

BANKS' FINANCIAL STATEMENTS AS A SOURCE FOR INVESTORS' DECISION-MAKING: A CASE FROM LEBANON

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ABSTRACT

This study aims to investigate the extent banks' clients depend on financial information provided by the auditors based on banks' financial statements and to what extent these financial statements are influencing their investment decisions as well as dealing with banks. This research is quantitative. Primary data were collected using a structured questionnaire distributed initially to 150 clients from various Lebanese banks. Data were then analyzed using the SPSS version 23 statistical program. Descriptive as well as inferential statistics were performed with Correlational and Chi-square for independency testing as well as analysis of variance (ANOVA) method. Findings show that 87.5% of the holders of bank accounts trust the bank's financial statement's information; following the economic downturn in Lebanon, bank account holders are more likely to study bank's financial statements, and account holder's investment decision is not impacted by the bank's financial statements results.

Keywords: Financial Statements, Banking Clients, Investment, Decision-Making, Lebanon.

INTRODUCTION

Lebanon represents a timely choice for this study, as the banking sector in Lebanon has been experiencing an unprecedented crisis, and the clients' deposits have suddenly been frozen without any ability to be withdrawn. This collapse occurred after a long period of Lebanese banking being portrayed and perceived as the most successful sector in the economy (Khalife et al., 2022). The study is timely as it sheds light on whether financial statements by banks are used for investment decisions and whether the crisis affected the clients' trust in their banks' auditors' reports based on the banks' financial statements.

Hubbard (2021) & Khalife et al. (2022) describe Lebanon's political, social, economic, and financial conditions as the worst among many nations around the globe suffering from crisis. The aforementioned created confusion, distrust, disorientation, and desperation among bank clients. Therefore, doubts about the clients' behavior towards banks and their declared financial information are in the grey leading to the choice of the current research. Consequently, such a harsh crisis led clients to possibly doubt their decision-making related to continuing investing with the banks (Saoud, 2021). Events got worst amid the current corruption in Lebanon (Nassar & Hejase, 2021), and people remained with one question in mind, "*How should I deal with my money in the bank*" (Barbuscia, 2021).

Hejase et al. (2012) contend that informed decisions are fortified with facts, records, real, realistic, and timely information. In addition, the fact that clients look for legal help to recapture their savings, in addition to the consequent mistrust by investors to keep their operations in Lebanon, the need for facts and figures arose. Consequently, both quantitative and qualitative information generated by a trusted accounting system is important and necessary for business decision-making (Oluic, 2008; Decman et al., 2013). In fact, Jezovita (2015) and MahfujUllah (2020), support depending on financial accounting to design and implement long-term strategy and policies for investment or lending. In fact, Kimmel et al. (2018) assert that “*Accounting is the information system that identifies, records, and communicates the economic events of an organization to interested internal (managers) and external (stakeholders not involved in internal operations) users*”. Moreover, Zager contend that “*The task of financial statement analysis is to recognize good characteristics of the company by capitalizing on advantages and also to recognize company’s weaknesses in order to take corrective actions*”. Consequently, by using financial statements published transparently by law, banks generate useful accounting information for their clients and bank management.

Financial statements “*Focus on past performance but also provide clues about a company’s future performance. Financial information is communicated to various stakeholders including, investors, management, employees, and competitors. Such information includes the balance sheet, the income statement, and the cash flow statement*” (Forjan, 2019). Such documents quantitatively define a company's financial stability. Moreover, Forjan (2019) contends “*Among other things, information evaluation can assist with market-based valuations, provide a basis for forward-looking analysis, and can provide information useful for evaluating the quality of a company’s management*”.

Research Objectives

Adequate and trusted accounting information mitigates risk, failure, and uncertainties and stays ahead of competitors (AICPA, 2021). In addition, Deloitte (2022a) asserts that the financial statements provide financial information to the bank and potential entity investors, lenders, and other creditors in their decision-making. This research aims to assess the clients’ usage of bank financial information provided in financial statements and to what extent these financial statements are influencing their investment and dealing decisions with the banks. The following objectives are more specific:

1. To assess the clients’ behavior in dealing with available financial statement information.
2. To identify and assess the clients’ moves and attitudes to continue dealing and investing with banks based on the information provided by financial statements.
3. To assess the impact of the Lebanese crisis on the relationship between clients and banks.

Significance of the Study

This study helps close the information gap related to the impact of accounting information on bank clients’ decision-making in Lebanon. As far as the researchers’ knowledge very few references exist on the topic in Lebanon and the region. Moreover, this research will serve as an opener for other researchers. In fact, empirical findings shed the light on present practices in Lebanese banks amid the aggressive business environment hit by COVID-19, the socio-economic crisis, and the economic and financial conditions of the nation of Lebanon.

Therefore, current practices may be extracted in the context of the economic and financial crisis of a nation.

This research is divided into five sections. The next section deals with the relevant literature review, followed by the methodology in section three. Section four provides the results and discussion and ends with section five exposing the conclusion and recommendations.

LITERATURE REVIEW

Banks and other institutions are required to abide by '*Due diligence*' practices based on international accounting standards and best practices to prepare their financial statements (Chapman, 2018), making sure the resultant financial information is relevant and provide a faithful representation of what it represents (Gartenstein, 2018). Actually, researchers stress the fact that financial information must be complete, neutral, and free from error and have relevance, and predictive value (Frolov, 2007; Hasan et al., 2014; Gjoni-Karameta et al., 2021; Geldi, 2021).

Users of Accounting Information

Stakeholders rely on the appropriate accounting information to produce informed decisions (Chapman, 2018). As mentioned earlier, users are internal and external, and each of them has different concerns (Malhotra, 2021). In the banking sector, investment clients are the main group of users of financial statements. They as the banks' clients, ideally, are interested in ensuring their deposits and investments with the banks are safe and that banks are profitable and solvent to pay their investments and returns when needed. Hence, clients are interested in three benefits that include: Profitability (Krause et al., 2017), liquidity (Quesada, 2019), and solvency (Kashif et al., 2016).

Financial Statements

Financial statements provide information about an entity's financial position, performance, and cash flows (Buckle et al., 2014). These are useful to various users in making economic decisions. "*To meet that objective, financial statements provide information about assets, liabilities, equity, income, and expenses, including gains and losses contributions by and distributions to owners' cash flows*" (Deloitte, 2022b). According to Ketola et al. (2017), "*Financial statements form a formal record of an entity's financial activities*". Therefore, financial statements will show a position by time as a balance sheet, or reveal activities over a period of time as income statements; give a summary of the accounts of a business; are prepared as an end result of financial accounting; are prepared for a period, generally one period. The transactions are recorded in order when the events happen (Franklin et al., 2019). Therefore, and based on the aforementioned, and according to Bragg (2021), "*The income statement tells about a business's profitability, shows the volume of sales, and the nature of the various types of expenses. The balance sheet tells about the current state of the company, its liquidity, financing, and debt position. Finally, the cash flow statement shows the nature of cash receipts and cash disbursements*" (Para 1-2). Moreover, more purposes are identified when considering the entire set of financial statements which are: Credit decisions, investment decisions, taxation decisions, and union bargaining decisions.

Financial Statements and Investor's Decision-Making

Khalife et al. (2022) emphasize that *“The banking sector has always been one of the key drivers of economic growth, and a vital financing source”*. According to Saleh & Alghusain (2018), such a position is illustrated *“Either through the various banking operations or through financial and economic indicators provided by the annual financial statements of financial companies and banks”*. Such information is vital to stakeholders including investors (Vestine & Kule, 2016; Suh, 2017). Moreover, according to Rkein et al. (2022), *“Financial statements are important for making different investment decisions. These focus on presenting the necessary financial information about the accounting unit including the management's efficiency in carrying out its work”*. Nevertheless, Shun & Chyan (2011) call our attention that when investors are not literate in financial analysis, they seek help from financial experts, consultants, and financial analysts.

Current Research in Lebanon and the Region

Not too many research papers were reported on the subject of using financial statements for stakeholders' decision-making including investors. However, topics such as quality of financial reporting (Majid & Ismail, 2008; Al-Ja'di, & Al-Haj, 2010; Haji, & Ghazali, 2013; Liapis, & Thalassinou, 2013; Chakroun, & Hussainey, 2014; Hla, & Teru, 2015; Suryanto, & Thalassinou, 2017; Sujud, & Hachem, 2019) is popular though it affects stakeholders internal and external decisions. These researchers identified particular-firm attributes like institution size, profitability, industrial sector, strength, maturity, liquidity, auditor type, and listing status –and characteristics of firm governance. Another topic is *“Banking risk management on the quality of disclosure”* (Metlej et al., 2021), in addition to the crucial requirement for adequate transparency and a variety of quality accounting methods according to basic accounting principles, that is disclosed information truthfulness (Fung, 2014; Ivanova & Bikeeva, 2016). On the other hand, Rkein & Rkein (2020) conference paper and Rkein et al. (2022) paper article is the only works that applied the specific topic researched in this paper. They assessed the Lebanese banks' customers' use of financial information. They assessed how banks' clients adjusted their decisions on the basis of the financial information reported by Lebanese banks. They found that better quality and more transparency in the analytics of financial statements leads to more trust and increased satisfaction of clients and investors. As for the impact of the current Lebanese crisis on the economy and financial and banking practices, Alaaraj, & Bakri (2020) report advises *“Investors to go through improving and developing their financial literacy based on its effects on the investment decision-making, and recommends that investors need to analyze the investment elements wisely using the financial literacy that they possessed before making investment decision”*. Moreover, Barbuscia (2021) reports that based on the current banking situation and the chaos in financial reports (Khalife et al., 2022; World Bank, 2022), Lebanese face the hard decision to leave their savings kidnapped by their banks or invest them with a massive loss, with some Lebanese opting to risk in entrepreneurial activity. For them, it's the only way-out choice in a financial system corrupted by the crisis.

Research Questions

Based on the objectives of this research, the following research questions are addressed:

1. Do you trust the auditors' information about the bank's financial statements?
2. To what extent do the bank's financial statements influence investment decisions?
3. Following the economic crisis in Lebanon, do you think your money is safe in the bank?

Research Hypotheses

- R_{Q1}*: Do account holders still trust the information in the bank's financial statements?
H₀₁: Following the economic crisis in Lebanon, bank account holders are less likely to trust bank financial statements
H_{a1}: Following the economic crisis in Lebanon, bank account holders are more likely to trust bank financial statements
R_{Q2}: To what extent do the bank's financial statements influence investment decisions?
H₀₂: Bank account holders' investment decision is impacted by the bank financial statements' results.
H_{a2}: Bank account holders' investment decision is not impacted by the bank financial statements' results.
R_{Q3}: Do you continue dealing with your bank, and do you think your money is safe in the bank?
H₀₃: Bank account holders do not continue to deal with their banks, and their deposits are not secured.
H_{a3}: Bank account holders continue to deal with their bank, and their deposits are secured.

Materials and Method

The research is quantitative, deductive, and based on a positivist philosophy. Hence, the researchers are characterized by objectivity, independence, and scientific whose aim is to test a theory in a different situation or to compare categories at different time periods (Elo & Kyngas, 2008; Hejase & Hejase, 2013; Saunders et al., 2019; Rkein & Rkein, 2020).

Sampling and Sample Size

A non-probabilistic sampling approach was followed. Participants were conveniently selected based on their free will participation. They all have the choice to quit whenever they desire, and no questions are asked. Respondents are working individuals in the different economic sectors in Lebanon. Questionnaires were administered by the researchers and a group of trained students. However, 133 valid questionnaires were collected back from the original 150 distributed questionnaires. A set of 17 questionnaires were eliminated due to problems therefore the response rate achieved was about 89%.

Questionnaire Design

The questionnaire used for this work is the same utilized by Rkein et al. (2022) which consist of three parts. Each of the first and second parts contains nine (9) questions related to bank account ownership with a common 9th question that has eight attitudinal statements to be assessed with a 4-level Likert scale (starting with SD: Strong Disagree to SA: Strongly Agree). Topics related to financial statements included: Reading, the reason for reading, availability, checking before depositing, trust, the importance of components, and continuity following the Lebanese economic crisis. All other questions were either dyadic or multiple choices. Part three consisted of four demographic questions: age, gender, number of years owning a bank account, and work status.

Reliability Analysis

Results show that the 16-item scale produced a Cronbach's Alpha =0.715, while those of parts one and two (every eight statements apart) are 0.698 and 0.744, respectively. These alpha values fall in the range "Moderate" and "Good", respectively (Burns & Burns, 2008). Chehimi et al. (2019) confirm that such a "strength of association proves that the questions possess suitable internal reliability for the questionnaire".

Data Analysis

The IBM program Statistical Product and Service Solutions, SPSS version 25 was used to generate the appropriate descriptive and inferential statistics. The descriptive statistics used frequencies and percentages presented in table form for clarity. Inferential statistics used Pearson's correlational analysis, Chi-square test for independency analysis, and analysis of variances (ANOVA) to compare the means of more than two groups.

RESULTS

Demographics

Respondents were almost equally distributed among gender with 48% males and 52% females. Respondents' age was mostly categorized as young with 26.5% being 18 - 24 years of age, 43.9% were 25 - 31 years, and 19.7% were 32 - 38 years, of the remaining respondents, 9.8% were older than 39 years. In addition, about 85% have a bank account (113 respondents) whereas, 73.45% of the participants own their personal bank account, and 26.55% own a business bank account.

Reading the Details of the Bank Financial Statements

Owners of personal bank accounts who read the details of their bank financial statement constitute about 27%, whereas owners of business bank accounts and read are about 6%. Also, owners of both types of accounts feel it is not important to read the bank financial statements when opening their bank account with a personal account (47%) and business accounts (20%), respectively. An interesting detail from the results is that the grand majority of both account owners, i.e., Personal 64.2%; Business 80% do not check on their banks' financial health before depositing money. Most probably respondents feel their money is safe and trust their banks. Such positivity may not be shaken even if problems occur; respondents' sense of trust capitalizes on the fact that the government is a guardian of laws and will protect banks from bankruptcy and knowing as well that banks follow strict governance and international regulations (Hejase et al., 2021). In addition, results show that a great majority of both account owners trust their bank's financial statement information (Table 1).

Access	Personal Bank Account	Business Bank Account
Check the Bank's Financial Health before Depositing Money	NO: 64.2% YES: 35.8%	NO: 80% YES: 20%
Trust information of the banks' financial statements	NO: 12.5% YES: 87.5%	NO: 3.33% YES: 96.67%

Importance of Financial Information

Personal and business bank account owners gave the following inputs: 41% and 80% selected cash flow, about 36% and about 7% selected income statement, about 16%, and 10% selected balance sheet, and the remaining 7% and 3% selected retaining earning. The aforementioned stress that both types of bank account owners gave the highest significance in financial information within financial statements to the cash flow. This is due that cash flow is used to measure the cash position of the business.

Knowing more about Bank's financial statements following the Economic Downturn

The next question to the respondents asked about their interest to know more about their bank's financial statements following the economic downturn in Lebanon. It is a fact that Lebanon is still in severe economic distress with many financial problems in all sectors including the banking sector (Barbuscia, 2021; Khalife et al., 2022; Rkein et al., 2022). 74.10% and about 87% of the respondents who have a personal account and business account, respectively confirmed their interest to know more. The fact is that currently, the Lebanese Central Bank (BDL) has imposed a 'hair cut' policy, and the crisis became apparent between banks and clients (Khalife et al., 2022). Actually, Yassin (2020) contends that "Since late 2019, the term "haircut" has become an everyday term in Lebanon, as the feud between banks and depositors gradually escalates" (para 1) a fact supported by Khalife et al. (2022). Therefore, as days pass, respondents like any other Lebanese account holder do not feel safe with their money and they feel afraid of banks' bankruptcy. Hence, to feel safe, the stakeholders including investors are interested to know more about their banks' financial statements.

Cross Tabulation and χ^2 Analysis

χ^2 Test Analysis: χ^2 test of independence asserts that the Null Hypothesis that two tested variables are independent is rejected when $\chi^2[\text{Calculated}] > \chi^2[\text{Critical}]$ (Hejase & Hejase, 2013). Therefore, the six pairs of variables tested are statistically dependent. Hence, cross-tabulations are valid and can be interpreted.

Trust and auditors: Results show that both the chi-square and the Pearson's R Asymp. Sig. is 0.000 (<5% standard error), so, there is a statistically significant moderate relation (R=0.452) between "Read the details of your bank financial statements" & "Trust the auditors' opinion so I do not read financial statements. Stressing the fact that banks' use of both internal and external auditors and governed by strict governance, adds trust to stakeholders including investors. Therefore, this probably justifies the above-mentioned relationship (Fung, 2014; Saleh, & Alghusain, 2018; Hejase et al., 2021). Moreover, results show a statistically significant though weak relationship (R=0.337) between "checked on the bank's financial health before depositing your money in the bank" & "trust the auditors" opinion so I do not read financial statements. In fact, the chi-square and Pearson's R are statistically significant at 5% (Asymp. Sig. $\chi^2=0.020$ & Prob. For R=0.002). This relationship is supported by the descriptive statistics that have shown that 64.2% and 80% of the personal account owners and the business account owners respectively do not check on their bank's financial health before depositing money. However, they trust the bank auditors' reports so they tend not to read the bank financial statements as depicted in the first relationship assessment herein.

Trust and Informed Investors' Decision-Making

The relationship between “*Trust the information in the bank's financial statements*” & “*Banks financial statements provide all needed information for me to make an investment decision*” is statistically significant (Asymp. Sig. $\chi^2=0.002$ & Prob. For $R=0.048$, both $<5\%$ standard error) though such relationship is negative and weak ($R=-0.222$). The second statement is strongly supported in the literature (Vestine & Kule, 2016; Saleh & Alghusain, 2018; Bragg 2021). Moreover, respondents who are owners of both types of bank accounts trust the bank auditors' reports. As for the first statement, descriptive statistics show that 87.5% and 96.7% of the respondents, who own a personal account and a business account, respectively trust the bank's financial statement information. The negative sign is explained by the inverse relation of the order of choices, whereas cash flow is the most important and less importance of the other forms. Such a fact produces certain weaknesses in understanding fully the resultant financial information needed for decision-making.

Lebanese crisis and investors' decision-making

The assessment of the relationship between “*Following the economic downturn in Lebanon, would you be more interested in knowing more about banks' financial statements*” & “*Financial statements are highly important for banks stockholders to make investment decisions,*” is statistically significant (Asymp. Sig. $\chi^2=0.001$ & Prob. For $R=0.000$, both $<5\%$ standard error) though such relationship is negative and moderate ($R=-0.446$). The second statement is strongly supported in the literature (Vestine & Kule, 2016; Saleh & Alghusain, 2018; Bragg, 2021). Moreover, respondents who own either type of bank account trust the bank auditors' reports. The first statement is justified in that 74.10% and about 87% of the respondents who own a personal account and business account, respectively confirmed their interest to know more following the Lebanese economic crisis. However, stockholders and investors got disappointed with their banks' behavior during the economic crisis, a fact that created negative feelings (Saoud, 2021; Barbuscia, 2021, Khalife et al., 2022, Rkein et al., 2022) justifying the negative sign of Pearson's R.

Hypotheses Testing

The Chi-Square test of independence and the One Way Analysis of Variance (ANOVA) tests were used to study and assess the means. Here, each hypothesis is represented by statements and questions from the questionnaire. Analyzing these statements leads to the testing of the hypotheses. Tables 2-4 show all the findings of the aforementioned tests.

H₁: Relationship between “*Following the economic crisis in Lebanon, would you be more interested in knowing more about banks' financial statements?*” & “*Trust the information in the bank's financial statements*” (Table 2).

Table 2 HYPOTHESIS 1 TESTING					
H ₀₁ : Following the crisis in Lebanon, bank account holders <u>are less likely</u> to trust the bank's financial statements					χ^2 [Calc.] < χ^2 [Crit.]
H _{a1} : Following the crisis in Lebanon, bank account holders <u>are more likely</u> to trust the bank's financial statements					Asympt. Signif. > 5%
	χ^2 [Calc.]	Asympt. Signif.	df	χ^2 [Crit.]	
Holders of personal bank accounts	0.152	0.696	1	3.84	Accept H ₀
Holders of business bank accounts	0.159	0.690	1	3.84	Accept H ₀

Therefore, the Null Hypothesis 1 is not rejected, and therefore, following the crisis in Lebanon, bank account holders are less likely to trust the bank's financial statements.

H₂: Relationship between “Do you ever read the details of your bank financial statements?” “Banks’ financial statements provide all needed information for me to make an investment decision” (Table 3).

Table 3 HYPOTHESIS 2 TESTING					
H ₀₂ : Bank account holder’s Investment decision is not impacted by the bank’s financial statement results.					χ^2 [Calc.] < χ^2 [Crit.]
H _{a2} : Bank account holder’s Investment decision is impacted by the bank’s financial statement results.					Asympt. Signif. > 5%
	χ^2 [Calc.]	Asympt. Signif.	df	χ^2 [Crit.]	
	3.635	0.304	3	7.81	Accept H ₀

Therefore, the Null Hypothesis 2 is not rejected, and therefore, the bank account holder’s Investment decision is not impacted by the bank’s financial statements results.

H₃: Dependent Variable: “Is your bank account personal or business?”. Independent Variable: “I am regularly receiving the interest of my account so I do not read the bank financial statements” (Table 4).

Table 4 HYPOTHESES 3: ANOVA TESTING						
H ₀₃ : Bank account holders do not continue to deal with their banks, and deposits are not secured.						Asympt. Signif. < 5%
H _{a3} : Bank account holders continue to deal with their banks, and deposits are secured.						
ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Bank Account	Between Groups	1.590	1	1.590	9.80	.002
	Within Groups	12.655	78	.162		
	Total	14.245	79			
						Accept H _{a3}

Therefore, the Null Hypothesis 3 is rejected, and therefore, “I am regularly receiving the interest of my account so I do not read the bank financial statements” is likely to have a significant effect on average “Is your bank account a personal or business?” Therefore, Bank account holders continue to deal with their banks, and their deposits are secured.

This research aims to assess the relation and the impact of bank financial statements on the investor's decision. Findings show that about 74% and 27% of the respondents own a personal and business bank account, respectively. In addition, about 36% and 20% of the personal and business bank account owners, respectively assess their bank's financial health before depositing money. Hence, there is a feeling of safety toward the banks knowing that these institutions abide by international standards regulating their operations and governance mitigating chances for bankruptcy. Moreover, about 88% and 97% of the respondents who own a personal account and a business account, respectively trust the information generated from the bank's financial statement. Furthermore, about 74% and 87% of the respondents who own a personal and bank account respectively confirmed their interest to know more following the Lebanese economic crisis. However, as was discussed earlier, stockholders and investors got disappointed with their banks' behavior during the economic downturn, a fact that created negative feelings.

This research has three hypotheses that were tested using the Chi-Square test of independence and the ANOVA tests. Findings show that the Null Hypothesis H₀₁ "*following the economic crisis in Lebanon, the bank account holders is less likely to trust bank's financial statements*" is not rejected. This hypothesis is supported by the fact crisis and the negative behavior of the banks' to respect their social responsibility that due to the severe relations between stakeholders and banks following the Lebanese economy endeavors. Actually, Hassanein and Yeşiltaş assert that "*customer expectations and bank performance are two widespread factors that are critical for business success as well as the interactions between businesses and society are important, as they generate more positive externalities and minimize negative ones within the businesses operating in the Lebanese market*". Moreover, the actual mistrust violates recommendations from expert institutions like McKinsey and Company whose researchers Bar Am found in their study that "*73% of financial institutions' executives agreed that the crisis will create significant new opportunities for growth*". Actually, because of the current implantation of the 'Haircut' banking policy, the earlier positive client-to-bank relationships and expectations deteriorated as stressed the fact that "*the term "haircut" has become a daily term in Lebanon, as the feud between banks and depositors is gradually escalating*" (para 1). Also, Le Commerce du Liban magazine called it the Haircut phobia, while Rached reports that "*In relying on Lebanese citizens' deposits to cover public deficits, Lebanese authorities have abused the trust and failed to ensure the effective and transparent management of the economy*".

The Null Hypothesis 2 is not rejected, H₀₂ "*Bank account holder's investment decision is not impacted by the bank's financial statements results.*" This could occur based on two facts: Either the respondents do not understand the financial statements or they trust fully their banks' auditors' reports including their financial statements. As a matter of fact, the literacy about financial statements is fundamental to banks' stakeholders especially external ones [stockholders and investors] Alaraj, & Bakri as for the second possibility, stakeholders trusting banks' auditors' reports is based on two realities: (1) The first is supported by the country's monetary authority including the Lebanese Central Bank and other inspection departments and organizations, need to emphasize due diligence and apply pertinent standards (Basel requirements for good governance and use of internal and external auditors) to ensure that banks and financial firms properly include their data when investors are not literate in financial analysis, they seek the help from financial experts and financial analysts.

Null Hypothesis 3 is rejected and therefore accepts the alternative hypothesis Ha3 “*bank account holders continue to deal with their banks, and that their deposits are secured*” even though Lebanese account holders lost trust in their banks as observed in H₁, they continue to deal with their banks based on the government’s promises to help them access their deposits fully, as well as the fact that bank customers trust auditors reports and respectively perceive their deposits are safe. Actually, the economist Rached contended that “*for citizens, freeing their deposits is the top concern. The current government statement of policy has responded to this issue by emphasizing that the reform plan for the banking sector will be prioritizing the safeguarding of depositor rights and funds*”. Moreover, El Dahan reported that “*the governor of Lebanon’s central bank reassured depositors on Thursday that it was not bankrupt and that people’s deposits were safe and would be returned soon, after reversing a decision to stop withdrawals that triggered street protests*”. The aforementioned assurance supports the hypothesis 3 finding.

Recommendations

Lebanese banks may prepare special purpose financial statements, that is, prepared to suit stakeholders’ decision-making purposes including: “*Credit Decisions, Investment Decisions, Taxation Decisions, Union Bargaining Decisions, and Subsidiary Evaluations*” (Accounting Tools, 2021). Bank managers could benefit from the findings of this research to keep an active practice towards respecting the rights of their clients (personal as well as business account owners) amid hard times. The purpose is to keep their clients’ trust that was built through time and the banks will definitely lose when such trust is lost.

Universities need to implement external support for their accounting and finance undergraduate students. For example, field trips to financial institutions and banks where they are exposed to financial analysis in practice by expert practitioners. This way, students understand and are prepared to deal with bank accounts management and purposes as future informed clients and investors.

Bar Am et al. (2020) asserts that “*businesses can gain long-term advantages by understanding such shifts and the opportunities they present. In past crises, companies that invested in innovation delivered superior growth and performance post-crisis*”. Therefore, investors who take informed decisions need to learn from the current and past crises taking innovative solutions into consideration to guarantee the continuity of their businesses and investments. According to Rached (2021), “*for citizens, freeing their deposits is the top concern*”. Therefore, policymakers should be concerned further with the financial institutions including banks’ status of being to draft solid policies reaching a win-win finale for all.

CONCLUSION

The findings of this research support the research objectives. An earlier paper by Rkein confirmed that Lebanese bank clients believe the banking reports extracted from financial statements are important and helpful, the crisis will not encourage them to read financial details, and there is mistrust with banks. This research capitalizes on such findings in addition to the investors’ attitude toward financial analytics extracted from bank financial statements. Consequently, this paper’s findings help mitigate the scarcity of data in Lebanon and the region especially since the Lebanese financial crisis is considered one of a kind compared to other nations’ crises. Researchers and interested experts in financial institutions may benefit from such results and build upon them to carry out further research at least on two dimensions: regaining

the banking clients' trust and considering investors' attitudes in times of crisis. Finally, more researchers are inciting governmental intervention by proposing innovative scenarios supported by foreign expert institutions like the World Bank.

This research has limitations including the sample size of the research, demographics of the respondents in terms of not including banks' middle and top management for comparative purposes, and the difficulty to attract respondents because of the subject matter of the research itself. Therefore results may not be generalized, but serve as an eye-opener, and provide insights into the situation in Lebanon or a similar country amid harsh conditions of the economic and financial crisis.

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