



Does technology prevent fraud? empirical evidence of the mediating role of amil's competence

JIAFR | 255

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Received
4 May 2026
Revised
30 September 2026
Accepted
8 October 2026

Abstract

Purpose - This research aims to examine how sharia compliance, Islamic corporate governance, and financial technology, through amil's competence, influence zakat institution fraud prevention at LAZISMU in Central Java.

Method - Data were collected through online questionnaires distributed to amil the personnel at LAZISMU Central Java using purposive sampling. The data were analyzed using the Partial Least Squares (PLS) approach to evaluate structural relationships and to test hypotheses.

Result - the results show that sharia compliance, Islamic corporate governance, and financial technology do not have a direct significant impact on fraud prevention. However, all three variables significantly influence amil competence. Furthermore, amil competence is found to have a strong and significant positive impact on fraud prevention and serves as a key mediator for the other variables.

Implication - The findings emphasize that fraud prevention in zakat institutions is not solely determined by systems or regulations but depends heavily on the quality of human resources.

Originality - This study develops a comprehensive fraud prevention model by integrating ethical values, governance frameworks, and fintech, with human competence as a central mediator.

Keywords: Amil competence; Financial technology; Fraud prevention; Islamic corporate governance; Sharia compliance

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How to cite (APA Style):

Ridwan, M., Sukamto, S., Suharto, S., Putri, A., PRZ., & Budiman, M. (2026). Does technology prevent fraud? empirical evidence of the mediating role of amil's competence. *Journal of Islamic Accounting and Finance Research*, 8(2), 255-276. <https://doi.org/10.21580/jiafr.2026.8.2.31985>

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Introduction

Zakat is a fundamental instrument in the Islamic economic system that embodies both worship and socio-economic responsibility. Beyond its vertical relationship with God, zakat has a horizontal function by redistributing wealth, reducing inequality, strengthening social solidarity, and improving community welfare (Fitriani et al., 2025; Fauziah et al., 2025; Bianda, 2025; Husain et al., 2025). Therefore, zakat should be understood not only as a religious obligation but also as an instrument of social and economic development.

Contemporary zakat management has shifted from individual-based practices toward more structured and institutionalized systems (Alqudah et al., 2026). Zakat institutions now function not only as collectors and distributors of funds but also as agents of community empowerment through social and economic programs (Syarif et al., 2025). This transformation, however, increases organizational complexity and requires professional, transparent, accountable, and Shariah-compliant governance (Rusli, 2024). Public trust, particularly among muzaki, is therefore essential to institutional sustainability and participation in zakat payment (Hamdani et al., 2024).

The increasing scale of zakat management also creates greater exposure to fraud risks, including fund misappropriation, financial statement manipulation, and moral hazard. These risks can arise from individual behavior as well as weaknesses in governance and internal control systems (Baznas, 2025; Kolopita et al., 2025). The case of Aksi Cepat Tanggap (ACT), involving the misuse of IDR 117.9 billion from the Boeing Community Investment Fund, illustrates how weaknesses in internal control, supervision, transparency, and accountability can undermine institutions managing public religious funds (Antara, 2023). Systematic literature review findings further indicate that fraud in zakat institutions is a recurring issue closely associated with structural weaknesses in governance and internal controls (Setyawigasta et al., 2024).

A similar concern emerged from a 2026 case in Malaysia involving the alleged embezzlement of RM230 million by a non-governmental organization (The Star, 2026). These cases indicate that religious values alone do not automatically guarantee integrity in organizational practices. Effective governance, supervision, internal controls, and competent human resources are necessary to translate ethical and Shariah values into effective fraud prevention (Taufik Syamlan et al., 2025).

This situation highlights a gap between the normative principles of zakat management and their implementation. Although zakat institutions are expected to uphold trustworthiness, justice, transparency, accountability, and professionalism, fraud prevention practices may remain reactive rather than systematic (Mandal & S, 2023). Previous studies also report inconsistent findings regarding the role of Shariah

compliance in preventing fraud, suggesting that religious adherence needs to be supported by effective organizational systems and professional management.

In this context, Islamic corporate governance provides an important framework by integrating transparency, accountability, responsibility, independence, fairness, and Shariah-based oversight into organizational processes (Faisal et al., 2026; Muftadi, 2019). Its implementation may include segregation of duties, internal control and risk management, transparent reporting, effective supervision, competent amil, and independent Shariah oversight. These mechanisms are particularly important because zakat institutions manage religious funds entrusted by muzaki and are accountable to regulators, mustahiq, and other stakeholders.

Shariah compliance is another essential dimension of zakat governance. It concerns the conformity of zakat collection, management, recording, and distribution with Islamic principles, including the appropriate management of zakat funds and their distribution to eligible mustahiq. Effective Shariah compliance should be supported by supervision, internal controls, documentation, and Shariah auditing. Previous studies indicate that Shariah compliance and good governance contribute to transparency, accountability, effectiveness, and institutional credibility (Nasution et al., 2023; Megawati & Zulkifli, 2025).

The integration of Islamic corporate governance, financial technology, and amil competence is increasingly important for strengthening institutional performance and reducing the risk of fraud. Financial technology can improve efficiency, data accuracy, transparency, transaction traceability, and monitoring. However, these benefits depend on competent amil who possess technical skills, ethical awareness, technological literacy, and knowledge of Shariah principles. The interaction among these factors remains insufficiently examined, particularly in religion-based non-profit zakat institutions.

In Indonesia, LAZISNU is a relevant research setting because of its strategic role in managing zakat, infaq, and sadaqah. Established by the Central Board of Muhammadiyah in 2002, LAZISNU focuses on community empowerment through productive utilization of philanthropic resources, including programs in education, health, humanitarian assistance, and economic empowerment (Mardalis et al., 2023). Its extensive organizational network, covering national, provincial, district/city, sub-district, and service-unit levels, creates broad outreach but also increases managerial complexity and operational risks. Effective standard procedures, internal controls, reporting systems, and supervision are therefore essential (Ridwan et al., 2024).

The competence of amil is particularly important because they are directly involved in collecting, recording, managing, verifying, and distributing zakat funds. Competent amil are expected to understand zakat regulations and Shariah principles, and to possess

financial, accounting, technological, professional, and ethical skills. These competencies support accurate documentation, beneficiary verification, compliance with procedures, and the identification of irregularities (Kolopita et al., 2025). Competent amil can also strengthen internal controls through proper authorization, transaction verification, reconciliation, segregation of duties, and reporting mechanisms, thereby reducing opportunities for fraud.

Therefore, strengthening Shariah-based governance through financial technology and competent amil is important for fraud prevention, institutional credibility, public trust, and sustainability (Widiastuti et al., 2026). Technology provides traceability and monitoring, governance establishes accountability and control, while competent amil ensure that both mechanisms are implemented effectively (Di Vaio et al., 2023).

Based on this background, this study aims to analyze a fraud prevention model in zakat institutions through Shariah compliance, Islamic corporate governance, and financial technology, with amil competence as a mediating variable. Focusing on LAZISMU, the study seeks to explain how these factors interact to reduce fraud risk and strengthen governance effectiveness. The findings are expected to contribute to the development of more transparent, accountable, and sustainable zakat governance while strengthening public trust and the socio-economic role of zakat institutions.

Literature Review

This study is grounded in Fraud Triangle Theory, Agency Theory, and Sharia Enterprise Theory. Fraud Triangle Theory explains fraud through pressure, opportunity, and rationalization, highlighting the role of internal controls, governance, technology, and competent amil in reducing fraud opportunities (Arifin et al., 2025; Wong & Wong, 2026). Agency Theory views the relationship between muzaki and amil as a principal-agent relationship in which information asymmetry may create opportunities for misconduct, requiring effective monitoring, transparency, and accountability (Eisenhardt, 1989). Meanwhile, Sharia Enterprise Theory emphasizes that zakat institutions are accountable not only to muzaki, mustahiq, and society but also to Allah, making Sharia compliance, honesty, justice, and trustworthiness essential (Musthafa et al., 2020). The integration of these perspectives provides the theoretical basis for examining how Sharia compliance, Islamic corporate governance, financial technology, and amil competence contribute to fraud prevention in zakat institutions.

Sharia Compliance

Sharia compliance refers to the extent to which an institution operates in accordance with Islamic law, principles, and ethical values (Wijaya & Khairunissa, 2024; Rohman et al., 2026). Zakat institutions cover the collection, management, and distribution of zakat

funds in accordance with Sharia principles, supported by honesty, fairness, trustworthiness, and accountability (Nasution et al., 2023). From the Fraud Triangle perspective, Sharia compliance can reduce opportunities for fraud and rationalization by establishing clear rules and strengthening ethical values such as amanah, honesty, and accountability. From the Islamic accountability perspective, amil are responsible not only to donors, beneficiaries, and regulators but also to Allah for managing entrusted funds according to Sharia principles. Therefore, stronger Sharia compliance is expected to strengthen ethical control and fraud prevention in zakat institutions.

Islamic Corporate Governance

Islamic corporate governance (ICG) integrates modern governance principles with Islamic values such as transparency, accountability, fairness, responsibility, and Sharia supervision (Rehan et al., 2025; Faisal et al., 2026). In zakat institutions, ICG supports the professional and Sharia-compliant management of zakat funds (Febriansyah et al., 2026). Based on Agency Theory, the delegation of zakat fund management to amil may create information asymmetry and opportunities for fund misuse. ICG mechanisms, including internal controls, segregation of duties, auditing, transparent reporting, and supervision, can reduce agency problems and limit opportunities for fraud. This is consistent with the Fraud Triangle Theory, which identifies opportunity as a key factor in the occurrence of fraud. Therefore, stronger implementation of ICG is expected to enhance fraud prevention in zakat institutions.

Financial Technology

Financial technology (fintech) refers to the use of digital technology to improve the speed, convenience, and efficiency of financial services. In zakat institutions, fintech can be implemented through online zakat payments, digital wallets, fundraising platforms, accounting software, and real-time financial reporting. These technologies facilitate zakat payments while improving transaction efficiency, reducing operational costs, and ensuring more accurate and transparent financial records. Fintech can also strengthen accountability and increase public trust through greater transparency in zakat fund management (Barroso & Laborda, 2022). Thus, fintech serves not only as a payment tool but also as a strategic instrument for improving the efficiency, transparency, and accountability of zakat institutions.

Amil Competence

Amil competence refers to the abilities of zakat management personnel to perform their duties professionally and responsibly (Marfu'ah et al., 2025). It includes knowledge of zakat jurisprudence, administrative and financial skills, communication, governance, digital literacy, and ethical integrity. Competent amil can improve the quality of zakat

collection, administration, distribution, and services while strengthening public trust. Since amil manage funds entrusted by the public and associated with religious obligations, competence must be supported by honesty, integrity, and moral responsibility. Human resource competence is therefore an important factor in organizational performance and sustainability (Risal & Dharmawan, 2024).

Fraud Prevention

Fraud prevention refers to organizational efforts to prevent fraud, abuse of authority, and dishonest actions that may harm an institution (Irianto et al., 2025). In zakat institutions, fraud prevention is essential because they manage public funds that must be administered transparently and responsibly (Mardiaton et al., 2026). According to the Fraud Triangle Theory, fraud may arise from pressure, opportunity, and rationalization; therefore, institutions need effective mechanisms to reduce opportunities for misconduct. These include strong internal controls, regular audits, transparent financial reporting, digital technology, and an organizational culture of integrity. Competent amil also support fraud prevention by promoting compliance with rules and ethical standards. Effective fraud prevention ultimately helps maintain public trust and ensures that zakat funds are managed in accordance with Sharia principles and social objectives (Rahman et al., 2025).

Hypotheses Development

The Effect of Sharia Compliance on Fraud Prevention

Compliance requires zakat institutions to ensure that the collection, management, recording, and distribution of zakat funds comply with Islamic principles. From the perspective of Fraud Triangle Theory, clear Sharia rules and ethical values such as amanah, honesty, justice, and accountability can limit opportunities for misconduct and reduce the rationalization of fraud (Swandaru & Muneeza, 2022). This is also consistent with the Islamic accountability perspective, which views zakat management as a responsibility to muzaki, mustahiq, regulators, society, and Allah. Previous studies have found that Sharia compliance positively contributes to the quality and effectiveness of zakat management (Nasution et al., 2023; Imamah, 2020; Wahyudi, 2025). Although these studies focus on zakat management rather than fraud prevention directly, their findings suggest that stronger Sharia compliance promotes accountability and proper fund management, which may reduce conditions that enable fraudulent behavior. Therefore, stronger Sharia compliance is expected to enhance fraud prevention in zakat institutions.

H1: Sharia compliance has a positive and significant effect on fraud prevention in zakat institutions.

The Effect of Islamic Corporate Governance on Fraud Prevention

Islamic corporate governance provides supervision, accountability, internal control, and transparent decision-making based on Islamic ethical principles. According to Agency Theory, delegating zakat fund management to amil may create information asymmetry and opportunities for opportunistic behavior (Arno & Mujahidin, 2024). Governance mechanisms such as segregation of duties, auditing, transparent reporting, and supervision can reduce these agency problems and limit opportunities for fraud (Roffia & Poffo, 2025). Previous research also shows that good corporate governance improves zakat management, transparency, and accountability (Nasution et al., 2023). Therefore, stronger Islamic corporate governance is expected to strengthen fraud prevention in zakat institutions.

H2: Islamic corporate governance has a positive and significant effect on fraud prevention in zakat institutions.

The Effect of Financial Technology on Fraud Prevention

Financial technology enables zakat institutions to digitize financial transactions, reporting, and monitoring. Based on the Fraud Triangle Theory and Agency Theory, digital systems can reduce opportunities for fraud and information asymmetry through greater traceability, accurate records, and timely monitoring (Li et al., 2025). Previous studies show that fintech improves efficiency, information processing, and transparency (Barroso & Laborda, 2022). Therefore, greater use of fintech is expected to strengthen fraud prevention in zakat institutions.

H3: Financial technology has a positive and significant effect on fraud prevention in zakat institutions.

The Effect of Sharia Compliance on Amil Competence

Sharia compliance requires zakat institutions to operate according to Islamic legal and ethical standards, which requires amil to have adequate Sharia knowledge and professional capabilities. Stronger Sharia compliance may encourage institutions to provide training, guidance, supervision, and professional development for amil. Previous studies indicate that Sharia compliance and amil competence contribute positively to zakat management (Nasution et al., 2023; Imamah, 2020). Therefore, stronger Sharia compliance is expected to enhance amil competence.

H4: Sharia compliance has a positive and significant effect on amil competence.

The Effect of Islamic Corporate Governance on Amil Competence

Islamic corporate governance establishes clear responsibilities, accountability, supervision, and organizational procedures that can support amil competence

development. Clear job descriptions, performance evaluations, standard operating procedures, and training requirements encourage amil to improve the knowledge and skills needed to perform their duties. Previous studies indicate that governance and amil competence positively contribute to zakat management (Nasution et al., 2023; Napitupulu et al., 2024). Therefore, stronger Islamic corporate governance is expected to enhance amil competence.

H5: Islamic corporate governance has a positive and significant effect on amil competence.

The Effect of Financial Technology on Amil Competence

Financial technology changes the knowledge and skills required by zakat personnel, requiring amil to develop digital literacy, data-processing skills, and technology-based financial capabilities. From the perspective of human capital and organizational learning, the use of digital systems can enhance competence through training, repeated use, and adaptation to new work processes (Barroso & Laborda, 2022). However, technology adoption alone may not improve competence without adequate training and continuous learning. Although direct empirical evidence in zakat institutions remains limited, fintech can theoretically support amil capability development. Therefore, greater fintech utilization is expected to enhance amil competence.

H6: Financial technology has a positive and significant effect on amil competence.

The Effect of Amil Competence on Fraud Prevention

Amil competence includes the knowledge, skills, integrity, and professional judgment needed to manage zakat funds properly. Based on Fraud Triangle Theory, competent amil can strengthen internal controls, improve transaction verification, and detect irregularities, thereby reducing opportunities for fraud. Previous studies generally show that amil competence improves zakat management (Imamah, 2020 ; Nurhayati et al., 2025). Therefore, amil competence is expected to strengthen fraud prevention.

H7: Amil competence has a positive and significant effect on fraud prevention in zakat institutions.

The Mediating Effect of Amil Competence on the Relationship between Sharia Compliance and Fraud Prevention

Sharia-compliant zakat management requires amil to have adequate knowledge of zakat jurisprudence, financial procedures, and Islamic ethics. Previous studies show that Sharia compliance and amil competence contribute positively to zakat management (Nasution et al., 2023; Wahyudi, 2025). A competent amil can also strengthen internal controls, verify transactions, and identify irregularities (Nurhayati et al., 2025).

Therefore, amil competence may serve as a mechanism through which Sharia compliance strengthens operational controls and fraud prevention.

H8: Amil competence mediates the relationship between Sharia compliance and fraud prevention in zakat institutions.

The Mediating Effect of Amil Competence on the Relationship between Islamic Corporate Governance and Fraud Prevention

The mediating role of amil competence can be explained through Agency Theory, human capital, and Fraud Triangle Theory. Islamic corporate governance provides accountability, supervision, internal control, and transparency, but its effectiveness depends on the competence of amil who implement these mechanisms. Governance practices such as clear responsibilities, standardized procedures, supervision, and performance evaluation can support amil competence development. Previous studies show that governance and amil competence contribute to effective zakat management (Nasution et al., 2023), while competent amil can strengthen internal controls and reduce opportunities for fraud (Yusrawati et al., 2023; Zega, 2023). Therefore, amil competence is expected to mediate the effect of Islamic corporate governance on fraud prevention in zakat institutions.

H9: Amil competence mediates the relationship between Islamic corporate governance and fraud prevention in zakat institutions.

The Mediating Effect of Amil Competence on the Relationship between Financial Technology and Fraud Prevention

The mediating role of amil competence can be explained through human capital, organizational learning, and Fraud Triangle Theory. Financial technology improves transaction traceability, digital records, and monitoring, but its effectiveness depends on the ability of amil to operate these systems. Technology adoption can develop amil's digital literacy, analytical skills, and understanding of technology-based controls (Yusrawati et al., 2023; Nurhayati et al., 2025). A competent amil can then use digital systems to identify suspicious transactions and strengthen fraud prevention. Therefore, amil competence is expected to mediate the relationship between financial technology and fraud prevention in zakat institutions (Mulenga, 2026).

H10: Amil competence mediates the relationship between financial technology and fraud prevention in zakat institutions.

Research Methods

This study employs a quantitative explanatory design to examine causal relationships through hypothesis testing (Sugiyono, 2019). The study investigates the effects of Sharia Compliance, Islamic Corporate Governance, and Financial Technology on Fraud Prevention, with Amil Competence as a mediating variable. The subjects are active amil of LAZISMU Central Java, Indonesia, and primary data were collected through an online questionnaire distributed via Google Forms and WhatsApp. Respondents were selected using purposive sampling based on the following criteria: being officially active amil at LAZISMU service offices in Central Java, possessing at least six months of work experience; and involvement in management and Sharia supervision, fundraising, finance divisions, distribution programs, or internal control and managerial roles.

This study focuses specifically on LAZISMU Central Java due to several strategic and methodological factors: its strategic role and network scale; accessibility and affiliations; and the suitability of the research design. LAZISMU Central Java possesses a massive network spanning regional, district (regency/city), and branch (sub-district) levels, down to service units at the local chapter level. This managerial complexity increases exposure to operational risks and fraud.

The research variables were adopted or adapted from previous studies: Sharia Compliance (Nasution et al., 2023), Islamic Corporate Governance (Mubtadi, 2019; Faisal et al., 2026), Financial Technology (Barroso & Laborda, 2022), Amil Competence (Nurhayati et al., 2025), and Fraud Prevention (Irianto et al., 2025). All items were measured using a five-point Likert scale. The minimum sample size was determined using the Slovin formula with a 5% margin of error, resulting in 400 respondents. Data were analyzed using SmartPLS 3 with the Partial Least Squares (PLS) approach, including outer model analysis for validity and reliability, inner model analysis for structural relationships, and hypothesis testing for direct and mediating effects (Hair, 2018).

Results and Discussion

Respondent Profiles

Following the distribution of questionnaires, data was obtained from 400 respondents. A detailed description of the respondents is presented in [Table 1](#).

The largest allocations (totaling 75%) are designated for finance, fundraising, and fund disbursement programs, as these areas stand at the forefront of Financial Technology (Fintech) usage and face direct exposure to fraud risks (involving cash receipts and fund disbursements). Meanwhile, the Sharia Supervisor serves as the anchor for assessing the Sharia compliance variable.

Table 1*Cross-Tabulation Matrix of Respondent Profiles*

Position	Tenure	Male	Female	Total By Position
Supervisor & Shariah Manager	< 1 year	0	0	40 (10%)
	1-3 years	14	0	
	> 3 years	26	0	
Manajer	<1 year	4	0	60 (15%)
	1-3 years	20	0	
	> 3 years	36	0	
Finance	< 1 year	8	8	100 (25%)
	1-3 years	20	28	
	> 3 years	23	13	
Fundraising	< 1 year	10	10	140 (35%)
	1-3 years	37	30	
	> 3 years	30	23	
Distribution programs	< 1 year	4	4	60 (15%)
	1-3 years	10	10	
	> 3 years	16	16	
Total		258	142	400 Responden

Source: Data Processed 2026

Outer Model

The measurement model was evaluated using convergent validity and internal consistency reliability. Convergent validity was assessed through factor loadings and Average Variance Extracted (AVE), while reliability was measured using Composite Reliability (CR) and Cronbach's Alpha (Hair, 2018).

Table 2 presents the results of the measurement model assessment, including indicator loadings, AVE, composite reliability, Cronbach's alpha, and outer VIF values. The loading values range from 0.741 to 0.883, indicating that all indicators meet the recommended threshold and demonstrate adequate convergent validity. The AVE values for Sharia Compliance, Islamic Corporate Governance, Financial Technology, Amil Competence, and Fraud Prevention are 0.659, 0.677, 0.601, 0.709, and 0.733, respectively. All values exceed the minimum threshold of 0.50, indicating that each construct explains more than half of the variance of its respective indicators. The composite reliability values range from 0.853 to 0.917, while Cronbach's alpha values range from 0.742 to 0.879. These results indicate that all constructs demonstrate satisfactory internal consistency reliability. The table also presents the outer VIF values, which range from 1.521 to 2.417. All values are below the commonly accepted threshold of 5.00, indicating that the indicators do not exhibit problematic collinearity. Therefore, the measurement model does not demonstrate critical outer collinearity, and all indicators can be retained for further analysis.

Table 2
Measurement Model Assessment Results

Variables	Indicator	Loading	Outer VIF	AVE	Composite Reliability	Cronbach's Alpha
JIAFR 266	Sharia Compliance (SC)	SC.1	0.753	1.521	0.659	0.853
		SC.2	0.850	1.684		
		SC.3	0.830	1.593		
	Islamic Corporate Governance (ICG)	ICG.1	0.756	1.728	0.677	0.893
		ICG.2	0.875	1.965		
		ICG.3	0.848	1.842		
		ICG.4	0.807	1.756		
	Financial Technology (FT)	FT.1	0.741	1.742	0.601	0.858
		FT.2	0.775	1.856		
		FT.3	0.795	1.934		
		FT.4	0.789	1.817		
	Amil Competence (M)	M.1	0.807	1.934	0.709	0.907
		M.2	0.882	2.084		
		M.3	0.839	2.164		
		M.4	0.839	2.021		
	Fraud Prevention (Y)	Y.1	0.856	2.146	0.733	0.917
		Y.2	0.848	2.283		
		Y.3	0.883	2.417		
		Y.4	0.837	2.198		

Source: Data Processed 2026

Inner Model

The inner model shows R^2 values of 0.543 for Amil Competence and 0.551 for Fraud Prevention, indicating moderate explanatory power. Thus, 55.1% of the variance in Fraud Prevention is explained by Sharia Compliance, Islamic Corporate Governance (ICG), Financial Technology, and Amil Competence. The direct effects of Sharia Compliance, ICG, and Fintech on Fraud Prevention are insignificant, while Sharia Compliance and Fintech significantly improve Amil Competence, which significantly affects Fraud Prevention and indicates full mediation. Effect size results show that Amil Competence has the largest effect on Fraud Prevention ($f^2 = 0.238$), followed by Sharia Compliance on Amil Competence (0.181) and Fintech (0.138), while the direct effects of Fintech (0.017) and ICG (0.001) on Fraud Prevention are negligible.

Discriminant Validity

Discriminant validity is used to determine whether each latent construct in the research model is empirically distinct from the other constructs. In this study, discriminant validity was assessed using the Fornell–Larcker criterion. The criterion is satisfied when the square root of the Average Variance Extracted (AVE) of each construct

is greater than its correlations with the other latent constructs. The results of the Fornell–Larcker criterion are presented in Table 3.

Based on the Fornell–Larcker criterion presented in Table 3, the square root of the AVE for each construct is greater than its correlations with the other latent constructs. The square root of AVE values are 0.842 for Amil's Competence, 0.775 for Financial Technology, 0.856 for Fraud Prevention, 0.823 for Islamic Corporate Governance, and 0.812 for Sharia Compliance. Each of these diagonal values exceeds the corresponding correlation coefficients with the other constructs.

For example, the square root of AVE for Amil's Competence (0.842) is higher than its correlations with Financial Technology (0.653), Fraud Prevention (0.707), Islamic Corporate Governance (-0.259), and Sharia Compliance (0.667). Similarly, the square root of AVE for Financial Technology (0.775) is greater than its correlations with the other constructs. The same pattern is also observed in Fraud Prevention, Islamic Corporate Governance, and Sharia Compliance.

Therefore, the Fornell–Larcker criterion indicates that each construct explains more variance than it shares with other constructs in the model. Thus, the measurement model demonstrates adequate discriminant validity, indicating that the constructs are empirically distinct and can be assessed separately in the subsequent structural model analysis.

Hypothesis Testing

Hypothesis testing was conducted using bootstrapping, examining the path coefficients, t-statistics, and p-values. A hypothesis was considered statistically significant when the p-value was below 0.05. In addition to statistical significance, the direction of the path coefficient was considered to determine whether the empirical result was consistent with the proposed hypothesis (Hair et al., 2018).

Table 3

Fornell–Larcker Criterion

Construct	M	FT	Y	ICG	SC
M	0.842				
FT	0.653	0.775			
Y	0.707	0.593	0.856		
ICG	-0.259	-0.118	-0.145	0.823	
SC	0.667	0.698	0.626	-0.110	0.812

Source: Processed primary data, 2026

Table 4
Hypothesis Testing Results

Hypothesis	Relationship	T Statistics	P Values	Result
H1	Sharia Compliance to Fraud Prevention	1.882	0.060	Not Supported
H2	Islamic Corporate Governance to Fraud Prevention	0.228	0.820	Not Supported
H3	Financial Technology to Fraud Prevention	1.299	0.194	Not Supported
H4	Sharia Compliance to Amil Competence	4.050	0.000	Supported
H5	Islamic Corporate Governance to Amil Competence	2.337	0.020	Not Supported
H6	Financial Technology to Amil Competence	3.395	0.001	Supported
H7	Amil Competence to Fraud Prevention	4.706	0.000	Supported
H8	Sharia Compliance through Amil Competence to Fraud Prevention	2.921	0.004	Supported
H9	Islamic Corporate Governance through Amil Competence to Fraud Prevention	2.012	0.045	Supported
H10	Financial Technology through Amil Competence to Fraud Prevention	2.662	0.008	Supported

Source: Processed data, 2026

The results (in Table 4) show that H1, H2, and H3 are not supported, as Sharia Compliance, Islamic Corporate Governance, and Financial Technology have no significant direct effects on Fraud Prevention ($p = 0.060$, 0.820 , and 0.194 , respectively). H4 is supported, with Sharia Compliance positively affecting Amil Competence ($\beta = 0.402$; $p = 0.000$). H5 is not supported because ICG has a significant but negative effect on Amil Competence ($\beta = -0.173$; $p = 0.020$), contrary to the proposed direction. H6 and H7 are supported, as Financial Technology positively affects Amil Competence ($\beta = 0.352$; $p = 0.001$), while Amil Competence positively affects Fraud Prevention ($\beta = 0.483$; $p = 0.000$). Mediation results support H8, H9, and H10, with significant indirect effects of Sharia Compliance ($p = 0.004$), ICG ($p = 0.045$), and Financial Technology ($p = 0.008$) on Fraud Prevention through Amil Competence. However, the ICG mediation pathway should be interpreted cautiously due to its negative effect on Amil Competence. Overall,

the findings indicate that Amil Competence plays a central mediating role in translating Sharia Compliance, governance, and technology into fraud prevention.

The findings show that Sharia compliance, Islamic corporate governance, and financial technology do not directly strengthen fraud prevention. This indicates that systems, values, and technology alone are insufficient without competent amil who are able to implement them effectively.

Sharia compliance was not found to have a significant direct effect on fraud prevention, so H1 was not supported. Although Sharia principles provide ethical and procedural guidance, their impact depends on how well they are translated into daily practices. Previous studies have shown that Sharia compliance contributes to better zakat management, but its role in fraud prevention may operate indirectly through amil competence (Nasution et al., 2023; Wahyudi, 2025).

Islamic corporate governance also showed no significant direct effect on fraud prevention, indicating that H2 was not supported. Governance mechanisms such as accountability, supervision, and internal control may be ineffective when they are purely formal or administrative. Their effectiveness depends on the personnel responsible for implementing them (Nasution et al., 2023).

Financial technology also had no significant direct effect on fraud prevention, so H3 was not supported. Although technology improves transaction traceability, transparency, and monitoring, its benefits depend on the ability of amil to operate and use digital systems properly. Thus, technology functions as a supporting tool rather than an independent fraud-prevention mechanism.

The results also show that Sharia compliance, Islamic corporate governance, and financial technology influence amil competence differently. Sharia compliance can strengthen amil knowledge and ethical awareness, while financial technology can improve digital and analytical capabilities. In contrast, the negative relationship between Islamic corporate governance and amil competence may indicate that overly procedural governance practices do not necessarily support human resource development.

Amil competence had a significant positive effect on fraud prevention, supporting H7. Competent amil are better able to implement controls, verify transactions, maintain reliable records, and identify irregularities. This confirms that human capability plays a central role in reducing fraud risk in zakat institutions (Nasution et al., 2023; Nurhayati et al., 2025).

The mediation results further indicate that amil competence plays an important role in linking organizational factors with fraud prevention. Sharia compliance may strengthen fraud prevention when competent amil are able to translate Sharia principles

into effective operational controls. Similarly, governance and financial technology may become more effective when implemented by personnel with sufficient competence.

Overall, the findings emphasize that fraud prevention in zakat institutions depends not only on formal systems, ethical standards, or technology, but also on the competence of amil who implement them. This strengthens the importance of human capital in supporting governance, Sharia compliance, and digital transformation.

Practically, zakat institutions should prioritize amil development through training, certification, digital literacy, and continuous professional development. Governance and technology should also be designed to support competence development so that fraud-prevention mechanisms can operate more effectively.

Conclusion

This study finds that sharia compliance, Islamic corporate governance, and financial technology do not directly influence fraud prevention in zakat institutions. However, all three variables significantly affect amil competence, which in turn has a strong and significant impact on fraud prevention. This confirms that amil competence plays a key role as a mediating variable in translating organizational values, governance systems, and technology into effective fraud prevention practices.

The findings highlight that fraud prevention is not solely determined by the presence of systems or regulations, but largely depends on the quality of human resources. Therefore, zakat institutions need to prioritize developing amil competence through training and capacity building, supported by effective governance and the proper use of financial technology.

This study is limited to LAZISMU in Central Java and explains 55.1% of fraud prevention, indicating the presence of other influencing factors. Future research is recommended to include additional variables and broader research objects. Overall, strengthening human resource competence is essential for improving fraud prevention and maintaining public trust in zakat institutions.

Authors' Declaration

The authors contributed to the conception and design of the study, the analysis of the data, and the interpretation and discussion of the results. Each author was involved in reviewing the manuscript and ensuring that the content accurately reflects the findings of the study. All authors read and approved the final version of the manuscript.

Acknowledgements

The authors would like to thank LPPM UNIMUS for supporting this study through Internal Research Grant Contract No. 0144/UNIMUS.L/PG/PJ.INT/2024. We also thank LAZISMU Central Java for providing support during the research process. Our appreciation is also

extended to the advisors, language proofreaders, and all respondents who participated in the study and contributed to the completion of this research.

Funding

This research was supported by the LPPM UNIMUS Internal Research Grant Fund, Wave 1, 2024, under Contract No. 0144/UNIMUS.L/PG/PJ.INT/2024 dated 16 May 2024. The funding supported the implementation of the research and the completion of the study.

Declaration of generative AI and AI-assisted technologies in the writing process

During the preparation of this manuscript, the authors used ChatGPT to improve readability and English grammar. The tool was used only to assist with language refinement and clarity of expression. After using the tool, the authors reviewed and edited the text as needed. The authors remain fully responsible for the accuracy, interpretation, and final content of the manuscript.

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