

FINANCIAL KNOWLEDGE AND ITS REFLECTION ON FINANCIAL BEHAVIOR: AN ANALYTICAL STUDY OF A SAMPLE OF CUSTOMERS WITH THE TBI, RAFIDAIN & RASHEED BANKS

Lecturer Doctor Hayder M. Kareem Al Duhaidahawi

ABSTRACT	KEYWORDS
The research aims to determine the role of financial knowledge among the research sample, which is represented by the employees and professors of the College of Administration and Economics - the University of Kufa and the College of Imam Al-Kadhim, As they are part of the society that participates in the use of finance at the level of daily consumption and continuous financial transactions. They are in the field of our current study, which is concerned with matters related to economics and finance, which should add better value to financial knowledge and its nature. Therefore, college staff needs to know and apply the meaning of personal financial management to be able to manage their financial affairs and live more prosperously in the future. There is a growing gap between the amount of financial responsibility given to individuals and their apparent ability to manage financial decisions and take advantage of financial opportunities. Therefore, the study was conducted on those who deal with Al-Rasheed and Al-Rafidain Bank and TBI by taking all the dealers with these banks as a sample population, 120 questionnaires were distributed and 116 approved questionnaires were answered by the employees of the two colleges, the method was applied using SPSS version 23. The conclusion was that financial knowledge has a positive and significant impact on personal financial behavior and as well as financial knowledge has a positive and significant impact on the personal financial management of the study sample individuals.	Financial knowledge, financial behavior, personal financial management, financial decisions.

Introduction:

Financial knowledge is one of the fundamental skills that every person in this century has to grasp is financial awareness. It is one of the contemporary issues that is still being discussed, from its idea to its significance and outcomes at the individual and national levels, as well as its effect on people's engagement in the financial market (Scheerens, 2023). Given the crucial role that universities play in economic development, it is thought that this connection will have a very clear and significant impact on saving money as well as its impact on the flow of capital, necessitating the elimination of financial ignorance or what is known as (Financial Literacy) as a prerequisite for any individual to achieve their financial goals. Economic liberalisation has made finance a global phenomenon that transcends national

boundaries. Anywhere in the globe is a viable place to invest and borrow. Complex financial instruments were accessible to investors and borrowers after the economic floodgates were opened (Chitimira and Warikandwa, 2022). Because financial consumers lack sufficient knowledge of the financial products and services available to them, they are unable to gain an advantage, particularly in the case of the Covid-19 pandemic, which lasts for months and during which the public has suffered financially as a result of having insufficient savings and investments to use in those dire circumstances (Ehrlich et al., 2023) People who lack financial literacy experience financial hardship. One of the key reasons for financial exclusion is financial illiteracy. People must possess the necessary knowledge to comprehend the fundamentals of money management in order to successfully utilise financial goods and services.

Financial literacy is the ability to handle money sensibly, comprehend fundamental financial ideas, and recognise the trade-off between risk and reward (Zhang, 2022).

Financial decision-making is dependent on a mix of awareness, knowledge, skill, attitudes, and behaviour in order to ensure long-term financial security. Financial literacy comprises learning about financial services and products as well as developing the necessary skills for ethical financial behaviour. Governments and people are growing more and more dependent on their citizens' financial literacy and comprehension of the complexities of money. The economic stability and health of nations may be greatly affected by a lack of understanding of finance (Sara et al., 2023). Because of the complexity of financial goods and services, financial knowledge is becoming more and more important. Financial arithmetic ideas like basic compound interest, inflation, and risk diversification are universal financial concepts that apply to all economic contexts and environments. People purchase financial goods and insurance policies without sufficient forethought due to a lack of financial awareness, and then abandon them halfway through when they run out of money to pay the payment. Financial service providers that aggressively promote financial products without properly assessing the financial characteristics of their customers risk further harming those economically vulnerable segments. In order to change one's financial behaviour, one must do it early in life.

Literature Review:

Financial-knowledge and its reflection on financial behavior have been a topic of interest for researchers for many years. In particular, a sample of customers with the TBI, Rafidain & Rasheed Banks are used in this literature review to analyse the current research on financial knowledge and its reflection on financial behaviour.

In-depth research has been done in the literature on the connection between financial knowledge and financial behaviour. Higher financial literacy is associated with more responsible financial behaviour, according to several research. For instance, a research by Huston (2010) found that those who had financial education demonstrated better financial behaviour than those who had not. Similar findings were discovered in a research by Lusardi and Mitchell (2014) indicating those with more financial literacy were more likely to save for retirement and choose wiser investments.

There haven't been many research on the connection between financial behaviour and knowledge in the setting of Iraq. Al-Mudhafar and Al-Osaimi's research from 2020 indicated that financial literacy has a positive effect on people's financial behaviour in Iraq. The research also discovered that enhancing financial behaviour was significantly aided by financial education.

One of the biggest banks in Iraq is TBI, Rafidain & Rasheed, which offers a variety of financial services and goods to its clients. The financial behaviour of these banks' clients was examined in a research by Abdullatif et al. (2021), and it was discovered that there was a substantial correlation between financial awareness and behaviour. According to the survey, consumers with more financial literacy were more likely to participate in responsible financial practises including saving and investing.

Al-Najjar and Al-Malkawi (2019) explicitly examined the influence of financial literacy on the financial behaviour of university students in Iraq in a different research. According to the research, pupils who had greater levels of financial literacy were more likely to practise responsible financial behaviour. Financial literacy was also shown to have a favourable influence on financial behaviour.

In conclusion, the body of research points to the critical role that financial literacy plays in determining financial behaviour. Higher financial literacy levels are associated with more responsible financial behaviour, including saving and investing. Only a little amount of study has been done on the connection between financial behaviour and knowledge in the context of Iraq. However, the research to far points to the possibility that financial literacy and education initiatives might significantly influence how TBI, Rafidain, and Rasheed Bank clients behave financially.

Research Methodology:

Research problem: Financial illiteracy continues to be a significant barrier to both financial decisions and people's full participation in the current financial environment because there is a growing gap between the amount of financial knowledge that people possess and their apparent capacity to manage financial decisions and take advantage of financial opportunities.

Research Importance: a statement of the role of financial knowledge for individuals and its role in enhancing their financial behavior by preparing and training individuals to increase their capabilities and knowledge in how to manage their money and to focus and control their behavior in managing their financial affairs.

Research Objectives: The study seeks to understand the financial investors, their levels of financial literacy, the strength of associations and influences on the likelihood of accumulating wealth, how to plan their daily lives and personal activities, and finally their desire to raise their standard of living by applying their financial knowledge to improving their financial behaviour to achieve financial well-being.

Research hypothesis: Hypotheses were chosen that define the relationship of the two variables to the research and demonstrate the strength of the relationship between them. They are divided into three hypotheses:

H1: Financial knowledge has an impact on financial behaviour.

H2: There is a connection between the study sample's financial behaviour and financial expertise.

H3: Financial knowledge has a part in financial behaviour. Because these people must update their financial knowledge to keep up with an ever-changing world, better financial understanding will boost good financial behaviour whenever.

The Theoretical Aspect: For workers to effectively plan, budget, check, manage, control, study, and keep daily financial funds, good personal financial management is insufficient. Due to the current state of society, which tends to buy things based on desires, there is a need for financial education to introduce financial knowledge so that bankers can recognise and learn how to make responsible decisions (Amanah, et al., 2016). A budget, investment choices, insurance plan choices, and credit use are just a few of the financial preparation tools that must be learned in order to acquire financial knowledge. Financial competence examples. A method for making judgements in personal financial management is to have financial skills. The models and graphs used in personal financial management choices (such as using checks, credit cards, and debit cards) are known as financial instruments (Yogasnumurti et al., 2021).

The grasp of fundamental financial words and ideas necessary to carry out everyday tasks is referred to as financial knowledge. (Santos & Tavares, 2020) state.

Financial knowledge, according to (Normawati, et al., 2021), is "a person's knowledge of his financial situation, rather than basic financial concepts, and treats them as a prerequisite for effective financial decision-making."

According to various definitions, financial knowledge is the degree of familiarity or understanding people have with their financial concepts or principles, which people need as a foundation for decisions about how to manage their money effectively. It also plays a significant role in financial literacy by helping people understand financial concepts. helping people manage their own finances, particularly by guiding them towards the best course of action while making management decisions for their own finances, A better degree of financial understanding will result in excellent financial behaviour, according to Perry and Morris (2005) (Robb & Woodyard, 2011).

The method by which financial consumers and investors increase their comprehension of financial products, concepts, and risks and through unbiased information, instructions, and advice build skills and confidence to become more aware of financial risks and opportunities, to make informed decisions, to know where to turn for help, and to take other practical actions to improve their financial well-being (Atkinson & Messy, 2013), A person who is financially literate will be familiar with several fundamental financial terms (Adiputra et al., 2021).

Because they are completely aware of their existing financial status and how to improve it, highly informed people tend to have higher life satisfaction values. Financial knowledge is a conceptual definition of financial literacy since it influences one's financial behaviour and is a crucial component of financial education for those who want to prevent financial issues (mismanagement). According to Mudzingiri et al. (2018), income is the sum of a person's yearly earnings from salaries, business ventures, and different sorts of investments. It comes from a variety of sources (Adiputra & Patricia, 2019). The foundation of financial literacy is (1) saving money.(2)Debt. (3) The present state of the economy. (4) The capacity to satisfy long-term requirements.(5) Money for unexpected costs.(6) Personal finance management abilities (Arifin, 2018).

Financial Behavior: It is a person's behaviour that significantly affects their financial well-being. Therefore, it's critical to gather proof of behaviour consistent with a standard of financial literacy. To make ends meet, practise behaviours like deliberating before making a purchase, paying bills on time, creating a budget, and saving and borrowing money. The good behaviours are determined by the

financial behaviour score (Khawar & Sarwar, 2021). People often simply consider their immediate, short-term demands or engage in impulsive buying.

Any individual behaviour that is strongly connected to personal financial management may be categorised as financial behaviour, and this definition can be extended to include all types of individual behaviour (Rahman et al., 2021).

Individual financial management behaviour can be assessed using four main indicators: consumption level, cash flow management skill level, credit management skill level, savings and investment skill level, and debt management skill level (Adiputra et al., 2021). Financial management behaviour is the behaviour of a person in managing his financial resources.

The purpose of financial behaviour for investors is to clarify and aid in the comprehension of their thought processes, including their emotional reactions and decision-making procedures. This financial behaviour primarily aims to describe what, why, and how a person views money and investments. The ability to organise planning, budgeting, examination, management, control, research, and storage of money is referred to as financial management behaviour. As a result of technological advancement and its simplicity as a new payment method that offers many promotions, some people fail to allocate their income to long-term needs, such as investments, which leads to financial difficulties (Raaij, 2012).

Financial behaviour indicates a person's capacity to manage (plan, budget, regulate, utilise, seek, and store) daily financial money (Setiyani and Ameliawati, 2018). As a result, failing to manage personal finances may result in major long-term financial issues, a bad social life, and other social problems. Due to its potential to impact people's wellbeing, financial behaviour is crucial (Scheresberg, 2013).

The relationship between financial knowledge and financial behavior: The term "financial knowledge" refers to a person's comprehension of which financial concepts, such as saving and budgeting, are crucial. It is possible to build on the principle of financial education, according to which everyone has an equal opportunity to get it. Financial education therefore results in increased financial knowledge, improved financial behaviour, and a rise in customers.

Financial literacy is one of the formations of financial management behaviour, according to the definitions provided in the preceding article, because it consists of financial education and financial experience that can enhance financial literacy and lead to more effective financial decision-making (Adiputra and Patricia, 2019). The relationship between personal financial behaviour and financial literacy The findings of the study indicated that financial literacy has a favourable impact on people's financial behaviour, which implies that people's financial behaviour would increase as their financial knowledge increases (Morris, et al., 2022). This suggests that financial literacy has a significant and advantageous influence on money management behaviour. Since it serves as the foundation for an individual to efficiently manage his income in order to attain financial independence, financial knowledge is one of the factors that influences financial management behaviour.

And in order to have a strong financial understanding, the individual tends to be accountable for their financial behaviour (Adiputra et al., 2021). Financial knowledge seems to have a favourable impact on financial management behaviour, leading to the conclusion that a person would manage his financial resources better and more logically the more comprehensive their understanding of financial concepts is. 2021) (Adiputra et al.

The goal of this questionnaire, which considers personal finance knowledge, behaviours, and attitudes, is to find patterns and distinctions in the financial literacy of the study population. It is now being

trialled at two colleges with the hope that the finished survey tool would serve as a helpful resource for academics, policymakers, and programme designers looking to develop reliable questions to gauge financial literacy (Atkinson and Messy, 2011).

According to research (Ceredo et al., 2013), there is a significant impact of financial knowledge on financial behaviour. The study concluded that if knowledge is absorbed in financial matters, it can result in acceptable financial behaviour. The research demonstrated a positive relationship between financial knowledge and behaviour.

Additionally, recent research has shown that knowledge According to Yong et al. (2018), having more money leads to a higher degree of financial behaviour. Likewise, having more objective financial information should help someone make better financial decisions.

This practise is supported by empirical data showing a strong relationship between responsible financial behaviour and objective financial understanding. However empirical research has shown that increased objectivity in financial knowledge does not always translate into moral behaviour. That is, although objective financial information is a crucial motivator for developing appropriate financial behaviour, it is not sufficient (Tang and Baker, 2016).

The Practical Side:

The information was obtained from a study of a representative sample of 120 participants who were dealers with three banks—Al-Rasheed Bank, Al-Rafidain Bank, and the Iraqi Trade Bank—and two colleges (College of Administration and Economics, University of Kufa, and Imam Al-Kadhim College, Najaf departments). Correlation analysis and multiple regressions are used to analyse them. The findings show that both objective and subjective financial knowledge influence financial behaviour, with a bigger proportional impact on self-knowledge. Financial contentment, income, education, age, and race are other factors that significantly affect financial behaviour.

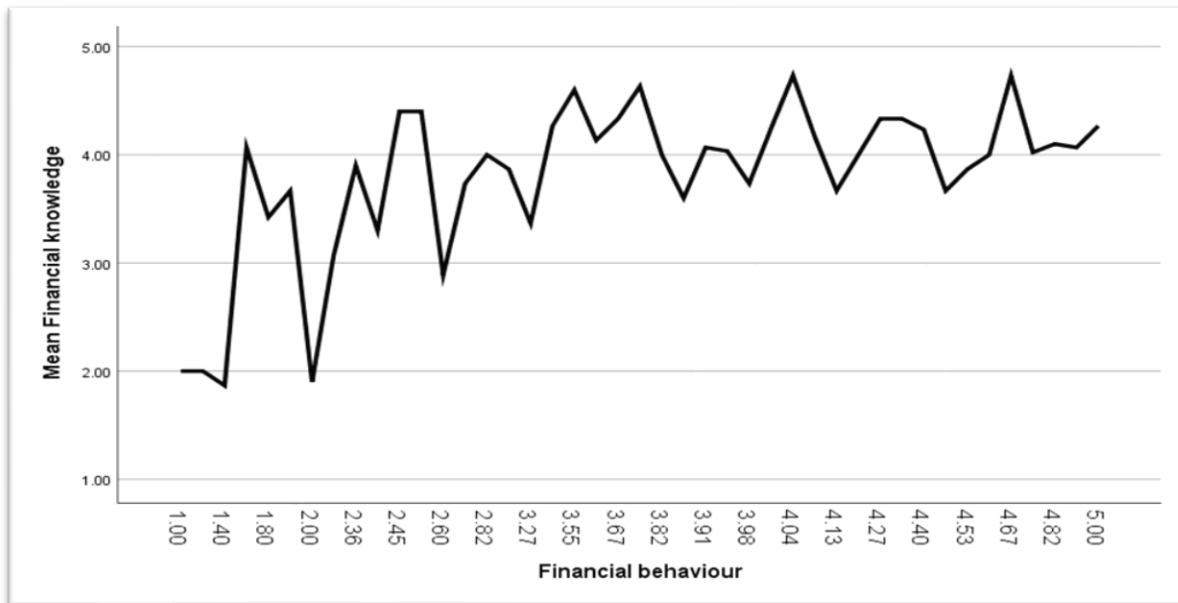
The kind and intensity of the link, as well as the degree of coherence and the statement of changes between them and their effects, were used to assess the relationship between the two variables financial knowledge and financial behaviour.

It was found that there is a good relationship, that is, a correlation between financial knowledge and financial behavior, as it reached (0.602), that is, a consistent correlation at a significant coefficient, At the level of (0.000), less than (0.05), there are differences in favor of financial knowledge, and the calculated t reached (8.121) higher than the tabular one, As for the R², as the coefficient of the determination reached (0.36), that is, the interpretation of (R² = 0.36), that is, the knowledge variable explains the amount (0.36) of financial behavior and the rest of the other variables.

And the level of significance (0.000) of the F test, and since the value of F is (64.755) higher than its tabular value, the hypothesis is accepted, which is the existence of a correlated and logical relationship between the dependent variable and the independent variable, As for the effect relationship, we find that financial knowledge has a direct effect of (1.912) on financial behavior, and this indicates a strong influence of changes in the first variable and their impact on the second variable, so the third hypothesis was accepted that there is a relationship between financial knowledge and financial behavior.

Table (1) Statistical Relationships

Financial knowledge	B	R	R Square	Adjusted R Square	F	Sig.	T	Sig.
Financial behavior	1.912	.602**	.362	.357	64.755	.000 ^b	8.121	.000
N 116	.522						8.047	.000

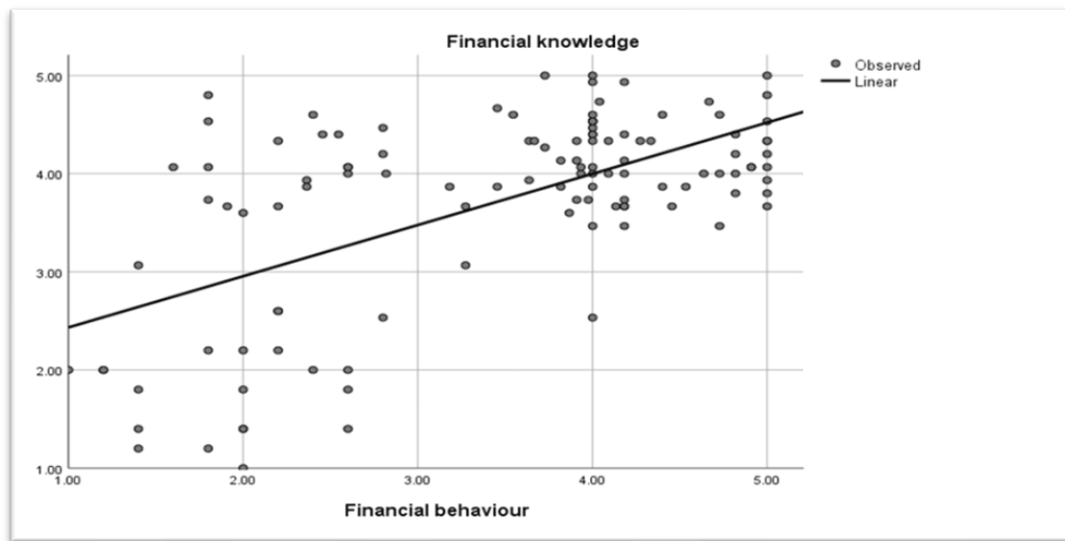


Source: Preparation of researchers according to the outputs of the SPSS 23 program.

Concerning Figure (1) represents the relationship between financial knowledge and financial behavior, which shows the greater the financial knowledge of individuals and how to manage money, the more impact directly on their financial behavior. By observing the figure, we find that with the increase in financial knowledge, the change in financial behavior increases unevenly, but in the end, it is directly related to the strength of financial knowledge he has.

Source: Preparation of researchers according to the outputs of the SPSS 23 program.

Concerning Figure (2), which shows the strength of the spread of knowledge and the strength of its association with financial behavior through the general trend line, we find that the increase in financial knowledge among individuals dealing with banks increasingly affects financial safety through how to use rational behavior in money management and how to dispose of it, and at the third stage in the form, We find that the increase in financial knowledge led to stability or balance in the financial behavior of the research sample.



Source: Preparation of researchers according to the outputs of the SPSS 23 program.

Results and Discussion:

This finding suggests that persons who practise good financial habits tend to relax more while improving their financial behaviour, which is one of the most significant financial management challenges in society. good financial behaviour, good financial knowledge, and effective stress management may all enhance one's financial well-being. This research provides some information and useful applications. Financial behaviour is a crucial component of the elements that contribute to financial well-being, followed by stress and literacy in assuring the financial security of low-income members of society.

Even though individuals with low salaries often struggle to fulfil their fundamental necessities to assure financial well-being, it is very important to have a basic awareness of income, spending, and savings patterns since this may contribute to one's financial stability.

A supportive economic policy is required to help manage low-income citizens' financial wellbeing by providing laws and regulations for banks in their interactions with individuals. Government intervention is necessary to ensure that low-income citizens can earn a reasonable amount of money to ease their living.

Financial education improves people's capacity to manage their financial resources as a motivating endeavour for them and teaches them how to deal with unforeseen events and unfavourable financial circumstances.

The study also found that, despite the fact that a well-educated set of respondents took part in the survey, financial literacy had a less impact than other factors that influence financial behaviour.

Until everyone has a greater understanding of a fundamental financial plan in their daily lives and faces financial pressures in addition to a moderate level of financial knowledge, individuals with non-commercial backgrounds may not have a proper introduction to financial knowledge while practising electronic banking transactions.

This assistance may enhance financial behavior, lessen stress, and boost people's awareness of wise financial choices they may make on a regular basis.

Conclusion:

The study of low-income people's external behavioral elements and the investigation of the factors that determine their financial well-being are two constraints that must be addressed in future research, according to this study. Second, conducting a survey of the study's designated region, the Iraqi province of Najaf, to ascertain the proportion of workers who do not interact with banks directly and investigate the causes. Thirdly, expanding research efforts and offering more educational programmed to the research community to raise financial literacy and better understand how it influences a person's behavior and financial choices in order to raise his general level.

The importance of stressing that developing sound financial habits, controlling personal financial pressures, and raising financial literacy are essential steps in attaining financial security.

References

1. Adiputra,I., Patricia,E., The Effect of Financial Attitude, Financial Knowledge, and Income on Financial Management Behavior, *Advances in Social Science, Education and Humanities Research*,2019, volume 439.
2. Adiputra,I.,Suprastha,N.,Tania,L.,The Influence Of Financial Knowledge, Financial Attitude Dan Locus Of Control On Financial Behavior Of E-Wallet Users In Jakarta, *Journal of Contemporary Issues in Business and Government* Vol. 27, No. 1, 2021 P-ISSN: 2204-1990; E-ISSN: 1323-6903.
3. Amanah,E., Rahadian,D., Iradianty,A., Pengaruh Financial Knowledge, Financial Attitude Dan External Locus Of Control Terhadap Personal Financial Management Behavior Pada Mahasiswa S1 Universitas Telkom, *e-Proceeding of Management* ,2016, Vol.3, No.2 ,P: 1228.
4. Ameliawati,M., Setiyani,R., The Influence of Financial Attitude, Financial Socialization, and Financial Experience to Financial Management Behavior with Financial Literacy as the Mediation Variable” in *International Conference on Economics, Business and Economic Education* 2018, *KnE Social Sciences*, pages 811–832. DOI 10.18502/kss.v3i10.3174.
5. Arifin,A.,Z., Influence of financial attitude, financial behavior, financial capability on financial satisfaction, *Advances in Social Science, Education and Humanities Research (ASSEHR)*, volume 186,15th International Symposium on Management (INSYMA 2018).
6. Atkinson,A., Messy,F., Assessing financial literacy in 12 countries: an OECD/INFE international pilot exercise,2011, *Journal of Pension Economics and Finance*, 10, pp.657-665 doi:10.1017/S1474747211000539.
7. Atkinson,A., Messy,F., Promoting Financial Inclusion through Financial Education: OECD/INFE Evidence, Policies and Practice,2013, <https://dx.doi.org/10.1787/5k3xz6m88smp-en>.
8. Chitimira, H., & Warikandwa, T. V. (2023). Financial Inclusion as an Enabler of United Nations Sustainable Development Goals in the Twenty-First Century: An Introduction. In *Financial Inclusion and Digital Transformation Regulatory Practices in Selected SADC Countries: South Africa, Namibia, Botswana and Zimbabwe* (pp. 1-22). Cham: Springer International Publishing.
9. Clark,G., Marshall,J., Strauss,K., *Financial Knowledge*, 2009 Elsevier Ltd. All rights reserved, Oxford University Centre for the Environment, Oxford, UK.
10. Ehrlich, E., Bath, A. J., Niessner, D., Koemle, D., Cyrus, E. M., & Arlinghaus, R. (2023). Co-designing management recommendations with stakeholders: A case study about northern pike (*Esox lucius*) in the southern Baltic Sea. *Fisheries Research*, 263, 106687.

11. Khawar,S., Sarwar,A., Financial literacy and financial behavior with the mediating effect of family financial socialization in the financial institutions of Lahore, *Future Business Journal* ,2021, 7(1):27 <https://doi.org/10.1186/s43093-021-00064-x>.
12. Morris,T., Maillet,S., Koffi,V., Financial knowledge, financial confidence and learning capacity on financial behavior: a Canadian study, *Cogent Social Sciences*,2022,8:1, 1996919, DOI: 10.1080/23311886.2021.1996919.
13. Mudzingiri,C., Mwamba,J., Keyser,J., Financial behavior, confidence, risk preferences and financial literacy of university students, *Cogent Economics & Finance* (2018), 6: 1512366,<https://doi.org/10.1080/23322039.2018.1512366>.
14. Nguyen, T., Rózsa, Z., Belás, J., & Belásová, L. (2017). The effects of perceived and actual financial knowledge on regular personal savings: Case of Vietnam. *Journal of International Studies*, 10(2), 278-291. doi:10.14254/2071-8330.2017/10-2/19.
15. Normawati,R., Rahayu,S., Worokinasih,S., Financial Knowledge, Digital Financial Knowledge, Financial Attitude, Financial Behaviour and Financial Satisfaction on Millennials, Salatiga, Indonesia, 2021 EAI,DOI 10.4108/eai.6-3-2021.2305967.
16. Raaij,W.,F., Consumer Financial Behavior, Foundations and TrendsR in Marketing,2012, Volume 7 Issue 4, Editorial Board.
17. Rahman,M., Isa,C., Masud,M., Sarker,M., Chowdhury,N., The role of financial behaviour, financial literacy, and financial stress in explaining the financial well-being of B40 group in Malaysia, Rahman et al. *Futur Bus J* 2021, 7(1):52 <https://doi.org/10.1186/s43093-021-00099-0>.
18. Robb,C., Woodyard,A., Financial Knowledge and Best Practice Behavior, 2011, Association for Financial Counseling and Planning Education®. All rights of reproduction in any form reserved, Electronic copy available at: <http://ssrn.com/abstract=2061308>.
19. Santos,E., Tavares,F., The Level Of Knowledge Of Financial Literacy And Risk Of The Portuguese, Eulália Santos, Fernando Oliveira Tavares,Volume 13 | 2020 | Number 2.
20. Sara, I. M., Udayana Putra, I. B., Kurniawan Saputra, K. A., & Jaya Utama, I. W. K. (2023). Financial literacy, morality, and organizational culture in preventing financial mismanagement: A study on village governments in Indonesia. *Cogent Business & Management*, 10(1), 2166038.
21. Scheerens, J. (2023). Theory on teaching effectiveness at meta, general and partial level. In *Theorizing teaching: Current status and open issues* (pp. 97-130). Cham: Springer International Publishing.
22. Scheresberg, B.,C.,Financial Literacy and Financial Behavior among Young Adults: Evidence and Implications,2013,Numeracy: Vol. 6: Iss. 2, Article 5.DOI: <http://dx.doi.org/10.5038/1936-4660.6.2.5>.
23. Tang,N., Baker,A., Self-esteem, financial knowledge and financial behavior, *Journal of Economic Psychology* 54 (2016) 164–176.
24. Yogasnumurti,R., Sadalia,I., Irawati,N., The Effect of Financial, Attitude, and Financial Knowledge on the Personal Finance Management of College Collage Students, In *Proceedings of the 2nd Economics and Business International Conference (EBIC 2019) Economics and Business in Industrial Revolution* ,2021, pages 649-657.
25. Yong,C., Yew,S., Wee,C., Financial Knowledge, Attitude and Behaviour of Young Working Adults in Malaysia, *Institutions and Economies*,Vol. 10, No. 4, October 2018, pp. 21- 48.
26. Zhang, Y., & Chatterjee, S. (2023). Financial Well-Being in the United States: The Roles of Financial Literacy and Financial Stress. *Sustainability*, 15(5), 4505.