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Factors Influencing Islamic Financial Literacy among Muslim University Students in Mataram City

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ABSTRACK

This study aims to analyze the level of Islamic financial literacy and examine the influence of financial socialization, money attitude, religiosity, and income on Islamic financial literacy among Muslim students in Mataram City. This research employs a quantitative approach using a survey method. The population consists of Muslim students enrolled in public universities in Mataram City, with a sample of 150 respondents selected through purposive sampling. Data were collected through questionnaires and analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The findings indicate that the level of Islamic financial literacy among students is relatively high, with most respondents categorized as well literate and sufficiently literate. The results of hypothesis testing show that financial socialization, money attitude, and religiosity have a positive and significant effect on Islamic financial literacy, with financial socialization emerging as the most influential factor. Meanwhile, income has a positive but insignificant effect. These findings suggest that Islamic financial literacy is influenced more by non-economic factors, particularly social learning processes, individuals' attitudes toward money, and the internalization of religious values, rather than by economic capacity. This study provides important implications for universities, families, and relevant stakeholders to strengthen Islamic financial education and socialization through value-based and socially oriented approaches.

Keywords: Islamic Financial Literacy, Financial Socialization, Money Attitude, Religiosity, Income.

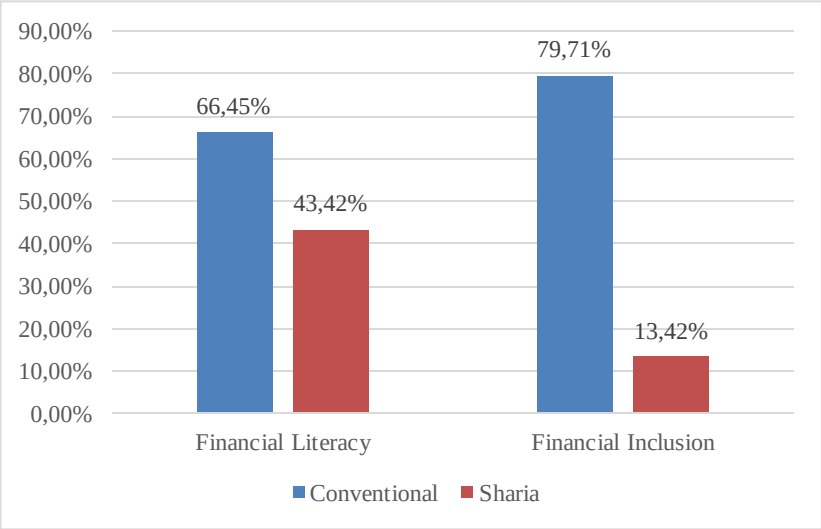
INTRODUCTION

In the era of digitalization and modern economic systems, financial literacy is no longer regarded simply as supplementary knowledge, but rather as an essential 21st-century skill that determines the quality of economic decision-making and the well-being of individuals and society. The G20, through OECD/INFE, has also emphasized that financial literacy constitutes a crucial pillar of financial empowerment and an urgent necessity for supporting sustainable household welfare (OECD/INFE, 2023). Within the context of the global development of Islamic economics, this urgency becomes more specific in the form of Islamic financial literacy, defined as the ability to understand, evaluate, and utilize financial services in accordance with Sharia principles in economic decision-making (Antara et al., 2016).

A low level of Islamic financial literacy may lead individuals to be unable to distinguish between conventional and Sharia-based financial transactions, thereby increasing the risk of making financial decisions that are not aligned with Islamic principles. From a normative perspective, this urgency is well grounded, as the prohibition of riba is explicitly stated in QS. Al-Baqarah verse 275, further reinforced by Ibn Kathir's interpretation, which emphasizes caution toward transactions that may contain elements of riba (Katsir, 2008; Kementerian Agama Republik Indonesia, 2022). Therefore, Islamic financial literacy is not only important in an economic context but also serves as an instrument for understanding financial practices that comply with Sharia law.

Conceptually, financial literacy is understood as an individual's ability to comprehend and utilize financial information to make sound decisions (Huston, 2010). The OECD defines it as a combination of awareness, knowledge, skills, attitudes, and behaviors necessary to achieve financial well-being (OECD/INFE, 2020). In the Indonesian context, the Financial Services Authority (OJK) emphasizes that financial literacy includes knowledge, skills, and confidence that influence financial behavior, while Islamic financial literacy extends this concept through the application of principles such as the prohibition of *riba*, *gharar*, and *maysir*, as well as values of justice and *barakah* (Gunawan, 2022; Hossain & Abdullah, 2019; Otoritas Jasa Keuangan, 2017).

Figure 1. Financial Literacy and Inclusion Index of Conventional and Islamic Finance in Indonesia, 2025



Source: OJK & BPS, 2025

The urgency of Islamic financial literacy is becoming increasingly relevant alongside the growth of the Islamic financial industry in Indonesia. As of October 2025, total Islamic banking assets reached IDR 1,028.18 trillion, reflecting a year-on-year growth of 11.34 percent and marking the highest value in the history of the national Islamic banking industry (OJK, 2025). However, this growth has not been accompanied by an adequate level of literacy. Data from the 2025 National Survey of Financial Literacy and Inclusion indicate that the national Islamic financial literacy index stands at only 43.42 percent, while the inclusion rate is only 13.42 percent (OJK & BPS, 2025). This condition reveals a gap between institutional development and public understanding of the Islamic financial system.

A similar phenomenon is observed in the Province of West Nusa Tenggara. Data from OJK NTB show that regional banking assets reached IDR 80.727 trillion as of November 2024, with Islamic commercial banks growing by 12.72 percent, surpassing conventional banks, which grew by 5.29 percent (Citra, 2025). However, a paradox emerges as the Islamic financial literacy rate in NTB decreased from 22.05 percent in 2019 to 13.51 percent in 2022, despite the conventional financial literacy rate reaching 65.45 percent, which is above the national average (Rosidi & Buchori, 2024; Sekretariat SNKI, 2022). This paradox indicates that the growth of the Islamic financial sector does not automatically lead to improved public understanding of Sharia financial principles and instruments.

In this context, university students represent a relevant group for investigation due to their intellectual capacity, broad access to information, and strategic role as agents of change. The city of Mataram is selected as the research locus as it serves as a center of higher education in NTB, with 23 universities and a student population of 101,216, indicating

significant potential for enhancing Islamic financial literacy among the young Muslim generation (Pangkalan Data Pendidikan Tinggi, 2024).

Nevertheless, previous studies indicate that students' Islamic financial literacy levels remain insufficient. Kevser and Doğan reported that Islamic financial literacy in Turkey stands at only 32.06 percent, while in Malaysia, students achieved an average score of 47.6 percent (Hossain & Abdullah, 2019; Kevser & Doğan, 2021). In Indonesia, Firdausi and Kasri found that most students are in the moderate literacy category (Firdausi & Kasri, 2022). These findings suggest that even among educated groups, Islamic financial literacy is not necessarily optimal.

Based on a systematic review by Rehman and Mia, financial literacy is influenced by multiple dimensions, including social, psychological, socio-economic, and Islamic factors (Rehman & Mia, 2024). Therefore, this study focuses on four main determinants: financial socialization, money attitude, religiosity, and income. The selection of these variables is grounded in theoretical considerations, as they represent the primary dimensions influencing Islamic financial literacy and enable the development of a more comprehensive analytical model.

However, previous empirical findings regarding the effects of these variables remain inconsistent. Various studies have shown that financial socialization positively influences financial literacy; however, research in the Islamic context is still limited (Dewanty & Isbanah, 2018; Khasanah et al., 2022; Riaz et al., 2022). The influence of money attitude also shows mixed results, with some studies reporting significant effects while others find no significant relationship (Afandy et al., 2020; Isomidinova et al., 2017; Riaz et al., 2022). Similar inconsistencies are observed in the effects of religiosity and income (Amaliyah & Witiastuti, 2015; Daradkah et al., 2020; Firdausi & Kasri, 2022; Puspita et al., 2021; Rahim et al., 2016; Yunus et al., 2021). These inconsistencies indicate the presence of an empirical gap that requires further investigation

In addition to these inconsistencies, research on Islamic financial literacy among Muslim university students in Mataram is still limited. Most previous studies have also examined determinants independently, without integrating social, psychological, religious, and socio-economic dimensions within a single analytical framework. Addressing these gaps, this study contributes by developing an empirical model that integrates these four key dimensions using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach.

The novelty of this study lies in its focus on a relatively underexplored research setting, the integration of four key determinant dimensions within a unified analytical model, and the re-examination of inconsistent findings in the context of Islamic financial literacy. Therefore, this study aims to analyze the level of Islamic financial literacy and examine the effects of financial socialization, money attitude, religiosity, and income on Islamic financial literacy.

RESEARCH METHODS

The level of Islamic financial literacy was first measured descriptively using a multidimensional financial literacy index to provide an initial profile of the respondents. The Islamic financial literacy index was constructed based on three primary dimensions: financial knowledge, financial behavior, and financial attitude. The index calculation follows a formula adapted from Douissa (2019) as reported in Firdausi and Kasri (2022), as presented below:

Multidimensional Financial Literacy Index =

$$\frac{\text{Fin. Knowledge Score} + \text{Fin. Behavior Score} + \text{Fin. Attitude Score}}{\text{Total Maximum Score}} \times 100$$

Each dimension score was obtained by summing the values of item responses corresponding to each indicator. The resulting index ranges from 0 to 100 and is used to quantitatively assess the level of Islamic financial literacy.

Then, the level of Islamic financial literacy was categorized into four levels: very low (≤25%), low (26–50%), moderate (51–75%), and high (>75%), based on a classification adapted from the Financial Services Authority (OJK). The results of this measurement were used as preliminary descriptive analysis and were not incorporated as variables in the SEM-PLS structural model.

To examine the causal relationships among variables, this study employed a quantitative approach using Structural Equation Modeling–Partial Least Squares (SEM-PLS) to analyze the effects of financial socialization, money attitude, religiosity, and income on Islamic financial literacy among Muslim university students in Mataram City. This quantitative approach is grounded in a positivist paradigm, aiming to test hypotheses through structured data collected via questionnaires and analyzed statistically (Sugiyono, 2022).

The sampling technique applied was purposive sampling, with criteria including active Muslim university students enrolled in selected faculties and willing to participate as respondents. The sample size was determined through power analysis using the G*Power application, with an effect size (f^2) of 0.15, a significance level (α) of 0.05, statistical power of 0.95, and four predictor variables. The analysis indicated a minimum sample size of 129 respondents; therefore, this study employed 150 respondents, exceeding the minimum threshold and considered sufficient to ensure adequate statistical power.

Data were collected using a structured questionnaire administered both online and offline. The questionnaire consisted of three sections: respondents' demographic characteristics, measurement of Islamic financial literacy, and determinant variables, including financial socialization, money attitude, and religiosity. All variables, except income, were measured using a five-point Likert scale, while income was measured based on predetermined nominal categories. Before data collection, a pilot test was conducted to ensure the clarity, reliability, and validity of the research instrument (Taherdoost, 2021).

Data analysis was conducted using SEM-PLS, as this method is well-suited for predictive and explanatory research involving complex relationships among latent variables

(Sarstedt et al., 2021). Following Riaz et al. (2022), this study adopted a disjoint two-stage approach for modeling higher-order constructs.

In the first stage, the measurement model was evaluated using lower-order constructs. Internal consistency reliability was assessed using Cronbach's Alpha (≥ 0.70) and Composite Reliability (≥ 0.70). Indicator reliability was evaluated through outer loadings (≥ 0.70), while convergent validity was assessed using the Average Variance Extracted (AVE ≥ 0.50). Discriminant validity was examined using the Fornell–Larcker criterion, where the square root of AVE is higher than inter-construct correlations, or alternatively through the Heterotrait–Monotrait (HTMT) ratio, with values below 0.90 (Hair et al., 2021).

In the second stage, the latent variable scores obtained from the LOC measurement model were used as indicators to estimate the measurement model of the higher-order constructs (HOCs). After establishing the validity and reliability of the HOCs, the structural model was evaluated.

The structural model was evaluated based on path coefficients, which are considered significant when the t-statistic higher than 1.96 and the p-value is less than 0.05. Model explanatory power was assessed using the coefficient of determination (R^2), categorized as substantial (0.75), moderate (0.50), and weak (0.25). Effect size (f^2) was evaluated with thresholds of 0.02 (small), 0.15 (medium), and 0.35 (large), while predictive relevance was assessed using Q^2 (> 0). Significance testing was conducted using a bootstrapping procedure with a minimum of 5,000 subsamples (Hair et al., 2021). Model fit was evaluated using the Standardized Root Mean Square Residual (SRMR < 0.08) and the Normed Fit Index (NFI ≥ 0.90), indicating a good model fit (Ghozali, 2021).

RESULTS AND DISCUSSION

Before conducting structural model analysis using SEM-PLS, this study first assessed the level of Islamic financial literacy descriptively using the Multidimensional Financial Literacy Index (MLFI). This approach was employed to provide a comprehensive preliminary overview of Islamic financial literacy among Muslim university students in Mataram City, including the dimensions of financial knowledge, financial behavior, and financial attitude.

Based on data processing from 150 respondents, the total financial knowledge score was 2,143 out of a maximum score of 3,000, the financial behavior score was 3,045 out of 3,750, and the financial attitude score was 1,323 out of 1,500. Therefore, the total actual score amounted to 6,511 out of an overall maximum score of 8,250, resulting in the following Islamic financial literacy index:

$$\text{Multidimensional Financial Literacy Index} = \frac{6.511}{8.250} \times 100 = 78.92\%$$

This result indicates that the level of Islamic financial literacy among Muslim university students in Mataram City is classified as the well-literate category (>75%). In terms of distribution, the respondents' literacy levels are largely concentrated in the higher category:

62.7% of respondents are classified as well-literate, 35.3% as sufficiently literate, and only 2.0% as less literate, with no respondents categorized as not literate.

These findings suggest that the majority of students not only have a fundamental understanding of Islamic financial concepts, but also demonstrate the ability to implement these principles in their financial attitudes and daily financial behavior.

Measurement Model Analysis (Outer Model)

The measurement model in this study adopts a reflective approach. Within the disjoint two-stage framework, first-order constructs were assessed to ensure that the indicators validly and reliably represent the lower-order constructs (LOCs). The evaluation was conducted using outer loadings, Average Variance Extracted (AVE) to assess convergent validity. Construct reliability was evaluated using Composite Reliability and Cronbach's Alpha, and discriminant validity assessed through the Fornell–Larcker criterion and the Heterotrait–Monotrait (HTMT) ratio (Hair et al., 2021). The results of this stage provide the basis for proceeding to the next stage of analysis.

Evaluation of Lower-Order Constructs

Convergent Validity and Reliability Assessment

Validity and reliability tests were performed to ensure that each indicator properly and consistently reflects its respective construct. Convergent validity was evaluated based on outer loading values ≥ 0.70 and AVE ≥ 0.50, indicating that the indicators represent the construct well and are able to explain its variance effectively. Reliability was assessed using Cronbach's Alpha and Composite Reliability (CR), with CR serving as the primary measure in PLS-SEM for evaluating internal consistency of the constructs (Garson, 2016; Hair et al., 2021).

Table 1. Results of Convergent Validity and Reliability Testing (First-Order Constructs)

Lower Order Construct	Loading Range	Cronbach Alpha	CR	AVE	Description
FS_Parents	0.826–0.876	0.622	0.840	0.725	Valid and Reliable
FS_Peer	0.754–0.961	0.705	0.853	0.747	Valid and Reliable
FS_Media	0.915–0.936	0.834	0.923	0.857	Valid and Reliable
FS_University	0.940–0.941	0.869	0.939	0.885	Valid and Reliable
FS_Entitlement	0.786–0.910	0.836	0.901	0.753	Valid and Reliable
FS_Conscientiousness	0.825–0.864	0.807	0.886	0.722	Valid and Reliable
RL_Tauhid	0.740–0.881	0.764	0.865	0.682	Valid and Reliable
RL_Ritual	0.837–0.877	0.641	0.847	0.735	Valid and Reliable
RL_Muamalah	0.880–0.920	0.768	0.895	0.810	Valid and Reliable
RL_Akhlak	0.899–0.915	0.889	0.931	0.819	Valid and Reliable
RL_Experience	0.902–0.922	0.798	0.908	0.832	Valid and Reliable

Income	1.000	1.000	1.000	1.000	Single Indicator
IFL_Knowledge	0.746–0.840	0.805	0.872	0.631	Valid and Reliable
IFL_Behavior	0.654–0.849	0.782	0.851	0.534	Valid and Reliable
IFL_Attitude	0.925–0.930	0.838	0.925	0.861	Valid and Reliable

Source: Primary data processed using SmartPLS 3 (2025)

Based on the results of the validity and reliability assessment of the lower-order constructs, all dimensions meet acceptable measurement criteria. The outer loading values range from 0.654 to 0.961, with the majority higher than the recommended threshold of 0.70. Indicators with loading values between 0.60–0.70 were retained, as they remain theoretically justifiable (Hair et al., 2021). All constructs demonstrate AVE values above 0.50 (ranging from 0.534 to 0.885), indicating adequate convergent validity.

The Composite Reliability values exceed 0.70 (ranging from 0.840 to 0.939), confirming satisfactory internal consistency. Cronbach's Alpha values also largely meet the recommended thresholds; although several constructs are in the range of 0.60–0.70, they are still considered acceptable for exploratory research (Hair et al., 2021). Overall, all lower-order constructs are considered valid and reliable, and therefore suitable for further SEM-PLS analysis. Meanwhile, the income construct, modeled as a single indicator, was evaluated based on theoretical justification.

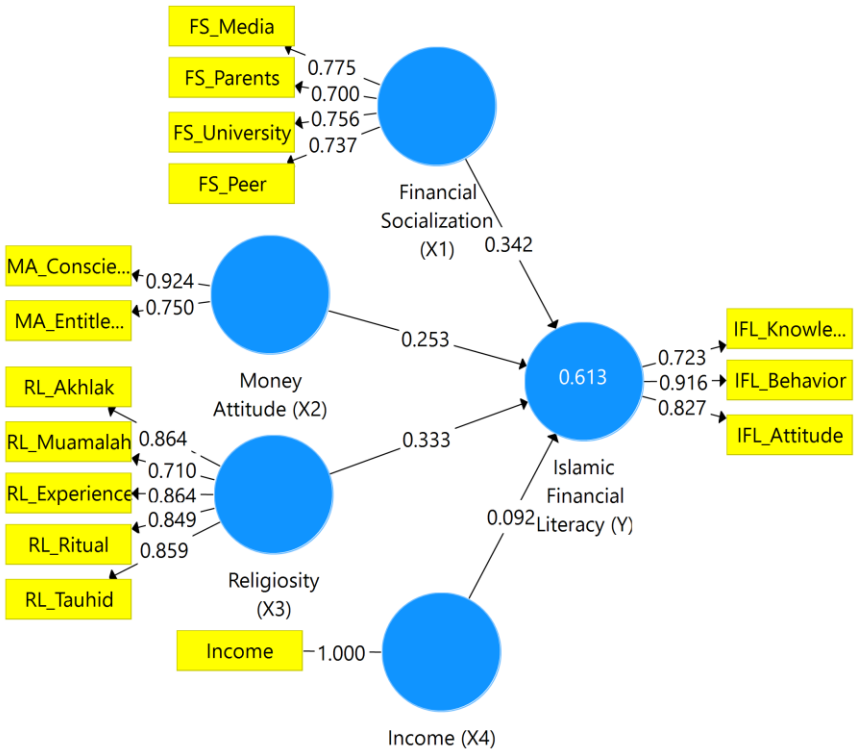
Discriminant Validity

Discriminant validity was assessed using the Fornell–Larcker criterion by comparing the square root of the Average Variance Extracted (AVE) with inter-construct correlations. The results indicate that all constructs meet the discriminant validity requirement, with the square root of AVE values ranging from 0.731 to 1.000 and the square root of AVE for each construct exceeded its correlations with other constructs, such as IFL_A (0.928), FS_U (0.940), FS_M (0.926), and RL_E (0.912). These findings demonstrate that all lower-order constructs exhibit adequate discriminant validity and are appropriate for further analysis.

Evaluation of Higher-Order Constructs

In the second stage of the disjoint two-stage approach, the higher-order constructs (HOCs) were evaluated based on the dimensions identified in the first stage. Latent variable scores derived from the lower-order constructs were used as indicators to build the higher-order constructs. The estimation was carried out separately from the original indicators, focusing on assessing convergent validity, construct reliability, and discriminant validity to examine the relationships between lower-order constructs (LOCs) and higher-order constructs (HOCs).

Figure 2. SEM-PLS Model (Second-Order)



Source: Primary data processed using SmartPLS 3 (2025)

Convergent Validity and Reliability Assessment (Second-Order)

Convergent validity and reliability at the second-order stage were evaluated to ensure that the higher-order constructs (HOCs) met acceptable measurement quality standards. The assessment focused on outer loadings, Average Variance Extracted (AVE), Cronbach's Alpha, and Composite Reliability to examine convergent validity and the internal consistency of the higher-order constructs (Hair et al., 2021). This procedure was conducted to confirm that all dimensions forming the HOCs are valid, reliable, and suitable for structural analysis.

Table 2. Results of Convergent Validity and Reliability Testing

Constructs	Loading Range	AVE	CR	Cronbach Alpha	Description
Islamic Financial Literacy	0.723–0.916	0.682	0.864	0.762	Valid and Reliable
Financial Socialization	0.700–0.775	0.552	0.831	0.729	Valid and Reliable
Money Attitude	0.750–0.924	0.708	0.828	0.611	Valid and Reliable
Religiosity	0.710–0.864	0.691	0.918	0.887	Valid and Reliable
Income	1.000	1.000	1.000	1.000	Single Indicator

Source: Primary data processed using SmartPLS 3 (2025)

The results indicate that all higher-order constructs meet the criteria for convergent validity and reliability. outer loading values ranging from 0.700 to 0.924, all exceeding the acceptable threshold of 0.60, AVE values above 0.50 (0.552–0.708), and Composite Reliability (0.828–0.918) as well as Cronbach's Alpha (0.611–0.887), all of which demonstrate good measurement consistency.

All constructs are therefore considered valid and reliable. Meanwhile, the income construct, modeled as a single indicator, is theoretically adequate. Overall, all constructs are appropriate for inclusion in further structural analysis.

Discriminant Validity

Discriminant validity was assessed using the Fornell–Larcker criterion by comparing the square root of the Average Variance Extracted (AVE) of each construct with its correlations with other constructs.

Table 3. Discriminant Validity Results – Fornell–Larcker Criterion (Second-Order Constructs)

	IFL	MA	I	RL	FS
Islamic Financial Literacy	0.826				
Money Attitude	0.647	0.841			
Income	0.018	-0.046	1.000		
Religiosity	0.676	0.654	-0.122	0.831	
Financial Socialization	0.653	0.528	-0.061	0.552	0.743

Source: Primary data processed using SmartPLS 3 (2025)

The results indicate that all higher-order constructs satisfy the discriminant validity criterion, as the square root of AVE for each construct exceeds its correlations with other constructs. This finding confirms that each construct is empirically distinct and captures a unique dimension within the model.

Structural Model Analysis

The structural model (inner model) analysis examines the relationships among latent constructs and the model's predictive ability. Hypothesis testing was conducted using bootstrapping at a 5% significance level ($\alpha = 0.05$), A relationship is considered statistically significant when the p-value is below 0.05.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) is used to assess the extent to which exogenous variables explain the variance of the endogenous variable. According to Hair et al. (2021), R^2 values are categorized as substantial (≥ 0.75), moderate ($0.50 –< 0.75$), and weak ($0.25 –< 0.50$).

Table 4. Coefficient of Determination

Dependent Variable	R Square	Adjusted R Square	Description
Islamic Financial Literacy	0.613	0.603	Moderate

Source: Primary data processed using SmartPLS 3 (2025)

The results indicate an R^2 value of 0.613 and an adjusted R^2 of 0.603, indicating that 61.3% of the variance in Islamic Financial Literacy is explained by the variables in the model, while the remaining 38.7% is influenced by factors not included in the model. This level of explanatory power can be considered moderate, suggesting that the model has good predictive ability while still leaving room for improvement through the inclusion of additional variables.

Effect Size (f^2)

The f-square (f^2) value is used to assess the contribution of each exogenous variable's contribution to the endogenous variable. According to Cohen (1988), effect sizes are categorized as small (0.02), medium (0.15), and large (0.35).

Table 5. Effect Size (f^2)

	Islamic Financial Literacy (Y)	Description
Islamic Financial Literacy (Y)		
Financial Socialization (X1)	0.195	Medium
Money Attitude (X2)	0.088	Small
Religiosity (X3)	0.145	Approaching Medium
Income (X4)	0.021	Small

Source: Primary data processed using SmartPLS 3 (2025)

The results indicate that financial socialization shows a medium effect size, while religiosity demonstrates an effect approaching the medium category. In contrast, money attitude and income contribute relatively small effects. These findings suggest that financial socialization and religiosity are more dominant factors in explaining the variation in Islamic financial literacy.

Predictive Relevance (Q^2)

Predictive relevance was assessed using the blindfolding procedure to evaluate the model's predictive capability. A model is considered to have adequate predictive relevance when the $Q^2 > 0$.

Table 6. Predictive Relevance (Q^2)

	SSO	SSE	Q^2 (=1-SSE/SSO)	Description
Islamic Financial Literacy (Y)	450.000	272.982	0.393	Good
Financial Socialization (X1)	600.000	600.000		

Money Attitude (X2)	300.000	300.000		
Religiosity (X3)	750.000	750.000		
Income (X4)	150.000	150.000		

Source: Primary data processed using SmartPLS 3 (2025)

The results indicate that the model demonstrates strong predictive capability in explaining and predicting Islamic financial literacy, as indicated by the Q^2 value 0.393, which is above the minimum threshold.

Model Fit

Model fit evaluation in PLS-SEM provides additional information onthe overall adequacy of the model, with attention to indicators such as the Standardized Root Mean Square Residual (SRMR), Normed Fit Index (NFI), and rms Theta. However, it should be noted that PLS-SEM primarily focus on predictive ability rather than overall model fit.

Table 7. Model Fit

	Saturated Model	**Estimated Model**
SRMR	0.098	0.098
d_ULS	1.156	1.156
d_G	0.378	0.378
Chi-Square	330.673	330.673
NFI	0.725	0.725
rms Theta	0.213	

Source: Primary data processed using SmartPLS 3 (2025)

The results indicate that the model fit is acceptable within the PLS-SEM framework. The SRMR value is within the tolerance threshold for complex models, while the NFI and rms Theta values further support the model's adequacy. Combined with the model's strong predictive performance, as reflected in the R^2 and Q^2 values, the overall model can be considered appropriate and suitable for further analysis.

Hypothesis Testing

Hypothesis testing was conducted to examine the relationships among latent constructs in the structural model using a two-tailed test at a 5% significance level. A relationship is considered statistically significant when the t-statistic exceeds 1.96 and the p-value is less than 0.05.

Table 8. Hypothesis Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Description
Financial Socialization (X1)→ Islamic Financial Literacy (Y)	0.342	0.347	0.076	4.480	0.000	Significant
Money Attitude (X2) → Islamic Financial Literacy (Y)	0.253	0.231	0.112	2.251	0.025	Significant
Religiosity (X3)→ Islamic Financial Literacy (Y)	0.333	0.349	0.109	3.066	0.002	Significant
Income (X4)→ Islamic Financial Literacy (Y)	0.092	0.084	0.050	1.846	0.066	Not Significant

Source: Primary data processed using SmartPLS 3 (2025)

Interpretation:

1. Financial Socialization has a positive and statistically significant effect on Islamic financial literacy (β = 0.342; p = 0.000) and is the strongest predictor in the model. This suggests that interactions through parents, peers, media, and higher education institutions play a crucial role in enhancing students' Islamic financial literacy.
2. Money Attitude also has a positive and significant influence on Islamic financial literacy (β = 0.253; p = 0.025), indicating that prudent and responsible attitudes toward money management contribute to higher levels of Islamic financial literacy.
3. Religiosity has a positive and significant effect on Islamic financial literacy (β = 0.333; p = 0.002), suggesting that Islamic values and practices help shape individuals' understanding and application of Sharia-compliant financial principles.
4. Income does not have a significant effect on Islamic financial literacy (p = 0.066), indicating that students' income levels are not a primary determinant of Islamic financial literacy. However, at a 10% significance level, the effect may still be considered marginally significant.

Overall, these findings show that financial socialization, religiosity, and money attitude constitute the primary determinants of students' Islamic financial literacy, whereas income does not play a significant role within the context of this study.

The findings reveal several important insights regarding the determinants of Islamic financial literacy among university students. The positive and significant effect of financial

socialization (β = 0.342; p = 0.000) suggests that socialization agents such as family, higher education institutions, peers, and media, play a central role in shaping Islamic financial literacy. This finding is consistent with Social Learning Theory as proposed by Bandura (1977) as well as studies by Baiti & Dewanti (2022), Sohn et al. (2012), and Riaz et al. (2022), which emphasize the importance of social interaction in the development of financial knowledge and behavior. These results indicate that students' Islamic financial literacy is shaped more by social learning processes and the internalization of Sharia values than by individual experience alone.

From the perspective of Islamic economics, this socialization process serves not only as a mechanism for knowledge transfer but also as a means of internalizing Sharia values in wealth management. This aligns with the objectives of Maqasid al-Shariah, particularly hifz al-mal (the preservation of wealth), which encourages individuals to understand and avoid financial practices involving *riba*, *gharar*, and *maysir*, and to manage wealth in a responsible and productive manner.

Furthermore, the results show that money attitude has a positive and significant effect on Islamic financial literacy (β = 0.253; p = 0.025), indicating that individuals' attitudes toward money play a crucial role in shaping responsible financial behavior. This is consistent with the theoretical perspectives of Furnham (1984) and Tang (1995), as well as studies by Albeerdy & Gharleghi (2015) and Sohn et al. (2012), which demonstrate that positive attitudes toward money contribute to improved financial literacy. In the context of Islamic finance, this finding highlights the importance of intrapersonal factors in encouraging financial management practices that align with Sharia principles.

In Islamic finance, attitudes toward money are not only seen as economic preferences but also as reflections of the principle of *amanah* (trustworthiness) in wealth management. Wealth in Islam is regarded as a trust that must be managed responsibly; therefore, a prudent attitude toward money encourages individuals to understand Sharia financial principles and to manage their finances in a lawful (*halal*) and balanced way. Accountability in managing wealth is also emphasized in the teachings of Prophet Muhammad, which state that individuals will be held responsible for how their wealth is earned and spent.

In addition, religiosity is found to have a positive and significant effect on Islamic financial literacy (β = 0.333; p = 0.002), indicating that religious values serve as an important determinant in shaping Sharia-based financial understanding. This finding is consistent with the concept of religiosity proposed by Glock & R. Stark (1965), as well as studies by Yunus et al. (2020) and Rahim et al. (2016), which emphasize that religiosity enhances understanding of *halal–haram* principles, the prohibition of *riba*, and Sharia financial mechanisms. These findings suggest that religiosity serves not only as a spiritual dimension but also as an ethical foundation in developing Islamic financial literacy.

From an Islamic perspective, religiosity reflects the comprehensive (*kaffah*) observance of religious teachings, as emphasized in Qur'an, Surah Al-Baqarah (2:208):

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوا ادْخُلُوْا فِى السِّلْمِ كَاۤفَّةً ۖوَّلَا تَتَّبِعُوْا خُطُوٰتِ الشَّيْطٰنِ ۗاِنَّهٗ لَكُمْ عَدُوٌّ مُّبِيْنٌ ٢٠٨

"*O you who have believed, enter into Islam completely (kaffah) and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy*." (Kementerian Agama RI, 2022: 32).

This verse highlights that economic and financial activities are an integral part of applying Islamic values in everyday life.

On the other hand, income has a positive but statistically non-significant effect on Islamic financial literacy ($\beta = 0.092$; $p = 0.066$), indicating that economic capacity is not a primary determinant of students' Islamic financial literacy. This finding supports the perspective of OECD/INFE (2020), as well as studies by Amaliyah and Witiastuti (2015), Baiti and Dewanti (2022), and Daradkah et al. (2020), which suggest that financial literacy is more strongly influenced by knowledge, attitudes, and values than by income. This implies that increases in income do not automatically improve Islamic financial literacy without support from education and the internalization of financial values.

From the perspective of Islamic economics, this can be explained by the principle that the quality of wealth management is not determined by the amount of income, but rather by the level of awareness and responsibility in managing wealth in accordance with Sharia principles. Therefore, Islamic financial literacy reflects not only economic conditions but, more importantly, the quality of understanding and value-based awareness.

Overall, the findings of this study indicate that students' Islamic financial literacy is more strongly influenced by social, psychological, and religious factors than by economic factors. The significant effects of financial socialization, money attitude, and religiosity, along with the non-significant effect of income, indicate that the development of Islamic financial literacy depends more on educational processes, value internalization, and supportive social environments than on individual economic conditions.

Based on these findings, efforts to enhance Islamic financial literacy should focus on strengthening financial socialization, promoting responsible financial attitudes, and integrating religious values into financial education for university students.

CONCLUSION AND RECOMMENDATIONS

This study shows that Islamic financial literacy among Muslim university students in Mataram is influenced more by non-economic factors, particularly financial socialization, money attitude, and religiosity, than by income. These findings suggest that the development of Islamic financial literacy depends not only on economic capacity but more importantly on the quality of understanding, attitudes, value internalization, and a supportive social environment. Religiosity, in particular, emerges as an important value-based factor in shaping Sharia-compliant financial behavior.

The implications of this study suggest that efforts to enhance Islamic financial literacy should focus on strengthening educational initiatives, promoting value internalization, and

reinforcing the role of social environments, especially higher education institutions, families, and Islamic financial institutions.

However, this study has several limitations, including the scope of respondents, the variables employed, and the reliance on a quantitative approach, which may limit the generalizability of the findings. Therefore, future research is encouraged to include a broader range of variables and methodological approaches to provide a more comprehensive understanding of Islamic financial literacy.

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