

The effect of bank size and bank age on audit report lag with audit firm size as a moderating variable

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Abstract

Despite regulations aimed at improving the timeliness of financial reporting in the Indonesian banking sector, audit report delays persist at several banks. This indicates a gap between regulatory expectations and actual reporting practices, highlighting the need to examine the factors influencing audit report lag. This study examines the effect of bank size and bank age on audit report lag (AudRL) in the Indonesian banking sector for 2022–2024, with audit firm size as a moderating variable. The total sample in this study is 141. Using a quantitative approach and Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis, data were obtained from annual reports of banks listed on the Indonesia Stock Exchange. The results indicate that both bank size and bank age have significant negative effects on AudRL, suggesting that larger and more mature banks tend to complete audits faster due to stronger internal control systems, experienced personnel, and well-established reporting processes. However, the moderating effect of Audit Firm Size is insignificant, implying that the reputation or scale of external auditors does not substantially influence the relationship between bank characteristics and audit timeliness. These findings contribute to the literature on financial reporting timeliness and provide practical implications for regulators, auditors, and bank management to enhance the efficiency and reliability of audited financial statements in Indonesia.

Keywords: Audit Firm Size, Audit Report Lag, Bank Age, Bank Size.

Abstrak

Meskipun berbagai regulasi telah diterapkan untuk meningkatkan ketepatan waktu pelaporan keuangan perbankan di Indonesia, keterlambatan penyampaian laporan audit masih terjadi pada beberapa bank. Hal ini menunjukkan adanya kesenjangan antara tuntutan regulasi dan praktik pelaporan, sehingga penting untuk mengkaji faktor-faktor yang memengaruhi audit report lag. Studi ini mengkaji pengaruh ukuran dan usia bank terhadap audit report lag (AudRL) di sektor perbankan Indonesia periode 2022–2024, dengan ukuran KAP sebagai variabel moderasi. Total sampel pada penelitian ini sebanyak 141 sampel. Menggunakan pendekatan kuantitatif dan analisis Partial Least Squares Structural Equation Modeling (PLS-SEM), data diperoleh dari laporan tahunan bank-bank yang terdaftar di Bursa Efek Indonesia. Hasil penelitian menunjukkan bahwa baik ukuran maupun usia bank memiliki pengaruh negatif yang signifikan terhadap AudRL, yang menunjukkan bahwa bank yang lebih besar dan lebih matang cenderung menyelesaikan audit lebih cepat karena sistem pengendalian internal yang lebih kuat, personel yang berpengalaman, dan proses pelaporan yang mapan. Namun, pengaruh moderasi Ukuran KAP ditemukan tidak signifikan, yang menyiratkan bahwa reputasi atau skala auditor eksternal tidak secara substansial memengaruhi hubungan antara karakteristik bank dan ketepatan waktu audit. Temuan ini berkontribusi pada literatur tentang ketepatan waktu pelaporan keuangan dan memberikan implikasi praktis bagi regulator, auditor, dan manajemen bank untuk meningkatkan efisiensi dan keandalan laporan keuangan yang telah diaudit di Indonesia.

Kata kunci: Ukuran Firma Audit, Keterlambatan Laporan Audit, Umur Bank, Ukuran Bank

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1. Introduction

Audit report lag (hereinafter referred to as AudRL) is one of the key indicators in assessing the quality of a company's financial reporting, including in the banking sector. AudRL describes the length of time required by auditors to complete the examination of financial statements until the audit report is issued (Ashton et al., 1987; Knechel & Payne, 2001). The longer the AudRL, the later the financial information is received by stakeholders. This delay can reduce the relevance of information, create information asymmetry and impact investor confidence (Whitworth & Lambert, 2014).

According to signaling theory, company management attempts to send signals to external parties such as investors and regulators to demonstrate their financial condition and performance (Spence, 1973). Companies or banks that can deliver audit reports on time provide a positive signal to the market, showing that management has reliable reporting systems, strong internal controls, and faces no significant issues in the audit process. Conversely, audit delays may be perceived as negative signals, potentially indicating obstacles in financial reporting, financial distress, or weak internal oversight. Such delays in audit reports can hinder timely financial reporting and thus affect decision-making by investors and other stakeholders (Abernathy et al., 2017; Handoko et al., 2022).

In the context of the Indonesian banking sector, the issue of AudRL has become increasingly important, especially during the 2022–2024 period. This is due to the sector's major post-pandemic dynamics, global interest rate fluctuations, geopolitical uncertainties, and the implementation of stricter prudential banking standards under Basel III regulations. These circumstances demand transparency and timeliness in financial reporting to accurately reflect banks' real conditions to the public. In Indonesia, the Financial Services Authority (OJK) has issued several regulations related to banking financial reporting, such as POJK No. 15 of 2024 on the Integrity of Bank Financial Reporting, which aims to enhance the credibility, reliability, and timeliness of financial statements. This regulation also indirectly affects the speed and quality of audited financial reports. Another example is POJK No. 23 of 2024 concerning financial reporting through the OJK Reporting System and financial transparency for Rural Banks (BPR) and Sharia BPRs, emphasizing the acceleration, accuracy, and transparency of small bank reports. These regulations encourage banks to strengthen internal control systems and compliance culture so that external audits can be conducted more efficiently. Although the regulations do not specify a strict deadline for AudRL, adherence to timely reporting serves as a primary indicator of a bank's performance and integrity.

According to Carslaw & Kaplan (1991) AudRL is defined as the time interval between the fiscal year-end and the issuance date of the independent auditor's report. The longer this interval, the lower the timeliness of the company's financial reporting. The relationship between reporting timeliness and organizational compliance can be explained through Compliance Theory. Tyler (1990) states that compliance is not only driven by fear of sanctions (instrumental compliance) but also by moral awareness.

individuals and organizations comply because they perceive the rules as normatively right (normative compliance). Meanwhile, Sutinen & Kuperan (1999) argue that organizational compliance depends on a combination of external factors (legal and social pressure) and internal factors (ethical values and organizational culture). In this context, banks with a strong compliance culture tend to report their financial statements promptly, both to meet regulatory demands and to maintain institutional reputation.

Several internal factors are believed to influence AudRL, including bank size (BSize) and bank age (BAge). Large banks tend to have more complex internal control systems, potentially lengthening the audit process (Alali & Elder, 2014). However, larger banks also possess more substantial resources that may facilitate the timely preparation of financial statements, thereby accelerating the audit process (Alrabba et al., 2018; Ghosh et al., 2024). Meanwhile, bank age reflects experience, operational stability, and maturity in reporting systems (Tariq et al., 2021). Older banks are assumed to have more established reporting procedures, potentially reducing AudRL (Al-Homaidi et al., 2020).

In addition, external factors such as the size of the Public Accounting Firm (KAP) may moderate the relationship between bank characteristics and AudRL. Large audit firms, particularly those affiliated with international networks (Big Four), are believed to possess superior competencies, technology, and human resources to complete audits promptly (Machmuddah et al., 2020; Ocak & Özden, 2018). Hence, audit firm size may strengthen or weaken the influence of bank size and bank age on AudRL.

Prior research on AudRL and its determinants has produced mixed results. Studies in Egypt found that BSize significantly affects AudRL, but did not specify a negative relationship (El-Bannany, 2008). More recent studies found no significant association between company size and AudRL (Handoko et al., 2022). Other research observed a negative relationship between BAge and AudRL (Ocak & Özden, 2018), consistent with findings that higher managerial ability is associated with shorter audit delays, particularly in firms with weak internal controls (Li et al., 2025). Moreover, audit complexity, auditor type, and audit quality have also been found to significantly affect AudRL (El-Bannany, 2008). In Turkey, Big Four audit firms encourage clients to produce financial statements promptly and play an important role in reporting timeliness (Ocak & Özden, 2018).

Thus, this study aims to examine the effect of bank size and bank age on audit report lag, with audit firm size as a moderating variable, in the Indonesian banking sector during the 2022–2024 period. The study is expected to contribute to the accounting literature and provide practical insights for regulators, auditors, and bank management in improving the timeliness of financial reporting in Indonesia.

2. Literature Review

Bank Size and Audit Report Lag

Studies in Indonesia indicate that company size, including banks, can shorten the Audit Report Lag (AudRL) because large companies tend to have more advanced

information systems and technology that strengthen internal control and accelerate the presentation of financial statements (Arifuddin et al., 2017; Fujianti & Satria, 2020). Research in the banking industry also shows that bank size, as measured by market capitalization and profitability, is associated with a shorter AudRL. This is supported by findings that large-scale banks subject to stricter internal control requirements tend to have shorter audit delays (Alali & Elder, 2014).

A study conducted in Egypt found that bank size has a significant impact on AudRL, but did not specify a negative relationship. The inconsistency of results may be due to differences in bank types, whether Islamic or conventional. Research in Gulf Cooperation Council (GCC) countries shows that Islamic banks experience shorter audit delays than conventional banks, although the study did not explicitly mention a negative relationship with bank size (Yusuf et al., 2025).

Generally, larger companies tend to have shorter AudRLs because they possess better resources and more efficient processes (Escaloni & Mareque, 2021)(Habib, 2015). Companies with higher profitability also tend to report their financial statements more promptly, as they are motivated to present favorable performance results in a timely manner (Fujianti & Satria, 2020). Hence, several studies conclude that bank size (BSize) is negatively related to AudRL (Alali & Elder, 2014; Arifuddin et al., 2017; Fujianti & Satria, 2020).

H1: Bank Size has a significant negative effect on Audit Report Lag in the Indonesian banking sector during 2022–2024.

Bank Age and Audit Report Lag

Research examining the influence of auditor characteristics on AudRL finds that company age is inversely related to audit report delay, indicating that older firms tend to experience shorter audit delays. However, these findings differ from some prior studies and may reflect contextual variability or the influence of other factors (Ocak & Özden, 2018). Higher managerial ability is also associated with shorter audit delays, particularly in firms with weaker internal control systems (Li et al., 2025). Firm age has been shown to have a negative effect on audit delay, suggesting that companies that have been established longer tend to possess greater experience and stronger internal management control systems. This allows them to provide data more efficiently for audit purposes, enabling the external auditor (KAP) to complete the audit within the required timeframe (Irman et al., 2020).

H2: Bank Age has a significant negative effect on Audit Report Lag in the Indonesian banking sector during 2022–2024.

Audit Firm Size and Audit Report Lag

Several studies show that factors such as audit complexity, auditor type, and audit quality have a significant impact on ARL (El-Bannany, 2008). Big Four audit firms in Turkey tend to encourage timely financial reporting, and audit opinion types can directly influence the length of audit report lag (Ocak & Özden, 2018). Non-standard audit opinions are often associated with longer AudRLs because they require more extensive audit procedures (Lee & Jahng, 2008)(Chan et al., 2016).

Banking firms audited by highly reputable audit firms (KAP) tend to complete their audits more quickly, thereby strengthening the relationship between BSize (bank size) and AudRL. Some reputable audit firms in Indonesia have been shown to produce shorter AudRLs, and auditor reputation may act as a moderating variable in the relationship between firm size and audit delay (Dwitrayani et al., 2025). Large-scale companies may experience longer audit processes due to their operational complexity, but the involvement of Big Four audit firms can shorten the audit completion period compared to non Big Four auditors. Regression results in previous research indicate that audit firm reputation can moderate the effect of firm size on audit delay (Widiastuti & Rofiqoh, 2024).

H3: KAP size moderates the effect of Bank Size on Audit Report Lag in the Indonesian banking sector during 2022–2024.

For banks with a longer operational age, the involvement of reputable or large audit firms (KAP) increases the likelihood of efficiently utilizing historical systems and documentation, thereby shortening the AudRL. The effect of firm age on AudRL becomes stronger when the audit firm has a good reputation or is large in scale. The size of the audit firm can serve as a moderating variable since reputable audit firms tend to accelerate financial reporting, which may strengthen the relationship between firm age and AudRL (Dwitrayani et al., 2025).

Furthermore, older and larger firms are often associated with more experienced employees. International experience has a significant positive effect on audit report delays, while corporate innovation serves as a potential channel through which foreign experience impacts audit timeliness (Shahab et al., 2023).

H4: KAP size moderates the effect of Bank Age on Audit Report Lag in the Indonesian banking sector during 2022–2024.

2. Research Method

This study is quantitative research that aims to examine the effect of bank size and bank age on audit report lag, with Audit Firm Size as a moderating variable. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the help of SmartPLS software.

The population of this study consists of banks listed on the Indonesia Stock Exchange (IDX) during the research period, 2022–2024. The sampling technique used is purposive sampling, with the following criteria: (1) The bank is listed on the IDX during the observation period, (2) The bank publishes a complete audited annual financial report and/or annual report, (3) The bank has available data on the financial statement date and the auditor's report date, which are required to calculate the audit report lag. Based on these criteria, the banks selected as the research sample are presented in Table 1.

This study uses secondary data, obtained from the annual financial statements and external audit reports of banks, which are accessed through the official website of the Indonesia Stock Exchange (www.idx.co.id), the official websites of each bank, as well

as publications from the Financial Services Authority (OJK) and independent auditor reports.

Table 1. List of sample banks

Number	Bank Name
1	AGRO (PT Bank Raya Indonesia Tbk)
2	AGRS (PT Bank IBK Indonesia Tbk)
3	AMAR (PT Bank Amar Indonesia Tbk)
4	ARTO (PT Bank Jago Tbk)
5	BABP (PT Bank MNC Internasional Tbk)
6	BACA (PT Bank Capital Indonesia Tbk)
7	BANK (PT Bank Aladin Syariah Tbk)
8	BBCA (PT Bank Central Asia Tbk)
9	BBHI (PT Allo Bank Indonesia Tbk)
10	BBKP (PT Bank KB Bukopin Tbk)
11	BBMD (PT Bank Mestika Dharma Tbk)
12	BBNI (PT Bank Negara Indonesia (Persero) Tbk)
13	BBRI (PT Bank Rakyat Indonesia (Persero) Tbk)
14	BBSI (PT Krom Bank Indonesia Tbk)
15	BBTN (PT Bank Tabungan Negara (Persero) Tbk)
16	BBYB (PT Bank Neo Commerce Tbk)
17	BCIC (PT Bank Jtrust Indonesia Tbk)
18	BDMN (PT Bank Danamon Indonesia Tbk)
19	BEKS (PT Bank Pembangunan Daerah Banten Tbk)
20	BGTG (PT Bank Ganesha Tbk)
21	BINA (PT Bank Ina Perdana Tbk)
22	BJBR (PT Bank Pembangunan Daerah Jawa Barat Tbk)
23	BJTM (PT Bank Pembangunan Daerah Jawa Timur Tbk)
24	BKSW (PT Bank QNB Indonesia Tbk)
25	BMAS (PT Bank Maspion Indonesia Tbk)
26	BMRI (PT Bank Mandiri (Persero) Tbk)
27	BNBA (PT Bank Bumi Arta Tbk)
28	BNGA (PT Bank CIMB Niaga Tbk)
29	BNII (PT Bank Maybank Indonesia Tbk)
30	BNLI (PT Bank Permata Tbk)
31	BRIS (PT Bank Syariah Indonesia Tbk)
32	BSIM (PT Bank Sinarmas Tbk)
33	BSWD (PT Bank of India Indonesia Tbk)
34	BTPN (PT Bank BTPN Tbk)
35	BTPS (PT Bank BTPN Syariah Tbk)
36	BVIC (PT Bank Victoria International Tbk)
37	DNAR (PT Bank Oke Indonesia Tbk)
38	INPC (PT Bank Artha Graha Internasional Tbk)
39	MASB (PT Bank Multiarta Sentosa Tbk)
40	MAYA (PT Bank Mayapada Internasional Tbk)
41	MCOR (PT Bank China Construction Bank Indonesia Tbk)
42	MEGA (PT Bank Mega Tbk)
43	NISP (PT Bank OCBC NISP Tbk)
44	NOBU (PT Bank Nationalnobu Tbk)
45	PNBN (PT Bank Pan Indonesia Tbk)
46	PNBS (PT Bank Panin Dubai Syariah Tbk)
47	SDRA (PT Bank Woori Saudara Indonesia 1906 Tbk)

The variables in this study are operationally defined and measured to ensure consistency in the analysis. These variables include Audit Report Lag (AudRL), Bank

Size (BSize), Bank Age (BAge), and Audit Firm Size. Audit Report Lag (AudRL) is defined as the number of days between the date of the financial statements (December 31) and the date of the auditor's report. The measurement is calculated using the following formula:

$$AudRL = \text{Auditor's Report Date} - \text{Financial Statement Date}$$

Bank size (BSize) indicates the magnitude of the bank as measured by its total assets. The variable is measured using the natural logarithm of total assets:

$$BSize = \ln(\text{Total Assets})$$

Bank age (BAge) represents the length of time the bank has been operating since its establishment year up to the research year. It is measured using the following formula:

$$BAge = \text{Research Year} - \text{Bank Establishment Year}$$

Audit Firm Size refers to the reputation of the public accounting firm (KAP) auditing the bank. It is measured using a dummy variable as follows:

$$\text{Dummy: } 1 = \text{Big Four Audit Firm}, 0 = \text{Non - Big Four}$$

Model testing in this study was conducted using the Partial Least Squares (PLS) method with SmartPLS 4, consisting of two main stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model). The outer model evaluation aimed to assess the validity and reliability of the indicators through convergent validity (loading factor > 0.7), discriminant validity (Average Variance Extracted/AVE > 0.5), composite reliability (CR > 0.7), and Cronbach's alpha (> 0.6). Meanwhile, the inner model evaluation examined the relationships among latent variables using the coefficient of determination (R^2) to measure model strength, predictive relevance (Q^2) to evaluate predictive capability, and path coefficients along with t-statistics obtained through bootstrapping to test the significance of relationships. Additionally, moderation analysis was performed using the interaction term approach, involving the interaction between the Audit Firm Size variable and the independent variables within the PLS framework.

The conceptual model can be expressed as follows:

$$AudRL = a + \beta_1 BSize + \beta_2 BAge + \beta_3 (AFSize * BSize) + \beta_4 (AFSize * BAge) + \varepsilon$$

Where AudRL = *Audit Report Lag*, BSize = *Bank Size*, BAge = *Bank Age*, and AFSize = *Audit Firm Size*. Meanwhile, a = constant, β = regression coefficient, and ε = error term.

4. Results and Discussion

4.1. Results

The first stage of PLS-SEM evaluates the structural model by conducting a goodness-of-fit analysis. The results of the PLS-SEM model's goodness-of-fit test presented in Table 2 indicate that all criteria for the Average Path Coefficient (APC), Average R-square (ARS), and Average Adjusted R-square (AARS) have been satisfied (Hair et

al., 2017). Furthermore, the criteria for the absence of multicollinearity were also met, as shown by the acceptable values of the Average Block Variance Inflation Factor (AVIF) and the Average Full Collinearity VIF (AFVIF). Likewise, the Tenenhaus Goodness of Fit (GoF) and Statistical Suppression Ratio (SSR) values are within the acceptable parameters, allowing for the continuation of hypothesis testing.

Table 2. Model Fit Indices

Fit Indicator	Value	P-Value	Criteria
Average Path Coefficient (APC)	0.198	$P = 0.004$	$P < 0.05$
Average R-Square (ARS)	0.341	$P < 0.001$	$P < 0.05$
Average Adjusted R-Square (AARS)	0.321	$P < 0.001$	$P < 0.05$
Average Block VIF (AVIF)	1.370		≤ 5
Average Full Collinearity VIF (AFVIF)	1.676		≤ 5
Tenenhaus GoF (GoF)	0.584		≥ 0.36

Source: Research Data, 2025

Based on Table 2, the results of the model analysis using WarpPLS show that the Average Path Coefficient (APC) is 0.198 with $p = 0.004$, indicating that the average relationships among constructs in the model are statistically significant at the 95% confidence level. This finding suggests that the structural relationships among latent variables in the research model are sufficiently strong. Hence, the structural model is considered valid to represent the hypothesized relationships among variables.

Furthermore, the Average R-Squared (ARS) value of 0.341 ($p < 0.001$) and the Average Adjusted R-Squared (AARS) value of 0.321 ($p < 0.001$) indicate that, on average, 34.1% of the variance in endogenous variables can be explained by their predictors, with a 32.1% adjustment after accounting for model complexity. The very low significance levels further confirm that the model has good explanatory power, implying that it is statistically stable and reliable in explaining the studied phenomenon.

Meanwhile, the AVIF (1.370) and AFVIF (1.676) values are well below the tolerance threshold of 3.3, suggesting no multicollinearity among constructs; thus, each variable relationship can be interpreted independently. The Goodness of Fit (GoF) value of 0.584 falls under the “large fit” category, confirming that the model demonstrates a high level of compatibility between the measurement and structural models. Overall, these results indicate that the research model possesses strong validity, is suitable for hypothesis testing, and can explain inter-variable relationships comprehensively and significantly.

Table 3. Path Coefficient and P-Value Results

Hypothesis	Path Coefficient	P-Value	Result
BSize $\rightarrow$ AudRL	-0.44	<0.01	Accepted
BAge $\rightarrow$ AudRL	-0.22	<0.01	Accepted
BAge *AFS $\rightarrow$ AudRL	-0.05	0.27	Rejected
BSize *AFS $\rightarrow$ AudRL	0.08	0.16	Rejected

Based on the results of the structural model analysis (Table 3), the BSize variable (company size) also shows a negative and significant effect on AudRL, with a path coefficient of -0.44 and $p < 0.01$. This result suggests that larger companies require less time for auditors to complete their audits. Therefore, the hypothesis stating that

company size has a negative effect on audit report lag is accepted. This supports the notion that larger companies tend to have stronger internal control systems and sufficient resources to support the audit process.

Similarly, the BAge variable (company age) has a negative and significant effect on Audit Report Lag (AudRL) with a path coefficient of -0.22 and $p < 0.01$. This indicates that the longer a company has been established, the shorter its audit completion time tends to be. Thus, the hypothesis stating that company age negatively affects audit report lag is accepted. This finding implies that more experienced companies tend to have more structured and efficient financial reporting systems, allowing audits to be completed faster.

However, the results of the interaction variables show that BAge*AFS (interaction between company age and Audit Firm Size) and BSize*AFS (interaction between company size and Audit Firm Size) do not have significant effects on AudRL, with p -values of 0.27 and 0.16 respectively. Both coefficients are also relatively small (-0.05 and 0.08). Thus, both interaction hypotheses are rejected, indicating that auditor expertise does not strengthen nor weaken the influence of company age or company size on audit report lag in the tested model.

4.2. Discussion

The Effect of Bank Size on Audit Report Lag

The results indicate that Bank Size has a significant negative effect on Audit Report Lag (AudRL) in the Indonesian banking sector during 2022–2024. Larger company size is often associated with greater organizational maturity. This can be seen through the use of more advanced technology and information systems, which strengthen internal controls and accelerate the preparation of financial statements (Arifuddin et al., 2017; Fujianti & Satria, 2020). Strong internal control increases efficiency and effectiveness in company performance (Escaloni & Mareque, 2021; Habib, 2015).

In addition, company size is often related to profitability levels. Larger firms tend to generate higher profits, which motivates them to report financial statements promptly, thereby reducing AudRL. Large, profitable firms also tend to send positive signals to the market by demonstrating good financial performance and transparent governance through timely audit reporting. Timely reporting suggests that the firm does not face serious accounting or audit problems, creating positive perceptions among investors and stakeholders. Moreover, large companies face stronger regulatory pressure to comply with timely reporting requirements, which serve as a key indicator of sound governance. Therefore, large firms strive to maintain their reputation by ensuring shorter AudRL periods to preserve public trust and market value.

The Effect of Bank Age on Audit Report Lag

The results indicate that Bank Age has a significant negative effect on Audit Report Lag (AudRL) in the Indonesian banking sector during 2022–2024. This finding is consistent with previous studies showing that bank age reflects experience, operational stability, and maturity in reporting systems (Tariq et al., 2021). Older banks

tend to have more established financial reporting procedures, thereby minimizing AudRL (Al-Homaidi et al., 2020). Other studies have also found that higher managerial capability is linked to shorter audit delays, particularly in companies with weak internal controls (Li et al., 2025).

From the perspective of Signaling Theory, a bank's long-standing operation acts as a positive signal to stakeholders that it possesses a more mature, stable, and reliable financial reporting system. Long-established banks tend to have greater experience and a stronger reputation for maintaining the credibility of their financial statements, thus avoiding audit delays as a sign of transparency and reliability.

From the perspective of Compliance Theory, longer-established banks typically demonstrate a higher level of compliance with financial reporting regulations, as such institutions often have a strong compliance culture and closer relationships with regulators. This compliance is driven not only by legal obligations but also by institutional awareness to maintain legitimacy and public trust. Therefore, the finding that older banks have shorter AudRL reinforces the view that organizational experience plays a key role in shaping compliant reporting behavior, which in turn provides positive signals about governance quality and institutional credibility.

The Moderating Role of Audit Firm Size

The results indicate that Audit Firm Size does not moderate the effect of Bank Size on Audit Report Lag (AudRL) and Bank Age on Audit Report Lag (AudRL). According to Signaling Theory (Spence, 1973), the selection of a highly reputable auditor, such as a Big Four audit firm, serves as a positive signal sent by management to the market and stakeholders, demonstrating commitment to audit quality, transparency, and sound governance. Reputable auditors are considered to have greater resources, experience, and higher audit standards, which should lead to more efficient and timely audit completion.

However, the absence of a significant relationship between audit firm size and audit delay in several studies (Handoko & Marshella, 2020) (Handoko et al., 2022) suggests that this signal may not always be effective, especially when other factors such as operational complexity, firm size, or profitability, play a more dominant role in determining audit duration.

From the Compliance Theory perspective, audit timeliness is influenced not only by auditor reputation but also by the company's level of compliance with reporting regulations and its preparedness in providing accurate and complete audit documentation (Sutinen & Kuperan, 1999; Tyler, 1990). This is supported by research in Indonesia showing that Big Four auditors tend to complete audits faster than non-Big Four auditors; however, this does not necessarily indicate a direct relationship between audit firm size and audit delay (Rusmin & Evans, 2017).

Hence, this study indicates that organizational compliance and audit complexity have a greater impact on audit report lag than audit firm size alone. The reputation of the auditor thus functions more as a symbol of legitimacy and compliance rather than a direct guarantee of audit time efficiency.

5. Conclusion

According to the analysis conducted on the Indonesian banking sector for the period of 2022 to 2024, the findings indicate that both bank size (BSize) and bank age (BAge) significantly and negatively influence audit report lag (AudRL). This suggests that as the bank's size increases and its age extends, the duration needed to finalize its financial statement audit decreases. Generally, banks that are larger and have more years of experience tend to have more organized reporting systems, skilled personnel, and stronger relationships with external auditors, which facilitate quicker audit completion. Meanwhile, the analysis of the moderating influence of Audit Firm Size (KAP) size demonstrates that this variable does not effectively moderate the relationship between bank size or bank age and audit report lag. This result suggests that the prestige or size of external auditors, whether they belong to the Big Four or other KAPs, does not have a significant effect on the speed of the audit process in the banking industry. Consequently, the timeliness of audit completion is primarily influenced by internal factors within banks, such as governance, the preparedness of financial statements, and institutional experience, rather than the size of the external auditor performing the audit.

This study acknowledges its limitations in comprehensively addressing all determinants of audit report lag, as the current analysis remains concentrated on internal corporate variables. The complex dynamics of the external environment have not been fully accommodated, despite their significant potential to serve as moderating variables that could either enhance or impede the efficiency of the audit duration. Consequently, future research should broaden the analytical scope by integrating external dimensions, such as the adoption of audit technologies (AI), recent regulatory pressures, and macroeconomic conditions to provide a more holistic understanding of effective strategies for mitigating audit reporting delays.

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