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The Impact of Managers' Financial Literacy on Strategic Management Planning and Effective Internal Control with Emphasis on the Mediating Role of Digital Financial Literacy
(Case Study: Managers of the Banking Industry in Gilan Province)

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Abstract
The present study examines the impact of managers' financial literacy on strategic management planning and effective internal control with emphasis on the mediating role of digital financial literacy in the banking industry of Gilan Province. In today's dynamic and competitive business environment, effective strategic planning and internal control systems are essential for improving organizational performance, managing risks, and achieving sustainable development. The banking industry requires managers with financial knowledge and digital capabilities to enhance decision-making and strengthen control mechanisms. This research is applied in terms of purpose and descriptive-correlational in terms of methodology. The statistical population consisted of bank branch managers in Gilan Province, including 1,598 individuals. Based on Cochran's formula, 309 participants were determined as the required sample size; however, 320 managers were selected through convenience sampling, and 315 valid questionnaires were analyzed. Data were collected through questionnaires and analyzed using structural equation modeling with Smart PLS version 3.3 software. The findings showed that managers' financial literacy has a positive and significant effect on strategic management planning and effective internal control. Furthermore, digital financial literacy significantly mediates this relationship. The results indicate that combining financial knowledge with digital competencies improves managerial decision-making, strengthens internal control systems, and supports intelligent supervisory structures in modern banking.

Keywords: Financial Literacy, Digital Financial Literacy, Strategic Management Planning, Effective Internal Control, Banking Industry.

JEL Classification: (G21, G32, M10, M15, O33)

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INTRODUCTION

In today's rapidly evolving banking environment, effective strategic management planning and internal control systems are essential for improving organizational performance, strengthening corporate governance, and ensuring financial sustainability. As banking operations become increasingly digital and data-driven, managers are expected to possess not only strong financial knowledge but also digital financial competencies to support informed decision-making and effective control mechanisms. Although previous studies have demonstrated the positive effects of financial literacy on financial behavior and organizational outcomes, limited attention has been given to the mediating role of digital financial literacy in explaining how managers' financial literacy contributes to strategic management planning and effective internal control, particularly within the institutional context of the banking industry. This study investigates the impact of managers' financial literacy on strategic management planning and effective internal control in the banking industry of Gilan Province, Iran, with a specific focus on the mediating role of digital financial literacy. By integrating behavioral and systems perspectives, this research provides a broader understanding of the mechanisms through which managerial competencies enhance governance and control effectiveness, offering practical implications for banking managers, policymakers, and regulatory authorities in accelerating digital transformation and improving organizational resilience.

METHODOLOGY

This study employed an applied research design with a descriptive-correlational approach. The target population consisted of branch managers of public and private banks in Gilan Province, Iran, comprising 1,598 managers. The required sample size was determined using Cochran's formula for a finite population, resulting in a minimum of 309 participants. To improve data quality and compensate for incomplete responses, 320 questionnaires were distributed using a non-probability convenience sampling method, of which 315 valid questionnaires were returned and included in the final analysis. Data were collected through a structured questionnaire adapted from (Imjai et al., 2025) et al. (2025), consisting of 21 items measured on a five-point Likert scale. Descriptive statistics were analyzed using SPSS 27, while the proposed research model and hypotheses were evaluated through Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 3.3.

RESULTS

The structural model demonstrated satisfactory explanatory power and supported the proposed relationships among the study variables. The findings revealed that managers' financial literacy has a positive and statistically significant effect on strategic management planning and effective internal control ($t = 11.932$). The coefficient of determination indicated that financial literacy explained approximately 79% of the variance in the dependent construct, suggesting that managers with stronger financial knowledge are more capable of analyzing financial information, allocating resources efficiently, and strengthening organizational control systems. Furthermore, the results confirmed the significant mediating role of digital financial literacy. Digital financial literacy showed a positive and significant relationship with strategic management planning and effective internal control ($t = 2.779$), accounting for approximately 30% of the explained variance. These findings indicate that financial knowledge becomes substantially more effective when complemented by digital competencies, enabling managers to utilize financial technologies, integrated information systems, and real-time analytical tools in organizational decision-making.Overall, the empirical evidence supports the proposed conceptual model and confirms that both financial literacy and digital financial literacy contribute significantly to improving strategic planning and internal control effectiveness within the banking industry.

CONCLUSION

This study examined the impact of managers' financial literacy on strategic management planning and effective internal control, with particular emphasis on the mediating role of digital financial literacy in the banking industry. The findings demonstrate that financial literacy is a fundamental managerial capability that enhances strategic decision-making, improves resource allocation, and strengthens internal control systems. Moreover, digital financial literacy complements traditional financial knowledge by enabling managers to effectively employ financial technologies, digital platforms, and data-driven analytical tools in increasingly complex banking environments. The results extend previous research by validating the proposed framework within the institutional and regulatory context of the Iranian banking industry. Unlike earlier studies conducted in small business environments, this research demonstrates that the interaction between financial literacy and digital financial literacy remains significant in highly regulated financial institutions characterized by corporate governance requirements, technological transformation, and supervisory controls. From a practical perspective, the findings suggest that banks should invest in continuous financial and digital financial literacy training for managers, strengthen technology-oriented governance mechanisms, and integrate digital competencies into strategic planning and internal control processes. Such initiatives can improve organizational resilience, support digital transformation, enhance governance quality, and ultimately contribute to more effective managerial decision-making and sustainable banking performance.

Contribution of Authors

The authors jointly contribute to the preparation and publication of the article.

Ethical Approval

Informed written consent was obtained from individuals for the publication of their anonymous information in this study.

Sponsor

This study had no sponsor.

Conflict of Interest

The authors of this article declared no conflict of interest regarding the authorship or publication of this article.

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