THE GOLDEN RATIO OF DATA IN SUMMARY
VOLUME 6, ISSUE 3 (2026)
Website: https://goldenratio.id/index.php/grdis

ISSN [Online]: 2776-6411

DATA IN SUMMARY | ACCOUNTING, MANAGEMENT, BUSINESS, ECONOMICS

The Role of PSAK 73 and PSAK 71 in Enhancing Financial Reporting Transparency, Risk Management, and Reporting Quality: An Integrative Literature Review

Hicca Maria Gandi Putri Aruan[1], Debora Maureen[2], Engle Imelia Siagian[3], Cindi Clawidia Silitonga[4], Jonathan Pandjaitan[5]

[1,2,3,4,5]Accounting Study Program, Universitas HKBP Nommensen, Medan, Indonesia
Email: hicca.aruan@uhn.ac.id[1], debora.maureen@student.uhn.ac.id[2], engle.siagian@student.uhn.ac.id[3], cindi.silitonga@student.uhn.ac.id[4], jonathan.panjaitan@student.uhn.ac.id[5]

ARTICLE HISTORY

Received: June 12, 2026
Revised: July 13, 2026
Accepted: July 20, 2026

DOI
https://doi.org/10.52970/grdis.v6i3.2380

ABSTRACT
This study examines how the implementation of PSAK 73 on leases and PSAK 71 on financial instruments affects financial reporting transparency, risk management, and reporting quality. The study applies a descriptive qualitative design through an integrative literature review of accounting standards, peer-reviewed journal articles, and relevant academic literature. The findings show that PSAK 73 improves reporting transparency by requiring the recognition of right-of-use assets and lease liabilities, thereby reducing the potential for off-balance-sheet financing and providing a more complete representation of lease obligations. PSAK 71 improves the relevance and timeliness of credit risk information through the expected credit loss model, which requires entities to incorporate historical data, current conditions, and forward-looking economic information. However, both standards create substantial reporting complexity. PSAK 73 requires entities to determine lease terms, discount rates, contract modifications, and the present value of lease payments. PSAK 71 requires the estimation of probability of default, loss given default, exposure at default, and macroeconomic scenarios. Effective implementation therefore depends on reliable accounting information systems, high-quality data, strong internal controls, cross-functional coordination, and sound professional judgment. Practically, companies need to strengthen contract databases, credit risk models, employee competence, and governance procedures. This review contributes an integrated conceptual framework showing that the benefits of PSAK 73 and PSAK 71 for reporting quality depend not only on the standards themselves, but also on organizational readiness and implementation capability.

Keywords: PSAK 73, PSAK 71, Financial Reporting Transparency, Lease Accounting, Expected Credit Loss.

I. Introduction

The increasingly complex development of the business environment in the era of globalization has encouraged significant changes in accounting practices and financial reporting. Corporate economic activities are no longer limited to simple transactions but increasingly involve long-term contracts, lease-based financing, financial instruments, and credit risks that require more accurate measurement. Under these conditions, financial statements no longer function merely as tools for recording historical transactions. They also serve as primary sources of information for investors, creditors, management, regulators, and other stakeholders in assessing an entity's financial position, performance, risks, and economic prospects. The quality of financial statements is important because the information presented must be relevant, reliable, comparable, and capable of faithfully representing a company's economic condition. Barth et al. (2008) explain that the application of international accounting standards is associated with improved accounting information quality because stronger standards can promote transparency, comparability, and relevance in

ISSN [Online]: 2776-6411

financial reporting. Similarly, Dechow et al. (2010) emphasize that accounting information quality plays an important role in helping users assess a company's performance, risk, and sustainability. Broader studies of IFRS adoption and financial reporting regulation also indicate that reporting quality depends on the interaction between accounting standards, institutional conditions, disclosure practices, and implementation incentives (Ball, 2016; De George et al., 2016; Leuz & Wysocki, 2016). Therefore, the development of accounting standards is essential to meet users' demand for transparent information that reflects the economic substance of transactions.

One important issue in modern financial reporting concerns the accounting treatment of lease transactions. Before the implementation of PSAK 73, lease accounting in Indonesia referred to PSAK 30, which classified leases as either finance leases or operating leases. This classification had significant consequences for financial statements. Finance leases were recognized as assets and liabilities, whereas operating leases were generally recorded only as lease expenses. This condition created opportunities for off-balance-sheet financing, in which economic obligations arising from lease contracts were not fully presented in the statement of financial position. Off-balance-sheet financing may reduce financial reporting transparency because economically binding lease commitments are not clearly recognized as liabilities. This treatment may influence users' assessments of a company's leverage, capital structure, ability to meet its obligations, and financial risk. Morales-Díaz and Zamora-Ramírez (2018) show that the implementation of IFRS 16 affects key financial ratios, particularly those related to assets, liabilities, leverage, and profitability. Other industry-based studies also indicate that lease capitalization can significantly alter the statement of financial position and financial ratios, especially in lease-intensive industries such as aviation (Öztürk & Serçemeli, 2016; Veverková, 2019). Therefore, lease accounting treatment influences not only transaction recording but also performance analysis and economic decision-making.

In response to this weakness, PSAK 73 was issued by the Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia (DSAK IAI, 2017b) and aligned with IFRS 16 issued by the IFRS Foundation (2016). PSAK 73 introduces a single accounting model for lessees by requiring the recognition of right-of-use assets and lease liabilities for most lease contracts. Through this approach, lease transactions that were previously classified as operating leases and excluded from the statement of financial position must generally be recognized as assets and liabilities. This change allows financial statements to reflect the economic substance of lease transactions more accurately by explicitly presenting an entity's right to use an asset and its obligation to make lease payments. The market relevance of recognizing operating lease liabilities further indicates that such obligations provide useful information for financial statement users (Giner & Pardo, 2018). The implementation of PSAK 73 also changes expense recognition patterns and corporate financial ratios. Lease expenses that were previously recognized on a straight-line basis are replaced by depreciation expenses on right-of-use assets and interest expenses on lease liabilities. This change may alter the company's expense structure, particularly at the beginning of the lease term when interest expenses tend to be higher. In addition, the recognition of right-of-use assets and lease liabilities may increase total assets, total liabilities, and leverage ratios. It may also affect performance indicators such as profit, EBITDA, and profitability ratios (Giner & Pardo, 2018; Morales-Díaz & Zamora-Ramírez, 2018). Therefore, management, accountants, auditors, investors, and creditors need an adequate understanding of PSAK 73 to interpret its effects properly.

In addition to lease accounting, an important change has occurred in the accounting treatment of financial instruments through the implementation of PSAK 71. PSAK 71 was issued by DSAK IAI (2017a) and adopts the principles of IFRS 9 issued by the IFRS Foundation (2014). PSAK 71 replaced PSAK 55, which applied the incurred loss approach to recognizing the impairment of financial assets. Under the incurred loss approach, credit losses were recognized only when objective evidence indicated that a loss event had occurred. This approach was considered less responsive to future risk because loss recognition could be delayed, particularly when economic conditions changed rapidly. PSAK 71 introduces the expected credit loss or ECL approach, which applies a forward-looking model to credit loss recognition. Under this approach, companies must estimate potential credit losses from the initial recognition of financial instruments by considering historical information, current conditions, and reasonable and supportable future projections.

ISSN [Online]: 2776-6411

Novotny-Farkas (2016) explains that the expected credit loss model under IFRS 9 promotes earlier recognition of credit losses than the incurred loss approach. Gomaa et al. (2019) also show that replacing the incurred credit loss model with the expected credit loss model can improve the timeliness of credit loss recognition. Research on bank disclosure and loss recognition further emphasizes the importance of transparent and timely credit loss information for financial stability and stakeholder assessment (Bischof et al., 2021). Therefore, PSAK 71 requires companies to identify, measure, and manage credit risk more proactively.

The implementation of PSAK 71 has substantial implications for companies holding financial assets, such as trade receivables, loans, investments in debt instruments, and other assets containing credit risk. Under the ECL approach, companies do not merely assess whether a loss has occurred. They must also estimate the possibility of future default. This process requires adequate historical data, appropriate risk management systems, reliable estimation methods, and strong professional judgment. On the one hand, this approach improves the relevance of financial information by presenting credit risk earlier. On the other hand, reliance on estimates and future projections increases reporting complexity and the potential for subjectivity in financial statement preparation. The quality of credit loss recognition is therefore closely related to institutional implementation, accounting judgment, disclosure quality, and the reliability of the underlying risk information (Gebhardt & Novotny-Farkas, 2011; Novotny-Farkas, 2016).

The simultaneous implementation of PSAK 73 and PSAK 71 reflects the development of modern accounting toward greater transparency, relevance, faithful representation, and forward-looking information. PSAK 73 focuses on ensuring that lease obligations are not hidden outside the statement of financial position. PSAK 71 focuses on the earlier recognition of credit risk through the expected credit loss approach. Both standards strengthen the function of financial statements as a basis for economic decision-making by presenting more comprehensive information about assets, liabilities, expenses, risks, and company performance. In the Indonesian context, accounting standards and human capital have also been identified as important factors supporting financial reporting quality (Hutahaean et al., 2025). Nevertheless, implementing PSAK 73 and PSAK 71 presents significant challenges. PSAK 73 requires companies to determine lease terms, estimate lease payments, select appropriate discount rates, account for contract modifications, and measure right-of-use assets and lease liabilities. PSAK 71 requires the classification of financial instruments, credit risk modeling, measurement of expected credit losses, and the use of forward-looking economic information. These complexities require adequate accounting information systems, competent human resources, high-quality data, effective internal controls, and coordination among accounting, finance, risk management, and internal audit functions. Recent studies also emphasize the relevance of accounting information system utilization for organizational performance and the importance of integrating credit, market, and operational risk information into corporate risk management practices (Nababan et al., 2025; Sapiri, 2025).

Despite the potential benefits of PSAK 73 and PSAK 71, a specific research problem remains. The literature cited in this study generally examines the two standards through separate analytical perspectives. Studies of PSAK 73 and IFRS 16 primarily focus on lease capitalization, right-of-use assets, lease liabilities, and financial ratio effects (Giner & Pardo, 2018; Morales-Díaz & Zamora-Ramírez, 2018; Öztürk & Serçemeli, 2016). In contrast, studies of PSAK 71 and IFRS 9 mainly examine expected credit losses, credit risk, loss recognition, and financial stability (Bischof et al., 2021; Gomaa et al., 2019; Novotny-Farkas, 2016). As a result, there is still limited integrated understanding of how PSAK 73 and PSAK 71 jointly affect financial reporting transparency, risk management, and reporting quality. The mechanisms through which right-of-use asset recognition, lease liability recognition, and the expected credit loss model influence reporting quality also remain fragmented across the literature. Furthermore, limited attention has been given to how implementation complexity, accounting information system readiness, data quality, internal controls, and professional judgment determine the effectiveness of both standards. This research problem is important because the adoption of accounting standards does not automatically guarantee high-quality financial reporting. Previous IFRS research indicates that reporting outcomes depend not only on formal standards but also on enforcement mechanisms, managerial incentives, institutional conditions, and implementation quality (Ball, 2016; De

ISSN [Online]: 2776-6411

George et al., 2016; Leuz & Wysocki, 2016). The benefits of PSAK 73 and PSAK 71 may be reduced when companies lack reliable data, adequate technological infrastructure, competent personnel, consistent estimation methods, and effective governance procedures. In such conditions, complex measurements may increase subjectivity, reduce comparability, and create inconsistencies in financial reporting. Therefore, an integrated analysis is required to explain not only the technical effects of both standards but also the organizational conditions that support their effective implementation.

Based on this research gap, this study addresses how PSAK 73 and PSAK 71 individually and jointly influence financial reporting quality. Specifically, the study examines how PSAK 73 improves the transparency of right-of-use assets and lease liabilities, how PSAK 71 enhances the relevance and timeliness of credit risk recognition through the expected credit loss model, and how implementation complexity and organizational readiness affect the reporting outcomes of both standards. The study also evaluates the implications of these standards for financial ratios, corporate risk assessment, managerial decision-making, and the usefulness of financial information. Accordingly, this study aims to analyze the individual and combined implications of PSAK 73 and PSAK 71 for financial reporting transparency, risk management, and reporting quality. First, it explains how PSAK 73 changes the recognition and measurement of right-of-use assets and lease liabilities. Second, it evaluates how PSAK 71 improves the recognition of expected credit losses and the management of financial instrument risks. Third, it identifies implementation challenges related to estimation, data requirements, accounting information systems, internal controls, and professional judgment. Fourth, it develops an integrated synthesis of the conditions under which both standards improve the relevance, faithful representation, transparency, and usefulness of financial statements.

This study contributes to the literature by integrating the implications of PSAK 73 and PSAK 71 within a single analytical framework. Rather than examining lease accounting and financial instruments as separate technical issues, the study connects lease transparency, credit risk recognition, estimation complexity, organizational readiness, and financial reporting quality. This integrated perspective represents the distinctive contribution of the study and provides a more comprehensive explanation of how modern accounting standards influence corporate reporting and risk management. Practically, the findings are expected to help companies strengthen contract databases, accounting information systems, credit risk models, internal controls, governance procedures, and employee competence. The findings may also assist investors, creditors, auditors, and financial analysts in interpreting changes in assets, liabilities, profitability, leverage, and credit loss allowances resulting from the implementation of both standards. For regulators and accounting standard setters, the study provides insights into the organizational and technical factors that may influence the consistency and effectiveness of PSAK 73 and PSAK 71 implementation.

Overall, PSAK 73 and PSAK 71 represent an important shift from accounting practices that primarily record past transactions toward financial reporting that reflects economic substance and anticipates future risk. However, the effectiveness of these standards depends not only on their technical requirements but also on the quality of their implementation. A comprehensive understanding of accounting systems, data quality, internal controls, professional judgment, and organizational readiness is therefore necessary to ensure that PSAK 73 and PSAK 71 produce transparent, relevant, reliable, and decision-useful financial information.

II. Literature Review and Hypothesis Development

2.1. Agency Theory and Financial Reporting

Agency theory explains the relationship between company owners as principals and management as agents. In this relationship, management is responsible for managing company resources and communicating financial information to owners and other stakeholders. However, because management has greater access to information than owners, information asymmetry may arise and potentially create conflicts of interest. Jensen and Meckling (1976) explain that agency relationships may generate agency costs when differences exist between the interests of owners and management. Therefore, financial statements serve as an

ISSN [Online]: 2776-6411

accountability mechanism through which management's actions can be monitored and evaluated objectively.

In the context of modern financial reporting, agency theory explains the importance of accounting standards that improve transparency and reduce managerial discretion. Standards that require clearer recognition of assets, liabilities, expenses, and risks may reduce management's opportunity to present information that does not fully reflect the economic substance of transactions. Previous studies indicate that IFRS-based standards may improve comparability, transparency, value relevance, and timely loss recognition, although their effectiveness also depends on institutional conditions, reporting incentives, and implementation quality (Ball, 2016; Barth et al., 2008; De George et al., 2016). Thus, the implementation of PSAK 73 and PSAK 71 can be viewed as an instrument that strengthens managerial accountability through more transparent and relevant financial information.

2.2. Financial Reporting Quality

Financial reporting quality refers to the ability of accounting information to provide relevant, reliable, comparable, and materially accurate information. High-quality financial statements do not merely present historical data. They also help users assess a company's performance, risk, financial position, and prospects. Dechow et al. (2010) explain that accounting information quality relates to the ability of information to reflect company performance and support users in making economic decisions. Therefore, financial reporting quality represents an important indicator for evaluating the effectiveness of a company's reporting system. Financial reporting quality is also closely related to value relevance, transparency, comparability, and timely information recognition. Barth et al. (2008) show that companies applying international accounting standards tend to demonstrate higher accounting quality, including lower earnings management, more timely loss recognition, and greater value relevance. However, accounting standards alone may not guarantee better reporting outcomes because disclosure quality, institutional enforcement, organizational competence, and reporting incentives also influence the quality of financial information (Ball, 2016; Leuz & Wysocki, 2016). Recent evidence from the Indonesian context also indicates that accounting standards and human capital play important roles in supporting public financial reporting quality (Hutahaean et al., 2025). In this context, PSAK 73 and PSAK 71 are expected to improve financial reporting quality because both standards encourage the recognition of assets, liabilities, expenses, and risks in a manner that better reflects a company's economic substance.

2.3. PSAK 73: Lease Accounting and Recognition of Lease Liabilities

PSAK 73 is a lease accounting standard issued by the Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia (DSAK IAI, 2017b) and aligned with IFRS 16 issued by the IFRS Foundation (2016). This standard introduces significant changes to lease accounting, particularly for lessees. Before the implementation of PSAK 73, lease accounting in Indonesia referred to PSAK 30, which classified leases into finance leases and operating leases. This classification had major consequences for financial reporting because finance leases were recognized as assets and liabilities, whereas operating leases were generally recorded only as lease expenses. Such treatment created opportunities for off-balance-sheet financing, in which economic obligations arising from lease contracts were not fully presented in the statement of financial position. The implementation of PSAK 73 changes this treatment by requiring lessees to recognize right-of-use assets and lease liabilities for most lease contracts. This requirement improves transparency because the company's right to use an asset and its obligation to make lease payments are explicitly presented in the statement of financial position. Morales-Díaz and Zamora-Ramírez (2018) show that IFRS 16 significantly affects key financial ratios, particularly assets, liabilities, leverage, and profitability. Similar effects have also been identified in lease-intensive industries, where IFRS 16 substantially changes the presentation of financial position and financial performance indicators (Öztürk & Serçemeli, 2016; Veverková, 2019). These findings

ISSN [Online]: 2776-6411

indicate that the recognition of right-of-use assets and lease liabilities is not merely a technical accounting change. It may also affect how users assess a company's financial condition and risk.

The recognition of lease liabilities also has value relevance for financial statement users. Giner and Pardo (2018) find that the capitalization of operating lease liabilities is relevant to market participants because previously less visible lease obligations may influence company valuation. Therefore, PSAK 73 can improve accounting information quality by presenting a more complete description of a company's economic obligations. However, PSAK 73 also requires extensive estimation and professional judgment. Companies must determine lease terms, assess extension and termination options, select appropriate discount rates, calculate the present value of lease payments, and measure right-of-use assets and lease liabilities. The financial effects of PSAK 73 may vary across industries because companies differ in lease intensity, contract characteristics, and financing structures (Morales-Díaz & Zamora-Ramírez, 2018; Öztürk & Serçemeli, 2016; Veverková, 2019).

2.4. PSAK 71: Financial Instruments and Expected Credit Loss

PSAK 71 is a financial instruments accounting standard issued by DSAK IAI (2017a) and aligned with IFRS 9 issued by the IFRS Foundation (2014). This standard regulates the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. One of the main changes introduced by PSAK 71 is the replacement of the incurred loss approach with the expected credit loss approach. Under the incurred loss approach, credit losses were recognized only when objective evidence indicated that a loss event had occurred. This approach was considered less responsive because credit loss recognition was often delayed, particularly when economic conditions changed rapidly and credit risk increased before an actual default occurred. The expected credit loss approach under PSAK 71 requires companies to recognize potential credit losses from the initial recognition of financial instruments. The measurement considers historical information, current conditions, and reasonable and supportable future economic projections. Novotny-Farkas (2016) explains that the expected credit loss model under IFRS 9 encourages earlier and potentially larger recognition of credit losses than the incurred loss approach. This change strengthens the forward-looking orientation of financial reporting because companies estimate credit risk before actual losses occur.

The implementation of expected credit loss may also improve the timeliness and relevance of credit loss information. Gomaa et al. (2019) show that replacing the incurred credit loss model with the expected credit loss model can improve the timeliness of credit loss recognition. Gebhardt and Novotny-Farkas (2011) also demonstrate that credit loss recognition and measurement have important implications for accounting quality, particularly in financial institutions with significant credit exposure. Bischof et al. (2021) further emphasize the importance of bank disclosure and loss recognition in supporting financial stability. Therefore, PSAK 71 has the potential to improve financial reporting quality because credit risk can be reported earlier and more transparently. However, its effectiveness depends on the reliability of credit risk data, estimation models, governance procedures, and managerial judgment.

2.5. Complexity of Accounting Standard Implementation

The implementation of PSAK 73 and PSAK 71 not only improves financial reporting transparency but also increases complexity in measurement and reporting processes. Under PSAK 73, companies must determine lease terms, estimate lease payments, select discount rates, and calculate the present value of lease liabilities. Under PSAK 71, companies must estimate probability of default, loss given default, exposure at default, and macroeconomic scenarios used in calculating expected credit losses. This complexity increases the need for reliable accounting information systems, high-quality data, effective internal controls, and management's ability to make reasonable estimates. Implementation complexity may become a challenge because greater reliance on estimates increases the importance of professional judgment. Estimates that lack adequate data support may reduce financial statement reliability and create opportunities for subjectivity. Novotny-Farkas (2016) explains that the expected credit loss model has implications for financial stability because it involves earlier and potentially larger loss estimates. Bischof et al. (2021) also indicate that the quality of disclosure and loss recognition affects how financial risks are communicated to stakeholders. Meanwhile, Morales-Díaz and Zamora-Ramírez (2018) show that IFRS 16 significantly affects financial ratios, which means companies must ensure that lease measurement is accurate and consistent. Therefore, implementation complexity must be properly managed so that PSAK 73 and PSAK 71 genuinely improve financial reporting quality rather than increase measurement inconsistency and reporting subjectivity.

2.6. Accounting Information System Readiness and Professional Judgment

The successful implementation of PSAK 73 and PSAK 71 depends heavily on accounting information system readiness and the quality of professional judgment. A reliable accounting information system is needed to identify lease contracts, calculate the present value of lease payments, monitor contract modifications, and accurately present right-of-use assets and lease liabilities. In applying PSAK 71, information systems are required to collect historical credit data, process debtor information, develop risk models, and update expected credit loss estimates according to changes in economic conditions. The use of accounting information systems can support data processing, organizational performance, and the availability of information required for managerial decision-making (Nababan et al., 2025).

Professional judgment is also important because the implementation of PSAK 73 and PSAK 71 cannot rely on a purely mechanical process. Companies must determine reasonable assumptions, select appropriate estimation methods, and evaluate whether the information used reflects relevant economic conditions. Dechow et al. (2010) emphasize that accounting information quality depends on the decision context and the ability of information to support users' economic decisions. The implementation environment must also integrate accounting information with credit, market, and operational risk management because these risks may jointly affect corporate financial conditions and reporting decisions (Sapiri, 2025). In addition, Hutahaean et al. (2025) indicate that accounting standards and human capital contribute to financial reporting quality. Therefore, companies with reliable accounting information systems, competent personnel, effective internal controls, and sound professional judgment are better positioned to implement PSAK 73 and PSAK 71 consistently and produce high-quality financial statements.

2.7. Hypothesis Development

a. The Effect of PSAK 73 on Financial Reporting Quality

The implementation of PSAK 73 requires companies to recognize right-of-use assets and lease liabilities in the statement of financial position. This recognition makes lease obligations that could previously remain outside the statement of financial position more transparent. With increased transparency of lease assets and liabilities, users of financial statements can assess capital structure, leverage, and corporate risk more accurately. Morales-Díaz and Zamora-Ramírez (2018) show that IFRS 16 affects key financial ratios, while Giner and Pardo (2018) show that operating lease liabilities have value relevance for users of financial statements. Based on this argument, the first hypothesis is formulated as follows.

H1: The implementation of PSAK 73 has a positive effect on financial reporting quality.

b. The Effect of PSAK 73 on the Transparency of Right-of-Use Asset and Lease Liability Recognition

The implementation of PSAK 73 improves the transparency of asset and lease liability recognition because this standard reduces opportunities for off-balance sheet financing. With a single accounting model for lessees, companies no longer have significant room to avoid recognizing lease obligations through operating lease classification. This strengthens faithful representation because financial statements can more

ISSN [Online]: 2776-6411

completely reflect the economic substance of lease transactions. Giner and Pardo (2018) explain that operating lease obligations are relevant to market users, indicating that the recognition of lease liabilities can improve the usefulness of accounting information. Based on this explanation, the second hypothesis is formulated as follows.

H2: The implementation of PSAK 73 has a positive effect on the transparency of right-of-use asset and lease liability recognition.

c. The Effect of PSAK 71 on Credit Loss Recognition

PSAK 71 introduces the expected credit loss approach, which requires companies to recognize credit losses based on future risk estimates. This approach differs from incurred loss, which recognizes losses only after objective evidence of loss exists. With expected credit loss, companies can present credit risk earlier and more relevantly. Novotny-Farkas (2016) states that the expected credit loss model encourages earlier recognition of credit losses, while Gomaa et al. (2019) show that expected credit loss improves the timeliness of credit loss recognition. Based on this argument, the third hypothesis is formulated as follows.

H3: The implementation of PSAK 71 has a positive effect on relevant and timely credit loss recognition.

d. The Effect of PSAK 71 on Financial Reporting Quality

The implementation of PSAK 71 affects not only credit loss allowances, but also overall financial reporting quality. When companies are able to measure credit risk by considering historical information, current conditions, and future projections, financial statements become more informative for investors, creditors, and management. Earlier information about credit risk can improve the relevance and usefulness of financial statements in decision-making. Gebhardt and Novotny-Farkas (2011) show that credit loss recognition and measurement are related to accounting quality, especially in the context of financial institutions. Therefore, the fourth hypothesis is formulated as follows.

H4: The implementation of PSAK 71 has a positive effect on financial reporting quality.

e. The Role of Implementation Complexity in the Relationship between PSAK 73 and PSAK 71 and Financial Reporting Quality

The implementation of PSAK 73 and PSAK 71 requires more complex estimates and professional judgment. Under PSAK 73, companies must determine lease terms, discount rates, and lease liability values. Under PSAK 71, companies must determine probability of default, loss given default, exposure at default, and future economic scenarios. This complexity may increase the reporting burden and create opportunities for subjectivity if not supported by adequate information systems and data quality. Dechow et al. (2010) emphasize that the quality of accounting information is strongly influenced by the ability of that information to support users' decisions. Based on this argument, the fifth hypothesis is formulated as follows.

H5: Implementation complexity mediates the effect of PSAK 73 and PSAK 71 implementation on financial reporting quality.

f. The Role of Accounting Information System Readiness and Professional Judgment

Accounting information system readiness and the quality of professional judgment are important factors in the implementation of PSAK 73 and PSAK 71. Complex standards will not produce optimal financial reporting quality if companies do not have adequate data, clear internal procedures, and competent human resources. Conversely, companies with sound accounting information systems and strong professional judgment are better able to implement the standards consistently. Barth et al. (2008) show that accounting quality does not depend solely on standards, but also on the reporting system, interpretation, and implementation environment. Therefore, the sixth hypothesis is formulated as follows.

H6: Accounting information system readiness and professional judgment strengthen the effect of PSAK 73 and PSAK 71 implementation on financial reporting quality.

III. Research Method

This study uses a descriptive qualitative approach with an integrative literature review method. This approach was selected because the study is not intended to test hypotheses statistically, but rather to understand, examine, and synthesize various literature discussing the implementation of PSAK 73 on leases and PSAK 71 on financial instruments. A literature review is considered an appropriate research method when researchers aim to build conceptual understanding, identify theoretical developments, compare previous research findings, and determine relevant research gaps (Snyder, 2019). Thus, this study does not merely summarize the literature, but also develops an academic synthesis of how PSAK 73 and PSAK 71 affect transparency, asset and liability recognition, credit risk measurement, and financial reporting quality. The integrative literature review method is used because this research topic involves various types of sources, such as accounting standards, empirical journal articles, conceptual articles, and methodological literature. Whittemore and Knafl (2005) explain that an integrative review allows researchers to combine findings from different research approaches to produce a more comprehensive understanding of a phenomenon. In this study, the integrative approach is used to connect the concepts of lease accounting, financial instruments, expected credit loss, financial statement transparency, and accounting information quality within a systematic discussion framework.

3.1. Type of Research

This study is a library research study strengthened by an integrative literature review approach. Library research is used because all data are obtained from relevant written sources, such as accounting standards, academic books, reputable journal articles, and scientific publications discussing PSAK 73, IFRS 16, PSAK 71, IFRS 9, expected credit loss, and financial reporting quality. Although this study does not use field observations or interviews, library research can still produce scientific contributions when conducted systematically, critically, and based on credible sources (Tranfield et al., 2003). This study is descriptive-qualitative because the analysis is carried out through conceptual interpretation, thematic classification, and narrative synthesis. The main objective of the study is not to calculate the magnitude of statistical relationships among variables, but to explain in depth how the implementation of PSAK 73 and PSAK 71 changes accounting treatment, improves financial reporting transparency, and creates implementation challenges. Therefore, this study emphasizes the depth of conceptual analysis rather than statistical generalization.

3.2. Data Sources and Unit of Analysis

The data used in this study are secondary data. Secondary data are selected because the research object consists of accounting standards and published scientific literature. The main data sources in this study include Statements of Financial Accounting Standards, International Financial Reporting Standards, reputable journal articles, financial accounting books, and scientific publications relevant to lease accounting and financial instruments. Accounting standards are used as normative references to understand the provisions of PSAK 73 and PSAK 71, while journal articles are used to strengthen academic analysis of the impact and implications of implementing these two standards. The unit of analysis in this study consists of concepts, findings, and academic arguments related to the implementation of PSAK 73 and PSAK 71. These units of analysis include changes in lease accounting treatment from PSAK 30 to PSAK 73, recognition of right-of-use

ISSN [Online]: 2776-6411

assets and lease liabilities, changes in impairment approach from incurred loss to expected credit loss, effects on financial reporting quality, and implementation challenges related to estimation, information systems, data quality, and professional judgment. Through these units of analysis, this study seeks to develop a structured understanding of the relationship between modern accounting standards and financial reporting quality.

3.3. Literature Search Strategy

The literature search was conducted in a focused manner using keywords relevant to the research topic. The keywords used included “PSAK 73,” “IFRS 16 leases,” “lease accounting,” “right-of-use asset,” “lease liability,” “PSAK 71,” “IFRS 9 financial instruments,” “expected credit loss,” “financial reporting quality,” “accounting quality,” and “financial statement transparency.” The literature search focused on sources directly related to lease accounting, financial instruments, financial reporting quality, and qualitative literature review methods. A focused search strategy is necessary to ensure that the literature review process is not conducted randomly, but follows systematic and academically accountable stages (Snyder, 2019; Tranfield et al., 2003). The databases used include academic sources and reputable publishers such as ScienceDirect, Wiley Online Library, Taylor & Francis, Emerald, Springer, Google Scholar, IFRS Foundation, and the Indonesian Institute of Accountants. The selected literature was prioritized based on journal articles with DOIs, articles published in reputable journals, and sources directly related to the research topic. In addition, accounting standards such as PSAK 73, PSAK 71, IFRS 16, and IFRS 9 were used as primary references because they serve as the normative basis for the discussion of lease accounting and financial instruments.

3.4. Inclusion and Exclusion Criteria

This study applies inclusion and exclusion criteria to maintain the quality of the literature analyzed. The inclusion criteria include literature discussing PSAK 73, IFRS 16, PSAK 71, IFRS 9, lease accounting, financial instruments, expected credit loss, financial reporting quality, reporting transparency, and literature review or qualitative analysis methods. The literature used is also prioritized from reputable journals, sources with DOIs, official institutional publications, or works written by authors with academic contributions in accounting and financial reporting. The exclusion criteria include sources that are not directly related to the research topic, popular articles that have not undergone an academic process, opinions without scientific basis, sources whose authenticity cannot be traced, and literature that does not provide conceptual contribution to the discussion. The use of inclusion and exclusion criteria aims to improve the rigor of the literature review process and reduce the risk of bias in source selection. Whittemore and Knafl (2005) emphasize that data evaluation is an important part of integrative review so that the resulting synthesis has academic accuracy, depth, and reliability.

3.5. Data Collection Technique

Data were collected through documentation and literature study. Documentation was carried out by collecting relevant written sources, such as accounting standards, journal articles, books, and scientific publications. Each source was then examined based on topic relevance, source quality, recency of discussion, and alignment with the research objectives. Literature that met the criteria was then recorded, classified, and organized into a literature review matrix so that relationships among concepts could be analyzed systematically. The literature review matrix was used to record important information from each source, such as author name, year of publication, article title, research objective, method, main findings, contribution, and relevance to PSAK 73 and PSAK 71. The use of this matrix helped the researcher compare literature, identify similarities and differences in findings, and develop a more focused synthesis. This process is consistent with

ISSN [Online]: 2776-6411

Snyder's (2019) view that a good literature review must be conducted in an organized manner in order to generate a clear conceptual contribution.

3.6. Data Analysis Technique

Data were analyzed using thematic analysis and narrative synthesis. Thematic analysis was used to identify patterns, themes, and conceptual relationships emerging from the literature. Braun and Clarke (2006) explain that thematic analysis is a flexible method for identifying, analyzing, and reporting patterns or themes in qualitative data. In this study, thematic analysis was conducted by reading the literature in depth, coding key issues, grouping codes into themes, reviewing the themes formed, and developing interpretations based on relationships among themes. The main themes analyzed in this study include lease accounting and recognition of lease liabilities, expected credit loss and credit risk, financial reporting quality, reporting transparency, implementation complexity, and the need for information systems and professional judgment. After the themes were identified, the researcher developed a narrative synthesis to explain the relationship between the implementation of PSAK 73 and PSAK 71 and financial reporting quality. Narrative synthesis was used because this study does not aim to conduct a quantitative meta-analysis, but rather to build a comprehensive conceptual understanding from various literature sources.

3.7. Data Validity and Trustworthiness

Data validity in this study was maintained through the selection of credible sources, the use of reputable literature, documentation of the literature review process, and comparison across sources. The researcher ensured that the literature used was directly related to the research focus and came from accountable sources. In addition, the analysis process was conducted transparently through thematic classification, data interpretation, and synthesis based on relevant literature evidence. The trustworthiness of the study was also strengthened through the principles of dependability and confirmability. Dependability was achieved by explaining the research stages systematically, from literature search, source selection, data collection, to thematic analysis. Confirmability was achieved by ensuring that the research interpretation was based on the literature analyzed, rather than the researcher's personal assumptions. Nowell et al. (2017) explain that credible thematic analysis must be conducted systematically, consistently, and in a documented manner so that readers can understand the analytical process used. Therefore, this study seeks to maintain methodological quality so that the results of the synthesis can be academically justified.

3.8. Research Limitations

This study has several limitations. First, it does not use primary data such as interviews, questionnaires, or direct observations of companies implementing PSAK 73 and PSAK 71. Therefore, the results cannot be used to empirically describe implementation practices in specific companies. Second, this study depends on available and accessible literature, meaning that some relevant sources may not be included in the analysis. Third, because this study is qualitative and literature-based, the findings are not intended for statistical generalization. Nevertheless, this study still has academic contribution because it presents a conceptual synthesis of the implementation of PSAK 73 and PSAK 71 in financial reporting. This study can serve as a basis for future research using quantitative approaches, case studies, or mixed methods to empirically test the effect of PSAK 73 and PSAK 71 implementation on financial reporting quality. Thus, the limitations of this study do not diminish its conceptual value, but instead open opportunities for further research development.

IV. Results and Discussion

4.1. Results of Literature Synthesis

The literature review shows that the implementation of PSAK 73 and PSAK 71 brings significant changes to financial reporting practices, particularly in the recognition of assets, liabilities, expenses, and credit risk. PSAK 73, which adopts IFRS 16, changes lease accounting for lessees from a lease classification approach to the recognition of right-of-use assets and lease liabilities. This change makes lease transactions that were previously potentially not fully reflected in the statement of financial position more transparent. Meanwhile, PSAK 71, which adopts IFRS 9, changes the impairment approach for financial assets from incurred loss to expected credit loss, requiring companies to recognize potential credit losses earlier based on future risk estimates. The literature synthesis also shows that both standards strengthen the direction of modern financial reporting, which is not only oriented toward past transactions but also toward economic substance and future risks. PSAK 73 emphasizes that the right to use assets and the obligation to make lease payments must be explicitly presented in financial statements. PSAK 71 emphasizes that credit risk needs to be measured earlier through an approach that considers historical data, current conditions, and forward-looking information. Thus, both standards contribute to improving the transparency, relevance, and usefulness of financial statement information for users.

4.2. Results of PSAK 73 Implementation in Lease Accounting

The analysis shows that the implementation of PSAK 73 has a direct impact on the statement of financial position. Under the previous standard, operating leases were generally recorded only as lease expenses and did not result in the recognition of assets or liabilities. After PSAK 73 is applied, most lease contracts must be recognized as right-of-use assets and lease liabilities. This increases a company's total assets and total liabilities, making the statement of financial position better reflect the company's economic obligations. The implementation of PSAK 73 also changes the pattern of expense recognition. Lease expenses that were previously recorded on a straight-line basis are replaced by depreciation expenses on right-of-use assets and interest expenses on lease liabilities. At the beginning of the lease term, interest expense is relatively higher because the lease liability balance is still large. As a result, expenses in the early period tend to be higher than in later periods. This change may affect net income, EBITDA, debt-to-equity ratio, and leverage ratios. Therefore, the implementation of PSAK 73 affects not only transaction recording but also financial ratio analysis and corporate performance assessment.

4.3. Results of PSAK 71 Implementation on Expected Credit Loss

The analysis shows that the implementation of PSAK 71 makes credit loss recognition more proactive. Under the incurred loss approach, credit losses are recognized only when there is objective evidence that a loss event has occurred. This approach is often considered insufficient to reflect economic risk in a timely manner because default risk may increase before actual losses occur. Under the expected credit loss approach, companies are required to estimate potential credit losses from the initial recognition of financial assets. The implementation of expected credit loss under PSAK 71 is carried out through three stages. Stage 1 is used for financial assets that have not experienced a significant increase in credit risk, with losses measured using 12-month ECL. Stage 2 is used when credit risk increases significantly, so measurement uses lifetime ECL. Stage 3 is used when financial assets are credit-impaired or default has occurred. This model requires companies to monitor credit risk continuously and update loss estimates according to changes in economic conditions.

4.4. Results of the Combined Impact of PSAK 73 and PSAK 71

The synthesis shows that PSAK 73 and PSAK 71 together affect financial reporting quality. PSAK 73 improves the transparency of lease obligations, while PSAK 71 improves the relevance of credit risk information. Both encourage financial statements to reflect a company's economic condition more comprehensively. In the statement of financial position, PSAK 73 increases assets and liabilities. In the income statement, PSAK 73 changes the composition of expenses, while PSAK 71 may increase expected credit loss allowances and reduce profit in the initial period. The combined impact of these two standards is also reflected in the increased need for accounting information systems, data quality, and professional judgment. PSAK 73 requires complete lease contract data, including lease terms, lease payments, extension options, termination options, and discount rates. PSAK 71 requires historical credit data, probability of default, loss rate, credit exposure, and economic projections. Thus, the successful implementation of both standards depends heavily on system readiness and human resource competence.

4.5. Illustration of PSAK 73 Implementation

To illustrate the implementation of PSAK 73, a five-year building lease contract with annual payments of IDR 120,000,000 and a discount rate of 8% is used. If payments are made at the end of each year, the present value of lease payments is IDR 479,124,960. At initial recognition, the company records right-of-use assets of IDR 479,124,960 and lease liabilities of IDR 479,124,960, assuming there are no initial payments, initial direct costs, or lease incentives. At the end of the first year, the company recognizes interest expense of 8% of the initial lease liability balance, amounting to IDR 38,329,997. After a lease payment of IDR 120,000,000, the lease liability balance becomes IDR 397,454,957. Meanwhile, the right-of-use asset is depreciated over five years on a straight-line basis, resulting in annual depreciation expense of IDR 95,824,992. This illustration shows that lease expenses are no longer presented as a single lease expense account, but are replaced by depreciation and interest expenses.

4.6. Illustration of PSAK 71 Implementation

To illustrate the implementation of PSAK 71, a financial asset in the form of a loan of IDR 1,000,000,000 is used. At initial recognition, the loan is classified as Stage 1 because there has been no significant increase in credit risk. If the estimated 12-month ECL is 2%, the loss allowance recognized is IDR 20,000,000. This recognition shows that the company records potential losses from the outset, even though default has not occurred. In the following period, if credit risk increases significantly, the loan moves to Stage 2 and measurement uses lifetime ECL. If the estimated lifetime ECL becomes 10%, the loss allowance increases to IDR 100,000,000. The difference of IDR 80,000,000 is recognized as an additional impairment loss expense. If the debtor defaults in the next period, the loan enters Stage 3 and the company must evaluate recoverable value, collateral, and possible write-off. This illustration shows that PSAK 71 encourages companies to monitor credit risk more actively and continuously.

4.7. Discussion

a. PSAK 73 Implementation in Improving Financial Statement Transparency

The findings show that the implementation of PSAK 73 improves financial statement transparency through the recognition of right-of-use assets and lease liabilities. Prior to PSAK 73, some operating lease obligations could remain outside the statement of financial position, preventing users of financial statements from obtaining a complete picture of a company's economic obligations. With the implementation of PSAK 73, these obligations become more visible and can be analyzed by investors, creditors, and other stakeholders. This finding is consistent with Morales-Díaz and Zamora-Ramírez (2018), who show that IFRS 16 leads to the capitalization of most operating leases and affects key financial ratios, particularly leverage and profitability. This finding is also supported by Giner and Pardo (2018), who find that the capitalization of operating lease liabilities has value relevance for market users. This means that lease obligations are important information in the company valuation process. Therefore, the recognition of lease liabilities under PSAK 73 can improve the usefulness of financial statements because information that was previously less visible is presented more explicitly. This connection with prior research strengthens the argument that PSAK 73 is not merely a technical accounting change, but is also related to improving the quality of accounting information. However, the findings also show that PSAK 73 may affect corporate financial ratios. The recognition of lease liabilities may increase total liabilities and leverage ratios. At the same time, the recognition of right-of-use assets increases total assets. These changes may influence users' perceptions of the company's financial condition. Morales-Díaz and Zamora-Ramírez (2018) explain that the impact of IFRS 16 on financial ratios may differ across industries, especially in sectors with high lease intensity. Therefore, companies need to provide adequate disclosures so that users of financial statements understand that ratio changes arise from changes in accounting standards, not solely from changes in operating performance.

b. PSAK 71 Implementation in Credit Loss Recognition

The findings show that PSAK 71 encourages earlier credit loss recognition through the expected credit loss approach. This approach differs from incurred loss because it does not wait for objective evidence of loss. Companies must estimate potential credit losses based on historical information, current conditions, and future projections. This finding is consistent with Novotny-Farkas (2016), who states that the expected credit loss model under IFRS 9 results in earlier and larger credit loss recognition compared to the incurred loss approach under IAS 39. This finding is also consistent with Gomaa, Kanagaretnam, Mestelman, and Shehata (2019), who show that replacing the incurred credit loss model with the expected credit loss model can improve the timeliness of credit loss recognition. In other words, PSAK 71 can improve the relevance of financial statement information because credit risk is presented earlier to users of financial statements. This information is important for investors and creditors because credit risk may affect future cash flows, profit, and financial stability. Nevertheless, the expected credit loss approach also increases the use of estimates and managerial judgment. In measuring ECL, companies need to determine probability of default, loss given default, exposure at default, and future economic scenarios. Gomaa et al. (2019) show that the ECL model can improve the adequacy of credit loss reserves, but it may also increase discretion in determining estimates. Therefore, the implementation of PSAK 71 must be accompanied by internal policies, assumption documentation, model validation, and adequate supervision to ensure that credit loss estimates remain reliable.

c. The Combined Impact of PSAK 73 and PSAK 71 on Financial Reporting Quality

The findings show that the simultaneous implementation of PSAK 73 and PSAK 71 can improve financial reporting quality because both standards strengthen the recognition of the economic substance of transactions. PSAK 73 improves the transparency of lease obligations, while PSAK 71 improves the relevance of credit risk information. This finding is consistent with Barth, Landsman, and Lang (2008), who state that the application of international accounting standards is associated with improved accounting quality through reduced earnings management, increased value relevance, and more timely loss recognition. Financial reporting quality can also be viewed from the ability of accounting information to support decision-making. Dechow, Ge, and Schrand (2010) explain that accounting information quality depends on the decision context and the ability of information to reflect company performance and risk. In this context, PSAK 73 helps users of financial statements understand lease obligations, while PSAK 71 helps users understand potential credit risks. Thus, both standards support improvements in the relevance and usefulness of financial statements. On the other hand, improved financial reporting quality does not depend solely on the existence of standards, but also on implementation quality. Gebhardt and Novotny-Farkas (2011) show that IFRS adoption is associated with the accounting quality of banks, particularly in credit loss recognition and timely loss recognition. This

ISSN [Online]: 2776-6411

indicates that better standards must be supported by reporting systems, internal controls, and adequate judgment quality. Therefore, companies implementing PSAK 73 and PSAK 71 need to ensure that measurement, recording, and disclosure processes are carried out consistently.

d. Implementation Challenges of PSAK 73 and PSAK 71

The findings show that the challenges in implementing PSAK 73 mainly relate to identifying lease contracts, determining lease terms, selecting discount rates, and measuring the present value of lease payments. These challenges are important because every change in assumptions can affect the value of right-of-use assets and lease liabilities. Morales-Díaz and Zamora-Ramírez (2018) show that the implementation of IFRS 16 can have a significant impact on financial ratios, meaning that errors or inconsistencies in estimates may affect the interpretation of financial statements. Meanwhile, the challenges in implementing PSAK 71 mainly lie in developing the expected credit loss model. Companies need adequate historical data, credit risk models, and supportable economic projections. Novotny-Farkas (2016) emphasizes that the ECL model has implications for financial stability because losses are recognized earlier and may result in larger provisions. This indicates that companies must be careful in developing assumptions and measurement models so that the resulting allowances are neither understated nor overstated.

Implementation challenges are also organizational in nature. PSAK 73 and PSAK 71 require coordination among accounting, finance, risk management, information technology, and internal audit functions. Without adequate information systems, companies may face difficulties in collecting lease contract data and credit risk data. Dechow et al. (2010) emphasize that accounting information quality depends on the ability of information to support economic decisions. Therefore, companies need to strengthen accounting information systems, human resource training, and internal controls so that the implementation of both standards can produce high-quality financial statements.

e. Implications for Management and Stakeholders

The implementation of PSAK 73 has implications for managerial decisions, particularly in lease-or-buy decisions, debt ratio management, and communication with creditors. Because lease liabilities must be recognized in the statement of financial position, management needs to consider the impact of lease contracts on leverage and debt covenants. This strengthens the role of accounting as a basis for strategic decision-making, not merely as a transaction recording process. The implementation of PSAK 71 has implications for a company's credit policy and risk management. Because expected credit loss allowances must be recognized earlier, management needs to strengthen credit-granting policies, debtor quality assessment, and receivables monitoring. This finding is consistent with Gomaa et al. (2019), who show that the expected credit loss model can improve the adequacy of credit loss reserves. Therefore, PSAK 71 encourages companies to integrate accounting and risk management more closely. For external stakeholders, the implementation of PSAK 73 and PSAK 71 provides more complete information about lease obligations and credit risk. Investors can assess profitability and corporate risk more accurately, while creditors can evaluate the company's ability to meet its obligations. Thus, both standards strengthen the function of financial statements as a medium of economic communication between companies and stakeholders.

V. Conclusion

Based on the analysis and discussion, it can be concluded that the implementation of PSAK 73 and PSAK 71 brings fundamental changes to financial reporting practices, particularly in the recognition of assets, liabilities, expenses, and financial risks. PSAK 73, which regulates lease accounting, emphasizes the recognition of right-of-use assets and lease liabilities for most lease contracts. This change makes lease obligations that were previously potentially not fully reflected in the statement of financial position more transparent. Therefore, PSAK 73 contributes to reducing off-balance sheet financing practices and improves the ability of financial statements to represent the economic substance of lease transactions.The

ISSN [Online]: 2776-6411

implementation of PSAK 73 also affects the structure of financial statements and corporate financial ratios. The recognition of right-of-use assets increases total assets, while the recognition of lease liabilities increases total liabilities. In addition, the expense recognition pattern changes from lease expenses to depreciation expenses and interest expenses. These changes may affect profit, EBITDA, leverage, debt-to-equity ratio, and other financial performance indicators. Therefore, the implementation of PSAK 73 is not merely technical in nature, but also has implications for financial analysis, financing strategies, and corporate communication with stakeholders.

Meanwhile, PSAK 71, which regulates financial instruments, introduces the expected credit loss approach in recognizing credit losses. This approach changes the loss recognition model from a reactive incurred loss model to a more proactive and forward-looking expected credit loss model. Under this approach, companies are required to estimate potential credit losses from the outset based on historical information, current conditions, and reasonable and supportable future projections. This makes financial statements more relevant because credit risk can be presented earlier before default occurs. The implementation of PSAK 71 also indicates that financial reporting quality depends heavily on a company's ability to manage data, develop risk models, and apply professional judgment appropriately. Expected credit loss estimation requires adequate historical data, rational macroeconomic assumptions, and consistent credit risk monitoring systems. If the estimation process is not supported by proper systems and controls, the potential for subjectivity in credit loss measurement may increase. Therefore, PSAK 71 provides benefits in improving information relevance, but it also requires stronger organizational readiness.

Overall, PSAK 73 and PSAK 71 reflect the development of modern accounting, which increasingly emphasizes transparency, relevance, faithful representation, and orientation toward future risks. These two standards expand the function of financial statements from merely recording historical transactions to providing information that more comprehensively reflects economic obligations and potential corporate risks. Although their implementation increases reporting complexity, the resulting benefits in terms of improved information quality, accountability, and risk management are highly important for companies, investors, creditors, regulators, and other stakeholders. This study has both theoretical and practical implications. Theoretically, the findings strengthen the view that the implementation of IFRS-based accounting standards can improve financial reporting quality through the recognition of transactions based on their economic substance. PSAK 73 improves the transparency of lease obligations through the recognition of right-of-use assets and lease liabilities, while PSAK 71 improves information relevance through the recognition of expected credit losses. Therefore, this study provides a conceptual contribution to the literature on lease accounting, financial instruments, and financial reporting quality.

Practically, this study indicates that companies need to prepare adequate accounting information systems, data quality, human resources, and internal policies in implementing PSAK 73 and PSAK 71. The implementation of these two standards should not be treated merely as a compliance obligation, but should be integrated with risk management, internal control, and decision-making strategies. Companies that are able to manage the complexity of these standards properly will be better positioned to produce transparent, relevant, and reliable financial statements. This study has limitations because it uses a qualitative approach based on literature review. Therefore, the findings have not empirically tested the effect of PSAK 73 and PSAK 71 implementation on financial reporting quality in specific companies. In addition, this study does not use primary data such as interviews, observations, or questionnaires involving accounting practitioners, auditors, risk managers, or financial statement preparers. Thus, the findings of this study are conceptual and are not intended to be statistically generalized.

Another limitation lies in the use of available and accessible literature. Although the sources used have been selected based on relevance and credibility, there remains a possibility that some prior studies or specific implementation practices are not included in the discussion. Therefore, future research should expand data sources and use empirical approaches so that the impact of PSAK 73 and PSAK 71 implementation can be analyzed more deeply. Companies are advised to conduct periodic evaluations of the implementation of PSAK 73 and PSAK 71, particularly in relation to the recognition of right-of-use assets, lease liabilities, and

ISSN [Online]: 2776-6411

expected credit loss allowances. Such evaluations are important to ensure that the measurement and presentation of financial statements remain accurate, relevant, and in accordance with applicable accounting standards. Companies also need to strengthen accounting information systems to manage lease contract data, calculate the present value of lease payments, and monitor credit risk continuously.

Corporate management needs to improve human resource competence through continuous training in lease accounting, financial instruments, risk management, and information technology. The implementation of PSAK 73 and PSAK 71 requires strong technical understanding because it involves estimates, assumptions, and professional judgment. In addition, companies need to strengthen coordination among accounting, finance, risk management, information technology, and internal audit functions so that the implementation process can be carried out consistently. For investors, creditors, and financial analysts, financial statements prepared under PSAK 73 and PSAK 71 should be analyzed more carefully. Changes in assets, liabilities, profit, expenses, and financial ratios do not always indicate changes in operating performance, but may occur due to changes in accounting treatment. Therefore, users of financial statements need to understand the impact of these standards in order to assess risks and make investment or financing decisions more objectively.

Regulators and accounting professional organizations are advised to continue providing technical guidance, socialization, and training related to the implementation of PSAK 73 and PSAK 71. Clear guidance is needed so that companies have a consistent understanding in determining lease terms, discount rates, measurement of right-of-use assets, lease liabilities, and expected credit loss estimates. In addition, supervision of the consistency of standard implementation is important to maintain the quality and comparability of financial statements. Future research is recommended to use quantitative approaches, case studies, or mixed methods to empirically examine the impact of PSAK 73 and PSAK 71 implementation. Researchers may examine the effects of these standards on financial ratios, earnings quality, firm value, credit risk, or managerial decisions in specific sectors such as banking, transportation, retail, manufacturing, and companies with high lease intensity. Empirical research will provide stronger evidence regarding the effectiveness of PSAK 73 and PSAK 71 in improving financial reporting quality.

References

Ball, R. (2016). IFRS—10 years later. Accounting and Business Research, 46(5), 545–571. https://doi.org/10.1080/00014788.2016.1182710

Barth, M. E., Landsman, W. R., & Lang, M. H. (2008). International accounting standards and accounting quality. Journal of Accounting Research, 46(3), 467–498. https://doi.org/10.1111/j.1475-679X.2008.00287.x

Bischof, J., Laux, C., & Leuz, C. (2021). Accounting for financial stability: Bank disclosure and loss recognition in the financial crisis. Journal of Financial Economics, 141(3), 1188–1217. https://doi.org/10.1016/j.jfineco.2021.05.016

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. Qualitative Research in Psychology, 3(2), 77–101. https://doi.org/10.1191/1478088706qp063oa

Braun, V., & Clarke, V. (2021). One size fits all? What counts as quality practice in reflexive thematic analysis? Qualitative Research in Psychology, 18(3), 328–352. https://doi.org/10.1080/14780887.2020.1769238

De George, E. T., Li, X., & Shivakumar, L. (2016). A review of the IFRS adoption literature. Review of Accounting Studies, 21(3), 898–1004. https://doi.org/10.1007/s11142-016-9363-1

Dechow, P., Ge, W., & Schrand, C. (2010). Understanding earnings quality: A review of the proxies, their determinants, and their consequences. Journal of Accounting and Economics, 50(2–3), 344–401. https://doi.org/10.1016/j.jacceco.2010.09.001

Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia. (2017a). PSAK 71: Instrumen keuangan. Ikatan Akuntan Indonesia.

Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia. (2017b). PSAK 73: Sewa. Ikatan Akuntan Indonesia.

Gebhardt, G., & Novotny-Farkas, Z. (2011). Mandatory IFRS adoption and accounting quality of European banks. Journal of Business Finance & Accounting, 38(3–4), 289–333. https://doi.org/10.1111/j.1468-5957.2011.02242.x

Giner, B., & Pardo, F. (2018). The value relevance of operating lease liabilities: Economic effects of IFRS 16.

ISSN [Online]: 2776-6411

Australian Accounting Review, 28(4), 496–511. https://doi.org/10.1111/auar.12233

Gomaa, M., Kanagaretnam, K., Mestelman, S., & Shehata, M. (2019). Testing the efficacy of replacing the incurred credit loss model with the expected credit loss model. European Accounting Review, 28(2), 309–334. https://doi.org/10.1080/09638180.2018.1449660

Hutahaean, M. O., Manurung, A., & Saribu, A. D. (2025). Assessing the impact of accounting standards and human capital on public financial reporting quality in Indonesia. Golden Ratio of Data in Summary, 5(3), 678–690. https://doi.org/10.52970/grdis.v5i3.1590

IFRS Foundation. (2014). IFRS 9 financial instruments. IFRS Foundation.

IFRS Foundation. (2016). IFRS 16 leases. IFRS Foundation.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. Journal of Financial Economics, 3(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Leuz, C., & Wysocki, P. D. (2016). The economics of disclosure and financial reporting regulation: Evidence and suggestions for future research. Journal of Accounting Research, 54(2), 525–622. https://doi.org/10.1111/1475-679X.12115

Morales-Díaz, J., & Zamora-Ramírez, C. (2018). The impact of IFRS 16 on key financial ratios: A new methodological approach. Accounting in Europe, 15(1), 105–133. https://doi.org/10.1080/17449480.2018.1433307

Nababan, J., Lumban Gaol, V. M., & Munte, M. H. M. (2025). The influence of accounting information system usage on the performance of SME in Medan Krio Village, Indonesia. Golden Ratio of Data in Summary, 5(4), 719–727. https://doi.org/10.52970/grdis.v5i4.1631

Novotny-Farkas, Z. (2016). The interaction of the IFRS 9 expected loss approach with supervisory rules and implications for financial stability. Accounting in Europe, 13(2), 197–227. https://doi.org/10.1080/17449480.2016.1210180

Nowell, L. S., Norris, J. M., White, D. E., & Moules, N. J. (2017). Thematic analysis: Striving to meet the trustworthiness criteria. International Journal of Qualitative Methods, 16(1), 1–13. https://doi.org/10.1177/1609406917733847

Öztürk, M., & Serçemeli, M. (2016). Impact of new standard IFRS 16 leases on statement of financial position and key ratios: A case study on an airline company in Turkey. Business and Economics Research Journal, 7(4), 143–157. https://doi.org/10.20409/berj.2016422344

Paul, J., & Criado, A. R. (2020). The art of writing a literature review: What do we know and what do we need to know? International Business Review, 29(4), Article 101717. https://doi.org/10.1016/j.ibusrev.2020.101717

Sapiri, M. (2025). Understanding financial risk dynamics: A qualitative inquiry into credit, market, and operational risks in banking, investment, and corporate sectors. Golden Ratio of Data in Summary, 5(2), 182–192. https://doi.org/10.52970/grdis.v5i2.719

Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. Journal of Business Research, 104, 333–339. https://doi.org/10.1016/j.jbusres.2019.07.039

Torraco, R. J. (2016). Writing integrative literature reviews: Using the past and present to explore the future. Human Resource Development Review, 15(4), 404–428. https://doi.org/10.1177/1534484316671606

Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. British Journal of Management, 14(3), 207–222. https://doi.org/10.1111/1467-8551.00375

Veverková, A. (2019). IFRS 16 and its impacts on aviation industry. Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis, 67(5), 1369–1377. https://doi.org/10.11118/actaun201967051369

Whittemore, R., & Knafl, K. (2005). The integrative review: Updated methodology. Journal of Advanced Nursing, 52(5), 546–553. https://doi.org/10.1111/j.1365-2648.2005.03621.x