EXAMINING THE PARALLEL MEDIATING EFFECT OF FINANCIAL EDUCATION AND CORPORATE ETHICS ON THE RELATIONSHIP BETWEEN FINANCIAL FRAUD RISK AND INTENTION TO USE FINANCIAL SERVICES: IMPLICATIONS FOR UNIVERSITY CURRICULA

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EXTENDED ABSTRACT

Fraud poses a significant challenge to the global economy. Its negative effects extend from the stability of financial markets to businesses, consumers, and governments. Confronting this large-scale issue requires a comprehensive approach that involves multiple stakeholders. In this regard, one of the primary reasons international financial institutions are concerned with combating financial fraud is to preserve the integrity of the global financial system. Fraud can erode investor and market participants' trust, leading to capital flight, financial volatility, and decreased investment. Moreover, fraud can hinder access to credit and basic financial services, thus impeding economic and social development. These consequences can undermine economic growth and financial stability, impacting entire countries and regions.

The term "fraud" can be simply defined as a crime involving deceptive activities in a specific sector. These activities are typically carried out by individuals or groups with malicious intent to obtain illicit benefits. With the increased use of technology in recent decades and the interconnectedness of devices (Internet of Things), such illegal activities have become more prevalent. For instance, Cross et al. (2014) note that online fraud arises from "an individual's experience of responding over the internet to a dishonest invitation, solicitation, notification, or offer, by providing personal information or money that results in a loss, with or without financial impact." Likewise, Juhandi et al. (2020) state that fraud refers to "a broad legal concept, describing any intentional fraudulent attempt aimed at taking someone's property or rights, or those of other parties." Marabad (2021) suggests that "fraud is defined as an unlawful deception intended to secure financial or personal gain. It is a premeditated behavior that goes against the law or policy to achieve unfair financial gain".

The abovementioned concepts propose cooperation among local and international financial institutions, government authorities, and regulatory bodies to create public policies that effectively combat financial fraud in a region (Zamudio et al., 2022). For instance, the OECD highlights that implementing effective programs to promote financial inclusion and education can enhance consumer awareness, which, in turn, are key elements for protecting against and preventing fraud while fostering a culture of integrity and transparency in the financial sector. In this regard, the economic impact of financial fraud in emerging countries can have significant consequences. This means that financial institutions and consumers bear direct financial losses while the overall economy suffers from a lack of trust and decreased investment. Moreover, financial fraud can erode the reputation of companies and the country, leading to long-term effects on economic development.

Given the above, the government in Mexico has implemented several measures to combat financial fraud, including the establishment of specialized units for financial crimes and the enactment of stricter laws and regulations (CONDUSEF, 2021). However, it is worth noting that the country still faces significant challenges related to infrastructure, such as telecommunications and cybersecurity. In this regard, the lack of robust security infrastructure can impact financial institutions' reputation and perceived quality (García Witron, 2021), ultimately affecting customer loyalty. Building trust remains a recurring challenge for institutions, particularly those operating in the financial sector. Institutions must develop a corporate ethics framework as a social normative framework, embracing ethical practices to convey commitment and social responsibility as a loyalty-building strategy (Gómez Pescador & Arzadun, 2019).

This study assesses the relationship between financial fraud risk, corporate ethics, and the intention to use financial services through a financial education framework in the university curriculum. Notably, the study will evaluate the direct effect between financial fraud risk and the intention to use financial services. Furthermore, the study proposes to assess the mediating impact of corporate ethics on the direct relationship between financial fraud risk and the discretion to use financial services, as well as the mediating effect of financial education on the direct relationship between financial fraud risk and the intention to use financial services.

The methodological justification of this study is based on the need to comprehensively address the complex relationships and potential underlying mechanisms between the investigated variables: financial education, corporate ethics, financial fraud risk, and intention to use financial services. This study adopts a methodology based on PLS-SEM (Partial et al. Equation Modeling) and path analysis (Hair et al., 2013) to better understand how these variables interrelate and how they may influence the intention to use financial services. Applying PLS-SEM and path analysis enables us to take an integrated approach by considering all the mentioned variables and their interactions within a single model. This methodological approach provides a more precise and holistic understanding of the complexities and interrelationships among the variables of interest.

According to the proposed methodology, the following relationships can be examined using PLS-SEM:

1. Relationship between Financial Education and Intention to Use Financial Services:
    - Hypothesis: Financial education positively influences the intention to use financial services.
    - Path: Financial Education → Intention to Use Financial Services.
2. Relationship between Corporate Ethics and Intention to Use Financial Services:
    - Hypothesis: Corporate ethics positively influence the intention to use financial services.
    - Path: Corporate Ethics → Intention to Use Financial Services.
3. Relationship between Financial Fraud Risk and Intention to Use Financial Services:
    - Hypothesis: Financial fraud risk negatively influences the intention to use financial services.
    - Path: Financial Fraud Risk → Intention to Use Financial Services.
4. Mediating Effect of Corporate Ethics on the Relationship between Financial Fraud Risk and Intention to Use Financial Services:

- Hypothesis: Corporate ethics mediates the relationship between financial fraud risk and the intention to use financial services.
- Paths: Financial Fraud Risk → Corporate Ethics → Intention to Use Financial Services.

5. Mediating Effect of Financial Education on the Relationship between Financial Fraud Risk and Intention to Use Financial Services:
    - Hypothesis: Financial education mediates the relationship between financial fraud risk and the intention to use financial services.
    - Paths: Financial Fraud Risk → Financial Education → Intention to Use Financial Services.

By measuring previous relationships and mediating effects through PLS-SEM, the study can provide insights into the direct and indirect influences of financial education, corporate ethics, and financial fraud risk on the intention to use financial services. This analytical approach allows for a comprehensive understanding of the underlying mechanisms and the potential parallel mediating effects among these variables in the study context.

The aim is to obtain results that enable decision-makers to formulate strategies and policies based on corporate ethics, creating a context of trust in using financial services even in the presence of financial fraud risk. The proposed model will also demonstrate a positive relationship between incorporating financial education in university curricula and the intention to use financial services. Thus, by establishing a reliable and ethical environment, financial institutions can strengthen their relationship with clients and encourage greater engagement in financial services, thereby contributing to economic and social development.

The findings in this study will have implications for the design of university curricula in finance or related disciplines. Courses or modules focusing on financial education and corporate ethics can equip students with the necessary knowledge and ethical principles to navigate the financial landscape effectively. By addressing the mediating effects of financial education and corporate ethics, universities can contribute to developing professionals who are both knowledgeable and ethically conscious, promoting a safer and more trustworthy financial services ecosystem.

KEYWORDS: Financial Education, University Curricula, Corporate Ethics, Financial Fraud Risk, Intention to Use Financial Services.

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