backgrounds. Managers with a business education appear to be better at managing the much-debated trade-off between making small loans and producing healthy financial results. The relevant idea is expressed by King et al., (2016) that managers with MBA education outperform their other colleagues in the field of performance, including in innovative creation, especially in generating profitability. Likewise, Lin et al., (2011) stated that the level of education of managers can increase company innovation. This innovative step can be seen from the increase in company profits.

Managers' Gender and Financing Decisions

Manager's gender, whether male or female, does not moderate the relationship between financial information quality and financing decisions. The results of this study indicate that there is no manager's gender role in moderating the relationship between the quality of financial statement information and the decision to provide financing at the branch offices and sub-branches of Bank Aceh Syariah. Managers' gender at branch offices and sub-branches at Bank Aceh Syariah does not play an important role in encouraging the relationship between the quality of financial report information and decisions to provide financing even though the gender is dominated by men (68.2%). The results show that the decision to provide financing is not related to the gender carried by the manager.

However, the results of this study differ from those of Ullah et al., (2020), which revealed that the CEO's gender plays a significant role in efficient investment decisions by improving governance and disciplining management. Also, the results of this study are different from Ting et al., (2017) who found that, in banking, the gender of CEOs is one of the strengths in improving performance.

Managers' Working Period and Financing Decisions

Theoretically, tenure is one of the factors that influence managers in evaluating financing applications. Managers who have worked longer in the bank will better understand the characteristics of prospective borrowers and the area where they are working. This condition enables the managers to predict well the risk of failure by customers. Furthermore, because of the long tenure, the manager's expertise reflexively appears in financing decisions. This is in line with the argument of Cornaggia et al., (2017), that managerial ability is a significant financing rating factor, then high-skill management can reduce the adverse impact on the financing risk factor rating. This will be a driving force when the managers evaluate the quality of the borrower's financial statements as one of the requirements for applying for financing. Similarly, O'Sullivan et al., (2016) stated that the tenure of the manager can improve bank performance; one of which is the effectiveness of evaluating the approval of financing. Managers whose tenure is dominant tend to be stronger and understand the characteristics of borrowers. Ting et al., (2017) stated that a bank with a stronger manager will provide large profits for the bank.

Nevertheless, the results of this study are inconsistent with the theory and results of the previous studies. In the context of Bank Aceh Syariah, the working period does not moderate the relationship between the quality of customer financial statement information and financing decisions. Most of the finance managers at Bank Aceh Syariah are male (63.7%).

CONCLUSION

The results of this study conclude that the quality of clients' financial statement information has a positive effect on managers' financing decision-making. The quality of financial statement information becomes the basis for managers' consideration in making financing decisions in Islamic banks owned by local governments. It means that high quality of financial report information improves financing decisions. Moreover, managers' characteristics do not influence their financing decisions and do not strengthen or weaken them in making financing decisions based on financial statements. These results confirm that educational background, gender, and years of service do not affect managers of Islamic banks owned by local governments in making financing decisions. In other words, financing decisions are only made based on the quality of financial statement information and do not depend on the characteristics of the finance managers. These findings fail to support our arguments that financing decisions based on the financial statement information quality are influenced by the characteristics of finance managers. These results are also inconsistent with the findings of the previous studies.

The explanation of why finance managers do not have a significant effect on funding decision-making lies in a very low variation in the characteristics of managers. In terms of gender, most managers are male. In terms of the working period, the dominant characteristic is over 10 years. Finally, regarding the educational background of finance managers, accounting dominates finance managers, amounting to 80.9%. This condition shows that the variation of finance managers' characteristics is very low.

The limitation of this study is that it took a sample of one Syariah bank owned by a local government, not comparing it with the characteristics of finance managers of national Islamic banks or with Syariah banks from other regions. One bank, even though it has many branches, may have general rules and requirements regarding human resource development that must be followed by all branches. It means that all finance managers from all branches have the same rules and requirements to become finance managers. In effect, someone can become a manager if they meet the requirements, which results in a small manager variation. We argue that the characteristics of national Islamic banks are more varied. It is even more interesting to examine the characteristics of managers from Islamic banks in other countries. Thus, when the hypothesis about the characteristics of managers is not supported, for future research, we need to investigate managers' characteristics from different Islamic banks in some other countries. Therefore, we suggest that future studies broaden and compare the characteristics of finance managers in Islamic banks and state-owned conventional banks or compare it to banks from other countries.

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