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THE ROLE OF SHARIA ACCOUNTING AND ITS RELEVANCE IN THE DIGITAL ERA IN GENERATION Z

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Abstract *This study discusses the role of sharia accounting for Generation Z in the context of the digital era in Indonesia. The method used is a literature study from various academic sources related to sharia accounting, the characteristics of Generation Z, and digital transformation. The results of the study indicate that Generation Z is a digital native group that is very concerned with religious values and social justice. Sharia accounting, with the principles of transparency, justice, and sustainability, can be an important framework in managing the finances of this generation. Meanwhile, digitalization such as fintech, blockchain, and artificial intelligence opens up opportunities for efficiency and accessibility in sharia accounting, but also presents challenges for technical integration and data protection in accordance with Islamic principles. This study underlines the importance of sharia financial literacy for Generation Z and the need for technology-based educational innovation so that sharia principles remain relevant in modern accounting practices.*

Keywords : *Generation Z, Islamic Accounting, Digital Era, Financial Technology, Financial Literacy*

Introduction

Sharia accounting is an accounting system based on Islamic principles, such as the prohibition of usury and the application of the value of justice and trust. This system is crucial because it is able to provide a financial reporting framework that is in accordance with religious ethics. In the digital era, modern accounting makes extensive use of financial technology (fintech), blockchain, and artificial intelligence. The transformation offers efficiency and transparency, but demands adjustments to keep up with the foundations and values of sharia. In Indonesia, Islamic financial literacy, especially among Generation Z, is still relatively low. This tendency to have a low basic understanding and access to information can be at risk of financial behavior that deviates from Islamic principles. Therefore, it is important to examine how Generation Z understands sharia accounting and the extent to which its principles are relevant in accounting practices in the digital age. This study is literature, collecting and analyzing findings from various related academic publications (Rorizki et al., 2025).

In the last three years, Indonesia's economy has grown better year by year.

Data from the Indonesian Central Statistics Agency shows that Indonesia's annual economic growth increased from 3.70 percent in 2021, 5.01 percent in 2022, and 5.05 percent in 2023. After experiencing a contraction due to the pandemic, the sharia finance business in Indonesia has increased rapidly. In addition, the rapid growth of the digital economy in Indonesia is driving positive trends in the growth of the Islamic economy and financial institutions. The Islamic finance industry and micro, small and medium-sized businesses are also affected by the growth of the digital economy. In addition, the rise of digital technology encourages businesses and society to use digital platforms to start their business operations, buying and distributing their products to consumers or the public.

More than that, digital transformation in society causes counting, reading, and recording also using digital technology. The digitalization of the business and financial sectors in society will definitely change accounting and record-keeping, as well as produce more environmentally friendly accounting and auditing. Because this technology can affect people's understanding of sharia accounting principles. Therefore, automated accounting will develop capitalist, secular, and selfish characteristics when Islamic accounting is digitized and cannot compete with conventional accounting that is still dominated by Western countries.

This phenomenon shows that technological developments have changed the world of Indonesian Islamic accounting. Digitalization is the biggest obstacle for the accounting profession. The purpose of this article is to look at how sharia accounting plays a role in the development of sharia finance in Indonesia in the digital era. Three subthemes will be discussed: the impact of Industry 4.0 digitalization on the world of Islamic accounting; opportunities and challenges for the Islamic accounting profession in the digital era; and the job prospects of sharia accounting students in the digital era.

In this context, Generation Z, who is the generation that grew up in the digital age, has a unique view of sharia accounting and how the principles of sharia accounting adapt to the ongoing technological developments. According to Hastini, generation Z is a generation born around 1995 to 2012. Generation Z is also known as *i-generation*, which is the generation that uses the internet as one of the main needs for their lives.

They have grown up amidst the technological revolution and the presence of the internet, which has influenced the way they communicate, work, and even view the business and economic worlds. Generation Z is an active digital information consumer who is familiar with various technology platforms, such as social media, e-commerce, and financial applications. They tend to be more skeptical of business practices that are perceived to be detrimental to the environment or society, and at the same time, they demand transparency and accountability in the company's financial statements.

This happens because in the digital era, it is easier to access various information, including information related to sharia accounting. With digitalization that occurs today, it also allows for a variety of different perceptions in each circle. However, in this research, it is more focused on how generation Z or commonly called gen-Z perceives, because generation Z is a generation that was indeed born and lived in the era of digitalization.

The role of sharia accounting in Generation Z is important because this generation tends to be more aware of religious values and justice. Sharia accounting provides a framework that is in line with Islamic principles, such as transparency, fairness, and sustainability, which can be the foundation for Generation Z in managing their finances in a way that suits their beliefs. It also allows them to invest and do business with regard to moral and ethical aspects, which are important values for generation Z. Therefore, it is important to understand how their perception of the principles of sharia accounting and their views on the role of Islamic accounting in generation z and its relevance in the digital age are interesting subjects to study (Rorizki et al., 2025).

Literature Review

1. Generation Z

Generation Z, who is the generation that grew up in the digital era, has a unique view of sharia accounting and how the principles of sharia accounting adapt to the ongoing technological developments. According to Hastini, generation Z is a generation born around 1995 to 2012. Generation Z is also known as *i-generation*, which is the generation that uses the internet as one of the main needs for their lives. They have grown up amidst the technological revolution and the presence of the internet, which has influenced the way they communicate, work, and even view the business and economic worlds. Generation Z is an active digital information consumer who is familiar with various technology platforms, such as social media, e-commerce, and financial applications. They tend to be more skeptical of business practices that are perceived as detrimental to the environment or society, and at the same time, they demand transparency and accountability in the company's financial statements (Hasanah & Badria, 2024)

2. Definition and Basic Principles of Sharia Accounting

Sharia accounting is an accounting process that provides the right information to the stakeholders of an entity to ensure that the entity continues to operate within the boundaries of Islamic sharia and realize its socio-economic goals. Based on this definition, it can be concluded that the definition of sharia accounting is based on the concept of sharia which stands on Islamic principles compared to conventional accounting based on capitalist interpretation. In addition, that sharia accounting ensures that Islamic organizations comply with sharia principles or Islamic law in transactions and allows an assessment of whether the organization's objectives are met. Where Islamic sharia is a broad concept consisting of divine laws that govern the lives of Muslim individuals in their relationship with Allah, human individuals and others (Kamaruddin & Siregar, 2022).

Sharia accounting is accounting that in the process of financial transactions uses contracts in accordance with the provisions of the Qur'an, Al Hadith and Ijma. According to Dr. Omar Abdullah Zaid, sharia accounting is an activity that is regularly related to the recording of transactions, actions, decisions in accordance with shari'a and their amounts, in repetitive records, as well as related to the measurement of financial results that have implications for transactions, actions, and decisions to help make the right decisions.

Sharia accounting is a branch of accounting that is based on Islamic principles. According to Harahap, the practice of sharia accounting has been going on since the era of the Prophet Muhammad SAW by applying Islamic law directly. Karim defines sharia accounting as a new field of study developed on the basis of Islamic values and ethics. Meanwhile, according to Adnan Makhyar, the main purpose of sharia accounting is to help achieve socio-economic justice (al-falah) for individuals and society and fulfill obligations to God, with all parties (accountants, auditors, managers, owners, and governments) playing a role as a means of worship. In terminology, the term accounting (al-muhasabah) refers to the process of calculating or measuring accurately. The goal is to produce financial statements that are accountable and useful for business decision-making.

In its operation, sharia accounting upholds three fundamental values inherent in Islamic teachings: accountability (amanah), justice, and truth.

These values are referred to in Surah Al-Baqarah verse 282 as the basic principles of sharia accounting. In summary, the principles are as follows:

1) Accountability: Every individual involved in a transaction must be responsible for his or her actions to the other party. In the business context, this means that business actors are obliged to prepare correct and accountable financial statements.
2) Fairness: Transaction recording must be done honestly without benefiting certain parties. This means that each transaction is recorded with the actual value (for example, a transaction of IDR 100 million is recorded as IDR 100 million) and there is no practice of "window dressing. In sharia accounting, justice also requires moral integrity (honesty) so that information is not misleading.
3) Truth: This principle is inseparable from justice. Sharia accounting emphasizes that the recognition, measurement, and reporting of financial transactions are carried out with accuracy and honesty. Truth ensures that there are no mixed falsehoods in financial records, so that financial statements create justice for all parties.

In other words, sharia accounting is not just a number-recording technique, but also a means to apply Islamic teachings in economic muamalah The above principles distinguish sharia accounting from conventional accounting, because in sharia accounting Islamic moral and ethical elements are an integral part of every stage of financial reporting.

3. Characteristics of Generation Z in a Digital Context

Generation Z is a demographic group born around the mid-1990s to the early 2010s (e.g. 1995–2012), so they are familiar with digital technology advances since birth. Unlike previous generations, Gen Z has never experienced life without the internet and gadgets. The presence of smart devices (smartphones) and the internet has become a daily routine necessity for them. This is why Gen Z is often called *digital natives* or the "internet generation" in their daily lives, they always use gadgets and social media to communicate and find information. Experts note some of the distinctive characteristics of Gen Z in the digital age:

1) Ambitious and practical: Gen Z tends to be success-oriented and likes quick and practical problem solving. They grow up in an instant environment and are used to finding solutions without convoluted procedures.
2) High confidence level: This group values freedom of expression very much. Since childhood, they are used to the atmosphere of a modern and exploratory world, so they are generally confident and optimistic in their actions.
3) Be thorough and critical: Easy access to digital information makes Gen Z often be detailed when analyzing an issue. They are critical in filtering information because they are used to *fact-checking* and comparison through the internet.
4) Seeking social recognition: Gen Z likes to receive recognition in the form of rewards for their achievements or contributions. This is closely related to social media culture, where popularity and appreciation are often measured through likes or followers.
5) Tech-savvy and multitasking: As *digital natives*, Gen Z masters a variety of technology platforms. They are able to multitask, for example opening a learning application while watching videos or accessing social media. This digital expertise also shapes the way they learn and work.

With the above traits, Gen Z is a generation that is highly digitally connected (*tech-savvy*) and sensitive to social and ethical issues. These characteristics place Gen Z as a unique group: they are enthusiastic about technological innovation, but also have high social awareness and moral values.

4. The Relevance of Sharia Values in Accounting and Digital Finance

Islamic values such as honesty, fairness, transparency, and sustainability have strong relevance in accounting and finance in the digital age. These values can be the basis of ethics that balance technological sophistication with moral responsibility. For example, Putri and Firdaus highlight that Islamic principles (honesty, fairness, truth) in sharia accounting have a deeper meaning than in conventional accounting. The implementation of these values in financial reporting can significantly reduce fraudulent and irregular practices. By upholding honesty (not hiding transactions) and fairness (not giving partisan treatment), sharia accounting helps prevent unethical behavior in digital businesses.

Meanwhile, the development of information technology and *financial technology* (*fintech*) can actually support the application of this sharia value. For example, blockchain technology and *smart contracts* in the Islamic finance sector increase transaction transparency and accountability. With blockchain, every digital transaction is recorded openly and immutable, so compliance with sharia principles (such as no riba or gharar) can be more guaranteed. The implementation of Sharia FinTech (e.g., Islamic digital banking, Sharia Peer-to-Peer lending platforms, Islamic digital wallets) accelerates the transaction process while strengthening accounting efficiency and accuracy. These advantages lower the risk of human error and improve the accuracy of financial reporting. Some of the benefits of sharia values in the digital context include:

1) Fraud prevention: The application of the principles of fairness and truth in digital accounting minimizes the chances of fraud. The Islamic value of transparency forces each party to disclose complete information while technology (e.g. integrated information systems) allows for real-time surveillance. As a result, financial reporting becomes more reliable.
2) Increased transparency: The value of trust and honesty encourages the use of an honest reporting system. In modern Islamic banking practices, blockchain technology and AI have been adapted to ensure every transaction complies with sharia principles. Sharia FinTech is also designed to only process halal transactions (usury-free, gharar, maysir), so that users and regulators can find out the halal status of each financial activity. This increases public trust in sharia-based digital financial institutions.
3) Efficiency and accuracy of reporting: Islamic values prioritize social justice and common welfare (al-falah). The digitization of Islamic accounting allows for automation and processing of financial data in *real time*, resulting in increased reporting efficiency. With accurate and fast financial reports, investment decisions and supervision can be made more timely and comprehensive. As found in the literature, technology-based Islamic accounting can improve the accuracy of transaction recording, strengthen risk management, and better support Islamic financial governance.

Overall, the integration of technology with sharia accounting can expand the application of Islamic values in the digital economy. Technology does not replace values, but rather becomes a means of strengthening accountability, justice, and transparency which are the principles of sharia accounting.

Methodology

In this study, the author uses a qualitative approach. using a qualitative approach in the form of Library Research. And using a data analysis method in the form of content analysis. The analysis technique is a technique that produces the correct conclusion from a book or document. According to Creswell, the qualitative approach is an approach used to build a statement of knowledge based on a constructive perspective. The research conducted emphasizes more on the power of data analysis on available data sources obtained from literature in the form of books, books, and other supporting sources, and relying on existing theories. This is so that when the analysis and interpretation process is carried out, it will be more in-depth.

In order to accurately describe what actually happens in the field of study being studied. Thus, this qualitative analysis approach aims to provide descriptive information obtained from the speech, writing, and behavior of the observed subjects.

Results and Analysis

The results show that Generation Z has a diverse understanding of sharia accounting, and shows a high interest in sharia accounting contracts, while others may have a more limited understanding. In the context of the digital age, technology has played an important role in increasing the accessibility of information about Islamic accounting and facilitating financial transactions in accordance with Islamic principles. However, some challenges were also identified, including concerns about data security and privacy in online transactions. They also highlighted the need for innovation in technology to support the implementation of effective and efficient Islamic accounting. in sharia accounting among the general public, including students.

The discussion of the results of this study highlights the importance of integrating education about sharia accounting and digital technology in the educational curriculum, especially in higher education institutions. This can help prepare Generation Z students to face the demands of an increasingly digitally connected world of work and improve their skills in applying sharia accounting principles in the digital era.

The results of this study also provide a foundation for the development of more effective marketing and promotion strategies for Islamic financial products and services among Generation Z. With a better understanding of their perceptions and preferences towards Islamic accounting in the digital age, Islamic financial institutions can direct their marketing efforts to be more targeted and relevant.

The findings of this research can also be the basis for the development of policies that support the growth and development of the Islamic finance industry in the digital era. Governments and regulators can use the insights from this research to design policies that encourage technological innovation in Islamic finance practices.

The Implementation of Sharia Accounting in the Digital Era:

In the digital era, the application of sharia accounting can be carried out through the use of technology and innovation in Islamic financial management. Some examples are:

1) Sharia Accounting Information System: Islamic financial organizations can use accounting information systems that are specifically designed to accommodate the principles of Islamic accounting. This system can help in recording and tracking sharia transactions automatically, ensuring compliance with sharia rules, and generating accurate sharia financial reports.
2) Sharia E-Commerce: In the online business environment, Sharia *e-commerce* platforms have emerged as a means for companies to transact Sharia. Sales, purchase, and delivery transactions are regulated using sharia principles, and an accounting information system integrated with sharia e-commerce platforms can ensure financial recording and reporting in accordance with sharia principles.
3) Sharia Mobile Banking: The development of mobile banking technology has provided greater opportunities for Islamic financial services. Customers can access accounts and make sharia financial transactions through mobile banking applications that follow sharia principles. The sharia mobile banking accounting system automatically records and tracks transactions and ensures compliance with sharia principles.
4) Technology Audit and Data Analytics: Sharia audits in the digital era also use technology and data analytics to audit Islamic finance. Technology

audits can track every transaction to ensure there are no violations of sharia principles, while data analytics can help in detecting and preventing potential fraud or irregularities.

Through the application of digital technology, sharia accounting can increase efficiency, increase compliance with sharia principles, and facilitate accurate sharia financial reporting. Sharia accounting plays an important role in the Islamic financial system by providing a framework and guidelines for recording, tracking, and reporting financial transactions in accordance with the principles

sharia. b. The Islamic financial system in the era of digitalization can utilize technology and innovation to facilitate Islamic accounting practices, including in terms of financial recognition, measurement, and reporting.

Conclusions and Recommendations

Conclusion

This study concludes that sharia accounting has a strategic role in shaping the financial ethics and behavior of Generation Z in the digital era. This generation is known as a digital native group that has a strong orientation towards religious values, social justice, and sustainability, so the principles of sharia accounting such as trust, justice, and truth are very relevant to them. On the other hand, advances in digital technology, including financial technology (fintech), blockchain, and artificial intelligence, have expanded the opportunities for the implementation of sharia principles in financial management and reporting.

However, digital transformation also presents new challenges, especially related to data protection, the legitimacy of online transactions, and the integration of technology systems with Islamic legal principles. This research also emphasizes the importance of strengthening Islamic financial literacy among Generation Z through technology-based educational innovations. This not only supports the readiness of the younger generation to face the increasingly digitized world of work, but also opens up opportunities for the development of more targeted Islamic financial promotion strategies.

Recommendations

The need for policy support from regulators to ensure that the development of financial technology remains in line with the sharia maqashid. Thus, sharia accounting not only remains relevant, but also has the potential to become the main foundation in an ethical and equitable financial system in the future.

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