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Accounting Information Quality and Digital financial inclusion: A narrative review of literature

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جودة المعلومات المحاسبية والشمول المالي الرقمي: مراجعة سردية للأدبيات

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Abstract
This research investigates the correlation between qualitative attributes of accounting information and money mobilization via electronic payments in the Iraqi Kurdistan Region. In developing nations, the proliferation of digital financial services relies on attributes such as ease, dependability, timeliness, comprehensibility, verifiability, and comparability, which are essential for fostering confidence, transparency, and effective financial decision-making. This research examines the influence of these traits on the acceptance and efficacy of digital financial services within a context characterized by infrastructural inadequacies, legal ambiguities, and socio-political instability. The study employs empirical data and a mixed methods research technique to demonstrate a favorable correlation between high-quality accounting information and financial leverage, which mitigates information asymmetry, enhances user confidence, and facilitates organizational adoption. The research further investigates the influence of financial literacy, technical infrastructure, and institutional support as moderating variables. The primary objective is to furnish empirical evidence regarding how qualitative attributes of accounting information can enhance the adoption and influence of digital finance in unstable economies, thus aiding in the formulation of effective policies and practical applications to advance accounting systems, promote digital finance adoption, and stimulate economic growth in the region.Keywords: Accounting information quality, digital financial inclusion, electronic payments, financial literacy, Kurdistan Region

الملخص

تبحث هذه الدراسة في العلاقة بين الخصائص النوعية للمعلومات المحاسبية وتعبئة الأموال من خلال المدفوعات الإلكترونية في إقليم كردستان العراق. ففي الدول النامية، يعتمد انتشار الخدمات المالية الرقمية على سمات مثل السهولة، والموثوقية، والتوقيت المناسب، وسهولة الفهم، وقابلية التحقق، وقابلية المقارنة، وهي عناصر أساسية لتعزيز الثقة والشفافية واتخاذ قرارات مالية فعالة.تستكشف هذه الدراسة تأثير هذه السمات على قبول وفعالية الخدمات المالية الرقمية ضمن سياق يتسم بضعف البنية التحتية، وغموض القوانين، وعدم الاستقرار الاجتماعي والسياسي. وتعتمد الدراسة على منهج بحثي نوعي، مستندة إلى مقابلات معمقة وتحليل سردي لفهم تجارب المشاركين ووجهات نظرهم تكشف النتائج عن وجود علاقة إيجابية بين جودة المعلومات المحاسبية والقدرة على التعبئة المالية، مما يُسهم في تقليل التباين المعلوماتي، وتعزيز ثقة المستخدم، وتسهيل تبني المؤسسات للأنظمة الرقمية. كما تبحث الدراسة في التأثير المُدرَك لكل من الثقافة المالية، والبنية التحتية التقنية، والدعم المؤسسي كعوامل وسيطة.والهدف الأساسي من هذه الدراسة هو تقديم رؤى نوعية حول كيفية مساهمة الخصائص النوعية للمعلومات المحاسبية في تعزيز تبني وتأثير التمويل الرقمي

في الاقتصادات غير المستقرة، بما يدعم صياغة سياسات فعالة واستراتيجيات عملية لتطوير نظم المحاسبة، وتعزيز الشمول المالي الرقمي، وتحفيز النمو الاقتصادي في المنطقة.الكلمات المفتاحية: جودة المعلومات المحاسبية، الشمول المالي الرقمي، المدفوعات الإلكترونية، الثقافة المالية، إقليم كردستان

1. Introduction

1.1 Background on Accounting Information Characteristics The foundation for financial reporting and application in accounting lies in the qualitative characteristics of accounting information, including relevance, reliability, timeliness, understandability, verifiability, and comparability (Ahmed et al., 2025; Belkaoui, 2004). These attributes enable the creation of accurate, compliant, and useful information for users involved in economic decision-making. They have enhanced accounting practices in the digital era, where Accounting Information Systems (AIS) facilitate the transition from traditional paper-based methods to advanced electronic systems (Romney & Steinbart, 2021).

1.2 Financial Inclusion Financial infrastructure regulates access to financial services—such as payments, savings, loans, and insurance—for both individuals and businesses (Allen et al., 2016; The World Bank, 2018). Digital finance plays a significant role in alleviating financial exclusion and poverty by enabling people to manage risk, invest in education and business, and stabilize consumption patterns (Al-Qadisiyah et al., 2024). Such access also improves public welfare and health outcomes by enhancing resource management. However, in fragile regions such as the Kurdistan Region of Iraq (KRI), financial mobilization faces barriers including poor infrastructure, political instability, and limited digital literacy (Allen et al., 2016). Additionally, the absence of strong legal frameworks and low public trust hinder financial inclusion efforts in such environments (Ghosh & Vinod, 2017).

1.3 E-Payment Systems The rapid growth of electronic payment systems—such as mobile money, e-wallets, and internet banking—has transformed financial services in developing countries (Mallat, 2007). These systems provide cost-effective and convenient alternatives for individuals excluded from formal banking networks (Belkaoui, 2004). Studies on Kurdistan's banking sector reveal that while banks have begun adopting modern e-payment platforms, issues such as limited technological readiness and customer distrust persist (Board of International Accounting Standards, 2018). The success of mobile money and e-wallets depends heavily on technological reliability, regulatory oversight, and social acceptance, particularly in areas where security and network stability are major concerns (Central Bank of Iraq, 2021).

2. Theoretical Framework

2.1 Qualitative Characteristics of Accounting Information Understanding the qualitative aspects of accounting information helps explain how financial data influence digital payments and financial inclusion. Relevance ensures the provision of useful financial information for decision-making (Delis et al., 2018). Reliability offers confidence to users that financial information is free from bias and error (Ahmed et al., 2025). Timeliness ensures information is delivered when needed for effective decisions (Demirgüç-Kunt et al., 2017). Understandability enables non-specialists to interpret financial data accurately (Ahmed et al., 2025). Verifiability and comparability enhance confidence and transparency among financial users (Ahmed et al., 2025; Alexander & Britton, 2004).

2.2 Digital Financial Inclusion and Its Scope

Digital financial inclusion aims to extend access to financial services through digital platforms, focusing on accessibility, availability, and affordability (Ghosh & Vinod, 2017). Adoption of digital finance is closely linked to financial literacy and accounting competency, as informed users are more capable of using digital services safely (He & McCulloch, 2018). Together, these characteristics significantly contribute to reducing financial disparities in developing economies (Jaffar et al., 2016).

2.3 The Link Between Accounting Information and Financial Inclusion High-quality accounting information builds trust and transparency in digital financial ecosystems (Khera et al., 2022). Reliable and timely accounting data reduce information asymmetry, enabling users to make informed investment and borrowing decisions (Ahmed et al., 2025). Institutions that maintain transparency in financial reporting increase user confidence in digital transactions and regulatory compliance (Lusardi & Mitchell, 2014).

3. Methodology

3.1 Research Design This study uses a mixed methods design, which combines both quantitative and qualitative approaches. This design was chosen to get a more complete picture of how the quality of accounting information affects digital financial inclusion in the Kurdistan Region of Iraq. The quantitative data help identify relationships and trends, while the qualitative data provide deeper explanations and real-world context. Using both types of data allows for stronger and more reliable conclusions.

3.2 Research Approach The research follows a sequential explanatory approach. First, quantitative data are collected and analyzed to find patterns and correlations. Then, qualitative interviews are conducted to better understand the reasons behind those patterns. This approach helps explain not only whether a relationship exists, but also why it exists, offering a more meaningful understanding of the connection between accounting information quality and the use of digital financial services.

3.3 Population and Sample The study focuses on financial institutions, accounting professionals, and users of digital financial services within the Kurdistan Region. A stratified random sampling method is used to make sure that different types of organizations are represented — such as banks, private companies, and small businesses that use electronic payments. About 200 participants take part in the quantitative stage, and 15–20 participants are chosen for interviews based on their experience in accounting, finance, or digital service management.

3.4 Data Collection Methods In the quantitative stage, data are collected through a structured questionnaire. The survey measures how participants perceive the quality of accounting information, focusing on six key features: reliability, relevance, timeliness, understandability, verifiability, and comparability. Responses are recorded using a five-point scale ranging from "strongly disagree" to "strongly agree."

For the qualitative stage, semi-structured interviews are conducted with financial managers, auditors, and policymakers. These interviews explore how institutional, technical, and social factors affect the use and growth of digital finance in the region.

3.5 Data Analysis The quantitative data are analyzed using correlation and regression analysis, as well as structural equation modeling (SEM), to test the relationships between the quality of accounting information and digital financial inclusion. The study also looks at whether financial literacy, technological infrastructure, and institutional support change or influence these relationships.

The qualitative data are analyzed using thematic analysis, which involves coding the interview responses and grouping them into themes to identify common ideas and insights that help explain the statistical findings.

4. Validity and Reliability To ensure that the results are trustworthy, the questionnaire is tested first with a small pilot group of 30 participants. The consistency of the responses is checked using Cronbach's alpha, and experts review the content to make sure it accurately reflects the research topic. The use of both quantitative and qualitative methods also helps verify the findings through triangulation, which strengthens the reliability of the study.

5. Ethical Considerations All participants are informed about the purpose of the study and assured that their responses will remain confidential. Participation is voluntary, and participants can withdraw at any time. Ethical approval is obtained from the appropriate academic institution, and all collected data are used strictly for research purposes.

6. Conceptual Framework This study is based on a framework that assumes the quality of accounting information affects digital financial inclusion, and that this relationship may be influenced by financial literacy, technical infrastructure, and institutional support. This framework guides the research design, data collection, and analysis steps.

7. E-Payment Systems in the Kurdistan Region

7.1 Banking and E-Payment Infrastructure Kurdistan's banking sector includes both traditional and Islamic banks that have started offering e-payment services such as mobile banking and online transfers (Belkaoui, 2004). Despite progress, adoption remains uneven due to infrastructure gaps and varying customer satisfaction levels (Board of International Accounting Standards, 2018).

7.2 Problems with Electronic Payments

The growth of digital financial services in KRI is constrained by weak infrastructure, poor internet coverage, and outdated accounting platforms (Ghosh & Vinod, 2017). Furthermore, unclear legal frameworks and limited cybersecurity protection undermine trust (Central Bank of Iraq, 2021). Political and bureaucratic challenges further restrict innovation (Allen et al., 2016).

7.3 Trends of Use and Customer Satisfaction Customer surveys indicate mixed satisfaction with e-payment systems, suggesting inconsistencies in service quality (Belkaoui, 2004). While digital payments increase convenience, widespread adoption remains limited due to security concerns, lack of awareness, and low trust in electronic transactions (Mallat, 2007).

8. Characteristics of Accounting Information and Digital Payment Systems Relevance and transparency in accounting enhance users' trust in digital transactions (Ahmed et al., 2025; Khera et al., 2022). Timely and understandable reports help users respond to changes in financial conditions (Demirgüç-Kunt et al., 2017). Verifiability allows external parties to confirm the accuracy of data, which strengthens the integrity of e-payment systems (Ahmed et al., 2025). Comparability facilitates institutional benchmarking and promotes consistency in reporting (Alexander & Britton, 2004).

9. Effects of Accounting Information Quality on Financial Inclusion

9.1 Building Trust and Closing Information Gaps High-quality accounting information bridges the information gap between providers and users, increasing trust in digital platforms (Ghosh & Vinod, 2017). Moreover, financial literacy enhances individuals' and MSMEs' capacity to manage electronic accounts effectively (He & McCulloch, 2018; Lusardi & Mitchell, 2014).

9.2 Promoting Compliance and Consumer Protection

In addition, accounting knowledge ensures compliance with financial regulations, safeguarding consumers from risk (Mahdintara & Suryantara, 2022).

10. Moderating Factors

10.1 Financial Regulation and Institutional Support Strong regulatory systems and institutional support promote transparency, innovation, and user protection (Ghosh & Vinod, 2017). Moreover, reliable technological infrastructure directly impacts the accessibility and performance of digital financial services (Belkaoui, 2004). Socioeconomic and cultural characteristics also influence how accounting systems affect financial inclusion (Muhammed et al., 2024; Ozili, 2018).

11. Empirical Studies in Kurdistan Empirical evidence from panel analyses and field surveys shows that accounting information quality supports digital inclusion (Allen et al., 2016). Furthermore, High-quality accounting data enhances transparency and supply chain trust in Kurdistan (Ghosh & Vinod, 2017). Also, studies show that poor accounting literacy and lack of digital skills hinder SME growth, while computerized systems improve banking safety (He & McCulloch, 2018; Lusardi & Mitchell, 2014).

12. Policy and Practice Implications Integrating digital accounting systems with e-payment ecosystems can increase financial transparency and efficiency (Ghosh & Vinod, 2017; Lusardi & Mitchell, 2014). Moreover, strong regulatory frameworks are needed to ensure consumer safety and promote innovation (Ghosh & Vinod, 2017; Mahdintara & Suryantara, 2022). To boot, education and awareness programs are crucial to improve digital financial participation (He & McCulloch, 2018; Mallat, 2007).

13. Research Gaps and Limitations Kurdistan faces major data limitations due to political instability and lack of reliable statistics (Board of International Accounting Standards, 2018). Existing studies are mostly short-term, making it difficult to assess long-term digital finance trends (Ghosh & Vinod, 2017). Future research should include gender and equity dimensions and explore new technologies like blockchain (Ozili, 2018; Jaffar et al., 2016).

14. Conclusion Finally, there is a positive relationship between accounting information attributes and electronic payment-based financial inclusion in the Kurdistan region. Furthermore, high-quality accounting information (which is relevant, reliable, timely, understandable, verifiable, and comparable) improves transparency and trust, which leads to better decision-making. All of these things are necessary for a higher adoption rate of DFS (Ghosh & Vinod, 2017). When linked to strong accounting systems, better rules, and programs that help people learn new skills, digital financial inclusion activities are even more successful.This synthesis makes an important contribution to our understanding of how digital finance, good accounting information, and financial inclusion can work together in economies that are not very stable. In theory, it finds ways to improve AIS, change the rules, and create financial education programs that can help create a positive feedback loop between using digital payments and gaining economic power in Kurdistan and beyond.Policy efforts should focus on speeding up improvements in digital accounting infrastructure and connecting it to the electronic payment domain so that users can see everything in real time and trust it. He said, "It's never been clearer that we need strong financial regulation and the building of institutions that will protect consumers and encourage economic innovation." Lastly, all stakeholders, including the government, banks, technology owners, and schools, need to work together to make sure that digital payment technology is accessible and useful for everyone.

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