Revue des Réformes Economiques et Intégration En Economie Mondiale | Vol 14 N° 1 bis 2020 EISSN 2600- 6502

FINANCIAL LITERACY, THE STANDARDS, MEASURING ASSESSING, AND IMPACT -STUDY RESEARCH: THE ISLAM FINANCIAL LITERACY-

MOKKADEM Yamina[1], BEKTACHE Fatiha[2*], HASSAINI Abdelhamid[3]

[1] Lecturer Professor, Faculty of economic, commercial and management sciences Dely Ibrahim University Algiers 3, Algeria, yaminamokkaddem@hotmail.fr

[2] Lecturer Professor, Faculty of economic, commercial and management sciences Dely Ibrahim University Algiers 3, Algeria,fatiha.bektache@gmail.com

[3] Lecturer Professor, Faculty of economic, commercial and management sciences Dely Ibrahim University Algiers 3, Algeria,hassainiabdelhamid@outlook.fr

Date of Reception : 27/02/2020 ; Date of revision : : 13/03/2020 ; Date of acceptation : : 04/05/2020

ABSTRACT:

Literacy is one of the most basic concepts in a society, communication can't stand without or minima of reading and writing, in modern world, finance has taken over all other paradigms, financial decision became a daily task not only for corporations, but for everyone within a monetary system, for this reason, set of skills is required to make sound decision regarding planning, saving and investment, this aggregation of financial knowledge is called financial literacy. If we make the assumption that literacy codification changes through cultures, Islamic literacy seems a great field of financial literacy research, by Islamic financial literacy we mean all knowledge led by a specific behavior through religious limitations and obligations, in this purpose studies showed that Islamic financial literacy in a specific ways, affects how people allocate their money and how they manage it, which proves that it should be taken as a serious field of research. In our study, we
Want to test the financial literacy of some Algerian bankers (Baraka bank, el Salam bank).

Key words: Finance, Literacy, Knowledge, Financial literacy.
JEL Classification : F50 ; G39 ; F39 ; D83.

الملخص

تعد الثقافة من أهم المعايير لبناء المجتمع حيث يكون التواصل قائم على الحد الأدنى من القراءة والكتابة. وفي المجتمع الحديث أين أصبحت القرارات المالية، التخطيط، الاستثمار... هي التركيبة الأساسية للمعرفة المالية. ونظرا للتغيرات السريعة التي يعرفها العالم الحديث أصبحت الثقافة المالية تحكمها ضوابط جغرافية ومعتقدات دينية، أين تظهر الثقافة الإسلامية كطاقة كامنة عالية في مجال المالية، ومنها جاءت عدة دراسات وأبحاث لدراسة الثقافة المالية الإسلامية لإبراز فوائد ومجالات استخداماتها. وهذا ما سنحاول اختباره في دراستنا بإجراء اختبار الثقافة المالية لعينة من المصرفين في الجزائر (بنك البركة وبنك السلام).

الكلمات المفتاحية: مالية، الثقافة، المعرفة، الثقافة المالية.

F50 ; G39 ; F39 ; D83:**JEL Classification**

* Bektache, Fatiha, fatiha.bektache@gmail.com

INTRODUCTION:

The literacy is the principal component of the society, derive of it , its perceptions and its behavior ,where its features appears on individuals their historical awareness. The literacy is consists of heritage, evidence and debit and, the debit is the most important one.

The recent financial crisis has shifted the attention of the world towards the importance of financial literacy. If illiteracy was a major problem for the states in the past, today, financial literacy appears to be a primary concern for the citizens, it's not only about to perform a human basic function, but to adapt to a very complex environment, where finance became a necessity,

the subprime crisis led to a constant flow of financial information through the medias, and because it had affected their life style, individuals felt concerned to understand in which way that event could be a problem, but were they in fact able to comprehend how deep the financial crisis was linked to their own situation? Recent research proved that most societies lacks of basic knowledge of financial concepts and make their financial decision by the rule of thumb.

1. PROBLEM STATEMENT:

In Islam world, topics on personal finance are still considered minimal. If there are programs or activities on it, they still limited. Thus, improving financial literacy of individuals can have positive cash management attitudes which will help them to practicing their proper financial management.

1.1. RESEARCH OBJECTIVE:

The objective of this study is to determine financial literacy's factors, and if the bankers presses adequate financial literacy to make financial decision with respect of Islamic financial products and services. The findings reveal that nine factors determine banker's financial literacy on Islamic financial products and services.

1.2. RESEARCH IMPORTANT:

The recent financial crisis has shifted the attention of world towards the importance of the financial literacy, which has revealed the severity of consequences that people have made through their lack of knowledge especially when it comes to making decision on investments in financial markets. The global financial crises have also accelerated awareness of the need to improve financial literacy.

We will be trying to explain financial literacy, and how deep it's linked to financial behavior, and how much Islam can add to that field of research.

1.3. LITERATURE REVIEW:

In order to clarify the literature review of literacy a mention must be made that it has two distinctive elements: those that are task-based literacy, and those that are skill-based literacy. Task-based literacy focuses on learning and on the extent to which a person can perform key literacy tasks such as reading a basic text and writing a simple statement. Skill-based literacy focuses on the knowledge and skills an adult must possess in order to perform these tasks. These skills range from basic, word-level skills to higher-level skills (such as drawing appropriate inferences from continuous text).

Another point , that literacy can be measured in absolute terms by distinguishing between individual who can read and write basic text and those who cannot, and in relative terms by assessing the skill differences between adults who are able to perform relatively challenging literacy tasks and those who are not.

The basic problem of literacy is that even the most basic functional literacy skills enable people to better develop their knowledge and improve their potential to achieve personal goals, and through this to participate more fully in society, both economically and socially. Given this background, it is not surprising to find that literacy levels in a population are associated directly and indirectly with a range of health outcomes. Low literacy is often linked to poor socio-economic circumstances, and in turn with adverse effects on health that are independent of other risk factors. People with poor literacy tend to be less responsive to health education, less likely to use disease prevention services, and to successfully manage chronic disease

The determination the high or low levels of literacy in a population involves improving access to effective school education, and providing adult literacy programs for those in needs. Achieving high levels of literacy in a population is not only a vital development goal, but will also produce substantial public health benefits. (Brown, 2018)

To better explain *health literacy* as a complex concept, we should show some studies on different "literacy's", recognizing that literacy is both content and context specific. This is especially the case in relation to "new literacy's" emerging in response to new information technologies, and context-specific literacy's such as media literacy and financial literacy). This further refinement in the concept reflects the fact that individuals with higher levels of general literacy (task- and skill-based) may not be able to consistently apply their knowledge and skills in situations requiring specific content knowledge, or in unfamiliar contexts; such as in relation to health knowledge, or a health care environment.

We add that health literacy can be developed by education. Health literacy can be as a measurable outcome to health education in the same way that measures of literacy are used as one method of assessing the success of school education. Furthermore, it follows that the measurement of health literacy will be best achieved when content and context are well defined; health literacy would be different for a person would diabetes who is receiving patient education, compared with a pregnant woman attending ante-natal classes, or a young person exposed to health education at school.

The important item of society literacy is financial literacy, which is the process of learning methods of gaining, saving and spending money,it is degree of integrated knowledge and skills to make an efficient financial decision and understand market principles and financial instruments and regulations, to manage financial resources to achieve financial well-being, studies showed that being literate means that the individual is able to:

- Debt payment ,maintain income
- Manage savings
- Mange expenses
- plan for retirement;
- avoid over-debtness;
- participate actively in the financial market;
- have a diversified portfolio;
- withdraw from the market before the crisis amplifies;
- the ability to manage risks, to plan, and reach financial goals;
- influence the future of individuals
- make autonomous decisions;
- Have better market timing.

We consider that Individuals are financially literate if they are competent and can demonstrate they have used knowledge they have learned. Financial literacy cannot be measured directly so we must use proxies. Literacy is obtained on using knowledge. As people become more literate, they becomes more financially sophisticated and it may also mean that an individual may be more competent.

by using the concept of financial literacy we can be examining individuals literacy created within society, and we need to understand at the same time how individual behave, and behavior is affected by the specific culture of the country, a study (education, 2013) showed that financial literacy of germen speaking students differs from the French speaking ones in the same country, religion is another factor, with the example of Muslim communities that mostly bans any financial activity due to the use of interest, the socio-economic characteristics takes the massive parts, income for example, individual with higher incomes are most likely to accumulate a better financial literacy, in the same way the poor are less likely to have a good financial literacy, even if they have the "necessity" to manage their money.

Another item of society literacy is the individuals learning and education .Education is another problem, because 80% of our behaviors is the result of our education, it usually defines our attitude toward money, and shapes the degree of utility, saving, and way of consumption in everyday's life, the attitude toward money is the crystallization of the education, more we learn and assimilate more we understand how saving is one of the basics of the financial life.

A study proved that the earlier we introduce pocket money or bank account the better literacy will be, here we explicit two very important terms, "responsibility" (and the social responsibility) and "necessity", when an individual chooses to integrate a group they submit themselves to "social rules", their daily activities are led by the environment, the past experiences affects the behavior as well, people who went through an economic crisis value more money than others.

Especially if we consider that one's behavior doesn't just affect their financial stat, but the whole economy, it appears that financial literacy is as much important as any economic regulation, or as affecting as "health literacy", it becomes more that knowledge, it's the way to empowerment and effective rationality, Financial education primarily relates to personal finance, which enables individuals to take effective action to improve overall well-being and avoid distress in financial matters. Hence improvement of financial knowledge of households is necessary for them to participate continuously in financial markets. Financial literacy plays a vital role in the efficient allocation of household savings and the ability of individuals to meet their financial goals.

If we reconsider the crisis, it does not just appear as a cause of a weak regulation, market efficiency depends more of the agent's behavior and knowledge than the regulation, when a country faces an economic shock, it's not only the stat that takes measures, but the whole social system, and financial literacy is the "autonomous" indicator that measures the ability to react against the shock. (Muller, 1978).

2. THE STANDARDS FOR FINANCIAL LITERACY:

The economic council has taken 6 standards for financial literacy **:**(Weber, 2001)

2.1. EARNING INCOME: Income for most people is determined by the market value of their labor, paid as wages and salaries. People can increase their income and job opportunities by choosing to acquire more education, work experience, and job skills. The decision to undertake an activity that increases income or job opportunities is affected by the expected benefits and costs of such an activity. Income is also obtained from other sources such as interest, rents, capital gains, dividends, and profits.

2.2. BUYING GOODS AND SERVICES: People cannot buy or make all the goods and services they want; as a result, they choose to buy some goods and services and not others. People can improve their economic well-being by making informed spending decisions, which entails collecting information, planning, and budgeting.

2.3. SAVING: Saving is the part of income that people choose to set aside for future uses. They save for different reasons during the course of their lives. People make different choices about how they save and how much they save. Time, interest rates, and inflation affect the value of savings.

2.4. USING CREDIT: Credit allows people to purchase goods and services that they can use today and pay for those goods and services in the future with interest. People choose among different credit options that have different costs. Lenders approve or deny applications for loans based on an evaluation of the borrower's past credit history and expected ability to pay in the future. Higher-risk borrowers are charged higher interest rates; whereas lower-risk borrowers are charged lower interest rates.

2.5. FINANCIAL INVESTING: Financial investment is the purchase of financial assets to increase income or wealth in the future. Investors must choose among investments that have different risks and expected rates of return. Investments with higher expected rates of return tend to have greater risk. Diversification of investment among a number of choices can lower investment risk.

2.6. PROTECTING AND INSURING and Insuring: People make choices to protect them from the financial risk of lost income, assets, health, or identity. They can choose to accept risk, reduce it, or transfer it to others. Insurance allows people to transfer risk by paying fees now to avoid the possibility of a larger loss later. The price of insurance is influenced by an individual's behavior.

As for basic knowledge: (Bay, 2018)

- **Inflation**: is the rate at which a price raises, and essentially how much the dollar is worth at a given moment with regards to purchasing power. The idea behind inflation being a force for good in the economy is that a manageable enough rate can spur economic growth without devaluing the currency so much to the point that it becomes nearly worthless;
- **Budgeting**: is the process of preparing detailed projections of future;
- **Amounts**: Companies often engage in two types of budgeting;
- **Interest**: Interest is calculated as a percentage of a loan (or deposit) balance, paid to the lender periodically for the privilege of using their money. The amount is usually quoted as an annual rate, but interest can be calculated for periods that are longer or shorter than one year;
- **Purchasing power**: Purchasing power is the value of a currency expressed in terms of the amount of goods or services that one unit of money can buy. Purchasing power is important because, all else being equal, inflation decreases the amount of goods or services you would be able to purchase. Depending on those standards we can assess individuals' financial literacy in the society, and extent of earning methods and skills to use finance resources and make decisions

3. MEASURING FINANCIAL LITERACY:

The concept and definition of financial literacy are presented along with a discussion of differentiating among the constructs of financial literacy, knowledge, education, behavior and well-being. .Using concepts, methods and empirical evidence from personal finance literature and other literacy studies, one approach to address the barriers to financial literacy measurement is outlined below.

General literacy refers to a person's ability to read and write. The standard definition of literacy developed by the Literacy Definition Committee and used by the National Adult Literacy Survey is "using printed and written information to function in society, to achieve one's goals, and to develop one's knowledge and potential" When operational, this definition covers three broad areas—prose (written information), document (tabular/graphical information) and quantitative (arithmetic and numerical information)—each with its own standardized testing instrument). Literacy in the broadest sense consists of understanding (knowledge of words, symbols and arithmetic operations) and using (ability to read, write and calculate) of materials related to prose, document and quantitative information. (mushtaq, 2017)

Many researches have expanded to the study of literacy of particular skill sets, for example computer literacy, statistical literacy and health literacy. The Educational Testing Service (ETS) identifies four types of literacy: prose, document, quantitative and health skills. ETS offers two sets of adult literacy tests. Each type of literacy measures how well an individual can understand and use information. For example, health literacy measures how well an individual can understand and use health information related to five activities (health promotion, health protection, disease prevention, health care maintenance and systems navigation).

There is no universally meaning accepted of financial literacy.,it could be defined as measuring how well an individual can understand and use personal finance-related information. This definition is direct, does not contradict existing definitions within the literature and is consistent with other standardized literacy constructs.

3.1. THE DIFFERENCE BETWEEN FINANCIAL LITERACY AND FINANCIAL KNOWLEDGE :

Both financial literacy and financial knowledge are human capital but different constructs. Financial knowledge is an integral dimension of, but not equivalent to, financial literacy. Financial literacy has an additional application dimension which implies that an individual must have the ability and confidence to use his/her their financial knowledge to make financial decisions (Purnomo, M.Antara). When developing an instrument to measure financial literacy, it would be important to determine not only if a person knows the information but also if they can apply it appropriately.

3.2 .RELATIONS AMONG FINANCIAL LITERACY, KNOWLEDGE, EDUCATIONE, BEHAVIOR AND WELL-BEING:

The relationship between financial knowledge, education, literacy, behavior and well-being. Financial literacy consists of both knowledge and application of human capital specific to personal finance. The level of overall endowed and attained human capital influences a person's financial literacy. For example, if an individual struggle with arithmetic skills, this will certainly impact their financial literacy. However, available tools (e.g., calculators, computer software) can compensate for these deficiencies; thus, information directly related to successfully navigating personal finances is a more appropriate focus than numeracy skills for a financial literacy measure.

Financial literacy is a component of human capital that could be used in financial activities to increase expected lifetime utility from consumption (i.e., behaviors that enhance financial well-being). Other influences (such as behavioral/cognitive biases, self-control problems, family, peer, economic, community and institutional) can affect financial behaviors and financial well-being. A person who is financially literate (i.e., has the knowledge and the ability to apply the knowledge) may not exhibit predicted behaviors or increases in financial well-being.

Financial education (Atikinson & A& F, 2012) is an input intended to increase a person's human capital, specifically financial knowledge and/or application (i.e., financial literacy). A well-designed financial literacy instrument that adequately captures personal finance knowledge and application can provide insight of how well financial education improves the human capital needed to behave appropriately to enhance financial well-being.

3.3. ASSESSING FINANCIAL LITERACY:

The first step to clarify the construct of financial literacy according to the proposed definition, a specific instrument developed to measure the construct would include both knowledge and application items. In terms of content, it would seem reasonable to use the four personal finance content areas that currently exist in the literature, with a focus on designing items strongly linked to the most common and/or most detrimental financial mistakes.

The specific number of instrument items primarily depends of adequate representation of each domain. One Proposed rule of thumb is that the minimum number of items having meaningful loadings of a domain factor varies between three and five. Therefore, Assuming the existence of four personal finance content areas, would suggest the minimum items required would be between twelve and twenty (Rike stiawatis, 2018).

As for instrument structure, an accepted approach is to include at least three to five items per content factor resulting in initial instruments with twelve to twenty items if the four content areas are used. Thus, initial instruments consisting of as few as three items) would appear to be deficient to capture the breadth of human capital specifically related to personal finance. After initial testing, techniques such as item response theory approaches could be used to reduce the number of items).

Attention to item wording and ordering is important regardless of the data collection technique used. In terms of a target audience, it seems reasonable to begin with adult audience because they control the greatest share of financial resources, and other standardized literacy tests are aimed at an adult population. Finally, the inclusion of a rating method, either a threshold or ranking system, is imperative to ensure common interpretation of the results. (OCDE, 2008)

3.4. IMPACT OF THE FINANCIAL LITERACY ON ECONOMICS

In England, measures like "The Financial Services and Markets Act 20009" imposed four statutory objectives upon the FSA: (OCDE, 2009)

- Market confidence: maintaining confidence in the financial system;
- Public awareness: promoting public understanding of the financial system;
- Consumer protection: securing the appropriate degree of protection for consumers;
- Reduction of financial crime: reducing the extent to which it is possible for a business carried on by a regulated person could be used for a purpose connected with financial crime.

The difficulties facing financial literacy, reside in the non-professional investors. Although the higher-level employees in organizations are implicitly expected to possess this capability could be indicated which one, the recent financial crises have clarified the problem: that the risks of investing in and accounting for new financial products were not understood by professional investors and the firms. As a response to the diminishing level of trust, financial literacy has also become an issue for boards of directors, with questions as to whether the accounting and auditing ''scandals'' would have occurred if the boards of directors had been sufficiently competent. Consequently, the issue of financial literacy is of concern both inside and outside of the organization.

In 2010, a survey was carried out to measure the population's mastery of numbers and financial concepts. The survey executors acknowledged that numeracy and financial literacy are difficult to differentiate. Even so, it was concluded that financial literacy, understood as a knowledge-based resource involving ''familiarity with financial concepts and products'', is determined and supported by the individual's level of numeracy, referring to a skill-based cognitive ability ''to process numerical information and perform simple calculations''. Accordingly, it was suggested that financial illiteracy could be indirectly alleviated by raising the level of numeracy. Moreover, when market participation was evaluated based on these two measures, the findings resulted in the identification of yet another autonomous relationship. The authors found that increased numerical capability leads to increased financial literacy, which in turn leads to increased activity in the stock markets– all resonating with the ''literacy-comes-first argument''. (Koid, 2010)

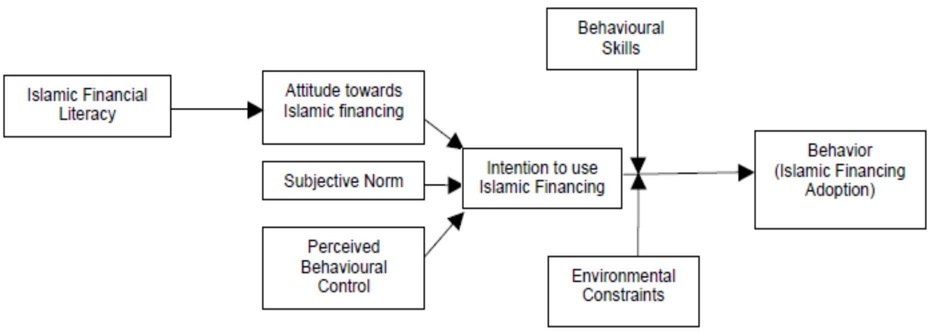
Financial literacy takes part in another phenomenon, financial (ex) inclusion (OCDE2009), Financialeducation and crisis/ policy paper and guidance , 2009), financial inclusion is the pursuit of making financial services accessible at affordable costs to all individuals and businesses, irrespective of net worth and size, respectively. Financial inclusion strives to address and proffer solutions to the constraints that exclude people from participating in the financial sector. It is also called inclusive financing.(Yoong.j, 2012)

Recent experiences showed that poor people take loans that they have no capacity to service, Farmers have also taken loans that they have not been able to repay. Many have been driven to suicide because of debt problems. Unless financial literacy goes hand in hand with financial inclusion, instead of helping the poor, they will be put into more trouble. Another example is the mortgage crisis, in the U.S., which has lead to global crisis. Trends in retirement income policies, work patterns and demography suggest its importance can only increase in the years ahead. Raising financial literacy supports social inclusion and enhances the wellbeing of the community, According to Dr Subbarao, Reserve Bank of India Governor, "In the Reserve Bank of India, we treat financial inclusion and financial literacy as twin pillars. Financial literacy stimulates the demand side – making people aware of what they can and should demand. Financial inclusion acts from the supply side – providing in the financial market what people demand".

4. FINANCIAL LITERACY IN ISLAM:

The studies of literacy showed that knowledge is the important element that leads individual behavior and it is always associated to literacy. In the Holy Qur'an in Surah Al-An'am also stated that knowledge or literacy is necessary so that a Muslim can differentiate what is lawful and prohibited in Islam. and without knowledge on Halal and Haram, a person may mislead on what they are doing. This paper proposed a study on Halal Literacy and Islamic Financial Literacy and its effect on attitude towards Islamic financing adoption. This paper is also attempting to suggest the measurement and validity approach for Halal Literacy and Islamic Financial Literacy. Halal Literacy and Islamic Literacy need to be assessed to know the level of literacy for Halal and Islamic finance among halal business producers. Besides, it is important to understand the impact of both factors towards an attitude of halal business producers towards the adoption of Islamic financing by integrating the halal literacy and Islamic financial literacy.(Abdullah)

Figure (1): Integrative model of behavioral



source: Purnom M Antara, Rosidah Musa, Faidah Hassan, Bridging Islamic Financial literacy and Hallal literacy the way Froward In Hallal Ecosystem p199,https://pdf.sciencedirectassets.com/

Islamic financial literacy is the development of the financial literacy concept. That matches the Islamic rules.the concept of financial literacy is much studied by researchers (Purnomo & M, 2018) (Antara, Musa, &

Hassan, 2015; Glaser & Weber, 2007; Hung, Parker, &Yoong, 2009). Financial literacy is the ability to manage personal finances (Chen & Volpe, 1998). Nevertheless, research that focuses on the concept and development of Islamic financial literacy is still limited (Antara, Musa, & Hassan, 2016). Where as the level of financial literacy affects one's financial behavior (Xiao, Ahn, Serido, & Shim, 2014). Understanding and custom on the fundamentals of Islamic financial literacy also affects the behavior of business owners in conducting business in accordance with Islamic economic rules and ethics (Antara et al., 2016).

Halal Literacy was defined byas the ability to differentiate halal and haram goods and services based on Shariah (Islamic Law). The Halal Literacy is important because before consumers are ready to adopt a products or services, they will go through the process of knowledge, persuasion, decision and confirmation. Literacy can be the ability of a person by combining a set of knowledge, awareness, and skills to differentiate between Halal and Haram goods and services based on Shariah Law. The concept of financial literacy studied by many researchers (Hung et. al (2009); Glaser and Weber (2007). It found that the financial literacy will influence a person in performing a behavior. The financial literacy is a mishmash of awareness, knowledge, skill, attitude and behavior essential to make sound financial decisions and also finally achieve individual financial wellbeing. The level of financial literacy between a people is different, and the differences in the level of the literacy will influence the behavior. However, there is still limited study on financial literacy that focuses on Islamic finance concept. For this study, Islamic financial literacy will examine either it will affect the attitude of the business owner in adopting Islamic financing.(Abdul, Hamid, & Norizaton, 2011)

This paper defined the Islamic financial literacy as the degree to which individuals have a set of knowledge, awareness, and skill to understand the fundamental of Islamic financial information and services that affect their attitude to make appropriate Islamic financing decisions. It is important because financial knowledge is strongly associated to financial behaviors. When a person has financial illiteracy, it can lead to financial decision mistakes such as excessive borrowing or high-cost mortgage. In term of Islamic financial literacy, it assumed to influence the attitude of a person in its financial behaviors especially in differentiate between conventional financing and Islamic financing. It also assumed that a person with Islamic financial illiteracy will result in financial decision mistakes in differentiating between conventional and Islamic financing. In islam, Spending requires balance, not in excess, and it should be done to earn the pleasure of Allah. On the other hand, savings should also not be in excess as it potentially deprives others. However, Islam absolutely does not reject men to find a treasure and does not deny their right to be rich. In fact, many of the companions of the Prophet as Othman al-Affan and Abd Rahman bin Auf were rich people who had great wealth. Nevertheless, Islam warned about the dangers of wealth accumulation either personally or collectively exaggerated to the extent of producing properties greedily. It can cause men to eventually forget the purpose of human life that is paramount in this world that is to be submissive and obedient to God Almighty. This is because it is a human tendency to drift into the temptation of material possessions. So, it requires jihad as shown by the companions of the Prophet. They were wealthy, but they spent their wealth for Islam in the path of Allah SWT.

Islam also encourages reasonableness and moderation. Wealth should not be abused or misused as Allah SWT has laid down very clear injunctions on how wealth is to be acquired and spent. Indeed, wealth is a form of trial by Allah SWT towards His servants whether men will follow His injunctions regarding wealth acquisition and disposal and as such the owners are to be fully accountable on the Day of Judgment for what they do with their wealth. In Islamic financial planning, an individual must understand the discipline of how to protect, to accumulate, to preserve and to distribute the wealth according to the Islamic Shari'ah. (Ahmed, 2010)

Another study investigates in the relationship between university students' knowledge of relevant financial concepts and terms in conventional and Islamic banking, the impact of religion and language, and other individual variables on preferences for financial services. Findings of the study suggest that knowledge of conventional banking terms and concepts was higher among these students than was Islamic banking terminology. The review of the literature thus suggests that very little work has been done to link knowledge of Islamic financial product to access and choice of financial products. Few studies have been undertaken on Islamic banking products and no such study has been undertaken on the financial literacy on these products.

5. FINANCIAL LITERACY IN ALGERIA:

In Algeria, there is no national strategy for financial education. Despite the fact that the education system was reformed in 2008, schools and universities still do not offer any social or financial skills training programs. Since 2012, a Public Credit Information Bureau's (Centrale des Risques) regulation has granted borrowers the right to access their data.

IMF data on access to financial services, 40 show that Algeria performs well against the mean figure for developing countries. The national Banking association is the Association Professionnelle des Banques et des Établissements Financiers (ABEF). Further general data shows formal loan account penetration at 53 per 1,000 adults, formal loan usage of 1.5% and formal savings usage of 4.33%. All these figures have remained fairly constant over recent years. There has been an increase, which would imply a durable improvement in access to financial services.

Figures relating to access to MFIs were not available in the IMF's database, Algeria did not have a conventional microcredit sector comparable to its regional peers, 41 It has three major government programs and the National Support Agency for Youth Employment (ANSEJ), the National Unemployment Insurance Fund (CNAC), and National Agency for Management of Microcredit (ANGEM) – which are all heavily subsidized and collaborate closely with the banks. This leaves little room for conventional microfinance providers or private banks. The lending and business training programs of these three programs have been scaled up since 2011. However, the formal education system has yet to include initiatives for the promotion of SME.

6. METHODOLOGY:

6.1. ISLAMIC ASPECT:

Recently it has been spread a wide range of Islamic bank ,and the studies confirm that most people realize the importance of islamic financial products a study conducted in Malaysia in 1994, regarding knowledge on Islamic banking showed that almost 100 percent of the Muslim population was aware of the existence of the Islamic bank. However, out of these, only 27.3 percent had completely understood the differences between Islamic bank and conventional banks; and only 38.7 percent patronize the Islamic bank strictly because of religion.(abdulah, hamid ,2001)

Bley and Kuehn (2004) in their study investigated the relationship between university student knowledge of relevant financial concepts and terms in conventional and Islamic banking, the impact of religion and language, and other individual variables on preferences for financial services. Findings of this study suggest that knowledge of conventional banking terms and concepts was higher among these students than was Islamic banking terminology. Review of the literature suggests that people had little knowledge of Islamic financial product. Several studies have been undertaken on knowledge of conventional financial products. The review of the literature thus suggests that very little work has been done to link knowledge of Islamic financial product to access and choice of financial products. Few studies have been undertaken on Islamic banking products and no such study has been undertaken on the financial literacy on these products.(Bely, 2004)

6.2. RESEARCH METHODOLOGY:

We adopted qualitative study ,where a questioner distributed on group of bank employees , included the following axes :

- Knowledge of financial products;
- Knowledge of Islamic financial products;
- Effects on of use of Islamic products;
- The security degree in investment in banks;
- Capacity for personal financial management;
- The ability to manage wealth.

Sampling was performed randomly. A total respondent collected are: response rate was 30.75% (40distributed, 12 completed), the results in this study:

1- The importance of views of bankers on banking product in general, that is if they perceived that both Islamic and traditional banking products are the same and no different of each other. Its accounting for 20.2%

2- Even though they are perceived as to be no different of each other, the bankers still prefer to promote Islamic banking product to the clients. its accounting for 14.35%

3-The information revealed the importance of parents' influence their views of Islamic financial product and services. Its accounting for 9.1%

4- On Determining Investment in Securities. This shows the factors that bankers perceived as important when investing in securities. its accounting for 8.5%

5- On Conventional Banking Product. This shows views of the bankers 'on conventional banking product based on their interactions with their clients. its accounting for 6.1%

6- Attitude on Personal Financial Management. This factor indicates how bankers' attitude of personal financial management affects their financial literacy. its accounting for 5.3%

7- Influence of Personal Financial Management. This factor signify how personal financial management influence bankers' financial literacy. its accounting for 4.6%

8- Knowledge of Wealth Planning and Management. This factor points to how bankers' knowledge of wealth planning and management affects their financial literacy. its accounting for4.13%

9-About attitude on Islamic Financial Product and Services. The above factor scored clearly explain how attitude on Islamic financial product and services ascertain the financial literacy of bankers. its accounting for 3.65

The financial literacy of bankers on Islamic financial product and services, And banking products are very important according to the bankers . This also correlates with the banker's perception of the factors to consider when making investment.

7. CONCLUSION:

This study has presented an attempt to explore the concept of Islamic financial literacy; in particular it contributes to the current literature by developing validated instruments for Islamic literacy.

the study suggested factors to determine the financial literacy of bankers in Algeria, axe on banking product, axe on Islamic banking product, , axe determining investment in securities, axe on conventional banking product, attitude on personal financial management and influence of personal financial management, knowledge of wealth planning & management and attitude on Islamic financial product & services.

We hope that this study could help other researchers to expand the knowledge in area of Islamic financial literacy.

REFERENCES:

1. Abdullah., Hamid, & Norizaton, A. m. (2011). ***A Study on Islamic Banking Education Experience and theStrategy for the new Millennium-A Malaysian Evidence***. International journal of Islamic Financial services ,volume 2 , number (4) p15.

2.Abdullah, M. A. (s.d.). ***Islamic Financial Literacy among banker in kuala lumpur***, visited: 22/06/ 2019, sur Journalof emerging and islamiq research: http://www.jeeir.com

3.Ahmed, M. (2010). Why ***islamic financial literacy is important***. Int Enterp Mang Newspaper , PP581-601.

4.Atikinson, & A& F, M. (2012***). Measuring Financial Literacy, Resultat of the OCDE***,International Network on Financial Education, (INFF) pilot study 15.

5.Bay, c. (2018). ***Situating Financial literacy***, Critical perspectif on Accountig.visited: 25/07/ 2019, http://www.doi.org/12;1217:J.cpa

6.Bley, J. &. (2004). ***Conventional versus Islamic Finance***:student knowledge and percption inte United Arab Emirates. international journalof islamic financial services ,pp17-30.

7.Brown, M. (2018). ***culture and financial literacy evidence from with in country language boeder***. journal of economic behavior and organization ,p 40.

8.***Education National Standard For Financial***. (s.d.). visited:02/09, 2019, Concil For Economic Education: http://www.councilforecoed.org.

9.kim, & muller. (1978). ***Factor analysis statiscal Methodes and Parctical issues***. visited: 20/09/ 2019, sur http://books.google.dz

10.koid,S,l.(2010). Financial Literacy Measurement Pilot. Consumer and Market Conduct Department, Bank Negara Malaysia, AFI Financial Inclusion Data Workshop 21-22 June 2010, Kuala Lumpur.

11.mushtaq, R. (2017***). Financial literacy and developement***. visited 15/08/ 2019, http://rizwnhcc.university lyon3.com

12.OCDE. (2009). ***Financial Education and crisis***/ policy paper and guidance. INFE, Washington.

13.OCDE. (2009). ***Financial literacy and consumer protection over looked Aspects of the crisis***. wasington.

14.OCDE. (2009). ***Measuring Financial Literacy and consumer protection. INFE. washington***.

15.Purnomo, & M, A. (2018). ***Conceptualization and Operationalization of Islamic Financial Literacy Scale***. pp. pp 70-72.

16.Purnomo, M.Antara. (s.d.). ***conceptualizationand operationalization of islamic finacial literacy scale social sciences & humanities***. visited: 30/06/ 2019, http://www.pertanik.upm.edu.

17. Purnom M Antara, Rosidah Musa, Faidah Hassan, ***Bridging Islamic Financial literacy and Hallal literacy the way Froward In Hallal*** Ecosystem p199, visited: 15/09/2019 https://pdf.sciencedirectassets.com.

18.Rike, s. (2018). ***Islamic Financial literacy: consutruct pocsee and validity. academyof strategic*** management journal , pp 36-37.

19.Rizwan, m. (2017). ***Financial literacy and developemen***t. visited: 15/08/ 2019,http://www:rizwnhcc.university lyon3.com.

20.Young, J. (2012). ***Financial Literacy and stock market et participation***. oxford university presse , pp 5-6.