

Islamic Financial Literacy, concepts, and Indicators

Abstract:

The study aimed to diagnose the levels of Islamic Financial Literacy in the targeted sample by tackling the research problem which is formulated through the following question: "Does the members of the researched sample have financial literacy?" On this basis, the study hypothesized that "there are some (ignorance or deficiency) in the levels of Islamic financial literacy among individuals in the sample researched, and this limitation varies by age, gender, and educational level". A broad segment of the post-graduate students (Ph.D., Master's, and Higher Diploma) of the Faculty of Management and Economics at the University of Mosul represented the research sample. The study utilized a checklist test prepared and designed by the researchers electronically and the study used the method of content analysis and comparative analytical method to reach the results. The results indicated that the age and male gender are critical factors in excelling in the test of Islamic financial literacy. Based on the conclusions, the research recommended adding activities of the Islamic financial system and the methods it uses to allocate and direct funds to the college curriculum in an attempt to reduce the gaps identified by the study.

Keywords: Financial Literacy, Islamic Financial Literacy, Financial knowledge.

Introduction

The financial systems perform their traditional functions such as the transferring of risk, entitlement, reduction of cost, and the coordination Among borrowers on many bases including the interest rates which determine time, cost, return, and the risk of the intermediate system as a whole without taking into consideration the criteria of profit and loss or the terms and conditions which are set on the financial or banking service

applicant and without checking if the activity is real or not? from this reality, the Islamic financial system emerged with unique components that focus on modern concepts that fit with the traditional financial systems including literacy, knowledge, education, and how to interact with the system and select the service and the sharing style or the best investment.

From this point of view, we can argue that the Islamic financial system is facing two challenges the first one includes the need to increase literacy about the traditional financial system to overcome the shortcoming and risk which is tied to its transactions which are subjected to diverse types of risk. The second challenge focus on how to give a comprehensive vision of what the Islamic financial system can provide and the various mechanism that it includes, Furthermore, the Islamic financial system is compatible with Sharia law and includes moving away from indebtedness and being effective in guaranteeing rights and the commitment to contracts and the risk associated with it and timing and the quality of the financial and investment partnership. This research is divided into three parts, the first part is entitled the "methodology" and the second part consists of previous studies and the research gap which is titled "literature review". The third part is entitled "the traditional financial literacy" which included the concept the traditional financial literacy, the dimensions and implications of the financial literacy, the importance, and benefits of the financial literacy and its contribution in the times of crisis, and the factors that encourage and increase the financial literacy. The fourth part of the study included Islamic financial literacy and consisted of the concept, challenges, and factors that influence Islamic financial literacy and the measurement of the financial literacy and the importance, goals, dimensions, and contents of the Islamic financial literacy. The fifth part included the "practical aspect", and the last part presented the "conclusion or recommendation".

Statement of Problem

The research problem can be framed in the following question: "do individuals have an Islamic Financial Literacy?". The question may seem simple but it underly multiple dimensions including the fact that many people and entities that make up the financial systems are ignorant or suffering from a lack of Islamic financial literacy. The intended literacy in our context is not the traditional literacy related to concepts such as inflation, interest rates, or diversification, but an Islamic financial literacy that is not based only on prohibition but also promotes being aware of the rights, obligations, tools, assets, conditions, and transactions.

Importance of the study

The importance of the research is evident from putting forward such a title at a time when the financial and banking literature focused on Islamic banking services as a part or type of banking that emerged in the second half of the 20th century, but the most important part is that even though it is based on the same concept of traditional financial intermediation, the Islamic financial services operate within a wide system of the Islamic financial system which consists of banks, markets, tools, procedures and the Islamic Shareaa which is governing all of the above and has control and limits of what is Shareaa or otherwise.

Study Hypothesis

Based on the research problem, it can be assumed that "there is some - ignorance or deficiency- in the levels of Islamic financial literacy among individuals in the sample studied, and this weakness varies according to age, gender and education"

Research objectives

The research aims to achieve the following:

- 1- To shed light on the concepts and implications of traditional and Islamic financial literacy.
- 2- To draw a clear separation between everything related to Islamic banking services and the Islamic financial system.

- 3- To test and diagnose the levels of Islamic financial literacy and make a comparison among the participants in the study.

Study Sample

The sample of the study represents post-graduate students (Ph.D., Masters, Higher Diploma) in the faculty of Administration and Economics at the University of Mosul. The results intend to reflect the community of Mosul University as a whole, and the reason for choosing such a sample is their familiarity with the concepts of traditional financial literacy and Islamic banking to a certain level.

Literature Review

Many studies have discussed the rising importance of Islamic financial literacy. Below is a table that represents the latest and most significant studies which dealt with the dimensions and indicators of such literacy.

Table (1)

Study one

The author/s	Kevser, M., & Doğan, M. (2021)
Title of Study	Islamic Financial Literacy and Its Determinants: A Field Study in Turkey.
Aim of study	To identify the levels of Islamic financial literacy among residents of Turkey and to diagnose the factors that affect their Islamic financial literacy.
Statement of the problem	Increased interest in Islamic finance and banking in recent years to increase the Islamic financial products and the need to make the right choice and decision about these products.
Study Sample	479 financial service users in Turkey.
Data analysis	A questionnaire was used to measure Islamic

techniques	products and Islamic finance in general. The study used an analytical approach and Anova statistical analysis was conducted.
Findings	It was found that the Islamic financial literacy of the study participants was low and the gender, age, occupation, and marital status, and being a client of Islamic banks, all of which affect the levels of Islamic financial literacy.

Table (2)

Study two

The author/s	Basrowi, B., Suryanto, T., Anggraeni, E., & Nasor, M. (2020).
Title of Study	The impact of Islamic financial literacy and financial technology on Islamic financial inclusion.
Aim of study	To determine the extent to which Islamic financial literacy and Islamic financial technology affect the inclusion of students in Islamic finance in Indonesia.
Statement of the problem	Global indicators show a weak financial inclusion in Indonesia and confirm that there are far fewer adults able to access funds compared to other countries and that some SMEs do not have access to banking services. This may be due to the lack of Islamic financial literacy.
Study Sample	308 participants through an electronic form.
Data analysis techniques	simple and multiple regression analysis methods were used to analyze the study data.
Findings	There is a positive relationship and impact between Islamic financial literacy and Islamic

	financial inclusion, a significant impact between Islamic financial technology and Islamic financial inclusion, and a positive and significant impact between both Islamic financial literacy and Islamic financial technology on Islamic financial inclusion.
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Table (3)

Study three

The author/s	Albaity, M., & Rahman, M. (2019)
Title of Study	Intention to use financial services: an exploratory study to measure Islamic financial literacy.
Aim of study	To study the direct and indirect impact of Islamic financial literacy and the cost and benefit of the reputation of banking services towards the use of Islamic banks and their impact on the intention of the potential customer to use these services.
Statement of the problem	There are many research models proposed by current research in an effort to understand the intention to use Islamic financial services. However, the mentioned studies do not address customers of traditional banks when measuring Islamic financial literacy.
Study Sample	350 participants in the United Arab Emirates
Data analysis techniques	The study relied on Smartpls and other software to perform the structural equation models for analysis and partial micro-squares to study the proposed model of the study.
Findings	The study found that the level of Islamic financial literacy is high among the respondents and has

	varied greatly by gender, income level, and years of experience and that Islamic financial literacy and the reputation and attitude of Islamic banks have affected the intention to use Islamic banking services.
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Reviewing previous studies in the mentioned countries indicated that Islamic financial literacy is not only determined by the Islamic character but extends to what is deeper and more comprehensive in the contents of the Islamic financial system and that the Islamic character was considered as an indicator among several indicators but not its most important measure. We can highlight that these studies referred to above addressed Islamic financial literacy based on its overlaps with the topics of modern financial systems and their challenges such as financial inclusion, financial technology, and treatments. Our study was conducted to test the level of Islamic financial literacy among the sample of the study and in modern ways.

Traditional Financial Literacy

Financial Literacy

Financial literacy is the result of combining consumer or investor understanding of financial products and concepts along with the confidence in their ability to assess financial risks and opportunities to make and take informed choices and knowing who to seek help from and taking other effective steps to improve their financial stability. Table 4 illustrates the diverse concepts of financial literacy.

Table 4

Concept of financial literacy

#	(Scholar, Year)	Concept
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1	(Akbulaev, & Mammadova, 2021)	The ability to understand financial issues and concepts in order to make and take the right decision when facing the changing financial circumstances, and to manage the individual's financial state through financial planning.
2	(Trianto,2021)	The knowledge, skills, and beliefs that affect attitude and behavior are aimed at improving the quality of decision-making and financial management to achieve a better life.
3	(Hidajat & Hamdani,2017)	The ability to evaluate new and complex financial tools and to give a thoughtful view on the selection of such tools along with long term usefulness
4	(Abdullah, et al. 2015, 63)	A combination of literacy, knowledge, skill, attitude, and behavior are required in rational financial decision-making and to achieve individual financial well-being, it also includes attitude and behaviors, which turn the decision into action.
5	(Abdullah & Chong, 2014)	a measure of an individual's ability to understand and use information related to the personal financial aspects.

Source (prepared by authors based on literature review)

it's worth mentioning that the term financial literacy has been associated with different terms and concepts, including financial knowledge, financial capabilities, financial culture, and financial expertise, and that some authors used these terms interchangeably while others consider them as separated concepts, but it can be said that financial literacy is often known

according to the concept of financial knowledge and has divided the concept of financial literacy into five dimensions:

- 1- Knowledge of financial concepts.
- 2- The ability to communicate about financial concepts.
- 3- Managing personal funds rationally.
- 4- The skill in making appropriate financial decisions.
- 5- Confidence in effective planning for future financial needs. (Ahmad, G., et al,2020,962)

Based on the mentioned concepts of financial literacy, it can be said that financial literacy contains many important implications including: (Abdullah & Chong,2014,36)

- A- Having computational capabilities and understanding of financial terms.
- B- The ability to read, analyze, communicate, and manage personal finance to reach self-financial stability.
- C- The ability to distinguish between and understand financial options based on their returns, risks, and timing.
- D- The ability to plan for the future and respond to possibilities that affect financial decisions, even if the events are related to the economy in general.
- E- Competence to express a thoughtful opinion and make an effective decision about a person's management of their money.

It can therefore be said that financial literacy is a process that helps individuals, investors, and consumers to improve their understanding of financial products and concepts and make informed choices about the available alternatives, and to conduct activities that improve their level of financial well-being. Businesspeople, in particular, must have a better understanding and a higher level of literacy so that they can develop their work and increase their expertise in financial management, planning, and access to capital. Furthermore, financial literacy is in constant need of updating and upskilling for the knowledge of financial products and debt management.

The importance and benefits of financial literacy:

Societies that are aware of their financial system, will not fall victim to global financial crises. The benefits of financial literacy can be listed as follow:

- 1- It helps people evaluate financial services and financial products that are becoming increasingly complex. (Setiawati, et al., 2018,2)
- 2- It contributes to rational decision-making in dealing with financial difficulties such as providing and diversifying assets and purchasing insurance. (Setiawati, et al., 2018,2)
- 3- It improves financial behavior such as timely billing, and loan management and helps to improve the efficiency and quality of financial services. (Setiawati, et al., 2018,2)
- 4- An individual is financially conscious and competent when he or she shows the ability to use the knowledge learned. (Hidajat & Hamdani, 2017,7174)
- 5- With increased financial literacy, individuals' financial development and their qualifications increases. (Hidajat & Hamdani, 2017,7174)
- 6- Financial literacy is to have the understanding, skill, and confidence to influence attitude and behavior which helps in improving the quality of financial decisions and smart financial management. (Susanti, 2021, 504)
- 7- Poor financial literacy has a negative impact on long-term financial stability and success, as the lack of it leads the individual to make weak financial decisions or fall into loan risk. (Susanti,2021, 504)

According to Kevser & Doğan (2021), financial literacy receives considerable attention from governments, investors, banks, Money & capital markets, and academic forums, particularly in developing countries. The increased interest in financial literacy followed the development of new financial products, complex financial market structures, and political, demographic, and economic changes which imposed an increased interest in these topics. On the other hand, the development of ICT (Information and Telecommunications Technology) has influenced economic and financial

systems, making financial literacy essential specifically when financial challenges arise and the contributions to financial literacy in times of crisis are:

- 1- The evaluation of sophisticated financial services and products.
- 2- Decision-making on dealing with financial products.
- 3- Dealing with financial challenges.
- 4- Improving financial behavior.
- 5- Increase the quality of the financial services.
- 6- Financial literacy is important to achieve financial well-being.
- 7- Financial literacy helps individuals to avoid being a victim of financial fraud or swindle.
- 8- Increasing the skill and experience of the young generation, which face complex financial structures, and hard-to-absorb products and services that increase the concern of families and authorities about the financial literacy of these young people (Kevser & Doğan, 2021, 92).

The importance of financial literacy has proven to be significant at the present time because families find it difficult to pay their debts, and loans and fund their needs in light of the effects of the Covid-19 pandemic when almost everyone faced some economic difficulties emerged from the increase in needs and requirements and at the same time the decrease in income, increased unemployment and layoffs of workers. Financial literacy at this stage is particularly important that it can help in giving the person the ability to be cautious and pay attention to his expenses and manage and control his funds. (Susanti,2021, 504). Hence, it was necessary to pay attention to the factors that encourage increased financial literacy, such as:

- 1- The complexity of financial products and services.
- 2- Easy access to financial products equipped by an increasing number of Suppliers in the financial system.
- 3- The increased number of financial products and types of financial services is becoming more complex, placing a burden on individuals in making critical financial decisions such as investing in retirement.

- 4- The number of consumers entering financial markets for the first time is increasing because of rising incomes in developing countries, the emergence of new financial institutions such as microfinance institutions, and the emergence of modern technologies that made it easier for consumers to participate in financial markets. (Abdullah & Chong,2014,35)

Islamic Financial Literacy

From the point of view of Islamic teachings, a Muslim should know and understand financial information, moreover, he or she should also understand whether the financial instruments he uses in Islamic financial institutions follow Islamic law or not. This indicates that Islamic financial literacy is more important than the traditional financial literacy for Muslims, as they must know whether the details of contracts conform to Islamic law because any breach of the terms of contracts from an Islamic point of view makes it invalid, and therefore we can define Islamic financial literacy as "the extent to which the individual has the knowledge and skill through which he can understand the information in Islamic financial contracts." This means that the participant in the Islamic financial system should be aware of Halal (accepted) and Haram (not accepted) in relation to financial instruments and the person's knowledge of Islamic financial products such as bank deposits of all kinds, financial engineering, Islamic derivatives, speculation, contracts that share profit and loss and contracts free of profit and loss sharing such as Murabaha, renting and contracting. When Muslims seek to benefit from financial mediation, they face two challenges (Albaity, M., & Rahman,2019, 990):

- 1- Challenges related to understanding the financial conditions of financing and factors affecting liquidity and thus solvency. Individuals should have knowledge about interest, duration of the loan, and the country's economic situation in terms of inflation and growth rates which are factors that may not be comprehended by the parties of the financial interaction.

2- The second challenge for Muslims is to see if the funding or financial instruments they seek are in accordance with sharia law.

The study of Islamic financial literacy is a study of a modern concept and due to this modernity, there is no agreed-upon definition of Islamic financial literacy, but it can be defined as the ability of a person to use financial knowledge and the ability to manage the financial resources in accordance with Islamic teachings. Table (5) explains the concepts of Islamic financial literacy.

Table (5)

Concept of Islamic financial literacy

#	(Scholar, year)	Concept
1	(Kevser, & Doğan, 2021)	Understanding and applying for funding based on Islamic legislation or can be considered as gained knowledge that can be gathered from the use of Islamic financial products and concepts.
2	(Albaity, M., & Rahman, 2019)	Capabilities, skills, and attitudes towards the understanding and analyzing of financial information issued by Islamic financial institutions
3	(Setiawati, et al., 2018)	The ability of a person with knowledge and skill to distinguish between halal and haram in the financial products and services based on Shariah.

Source (prepared by authors based on literature review)

In the context of infrastructure, Islamic financial literacy is not different from any other financial literacy and from this point of view, the researchers agree with Nawati, et. al (2018) who summarized the infrastructure of financial literacy into application dimension and financial knowledge as seen in (figure1).

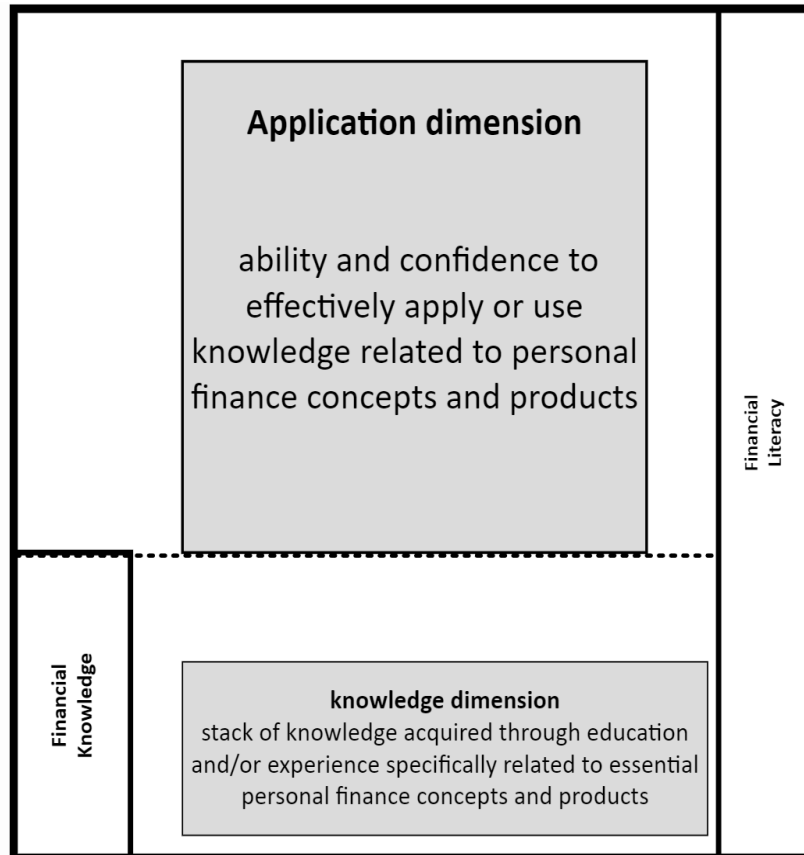


Figure (1) Dimensions of Financial Literacy

Source: Nawi, Farah Amalina Md, et al. "Islamic financial literacy: a conceptualization and proposed measurement." *International Journal of Academic Research in Business and Social Sciences*.641-629 :(2018) 8.12

The raising of Islamic financial literacy encourages individuals to invest even if the investment is risky. Such literacy is expected to increase the use of the products and services of the Islamic financial institutions, while the lack of literacy about Islamic financial services in banking and non-banking financial institutions hinders the possibility of expanding the Islamic banking system compared to traditional banks (Albaity, M., & Rahman, 2019, 992).

Factors influencing Islamic financial literacy (Rozikin, A.C., & Sholekhah,2020, 98):

- 1- Type of banking products.
- 2- Islam's view of these products.
- 3- The impact of education and parents.
- 4- The investment types.

- 5- A person's opinion about traditional banking products.
- 6- Personal financial management.
- 7- Knowledge of wealth planning.
- 8- Knowledge of wealth management.
- 9- Attitudes towards Islamic financial products and services.

Measuring Islamic financial literacy

Islamic finance is progressing very quickly, but there is no measuring tool that can assess the level of financial literacy of individuals in terms of Islamic financial products and services. There is a great need for a tool that measures financial literacy which is different from the traditional measurement tools. The level of Islamic financial literacy of individuals is measurable through certain indicators which were developed based on the Financial Literacy Index (Er. B., & Mutlu, M., 2017, 50). Islamic financial literacy can be measured from several dimensions including (Rozikin, A.C., & Sholekhah, 2020, 98)

- 1- Main concept: (prohibition of Riba (interest) and prohibition of speculation (al-Ghurr).) Islam forbids Riba in everyday life because Riba leads the borrower to fall under the danger of debt and bankruptcy. Riba is usually found in traditional banking and non-banking companies embedded in the interest system. The Islamic banks were established as an alternative to the interest system and relied on two principles: The sharing of profit and the prohibition of speculation (al- Ghurr).
- 2- The concept of borrowing: (speculation, sharing, renting, contracting, loaning, and mortgage).
- 3- Investment concept: deposit and Endowment (Waqf).
- 4- The concept of protection: Takaful.

The importance of Islamic financial literacy

Islamic financial literacy is particularly important to Muslim investors for several reasons including: (Saifurrahman & Kassim, 2021, 52)

- 1- Islamic finance players show a better understanding or a change in their perception of dealing with profits and money in accordance with the Islamic teachings, as cash and wealth are considered as the

- money he or she entrusted with, and this fact helps them understand and manage their wealth and business in a better way.
- 2- When the individual feels that work is part of the practices of Islam and according to Islamic teachings the profit and loss are a matter of faith and that success and wealth are nothing but to improve the well-being of the nation and society through Waqf, Zakat, and other charitable activities, his or her outlook on his financial activities will change.
 - 3- Islamic Financial literacy reduces market failure and protects individuals from falling into debt due to a lack of knowledge or misuse of finance.
 - 4- Islamic finance transfers individuals from benefiting from Zakat to becoming providers of Zakat and charity and improving well-being in general.
 - 5- Financial analysis, reporting, and disclosure capabilities can also be improved by the Muslim investor which increases the chances of obtaining financing for their investments.
 - 6- In Islamic finance, parties to the relationship understand the importance of the financing service, in terms of matters such as not ignoring the payment of revenue to the partner of the capital or overlooking any of the terms of the contract.

Goals of Islamic financial literacy:

- 1- Increased indebtedness among young people has increased attention to the importance of Islamic financial literacy, as many young people are spending more than they can afford to the point where they borrow and live with the financial and mental burden of debt (Rahim, 2016, 414).
- 2- Helps people evaluate the Islamic financial services and financial products which are increasingly complex and enables individuals to identify profitable Islamic financial instruments that meet their needs (Setiawati, et al., 2018, 2).
- 3- Help individuals to understand the financial benefits and risks correctly (Widityani, et al., 2020, 54).
- 4- Learn about financial product characteristics and differentiate them from non-Islamic financial products (Widityani, et al., 2020, 54).

- 5- Understanding the rights and obligations stemming from Islamic financial instruments (Widityani, et al., 2020, 54).
- 6- Improving well-being and achieving financial goals while adhering to Islamic principles and laws (Widityani, et al., 2020, 54).

Dimensions of Islamic financial literacy

It is important to pay attention to the elements used in assessing financial literacy because they are not aligned with the philosophy of Islamic finance. Elements such as interest cannot be applied in Islamic financial literacy, and therefore it is necessary to produce appropriate dimensions to measure Islamic financial literacy which can include: (Rahim, 2016,415):

- 1- There is no return (interest) at the end of the contract.
- 2- Any ambiguity about financial contracts is forbidden in Islam.
- 3- There is no interest imposed on any financial transaction.
- 4- Any Islamic funding must be supported by assets.
- 5- Investments should only be in halal activities or services.
- 6- Literacy of the existence of Islamic financial instruments in the market.
- 7- Dealing with trusted people.

Another study conducted by (Nawi, et al., 2018, 632) emphasized that the dimensions of Islamic financial literacy could be summarized as follow:

- 1- The concept of money: money is a trust in the hands of individual and he/she must use it wisely and in accordance with the teachings of Islam since money is belong to God but is entrusted with us. Islamic finance differs from traditional financing, as money in traditional finance has a time value which means that time affects the value of financial transactions and is therefore subject to interest, while Islamic finance prevents interest on loans. The borrower is prohibited from paying more than the amount he borrowed to compensate the lender at the time of use of the funds, and lending must be for the purpose of help only and not for profits, and therefore money in Islam has a social role and must be invested in promoting social justice and for the benefit of the nation and the payment of interest or taking interest is clearly prohibited in the Qur'anic texts.

- 2- Islamic banks: The activities of Islamic banks are based on both traditional and new foundations.
- 3- Takaful: The word Takaful is a mutual guarantee and depends on the concept of mutual assistance in providing financial security to participants if one of them faces unexpected risks. Many Islamic concepts are linked to Takaful including donation and cooperation which empower a particular group, with the ability to help in being interdependent and preventing financial threats from each other.
- 4- Sharia-compliant investment: In traditional finance, there are many means of investing, including savings accounts, stocks, bonds, and derivatives, and Muslim investors must follow many guidelines and stick to them when making profits, including moving away from Riba, gambling, ambiguity, and the sale of forbidden products.

Another study by (Ab Rahman study, et al., 2018) adopted the following dimensions of Islamic financial literacy which are derived from traditional financial awareness:

- 1- Financial knowledge.
- 2- Financial behavior.
- 3- Financial Attitudes.
- 4- The impact of personal qualities and demographic factors.

The contents of Islamic financial literacy

Islamic financial literacy includes a wide number of financial implications that the individuals should be aware of, including: (Abdullah, et al., 2015, 65-68)

- 1- Managing the main wealth: to manage profits, consumption, saving for the future and emergencies, furthermore, income must be halal, and spending should be within the limits of needs, and avoid extravagance as it may lead to a culture of borrowing, and lastly, Islam focuses more on spending than on saving because excessive saving is forbidden, especially if it reaches the point of greed. The best practice is to be fair in how to obtain and spend wealth and to keep in mind that the owner of the money is responsible for his wealth and is held accountable in the hereafter.

- 2- Financial planning: such as Takaful, pension funds and sharia-compliant investment, including basic income or wealth management and budget (balancing income against expenditures and savings), Takaful and retirement planning can be used as part of future planning and this saving for the future is necessary to provide an educational opportunity for later generations and emergencies. Financial planning is not limited to those who own funds, there are principles such as symbiotic financing used to finance the poor and called micro-financing.
- 3- Sharia-compliant investments: Many have knowledge about finance but lack the confidence to make the right decision, thus educational programs that create financial literacy are necessary to inform the public about sharia-compliant investment opportunities and availability in the market. Educating people about Cheque, investment certificates and shares can help enhance public interest in Islamic investments, furthermore, all investment concepts and contracts for customers should be clarified to gain their trust in Islamic financial institutions.
- 4- Zakat, inheritance and will: Zakat is a pillar of Islam, and it is the responsibility of every Muslim to do it. It is important here to clear out the confusion between zakat with al-Fetr Zaka which is paid only in the month of Ramadan. Zakat is a means of lifting poverty from the Muslim community. Individuals should pay zakat on amounts that reach certain conditions. Many Muslims in some countries do not have adequate knowledge about Zakat and its conditions, the conditions in terms of the amount and time, and how the Zakat payments are calculated.
- 5- Charitable donations such as endowments and handouts.

Methodology

This research was based on the results of an online checklist test prepared by the authors, the checklist was designed based on the theoretical aspect of Islamic financial literacy. Google Classroom was created, and the intended sample of the post-graduate students were invited to the class. The test was conducted in the class and the checklist was closed after a short time to avoid using the internet or relying on external resources to

answer, this measure was taken to ensure getting the most accurate answers. The items on the checklist were built to cover the basics of Islamic financial literacy which was checked by using (16) multiple-choice or true/false questions. A total of (81) responses were received from the students of postgraduate programs at the Faculty of Management and Economics/Mosul University.

First: - Study Sample

The demographics of the sample were checked by a set of three questions including age, gender, and the current level of education. As seen in (figure 2), the sample age included (48.1%) of those aged (31 to 40) years and (38.3%) of those aged (20 to 30). As for the gender, (74.1%) were males, and the rest (25.8%) were females as seen in (figure 3). The sample consisted of (77.8%) master's students, followed by doctoral students with a percentage of (13.6%) and finally (8.6%) high diplomas as seen in (figure 4).

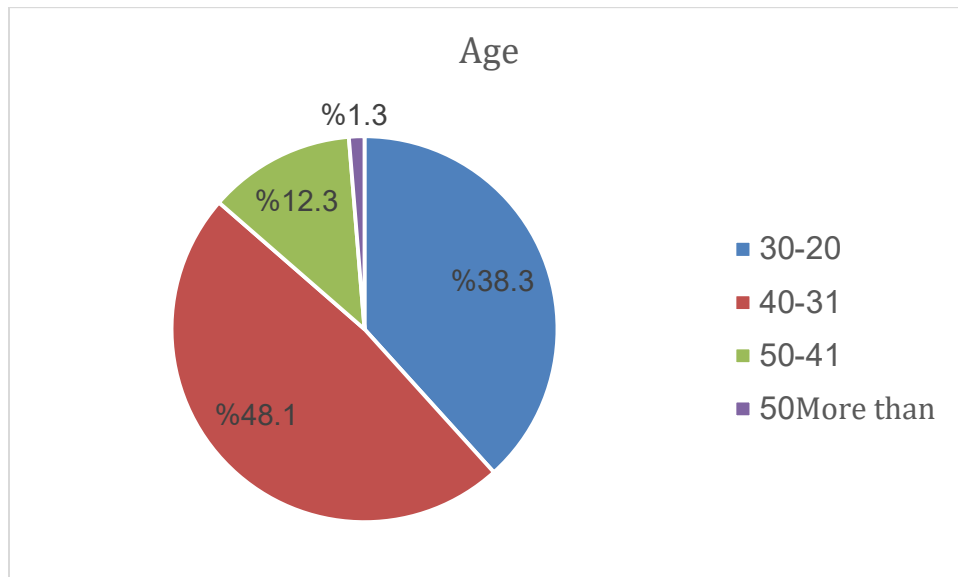


Figure (2) Age

Source: researchers based on the output of Google Classroom.

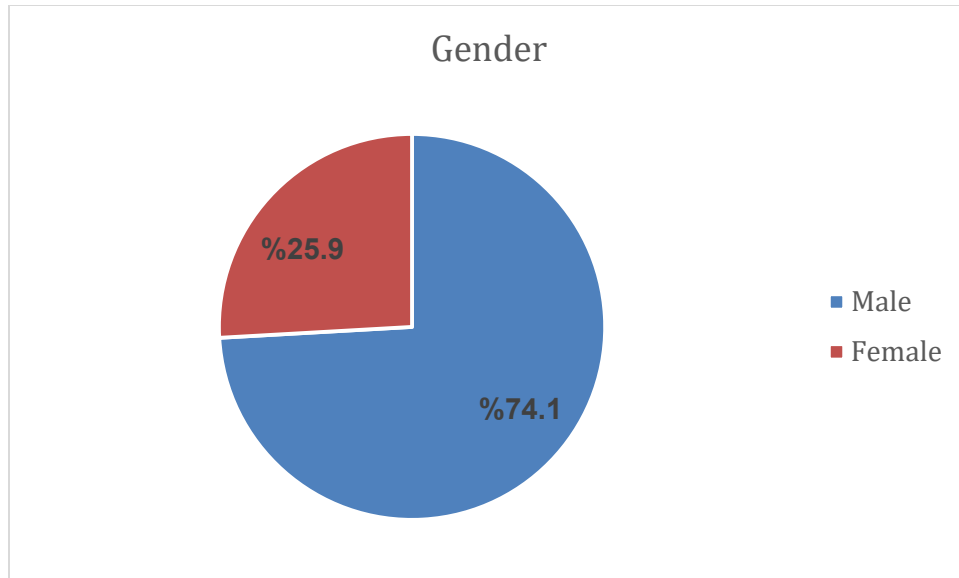


Figure (3) Gender

Source: researchers based on the output of Google Classroom.

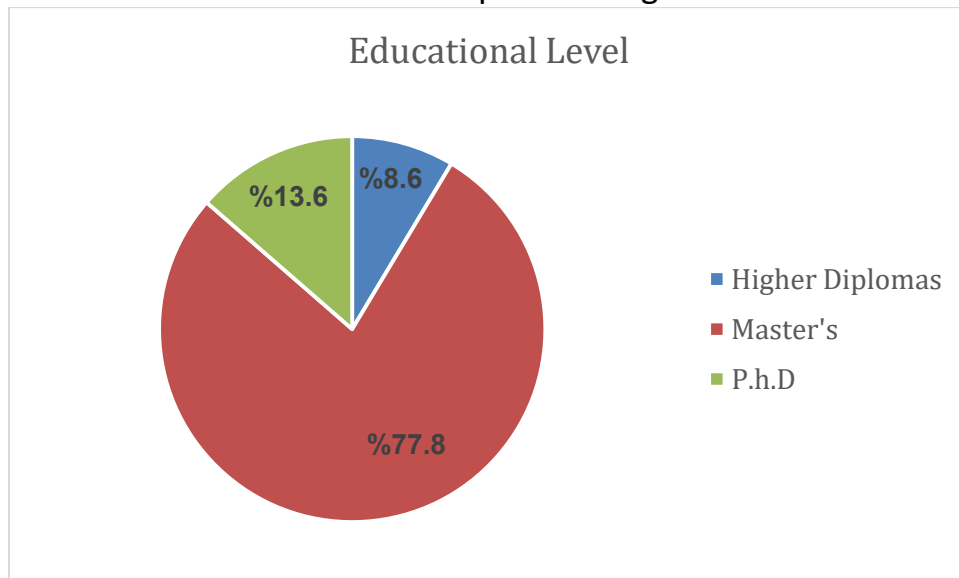


Figure (4) Current Educational Level of the sample

Source: researchers based on the output of Google Classroom.

Second: - Hypotheses testing:

Hypothesis one: - This hypothesis states that the sample, in general, possesses an advanced level of Islamic financial literacy. as evidenced by the collected data the ratios for correct answers compared to total answers were greater than (50%) and for all questions. Although the hypothesis is accepted, it might be misleading if the characteristic of the sample were

taken into account as described in the second, third, and fourth hypotheses.

Hypothesis two: the hypothesis states that the older the members of the sample, the more accurate their answers to questions of Islamic financial literacy asked in the checklist, regardless of gender and educational level.

Hypothesis three: the hypothesis states that the male sample members have higher levels of Islamic financial literacy than females, regardless of age and educational level.

Hypothesis Four: the hypothesis states that the higher the educational achievement, the more accurate answers are for the research sample, regardless of gender and age.

Results of the second hypothesis:

The results of the value analysis of the three age groups can be reached by applying the following equation:

$$\frac{\textit{correct answers for the age groups}}{\textit{Total correct answers}}$$

The hypothesis is proved to be correct when comparing the results of the first age group (50-41) year which scored an average of (9.6) with the results of the second age group (40-31) year with an average of (6.4). On the contrast, the hypothesis is rejected as the third age group with the ages (30-21) has an average of (10.12) which is having more value compared with the first and third age groups.

Results of the Third hypothesis:

The gender hypothesis states that males, regardless of their age and educational level, are more likely to outperform females in their answers to the questions of Islamic financial literacy. The equation of revealing the correct overall answers of gender divided by the overall answers showed a slight difference between males and females.

$$\frac{\text{correct answers for both male and female}}{\text{Total correct answers}}$$

However, it was able to prove and accept the hypothesis that males, in general, have a greater Islamic financial literacy with an average of (10,21) of (16) answers done by males compared to an average of (9.90) from a total of (16) answers by females.

Results of the Fourth hypothesis:

The fourth hypothesis evaluates the ability of educational level (Ph.D., Master, Diploma) to help in understanding the concepts and contents of Islamic financial literacy. The hypothesis is addressed in the same ways that addressed the first, second, and third hypotheses. by omitting the sample age, and gender and only focusing on the educational level through the following equation:

$$\frac{\text{correct answers per program (level)}}{\text{Total correct answers}}$$

According to the results, the hypothesis has been accepted, as the results for the doctoral program scored an average of (11) correct answers followed by the master's program with (9.95) answers, and lastly the diploma program with an average of (9.8), indicating an increased Islamic financial literacy which is in line with the level of the programs.

Conclusion and Recommendation

1- Conclusions:

- 1- Traditional financial knowledge and culture can be employed as important infrastructure and pillars of Islamic financial literacy.
- 2- The Islamic financial system focuses not only on Islamic banking practices and activities, but also on a system of mediation, return, and risk, according to the Islamic teachings.
- 3- The results of the data analysis (content analysis) have shown that age and gender (male) are critical factors in excelling in the Islamic financial literacy test.

- 4- In addition to the above-mentioned point, it is important to understand the role of educational level in understanding the requirements of Islamic financial literacy.

2- Recommendations

Based on the conclusions, the following recommendations have been formulated:

- 1- Individuals need to combine the culture and knowledge of traditional and Islamic financial literacy.
- 2- Adding a mandatory methodological vocabulary to the activities of the Islamic financial system and the way it allocates and directs funds, in an attempt to reduce the gaps diagnosed by the study.
- 3- Conduct future studies targeting different samples from different societies with more branching questions in order to discuss other variables. The studies can target scientific departments or a group of customers dealing with commercial and Islamic banks.

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