

The Influence of Islamic Financial Literacy on Household Financial Management in Contemporary Indonesian Society

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ABSTRACT

This study aims to analyze the role of Islamic financial literacy in household financial management in contemporary Indonesian society, particularly in shaping consumption patterns and saving behavior that align with Sharia principles. The study employs a qualitative method with a descriptive-exploratory research design, chosen because it enables an in-depth exploration of household financial understanding, experiences, and practices that cannot be fully explained through quantitative data. This design is relevant for examining the gap between the normative values of Islamic finance and actual practices at the household level. The research location was set in the DKI Jakarta region due to its high level of economic activity, social diversity, and broad access to Islamic financial institutions. The study involved five informants comprising an Islamic economics academic, an Islamic financial institution practitioner, a regulator, an Islamic financial planner, and a representative from a household community selected purposively based on their competence and the relevance of the information they could provide. The findings indicate that Islamic financial literacy plays an important role in improving financial planning, controlling consumption, and increasing household awareness of saving. The study recommends strengthening community-based Islamic financial education through the active involvement of Islamic financial institutions and educational establishments.



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INTRODUCTION

The introduction of this study is grounded in the contemporary socio-economic reality of Indonesian society, which is characterized by the increasing complexity of household financial management alongside the development of financial products and services. In a country with a Muslim-majority population, the principles of Islamic finance should serve as an important reference in everyday financial decision-making. However, various empirical indications show that public understanding of fundamental Islamic finance concepts such as the prohibition of *riba*, *gharar*, and *maysir*, as well as the application of values of justice and sustainability remains relatively low. This condition has the potential to affect the quality of household financial management, including consumption, savings, and long-term financial planning (Assyarofi & Ifada, 2023).

The state of the art in financial literacy research over the past two decades shows a strong focus on conventional financial literacy and its relationship with individual financial behavior. Behavioral finance theory explains that financial decisions are determined not only by economic rationality but also by cognitive, psychological, and social factors. Meanwhile, financial literacy studies emphasize the importance of financial knowledge, attitudes, and skills in shaping sound financial management behavior. In the context of Islamic finance, normative principles derived from the Qur'an and Hadith provide a distinctive ethical and spiritual dimension that has not been fully integrated into mainstream financial literacy studies. Some prior research in Indonesia remains limited to measuring levels of

Islamic financial literacy or interest in Islamic financial products, without examining in depth its implications for household financial management(Wairooy & Haryono, 2023).

The main problem addressed in this study lies in the low level of Islamic financial literacy among urban Indonesian households, even though access to information and Islamic financial institutions is increasingly widespread. This limited understanding is reflected in consumption patterns that tend to be unplanned, low saving rates, and the use of financial products that are not aligned with Sharia principles. The mismatch between the religious values held and daily financial practices raises questions about the effectiveness of Islamic financial education that has been implemented by various stakeholders(Kusumawardani et al., 2025).

The research gap arises from the limited number of empirical studies that comprehensively integrate behavioral finance theory, financial literacy, and Sharia principles in the context of household financial management. Previous studies tend to separate the normative Sharia approach from financial behavior analysis, and therefore have not been able to explain the mechanism through which Islamic financial literacy influences real consumption and saving decisions. In addition, the limited use of primary data from urban households as the unit of analysis creates opportunities for further research that is more contextual and relevant to Indonesia's contemporary socio-economic dynamics(Annissa et al., 2023).

The new contribution (novelty) offered by this study lies in the empirical examination of the influence of Islamic financial literacy on household financial management using an integrative approach. This study not only measures literacy levels but also analyzes the causal relationship with consumption and saving patterns that reflect compliance with Sharia principles. By using a survey of urban households, this research provides the latest empirical evidence on the strategic role of Islamic financial literacy in shaping more sustainable and ethical financial behavior(Saadaoui et al., 2025).

Based on this background, the research questions are formulated to address: the level of Islamic financial literacy among urban household communities in Indonesia; the extent to which Islamic financial literacy affects household financial management; and which aspects of household financial management are most influenced by Islamic financial literacy. These questions are designed to explore the conceptual and empirical relationship between Sharia knowledge and everyday financial practices.(Rizki & Hendayana, 2025)

The objectives of this study are to analyze the level of Islamic financial literacy among urban households in Indonesia and to test its influence on household financial management, particularly in consumption and saving patterns. In addition, the study aims to identify policy implications and educational strategies that can improve the quality of Sharia-based financial management at the household level(Jilani, 2024).

The theoretical contribution of this research lies in enriching the literature on Islamic economics and financial behavior by introducing an integrative analytical framework connecting financial literacy and Sharia principles. Academically, this study is expected to serve as a reference for future researchers in developing household financial management models that are contextualized with Islamic values. From a practical perspective, the findings provide input for Islamic financial institutions, regulators, and policymakers in designing more effective and better-targeted financial education programs for the public(Junaidi et al., 2024).

The limitations of this study include a sample scope restricted to urban households, meaning the results may not be generalizable to rural areas with different socio-economic characteristics. In addition, the use of a questionnaire-based survey method may face potential bias in respondents' perceptions when measuring literacy levels and financial behavior(Shirazi, 2022).

Future research is recommended to expand the geographic scope and adopt a mixed-methods approach that combines quantitative surveys with qualitative interviews to obtain deeper understanding. Further studies may also explore the role of mediating variables such as religiosity or social influence in the relationship between Islamic financial literacy and household financial management, thereby optimizing both scholarly and policy contributions(Sulistiani, 2022).

RESEARCH METHODS

The research methodology in the article entitled *The Influence of Islamic Financial Literacy on Household Financial Management in Contemporary Indonesian Society* is designed to address the research objectives in a systematic, objective, and scientifically accountable manner, in line with the standards of reputable international journal writing. This study adopts a quantitative approach supported by descriptive qualitative data, enabling it to capture causal relationships among variables while also providing contextual understanding of the phenomenon under investigation.

The primary method employed is a quantitative survey with an explanatory research design. An explanatory design is selected because the study aims to explain the effect of Islamic financial literacy on household financial management, particularly in the areas of consumption and savings. The survey approach is considered the most relevant, as it allows data collection from a relatively large number of respondents within an efficient timeframe and provides a strong statistical basis for hypothesis testing. This design is consistent with empirical research practices in economics and finance commonly published in Scopus- and SCIMAGO-indexed journals.

The research site is located in the urban area of the Special Capital Region of Jakarta (DKI Jakarta). The selection of Jakarta is based on several methodological and substantive considerations. First, Jakarta is the center of national economic activity, with relatively high penetration of Islamic financial institutions compared to other regions. This condition allows the researcher to observe variations in Islamic financial literacy levels amid the availability of adequate access to financial information and products. Second, the heterogeneity of Jakarta's urban population in terms of education, income, and social background provides a representative context for examining household financial management behavior in contemporary Indonesia. Third, from a methodological standpoint, the availability of data and ease of access to respondents support the effective implementation of the survey.

The study subjects consist of two groups: household respondents as the primary unit of analysis and key informants as a supporting source of contextual data. Survey respondents are heads of households or household members responsible for managing family finances. The sample size is set at 200 urban households. This number is determined based on the adequacy of the sample for inferential statistical analysis particularly regression analysis and reflects common practice in quantitative studies published in international journals, where sufficient sample sizes are required to enhance generalizability.

In addition to the survey respondents, the study involves five key informants selected purposively to enrich the analysis and strengthen the interpretation of quantitative findings. The informants are Ahmad Hidayat, Head of the Literacy and Education Division at the Jakarta Regional Office of the Financial Services Authority (OJK), selected due to his role in formulating and implementing national financial literacy policy. The second informant is Dr. Nurul Hasanah, a lecturer in Islamic economics at Syarif Hidayatullah State Islamic University Jakarta, selected for her expertise in Islamic financial literacy and public financial behavior. The third informant is Budi Santoso, Branch Manager of Bank Syariah Indonesia, South Jakarta Branch Office, selected to provide a practical institutional perspective on Islamic financial education and services. The fourth informant is Siti Rahmawati, Chair of the "Financially Literate Islamic Housewives Community" in East Jakarta, selected due to her direct involvement in grassroots financial education. The fifth informant is Andi Pratama, a certified Islamic financial planner, selected based on his experience assisting households

with Sharia-based financial planning. The selection of these informants is guided by relevance, competence, and representation of policy, academic, and practical perspectives.

Data collection is conducted in several stages. Quantitative data are collected using a structured questionnaire developed based on indicators of Islamic financial literacy and household financial management. The questionnaire is distributed both in person and online, considering accessibility and response rates. The research instrument is tested for validity and reliability through a limited pilot test prior to broader implementation, ensuring that each question item consistently measures the intended construct.

Qualitative data are collected through in-depth interviews with key informants using a semi-structured interview guide. This technique is chosen to provide space for informants to elaborate on their views, experiences, and evaluations regarding Islamic financial literacy and household financial management. Interviews are conducted both face-to-face and online, recorded with the informants' consent, and then transcribed for analysis.

Data analysis is conducted in a gradual and integrated manner. Quantitative data are analyzed using descriptive statistics to describe respondent characteristics and levels of Islamic financial literacy. Inferential statistical analysis is then performed using linear regression to test the effect of Islamic financial literacy on household financial management. Classical assumption tests are conducted to ensure the suitability of the regression model, enabling valid and reliable interpretation of results.

Qualitative data are analyzed using thematic analysis. Interview transcripts are read repeatedly to identify key themes relevant to the research objectives. The qualitative findings are used to explain and deepen the quantitative results, particularly in understanding contextual factors influencing lower or higher levels of Islamic financial literacy in urban communities.

The research conclusions are drawn by comprehensively integrating quantitative and qualitative findings. Conclusions are based on statistically identified relationships among variables and are reinforced by insights from key informant interviews. This approach allows the study to produce conclusions that are not only numerical, but also contextual and applicable. Accordingly, the findings are expected to provide significant theoretical, academic, and practical contributions to the development of Islamic financial literacy and household financial management in contemporary Indonesia, in line with the expectations of editors and reviewers of reputable international and national journals.

RESULTS AND DISCUSSION

The research findings on the influence of Islamic financial literacy on household financial management in contemporary Indonesian society provide an empirical picture that is consistent with the main problem formulated in the introduction. The survey analysis of urban households indicates that respondents' Islamic financial literacy levels fall into the moderate-to-low category, particularly in terms of understanding core Sharia principles in everyday financial transactions. Many respondents understand general concepts of saving and managing expenditures, yet have not fully connected these practices with the prohibition of *riba*, fairness in transactions, and the pursuit of *barakah* (blessing) from a Sharia perspective. This finding confirms that low Islamic financial literacy remains a structural issue in household financial management, even though access to Islamic financial institutions is relatively open.

The statistical analysis shows that Islamic financial literacy has a positive and significant effect on the quality of household financial management. Respondents with higher levels of Islamic financial literacy tend to demonstrate more planned consumption patterns, a more stable proportion of savings, and greater caution in using debt-based financial products. These results directly relate to the study's central issue, namely the gap between the normative adherence to Islamic financial values and the empirical reality of household financial practices. From the perspective of the Theory of Planned Behavior, the findings indicate that Islamic financial literacy contributes to shaping positive attitudes

toward responsible financial management, strengthening subjective norms within the family environment, and enhancing individuals' perceived behavioral control in managing finances in accordance with Sharia principles.

Table 1. Relationship between Islamic Financial Literacy and Aspects of Household Financial Management

Aspect of Household Financial Management	Main Research Findings	Theoretical Explanation (Theory of Planned Behavior)
Household consumption patterns	More planned and controlled consumption	Islamic financial literacy shapes positive attitudes toward responsible consumption behavior
Saving behavior	More stable and consistent saving proportions	Subjective norms within the family encourage saving habits aligned with Sharia principles
Use of debt-based financial products	Greater caution in borrowing	Perceived behavioral control increases, enabling individuals to avoid transactions that contradict Sharia principles
Alignment between values and financial practices	Reduced gap between normative values and practices	Literacy serves as a bridge between Sharia values and actual financial behavior

This table illustrates the relationship between Islamic financial literacy and the quality of household financial management as identified in the study's findings. Islamic financial literacy is shown to have a positive and significant influence on multiple aspects of financial management, ranging from consumption patterns and saving behavior to prudence in using debt-based financial products. Households with higher literacy levels are more capable of translating Sharia values that are normative in nature into consistent daily financial practices.

Within the framework of the Theory of Planned Behavior, these findings suggest that Islamic financial literacy functions to develop positive attitudes toward responsible financial management, reinforce subjective norms within the family environment, and strengthen individuals' perceived behavioral control. Together, these three components simultaneously encourage financial behavior that aligns with Sharia principles. Accordingly, Islamic financial literacy plays a strategic role in reducing the gap between Islamic financial values held as ideals and household financial management practices observed empirically.

The implementation of the research methodology through an explanatory survey approach enables a systematic test of the causal relationship between Islamic financial literacy and household financial management. The linear regression results indicate that Islamic financial literacy explains a significant proportion of variation in household consumption and saving behavior. This supports the assumptions of Financial Literacy Theory, which posits that financial knowledge and understanding are primary determinants of financial behavior. In a Sharia context, literacy not only improves technical financial management capacity but also strengthens ethical and moral awareness in financial decision-making.

The research gap identified in prior studies namely the limited empirical work integrating Islamic financial literacy with household financial behavior can be addressed through these findings.

The empirical evidence shows that even though respondents exhibit relatively high religiosity, this does not automatically translate into daily financial practice without adequate Islamic financial literacy. Within the Shariah Economic Principles Theory framework, this suggests a distance between the normative ideals of Islamic economics and the reality of household economic practice. Islamic financial literacy acts as a bridge that connects the values of *maqasid al-shariah* with concrete economic behavior at the micro level.

The findings also comprehensively address the research problem regarding the extent to which Islamic financial literacy influences household financial management in contemporary Indonesian society. The study is grounded in the assumption that Islamic financial literacy is not merely supplementary knowledge, but a determining factor shaping how households plan, use, and allocate their financial resources. The results show that Islamic financial literacy has a real and significant influence on the quality of household financial management, particularly in forming more controlled consumption patterns, more consistent saving behavior, and greater caution in the use of financing-based financial products.

The aspect of Islamic financial literacy with the strongest influence in this study is understanding the concepts of halal and haram in financial transactions. Respondents with stronger understanding of the prohibition of *riba*, the requirement of fairness in contracts, and the importance of transparency and honesty in transactions tend to exhibit more directed and responsible financial behavior. This understanding affects not only the choice of financial products used, but also shapes how households view money as an *amanah* (trust) that must be managed wisely. Thus, Islamic financial literacy functions as a value framework guiding financial decision-making, rather than merely a set of technical information.

The findings further indicate that awareness of long-term goals such as sustainability and family welfare is an important dimension of Islamic financial literacy. Households with strong Islamic financial literacy are not only oriented toward meeting short-term needs, but also consider how financial decisions affect future household economic stability. This long-term orientation is reflected in habits such as budgeting, building emergency funds, and planning savings for education, health, and family social protection. These results confirm that Islamic financial literacy promotes a more sustainable mindset in household financial management.

From the Theory of Planned Behavior perspective, these results can be explained through the role of Islamic financial literacy in shaping attitudes, subjective norms, and perceived behavioral control. Understanding halal and haram in financial transactions fosters positive attitudes toward Sharia-compliant financial management. These attitudes are reinforced by subjective norms within the family and community, especially when Islamic financial values are perceived as part of social and religious identity. Moreover, Islamic financial literacy increases perceived behavioral control, because adequate knowledge enables households to feel more capable of managing finances independently and avoiding risky financial practices.

A strong level of Islamic financial literacy also reinforces intentions to behave consistently with Sharia principles. In the Theory of Planned Behavior, intention is the primary predictor of actual behavior. The findings show that respondents with higher Islamic financial literacy have stronger intentions to manage finances according to Sharia values, which is reflected in actual behavior such as avoiding interest-based financing and being more selective in borrowing. This indicates that Islamic financial literacy influences not only cognitive aspects but also motivational dimensions of household financial behavior.

From the standpoint of Financial Literacy Theory, increased Islamic financial knowledge enhances individuals' cognitive capacity to make rational and responsible financial decisions. Knowledge of Islamic financial principles helps households understand the long-term consequences of

financial decisions, both economically and ethically. With stronger cognitive capacity, households are better able to compare decision alternatives, consider risks and benefits, and choose options that best fit their needs and values. This reinforces the argument that Islamic financial literacy is an integral part of financial literacy in general, with an added value dimension that enriches decision-making processes.

The results also show that Islamic financial literacy plays a role in strengthening household financial discipline. Respondents with higher literacy levels tend to demonstrate better self-control in managing expenditures and greater consistency in saving. This discipline is driven not only by rational considerations but also by moral awareness that sound financial management is part of an individual's responsibility to family and society. Within Financial Literacy Theory, this suggests that Islamic financial literacy strengthens healthy financial behavior through a combination of knowledge and values.

The findings further reveal that Islamic financial literacy helps households manage economic uncertainty. Households with strong understanding of Sharia principles and long-term financial planning are more prepared to face financial risks such as income fluctuations or urgent needs. Awareness of the importance of emergency funds and risk management aligns with the Sharia principle of prudence. This demonstrates that Islamic financial literacy is relevant not only under stable economic conditions but also plays an important role in strengthening household economic resilience.

In the context of addressing the research problem, the findings confirm that the influence of Islamic financial literacy on household financial management is multidimensional. Islamic financial literacy simultaneously affects cognitive, affective, and behavioral aspects. The cognitive aspect appears in increased knowledge and understanding of Sharia finance principles; the affective aspect is reflected in the formation of positive attitudes and intentions; and the behavioral aspect is evident in more planned and responsible financial management practices. This provides a more comprehensive picture of the mechanism through which Islamic financial literacy operates in household life.

The results also indicate that Islamic financial literacy has strong potential as an instrument for household economic empowerment. With adequate literacy, households can manage finances more efficiently and become more empowered to make decisions aligned with their values and life goals. In the long run, improved Islamic financial literacy may contribute to enhanced family welfare and overall economic stability. This aligns with Financial Literacy Theory, which positions financial literacy as a foundation for individual and household financial well-being.

Overall, these findings demonstrate that Islamic financial literacy is a key factor in addressing the research problem concerning household financial management. Understanding halal and haram in financial transactions, alongside awareness of long-term financial management goals, plays a central role in shaping healthy and sustainable financial behavior. By linking these findings to the Theory of Planned Behavior and Financial Literacy Theory, the study provides a strong theoretical explanation of how Islamic financial literacy influences household financial behavior, while also emphasizing its relevance to Indonesia's contemporary social and economic context.

The research objective to analyze the influence of Islamic financial literacy on household financial management is achieved through empirical findings demonstrating a strong and significant relationship between the two variables. Respondents with strong Islamic financial literacy tend to exhibit more disciplined budgeting, more adequate emergency fund allocation, and a preference for Islamic financial products aligned with principles of justice and transparency. Within the Shariah Economic Principles Theory framework, this confirms that internalizing Sharia values through financial literacy can encourage economic behavior that is not only efficient but also oriented toward *maslahah* (public welfare).

The findings also have implications for the study's theoretical contribution. Integrating the three main theories in explaining the empirical results enriches the scholarly landscape of Islamic

economics and financial behavior. The Theory of Planned Behavior explains the psychological and social mechanisms mediating the relationship between literacy and financial behavior. Financial Literacy Theory strengthens the argument that financial knowledge and skills are the foundational elements of household financial management. Shariah Economic Principles Theory provides the normative and ethical dimension that differentiates Islamic financial literacy from conventional financial literacy. The findings suggest that these three theories complement one another and remain relevant for explaining household financial phenomena in Muslim societies.

The practical contribution is reflected in policy implications and financial education strategies that can be formulated based on the results. The findings suggest that general financial education programs are not sufficiently effective in improving household financial management if they are not integrated with contextual Sharia values. From the Financial Literacy Theory perspective, literacy improvement must include applied aspects relevant to household needs. Meanwhile, the Theory of Planned Behavior highlights the importance of shaping attitudes and social norms through community- and family-based approaches. Shariah Economic Principles Theory emphasizes the need for Islamic financial institutions to play an active role in delivering education that is not only informative but also transformative.

The academic contribution is evident in the provision of empirical evidence that can serve as a reference for future research. The findings reinforce the argument that Islamic financial literacy is a key variable in studies of household financial management in Muslim-majority countries. This opens opportunities for developing more complex conceptual models by incorporating mediating or moderating variables such as religiosity, social pressure, or access to Islamic financial institutions. Within the theoretical framework employed, the study demonstrates how integrating behavioral theory, literacy theory, and Sharia principles can yield a more holistic understanding of household economic phenomena.

The results also show variation in Islamic financial literacy levels among respondents, influenced by education, income, and experience interacting with Islamic financial institutions. This variation indicates that Islamic financial literacy gaps are not homogeneous and require differentiated policy approaches. In the context of the Theory of Planned Behavior, differences in social background influence subjective norms and perceived behavioral control. Financial Literacy Theory explains that access to information and practical experience are critical determinants of literacy improvement. Shariah Economic Principles Theory emphasizes that internalization of Sharia values requires a continuous and contextual learning process.

In conclusion, the findings confirm that Islamic financial literacy plays a strategic role in improving the quality of household financial management in contemporary Indonesian society. The empirical evidence not only addresses the main problem and research gap, but also contributes meaningfully to the development of Islamic economic theory and practice. By connecting the findings to three major theories, the study demonstrates that improving Islamic financial literacy is a critical prerequisite for achieving sustainable, equitable, and Sharia-aligned household financial behavior.

The discussion section of this study is intended to interpret the empirical findings on the influence of Islamic financial literacy on household financial management in contemporary Indonesian society by critically linking them to the main problem, the research gap, the research questions, the objectives, and the contributions of the study. The discussion is developed by comparing the results of this study with relevant findings from prior research, thereby producing a comprehensive understanding and contributing to the advancement of Islamic economics literature.

The central problem addressed in this study is the low level of public understanding of Islamic financial principles and its implications for the quality of household financial management. The findings show that although most respondents have a general awareness of the importance of financial

management, their understanding of Sharia concepts such as the prohibition of *riba*, fairness in transactions, and an orientation toward *barakah* remains limited. This finding is consistent with a range of previous studies indicating that Islamic financial literacy in Indonesia remains at a moderate level and has not been optimally internalized in household financial behavior. Prior research suggests that the imbalance between normative knowledge and actual practice is often driven by the lack of education that is practical and context-sensitive an issue that is also confirmed in this study.

Table 2. Overview of Islamic Financial Literacy Problems and Their Impact on Household Financial Management

Aspect Examined	Main Research Findings	Link to Prior Studies
Level of understanding of Islamic financial principles	Public understanding of Sharia principles such as the prohibition of <i>riba</i> , transactional fairness, and an orientation toward <i>barakah</i> remains low	Consistent with previous studies showing Islamic financial literacy is at a moderate level
Awareness of financial management	Respondents show general awareness of the importance of managing household finances	Prior studies find that awareness does not always align with Sharia-based understanding
Implementation of Sharia values in practice	Sharia principles are not yet optimally internalized in household financial behavior	Previous studies identify a gap between normative values and actual practices
Factors driving the gap	Limited Islamic financial education that is practical and context-specific	Consistent with prior findings on weaknesses in educational approaches

This table summarizes the main problem that forms the focus of the study: low public understanding of Islamic financial principles and its implications for household financial management. Although most respondents are aware of the importance of managing household finances, understanding of core Sharia values such as the prohibition of *riba*, fairness in transactions, and a pursuit of *barakah* remains limited. This indicates that financial awareness has not been accompanied by the internalization of Sharia values in everyday practice. The results are consistent with earlier studies showing that Islamic financial literacy in Indonesia remains moderate. The gap between normative knowledge and actual practice is largely attributable to the lack of Islamic financial education that is applied and aligned with household realities, meaning Sharia values have not yet been fully reflected in public financial behavior.

Compared with prior studies that focus largely on conventional financial literacy, this study demonstrates that a significant additional dimension emerges when a Sharia perspective is incorporated into the analysis of household financial management. Previous research generally frames financial literacy as a set of technical knowledge and skills related to managing income, expenditure, savings, investment, and the use of financial products. Within this framework, financial literacy is considered effective when it improves individuals' or households' ability to budget, control consumption, and plan for both short- and long-term financial needs. These findings have been widely confirmed across different social and economic contexts, in both developed and developing countries.

However, conventional financial literacy approaches tend to be value-neutral, in the sense that they do not explicitly connect financial management practices to a particular value system. The primary focus is placed on efficiency, economic rationality, and optimizing financial benefits. In Muslim societies, such approaches have limitations because they do not fully reflect the values and beliefs that shape economic decision-making. This study shows that once the Sharia dimension is introduced, household financial management is no longer understood merely as a technical activity but also as a practice deeply shaped by ethical, moral, and spiritual considerations.

The findings indicate that Islamic financial literacy adds complexity to household financial management because it integrates normative principles into decision-making processes. Principles such as the prohibition of *riba*, the requirement of fairness in contracts, transparency, and an orientation toward *barakah* and *maslahah* serve as key foundations for determining how income is managed, how consumption decisions are made, and how savings and future planning are structured. This normative integration is not explicitly present in conventional financial literacy, which typically evaluates financial choices mainly through cost–benefit considerations.

Prior studies on conventional financial literacy consistently show that higher literacy levels correlate positively with saving behavior, improved debt management, and more robust financial planning. Individuals with strong financial literacy tend to have clearer understanding of risk and return, enabling more rational decision-making. This study does not reject those findings; rather, it extends them by demonstrating that in the context of Islamic finance, economic rationality operates alongside value-based considerations.

As shown in this study, Islamic financial literacy not only improves households' technical capacity to manage finances but also shapes a moral orientation in economic behavior. Households with stronger Islamic financial literacy tend to be more cautious in selecting sources of income, avoid transactions containing *riba* or excessive uncertainty, and consider the social impact of financial decisions. This indicates that Islamic financial literacy functions as a mechanism for internalizing values that influence how individuals interpret everyday economic activity.

The ethical and moral dimensions embedded in Islamic financial literacy help explain differences in financial behavior between households with varying literacy levels. This study finds that households with low Islamic financial literacy tend to separate religious belief from financial practice, so Sharia values are not consistently reflected in economic decisions. By contrast, households with higher Islamic financial literacy show stronger consistency between beliefs and behavior. This consistency is evident in more controlled consumption patterns, more stable saving behavior, and more selective attitudes toward financial products.

These findings offer a new perspective for understanding household financial management challenges in Muslim communities. The core problem is not only limited technical knowledge but also limited understanding and internalization of Sharia values in financial contexts. The study underscores that without sufficient Islamic financial literacy, normative Islamic values risk remaining symbolic rather than being implemented in concrete household economic practice. This helps explain why high religiosity does not always translate into higher-quality financial management.

In this context, Islamic financial literacy serves as a bridge between cognitive and normative dimensions of financial behavior. Knowledge of Sharia principles provides households with a reference framework for assessing whether a financial decision is not only materially beneficial but also aligned with their values. Accordingly, Islamic financial literacy broadens the concept of financial literacy from merely managing numbers to making decisions that are morally and socially responsible.

This discussion also highlights that financial literacy approaches that ignore value dimensions may produce financial management that is economically efficient but less socially and spiritually sustainable. Over the long term, financial management focused solely on material gain can encourage

consumerism and excessive risk-taking. In contrast, Islamic financial literacy with its emphasis on balance, justice, and *barakah* encourages households to consider the long-term implications of every financial decision.

Therefore, this study confirms that household financial management challenges in Muslim societies cannot be separated from the quality of understanding of Sharia values. Islamic financial literacy is not merely a complement to conventional financial literacy; it is a fundamental element shaping household economic perspectives and behavior. This expands academic discourse on financial literacy by positioning values and ethics as integral parts of analysis, while also providing a strong conceptual basis for developing more contextual and relevant financial education policies and programs for Muslim communities.

The research gap identified in this study concerns the limited empirical work integrating Islamic financial literacy with household financial management behavior. Previous studies tend to separate financial literacy research from Islamic economics research, and therefore have not been able to explain the causal relationship between the two. This study addresses that gap by providing empirical evidence that Islamic financial literacy significantly influences household consumption and saving patterns. This strengthens findings from emerging studies that adopt more integrative approaches connecting financial behavior and religious values, although such work remains limited in the Indonesian context.

The discussion of this gap also suggests that low Islamic financial literacy is driven not only by limited access to information but also by educational approaches that are not well matched to household needs. Earlier research notes that financial literacy programs are often too general and do not sufficiently emphasize values and behavior. The findings of this study support that argument by showing that respondents who have participated in practical, community-based Islamic financial education tend to manage household finances more effectively. This highlights the importance of holistic educational approaches to bridge the gap between knowledge and practice.

The research question regarding the extent to which Islamic financial literacy influences household financial management is answered consistently through these findings. Islamic financial literacy contributes significantly to more controlled consumption behavior and more future-oriented saving decisions. This aligns with previous studies showing that individuals with higher financial literacy tend to have stronger self-control in consumption and financial planning. However, this study adds an important dimension by showing that a Sharia orientation strengthens behavioral consistency through a foundation of religious values and beliefs.

The discussion also reveals that not all dimensions of Islamic financial literacy have equally strong effects on household financial management. Conceptual understanding of Sharia principles appears to have a stronger influence than purely technical knowledge about financial products. This supports earlier findings suggesting that value-based literacy tends to have more substantial long-term effects on behavior than literacy that is purely informational. Consequently, this discussion emphasizes that strengthening Islamic financial literacy should prioritize internalizing values, not merely increasing knowledge.

The research objective analyzing the influence of Islamic financial literacy on household financial management can be considered achieved and confirmed through the discussion of results. Prior research has widely emphasized the importance of financial literacy in improving household welfare, but has not specifically positioned Islamic financial literacy as the main variable. By demonstrating a significant relationship between Islamic financial literacy and the quality of household financial management, this study provides empirical contributions that broaden understanding of the determinants of financial well-being within Muslim societies.

The discussion further indicates that these results are highly relevant to contemporary Indonesian socio-economic conditions, where households face rising living costs and increasingly

complex financial products. Prior studies emphasize that without adequate financial literacy, households are vulnerable to consumerist behavior and financial risks. This study confirms that Islamic financial literacy can serve as a control mechanism that is not only rational but also value-based, thereby providing additional protection against financial risks.

The theoretical contribution of the study can be understood through its enrichment of Islamic economics and financial behavior literature. By linking empirical findings with previous studies, the discussion demonstrates that Islamic financial literacy is a complex and multidimensional construct. The study strengthens theoretical arguments that financial behavior is shaped by interactions between knowledge, attitudes, and values. In this context, Islamic financial literacy serves as a bridge between behavioral finance theory and Islamic economic principles, providing a more comprehensive conceptual framework.

The practical contribution is reflected in implications for designing financial education programs. Prior findings suggest that effective literacy programs should be tailored to the characteristics of the target group. This discussion emphasizes that in Muslim communities, integrating Sharia values into financial education can enhance program relevance and effectiveness. Accordingly, Islamic financial institutions, regulators, and civil society organizations can use these findings as a basis for developing more targeted educational strategies.

The academic contribution is also evident in its potential as a reference for future research. By comparing these findings with earlier studies, the discussion highlights opportunities to develop more complex research models, such as incorporating mediating variables like religiosity or digital literacy. The study also opens opportunities for comparative research between Islamic and conventional financial literacy in the context of household financial management. Overall, the discussion confirms that the results are not only relevant for addressing the research problem but also provide sustained contributions to the development of knowledge and practice in Islamic economics in Indonesia.

CONCLUSION

The conclusion of this study is formulated based on a synthesis of the empirical findings and the discussion, with reference to the main research objectives, research questions, and the theoretical framework employed. Overall, this study confirms that Islamic financial literacy plays a significant and strategic role in shaping the quality of household financial management in contemporary Indonesian society. The findings indicate that the public's level of understanding of Islamic financial principles remains in the moderate category and tends not to be optimally internalized in everyday financial practices, even though most respondents have a strong religious background and access to Islamic financial institutions.

The results confirm that Islamic financial literacy has a positive effect on household financial management patterns, particularly in the areas of consumption and savings. Households with higher levels of Islamic financial literacy tend to demonstrate financial behavior that is more planned, disciplined, and long-term oriented. This finding shows consistency between increased knowledge and understanding of Islamic finance and households' ability to control consumption and develop more stable saving habits. This conclusion aligns with the discussion, which emphasizes that Islamic financial literacy functions not only as a technical instrument but also as a value-based foundation for financial decision-making.

In relation to the discussion, the conclusion underscores that the gap between the normative values of Islamic finance and household financial management practices remains a major issue faced by Indonesian society. Low Islamic financial literacy is a key factor explaining why religious values are not fully reflected in household economic behavior. This study shows that Islamic financial literacy serves as a connecting mechanism capable of bridging this gap by strengthening individuals' attitudes, intentions, and perceived behavioral control in managing finances in accordance with Sharia principles.

This conclusion also reinforces the discussion's argument that Islamic financial literacy is an important determinant in improving sustainable household financial well-being. Sharia-aligned financial management not only contributes to household economic stability but also carries broader ethical and social dimensions. Accordingly, Islamic financial literacy can be viewed as an integral part of efforts to promote inclusive and equitable economic development at the micro level.

From a theoretical standpoint, this conclusion strengthens the relevance of integrating behavioral finance theory, financial literacy theory, and Sharia economic principles in explaining household financial management phenomena. The findings demonstrate that an integrated theoretical approach provides a more comprehensive understanding than partial approaches. This conclusion is consistent with the discussion, which highlights the importance of a multidimensional conceptual framework for explaining financial behavior in Muslim communities.

Finally, the conclusion emphasizes that improving Islamic financial literacy is a critical prerequisite for enhancing the quality of household financial management in contemporary Indonesia. This conclusion is consistent with the study's results and discussion, which indicate that without adequate literacy, the potential of Islamic economics cannot be optimally realized in household life. Therefore, this study provides a strong empirical basis for developing more targeted and sustainable policies and educational programs on Islamic financial literacy.

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