JURNAL YADIM
ياياسن دعوه اسلامية مليسيا
"International Journal Of Islam And Contemporary Affairs"

VOL. 4 (2) | DISEMBER 2024: 67-84
E-ISSN: 2785-8898
www.e-jurnal.yadim.com.my

Submission date: 14 September 2024 Acceptance date: 1 November 2024 Available online: 22 Disember 2024

ISLAMIC FINANCIAL LITERACY AND THE EMERGING NEED FOR *DA'WAH*: EVIDENCE FROM MALAYSIA AND INDONESIA

LITERASI KEWANGAN ISLAM DAN KEPERLUAN MENINGKAT UNTUK *DAKWAH*: BUKTI DARIPADA MALAYSIA DAN INDONESIA

[i*]Wan Rasyidah Wan Nawang, [ii]Fuadah Johari, [iii]Syadiyah Abdul Shukor, [iv]Syahidawati Shahwan, [v]Mahdhir Abdullah, [vi]Ummu Salma Al Azizah, [vii]Sumardi, & [viii]Edi Setiawan

[i-v] Islamic Finance and Wealth Management Institute, Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, Negeri Sembilan, Malaysia.

[vi-viii]Faculty of Economics and Business, Universitas Muhammadiyah Prof. Dr. Hamka, Jakarta, Indonesia.

Corresponding Author: e-mail: *wrasyidah@usim.edu.my

DOI : https://doi.org/10.61465/jurnalyadim.v4.360

ABSTRACT

Islamic financial literacy (IFL) plays a crucial role in guiding individuals to make informed financial decisions in accordance with Shariah principles. This is particularly important in Muslim-majority nations such as Malaysia and Indonesia, where Islamic financial products are increasingly accessible and integrated into the economic system. The purpose of this study is to compare the level of IFL between young adults in Malaysia and Indonesia. A quantitative research design was employed using an online survey, targeting respondents aged 18 to 43 through purposive sampling. A total of 419 participants from Malaysia and 658 participants from Indonesia completed a 10-item IFL assessment. Descriptive analysis and independent samples t-test were conducted to evaluate differences in literacy levels. The findings indicate a statistically significant difference between the two groups, with Malaysian respondents demonstrating slightly higher IFL scores compared to their Indonesian counterparts. The results contribute to theoretical understanding by highlighting cross - country variation in IFL within Muslim contexts and offer practical implications for policymakers and educational institutions to strengthen targeted financial education initiatives, especially in Indonesia. Additionally, the study highlights the role of promoting IFL as part of *da'wah* and education, encouraging ethical financial decision-making aligned with Shariah principles.

Keywords: Islamic Financial Literacy, Young Adults, Malaysia, Indonesia, Comparative Study

ABSTRAK

Celik kewangan Islam (IFL) memainkan peranan penting dalam membimbing individu membuat keputusan kewangan yang tepat selaras dengan prinsip Shariah. Hal ini amat signifikan di negara majoriti Muslim seperti Malaysia dan Indonesia, di mana produk kewangan Islam semakin mudah diakses dan semakin kukuh dalam sistem ekonomi. Tujuan kajian ini adalah untuk membandingkan tahap IFL dalam kalangan golongan dewasa muda di Malaysia dan Indonesia. Reka bentuk kajian kuantitatif telah digunakan melalui soal selidik dalam talian, melibatkan responden berumur antara 18 hingga 43 tahun menggunakan kaedah persampelan bertujuan. Seramai 419 peserta dari Malaysia dan 658 peserta dari Indonesia telah melengkapkan penilaian IFL yang terdiri daripada 10 item. Analisis deskriptif dan ujian-t sampel bebas telah dijalankan bagi menilai perbezaan tahap literasi antara kedua-dua kumpulan. Dapatan kajian menunjukkan perbezaan yang signifikan secara statistik, di mana responden Malaysia mencatatkan skor IFL yang sedikit lebih tinggi berbanding responden Indonesia. Hasil kajian ini menyumbang kepada pengayaan teori dengan menonjolkan variasi rentas negara dalam tahap IFL dalam konteks masyarakat Muslim, serta menawarkan implikasi praktikal kepada pembuat dasar dan institusi pendidikan untuk memperkukuh inisiatif pendidikan kewangan yang lebih disasarkan, khususnya di Indonesia. Selain itu, kajian ini turut menekankan peranan mempromosikan IFL sebagai sebahagian daripada usaha *da'wah* dan pendidikan, bagi menggalakkan pembuatan keputusan kewangan yang beretika dan selaras dengan prinsip Shariah.

Katakunci: Celik Kewangan Islam, Dewasa Muda, Malaysia, Indonesia, Kajian Perbandingan

INTRODUCTION

Islamic financial literacy (IFL) is critically important for promoting ethical financial behaviour and facilitating Shariah-compliant decision-making (Che Hassan et al., 2024). It empowers individuals to make informed financial choices aligned with Islamic principles, enabling them to pursue Halal investments and long-term goals without compromising religious values, and thereby contributes to a sustainable, faith-driven economy (Hasan, 2024). In Muslim-majority countries like Malaysia and Indonesia, the rapid growth of Islamic finance amplifies the relevance of IFL. Malaysia has become a leading global hub of Islamic banking (Salehuddin & Suhaidi, 2024), with Islamic banking accounting for a substantial 45.6% share of its financial system (Pongsaparn, 2024). Meanwhile, Indonesia, the world's largest Muslim-majority nation, is also expanding its Islamic finance sector (Rizvi et al., 2024), although Islamic banking currently constitutes less than 10% of its overall banking industry (Otoritas Jasa Keuangan [OJK], 2023). Nevertheless, the Indonesian government's

ambitious plans to increase this share reflect a rising demand, particularly among its young population, for Shariah-compliant financial services.

Despite these developments, few studies have directly compared IFL in Malaysia and Indonesia. In Malaysia, research on IFL remains limited and fragmented, with most existing studies concentrating on specific demographic groups rather than the broader population (Roemansari et al., 2021). Similarly, a national survey in Indonesia reported that only 8.93% of the population was literate in Islamic finance as of 2019 (Dompet Dhuafa News, 2024), emphasizing a substantial gap in public awareness and understanding. However, cross-country comparative studies examining the determinants and levels of IFL between Malaysia and Indonesia remain largely absent. Islamic outreach (*da'wah*) has emerged as an important channel for financial literacy education: faith-based programs integrate money management lessons with religious teachings to encourage Shariah-compliant practices, emphasizing that promoting IFL is not only an economic initiative but also part of ethical-religious guidance (Dompet Dhuafa News, 2024).

In the context of IFL, *da'wah* represents the moral and educational process of inviting individuals and communities to comprehend, internalize, and act upon financial principles grounded in Islamic ethics and the objectives of Shariah (*maqāṣid al-sharī'ah*). It extends beyond verbal exhortation (*da'wah bil-lisān*) toward a transformative praxis (*da'wah bil-ḥāl*) that aligns personal financial behaviour with spiritual accountability and social justice (Johari, 2024). From a systemic perspective, *da'wah* in IFL emphasizes the integration of faith-based education with economic empowerment. It serves as a strategic instrument to disseminate financial knowledge, such as *zakat* management, *waqf* participation, ethical entrepreneurship, and avoidance of *riba*, therefore financial decision-making becomes a medium of worship and community solidarity rather than mere material pursuit (Kanafi et al., 2021; Usman, 2020). This approach situates *da'wah* as both a pedagogical and developmental tool, nurturing *tawḥīd* (God-consciousness), *iḥsān* (excellence), and *'adl* (justice) in economic life.

Johari (2024) conceptualizes *da'wah* within financial transformation as a holistic mission that merges spiritual enlightenment with economic resilience. By embedding *maqāṣid*-driven financial education, *da'wah* seeks to reform economic behaviour and institutions, such as mosques, zakat bodies, and Islamic cooperatives, into catalysts of balanced material and moral growth. This view supports the notion that financial literacy

itself is a form of *da'wah*, empowering Muslims to fulfil their fiduciary duties, uphold distributive equity, and pursue *falāḥ* (success in this world and the hereafter) through informed, ethical financial conduct.

Hence, *da'wah* in IFL may be academically defined as a faith-oriented educational and transformative process that integrates Islamic moral principles with financial knowledge and practices, aiming to cultivate ethical financial behaviour, enhance socio-economic justice, and fulfil the spiritual mission of Islam through economic empowerment (Cipta & Zakirman, 2024). This synthesis positions *da'wah* not as an adjunct but as the core epistemological foundation of Islamic financial education, linking individual piety with collective prosperity and aligning financial literacy programs with the higher objectives of Shariah (Hafid et al., 2024; Millie et al., 2023).

This study addresses the above gaps by surveying young Muslim adults in both Malaysia and Indonesia to compare their IFL levels and the emerging need for *da'wah*. A structured questionnaire assessed respondent knowledge of Islamic banking principles, Shariah-compliant investment products, and personal finance practices. The sample comprised 18 to 43 young Muslim adults in Malaysia and Indonesia. The responses were analysed using statistical methods to identify differences in literacy levels between the two countries. The findings shed light on the readiness of young Muslim adults in each context to engage with Islamic financial services and highlight areas for improvement in financial education.

The following section reviews related literature on financial literacy, Islamic finance, and the role of *da'wah* in Malaysia and Indonesia. The subsequent section outlines the research methodology, detailing the survey design, sampling procedures, and analytical methods employed. The next section presents the survey results, comparing IFL levels between Malaysian and Indonesian respondents. This is followed by a discussion of the findings and their implications for policymakers, educators, and financial institutions. Finally, the paper concludes with a summary of key insights, highlights the study's limitations, and offers recommendations for future research

LITERATURE REVIEW

Islamic Financial Literacy

Islamic financial literacy (IFL) has gained momentum in the past two decades among scholars especially in Muslim-majority countries. The rapid development of Islamic finance in the late 20th century has stimulated the interest to explore financial literacy that is aligned with Shariah principles (Dinc et al., 2021; McGregor & Alghamdi, 2024). IFL, often termed as Shariah financial literacy, integrates the elements of financial literacy with the Shariah elements of Islamic finance such as prohibition of *riba'* and *gharar* (Dinc et al., 2021). Many studies described IFL as the knowledge, attitudes, and behaviours related to Islamic financial products and principles (Ab Rahman et al., 2018). More comprehensive framework described IFL as the combination of knowledge, skills, attitudes, and behaviours that enable Muslims to manage their financial resources in accordance with Islamic teachings (Dinc et al., 2021; McGregor & Alghamdi, 2024), where the knowledge component includes the knowledge about *zakat*, *takaful*, and *sukuk* (Nawi et al., 2018).

Most of the studies about IFL clearly distinguished IFL with the conventional financial literacy by integrating the Shariah principles and ethical considerations (McGregor & Alghamdi, 2024; Nawi et al., 2018). However, there is no standardized instruments and conceptualization of IFL that is agreeable by scholars worldwide. According to Antara and Musa (2020), the absence of standardized instruments and comprehensive conceptualization limits the ability to assess literacy level accurately and to design effective education intervention.

The fact that IFL emphasizes on knowledge, attitudes, and behaviours pertaining Islamic financial products and Syariah principles, Muslims are of the position to integrate ethical considerations in their financial decision making. Ethical financial behaviour and Shariah compliance are integral to influence the investment, savings, and borrowings practices among Muslims. According to Soumena (2024), a serious issue is in the differences between theoretical ideal of Shariah-compliant financial behaviour and the actual financial literacy levels among Muslim individuals and institutions. Controversies exist around the educational framework, regulatory fatwas, and the role of religiosity in shaping financial attitudes and practices. Despite increasing scholarly attention, there remains relatively low

comprehensive understanding regarding how IFL influences ethical financial behaviour and Shariah compliance in various context.

Islamic Finance Context in Malaysia

The Islamic banking and finance sector in Malaysia is undergoing significant transformation through the integration of advanced innovations and practices, particularly in the realm of fintech (Muneeza & Mustapha, 2021). These innovations not only enhance operational efficiency of the financial institutions and customers engagement, but also align with the Shariah principles, at the same time contribute to financial inclusion. Islamic banks are increasingly adopting mobile banking and digital payment system to improve their efficiency and accessibility to their services (Sudarsono et al., 2022). These technologies facilitate financial inclusion by providing Shariah-compliant services to the underserved, unbanked, and marginalized population (Sadek et al., 2024).

Malaysia's strong regulatory framework and government support have been crucial in supporting the growth of Islamic finance in the country. Bank Negara Malaysia (BNM), the central bank, has issued guidelines such as the value-based intermediation financing and investment impact assessment framework (VBIAF) to support sustainable banking practices (Shahrom & Kunhibava, 2023). On the other side of the coin, the technological advances pose remarkable challenges to the regulatory framework, as they require more standardized regulatory frameworks and greater incorporation of technological innovations. It is crucial to address these challenges in order to progress to a sustainable Islamic banking and finance growth in Malaysia (Bekti Utomo et al., 2024).

Islamic Finance Context in Indonesia

Islamic financial literacy in Indonesia is characterized by rapid growth of Islamic banking and finance, diverse access, regional disparities, and educational challenges. Islamic finance in Indonesia has experienced rapid growth with the development of commercial and social finance sectors such as *zakat*, *infaq*, and *waqf*. In the Shariah-compliant investment sector, the integration of digital technologies and Islamic mutual funds has been identified as a means to bridge the gap between financial literacy and financial inclusion (Fauzi et al., 2024). Such a big country with huge population, Indonesia experienced significant regional disparities in terms of financial literacy levels of its population, with rural areas exhibiting lower financial literacy rates.

Certain demographic groups such as the micro, small, and medium enterprises (MSME) also show lower literacy level compared to others (Sakum et al., 2024; Suman et al., 2024). Financial education initiatives face great challenges as the financial education is not integrated in the school curriculum, and there is a lack of comprehensive educational programs to inculcate IFL (Maemunah, 2022; Sakum et al., 2024).

Da'wah and Financial Literacy

Da'wah plays a pivotal role in shaping financial literacy among Muslim communities by embedding ethical and spiritual guidance into financial education. In the context of IFL, *da'wah* serves not only as a religious call but also as an educational mechanism that informs, guides, and strengthens Muslims' understanding of Shariah-compliant financial practices. Faith-based programs delivered through mosques, Islamic institutions, and community leaders increasingly incorporate financial themes, such as the prohibition of *riba*, the importance of *zakat* and *waqf*, and principles of Halal wealth management into broader spiritual teachings. These initiatives aim to cultivate ethical financial behaviour by linking financial decisions to spiritual accountability and moral responsibility (Kanafi et al., 2021; Usman, 2020).

As the earlier discussion highlights, *da'wah* in the realm of IFL transcends verbal instruction (*da'wah bil-lisān*) toward a more holistic, transformative practice (*da'wah bil-ḥāl*). Recent scholarship positions *da'wah* as a process that nurtures *tawḥīd*, *iḥsān*, and *'adl* within financial decision-making, ensuring that economic activities align with *maqāṣid al-sharī'ah* (Johari, 2024). In this sense, financial education itself becomes an act of worship, where informed financial choices support not only personal well-being but also social justice and communal solidarity.

Furthermore, religious institutions are increasingly recognized as effective platforms for disseminating Islamic financial education due to their moral authority and accessibility. Programs that integrate *da'wah* with financial knowledge, such as workshops on *zakat* management, Islamic cooperative development, Halal investment awareness, and anti-*riba* campaigns, offer a culturally grounded approach to improving literacy. These interventions reinforce that ethical financial conduct is a core component of Islamic identity and a pathway to achieving *falāḥ* (success in this world and the hereafter). Thus, *da'wah* operates as both a

pedagogical and developmental tool, merging spiritual values with practical financial competencies to empower Muslim communities across diverse socio-economic backgrounds.

Cross-Country Comparisons and Knowledge Gap

Although Islamic finance has grown substantially in both Malaysia and Indonesia, comparative studies examining IFL across these two major Muslim-majority nations remain limited. Existing research tends to focus on country-specific issues, such as Malaysia's digital Islamic banking adoption, regulatory advancements, and fintech integration (Sadek et al., 2024; Shahrom & Kunhibava, 2023), or Indonesia's rapid ZISWAF sector expansion and regional disparities in financial access (Fauzi et al., 2024; Sakum et al., 2024). While both nations share religious foundations and increasing demand for Shariah-compliant services, their sociocultural and institutional contexts differ significantly, suggesting that IFL levels may also vary. Despite this, systematic cross-country comparisons that assess knowledge, attitudes, and behaviours toward Islamic finance between Malaysian and Indonesian populations are scarce.

The lack of comparative research is further compounded by the absence of standardized IFL measurement instruments, which challenges the ability to evaluate literacy levels across borders (Antara & Musa, 2020). In Malaysia, existing studies often focus on specific subpopulations, such as university students or certain ethnic groups, rather than providing a nationally representative view (Roemansari et al., 2021). In Indonesia, national data indicate low IFL levels, with only 8.93% of the population demonstrating adequate Islamic financial understanding (Dompet Dhuafa News, 2024). However, these statistics do not capture differences across demographic groups, nor do they illuminate how cultural, educational, or institutional environments influence IFL compared to neighbouring Malaysia.

Moreover, while *da'wah*-based financial education initiatives are increasingly prominent in both countries, especially through mosques and Islamic NGOs, little is known about how these faith-driven interventions differ in structure, focus, or effectiveness across Malaysia and Indonesia. This gap is important because *da'wah* represents a culturally embedded mechanism that can significantly enhance IFL, particularly among young adults who form the majority of new Islamic finance adopters.

Given these gaps, there is a pressing need for empirical research that (1) directly compares IFL levels between Malaysia and Indonesia, (2) examines the role of *da'wah* in

shaping financial awareness and behaviour across both contexts, and (3) identifies factors influencing literacy disparities. Addressing this gap can provide valuable insights for policymakers, educators, and Islamic financial institutions in tailoring educational interventions to specific national and cultural contexts, thereby accelerating the development of an informed, ethically grounded financial society in the region.

METHODOLOGY OF RESEARCH

This study employed a quantitative research design using an online survey targeting Muslim young adults aged between 18 and 43 years in Malaysia and Indonesia. A purposive sampling technique was adopted to ensure the inclusion of respondents who met the study's criteria. A total of 419 respondents from Malaysia and 658 respondents from Indonesia participated, providing a sufficient sample size for consumer behaviour research. The online survey method was selected due to its rapid, efficient, and cost-effective approach to collecting large datasets (Lefever et al., 2007; Nayak & Narayan, 2019). In addition, the online platform facilitated data validation, ensuring complete responses, compensating for missing values, and enabling participation from diverse geographical locations.

IFL was measured using Antara et al.'s (2017) scale, chosen for its clarity, simplicity, and strong alignment with fundamental Islamic finance principles. The original instrument contained 12 dichotomous items assessing knowledge of key Islamic concepts such as *riba*, *gharar*, and financial contracts including *Mudharabah*, *Musharakah*, *Ijarah*, *Murabahah*, *Istisna'*, and *Qard Hassan*, scored as correct (1) or incorrect (0). Based on expert feedback and pre-testing, the instrument was refined to improve clarity and reduce cognitive load. Specifically, items related to *Istisna'* and *Qard Hassan* were consolidated into single questions, and a general item encompassing multiple Islamic finance terms was simplified. The final version comprised 10 items, conceptually aligned with Nurhidayah et al. (2021), ensuring content validity and suitability for large-scale administration.

Instrument validity and clarity were verified through expert review and pilot testing with 30 respondents. Data were analysed using SPSS version 26.0, employing descriptive statistics (frequencies, percentages, means, and standard deviations) to summarise response patterns and trends. To assess internal consistency, the Kuder-Richardson Formula 20 (KR-20), appropriate for dichotomous items, was applied, yielding a coefficient of 0.81, indicating satisfactory reliability and confirming that the scale consistently measured the Islamic

financial literacy construct. Additionally, an independent samples t-test was conducted to compare differences between Malaysian and Indonesian respondents.

RESULTS AND FINDINGS

As presented in Table 1, a total of 419 respondents from Malaysia and 658 respondents from Indonesia participated in the study. Gender distribution was fairly balanced in both countries, with males representing 51.8% and females 48.2% in Malaysia, while in Indonesia both genders were equally represented at 50% each. Malaysian respondents were largely in the 23–27 age group (40.3%), whereas Indonesian respondents were relatively younger, with 29.0% aged 18–22. Regarding marital status, 59.9% of Malaysians were single compared to 41.5% of Indonesians, while a notably higher proportion of Indonesian respondents (27.4%) were divorced or widowed.

Educational background differed between countries. Half of the Malaysian respondents (50.1%) held a bachelor's degree, followed by 22.7% with a diploma. In contrast, the Indonesian sample showed greater variation, with 36.6% having a bachelor's degree and 27.7% holding only primary to upper secondary education. Employment patterns also varied. In Malaysia, most respondents were employed in the private sector (32.0%) or government and semi-government organizations (22.4%). Indonesian respondents were more evenly distributed across categories, including students (22.3%), self-employed individuals (18.1%), and business owners (17.3%).

Income levels revealed significant differences between countries. Most Malaysian respondents reported earning between RM2,000 and RM3,999, while Indonesian respondents were concentrated in the Rp2,000,000 and below (28.7%) and Rp6,000,000–7,999,999 (20.5%) ranges. These differences reflect variations in economic structure, cost of living, and purchasing power. As the income categories are based on local currencies, Ringgit Malaysia (RM) and Indonesian Rupiah (Rp), direct comparisons are limited. For example, RM2,000 is roughly equivalent to Rp7,000,000 (RM1 ≈ Rp3,500), indicating that similar nominal ranges may represent different real values.

Residency distribution further highlighted the differences in sample composition. Malaysian respondents were primarily from Selangor (32.0%), the Wilayah Persekutuan (35.8%), and other states (32.2%). Indonesian respondents were distributed across multiple regions: Bali, Nusa Tenggara Timur (NTT), Nusa Tenggara Barat (NTB) (17.2%), Java

(14.9%), Kalimantan (13.4%), Maluku (13.1%), Papua (12.9%), Sulawesi (10.6%), and Sumatra (17.9%). The broader geographic spread of Indonesian respondents may contribute to greater variability in IFL scores due to regional differences in education, urbanization, and access to financial services. In contrast, the Malaysian sample, being more concentrated in urban centres, exhibited more homogeneous characteristics.

Although the uneven distribution limits strict regional comparability, the overall samples provide meaningful insights into national-level trends in IFL. The primary aim of this study was to examine IFL among young adults in Malaysia and Indonesia, with the sampling strategy designed to capture a representative range of participants from each country rather than to enable direct comparisons between specific regions.

Description	**Category**	**Malaysia**		**Indonesia**	
		N=419	**%**	**N=658**	**%**
Gender	Male	217	51.8	329	50.0
	Female	202	48.2	329	50.0
Age	18-22	62	14.8	191	29.0
	23-27	169	40.3	123	18.7
	28-32	63	15.0	132	20.1
	33-37	70	16.7	95	14.4
	38-43	55	13.1	117	17.8
Marital Status	Single	251	59.9	273	41.5
	Married	159	37.9	205	31.2
	Divorced/Widowed	9	2.1	180	27.4
Educational Level	Primary/Lower/Upper Secondary	18	4.3	182	27.7
	Diploma	95	22.7	88	13.4
	Bachelor	210	50.1	241	36.6
	Master	42	10.0	31	4.7
	PhD	10	2.4	19	2.9
	Professional Certificate	23	5.5	7	1.1
	Other	21	5.0	90	13.7
Employment	Government/Semi Government	94	22.4	119	18.1
	Private Sector	134	32.0	141	21.4
	Business Owner	37	8.8	114	17.3
	Self-employed	65	15.5	119	18.1
	Unemployed	31	7.4	18	2.7
	Student	58	13.8	147	22.3
Monthly Income	RM1,999 and below	144	34.4		
	RM2,000 – RM3,999	152	36.3		
	RM4,000 – RM5,999	79	18.9		
	RM6,000 – RM7,999	28	6.7		
	RM8,000 – RM9,999	6	1.4		
	RM10,000 and above	10	2.4		

	Rp2,000,000 and below			189	28.7
	Rp2,000,000 - Rp3,999,999			54	8.2
	Rp4,000,000 - Rp5,999,999			72	10.9
	Rp6,000,000 - Rp7,999,999			135	20.5
	Rp8,000,000 - Rp9,999,999			87	13.2
	Rp10,000,000 and above			121	18.4
Residency	Selangor	134	32.0		
	Wilayah Persekutuan	150	35.8		
	Other	135	32.2		
	Bali, NTT, NTB			113	17.2
	Java			98	14.9
	Kalimantan			88	13.4
	Maluku			86	13.1
	Papua			85	12.9
	Sulawesi			70	10.6
	Sumatera			118	17.9

Table 1: Respondents' Demographic Profile

Group Statistics

Table 2 presents the descriptive statistics for Total IFL scores by country. Malaysian participants (N = 419) had a mean Total IFL score of 9.20 (SD = 0.77), whereas Indonesian participants (N = 658) had a mean score of 5.79 (SD = 3.18).

Variable	Country	N	Mean	Std. Deviation (SD)	Std. Error Mean
Total IFL	Malaysia	419	9.2005	.76584	.03741
	Indonesia	658	5.7857	3.17975	.12396

Table 2: Group Statistics

Independent Samples t-test

Table 3 presents the results of independent sample t-test. Levene's test for equality of variances indicated that the assumption of equal variances was violated, ($F(1075) = 944.38$, $p < .001$), therefore, the t-test results assuming unequal variances were interpreted. The results revealed a significant difference in Total IFL scores between Malaysian and Indonesian participants, $t(772.08) = 26.37$, $p < .001$, with a mean difference of 3.41 (95% CI [3.16, 3.67]). This indicates that Malaysian young adults scored significantly higher on Total IFL compared to Indonesian young adults.

	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	944.376	0.000	21.584	1075	0.000	3.41476	.15821	3.10433	3.72519
Equal variances not assumed			26.372	772.082	0.000	3.41476	.12948	3.16058	3.66894

Table 3: Independent Sample T-test Results

DISCUSSION

The primary objective of this study was to compare the level and consistency of IFL among young adults in Malaysia and Indonesia. By examining differences in financial education, institutional infrastructure, and access to Islamic financial services, this study aimed to uncover the structural and contextual factors that shape literacy outcomes in both countries.

The findings indicate that Malaysian young adults possess significantly higher and more consistent IFL scores than their Indonesian counterparts. One plausible explanation lies in Malaysia's structured financial education framework and well-developed Islamic finance infrastructure. Malaysian students are widely exposed to Islamic finance concepts through formal education, co-curricular programs, and national awareness campaigns. This systematic exposure not only strengthens conceptual understanding but also provides practical financial competencies, leading to lower variability in IFL scores across respondents. The widespread availability of Islamic banking products and digital financial services in Malaysia further reinforces the application of these concepts in daily life.

Conversely, the Indonesian respondents exhibited lower and more variable IFL levels, reflecting uneven access to financial education and resources across the archipelago. Indonesia's vast geographic spread and regional disparities mean that young adults in urban centres such as Jakarta or Surabaya often benefit from greater access to educational initiatives and financial institutions compared to those in rural or remote areas. This uneven exposure results in greater variability in financial literacy outcomes, as evidenced by the higher standard deviation among Indonesian participants.

Another dimension influencing IFL performance is the role of *da'wah* and community-based Islamic outreach. In Malaysia, Islamic financial education is often integrated within

religious and institutional frameworks, where values-based teaching aligns with formal financial knowledge. This consistent integration contributes to higher literacy levels and more uniform understanding of Shariah-compliant financial practices. In contrast, in Indonesia, while *da'wah* initiatives are increasingly promoting Islamic finance awareness, their reach and intensity vary considerably across regions, potentially explaining some of the observed heterogeneity in IFL scores.

It is also important to consider sample distribution. Malaysian respondents were predominantly from urban and developed areas such as Selangor and Wilayah Persekutuan, where financial institutions and educational resources are highly accessible. Indonesian respondents, however, were more geographically dispersed across regions including Sumatra, Java, Sulawesi, and Papua, each with differing levels of financial infrastructure and educational development. These contextual variations likely contribute to the overall differences in literacy levels between the two countries and should be taken into account when interpreting the findings.

CONCLUSION

The study demonstrates that young adults from Malaysia exhibit higher and consistently score higher on the IFL than their Indonesian peers. These findings are theoretically important because they show how socioeconomic, educational, and possibly regulatory environments can shape IFL even in countries with similar religions and cultures. Practically, the results suggest that in an effort to foster more Shariah-aligned financial decision making, policymakers, educators, and Islamic financial institutions particularly in Indonesia should step up targeted financial education and *da'wah*-based programmes as these programmes can enhance financial literacy ethically.

However, the study's representativeness and depth of understanding of IFL are limited by its use of purposive sampling and a brief 10-item questionnaire; response bias and inadequate measurement could minimise the broad range of financial literacy behaviours. Future research should address these limitations by broadening the demographic reach (e.g., rural populations, older age groups) and developing more robust, multidimensional instruments. In addition, longitudinal and qualitative studies could bring insights on how IFL evolves over time, particularly in response to fintech innovations and religious education

structures. Such further studies may help the development of Shariah-compliant financial across diverse Muslim communities.

ACKNOWLEDGMENT

The authors gratefully acknowledge the financial support provided by Universiti Sains Islam Malaysia (USIM) through the USIM Matching Grant, Project Code: USIM/MG/UHAMKA/FEM/SEPADAN-A/71323.

REFERENCE

Ab Rahman, S, Tajudin, A., & Ahmad Tajuddin, A. F. (2018). The significant role of Islamic financial literacy among college students in Malaysia. *International Journal of Managerial Studies and Research*, *6*(11), 46–50. http://dx.doi.org/10.20431/2349-0349.0611005

Abdullah, M. A., & Anderson, A. (2015). Islamic financial literacy among bankers in Kuala Lumpur. *Journal of Emerging Economies and Islamic Research*, *3*(2), 79-84. https://doi.org/10.24191/jeeir.v3i2.6408

Antara, P. M., & Musa, R. (2020). Validating Islamic financial literacy instruments among mum generation: Rasch analysis approach. *International Journal of Business and Society*, *21*(3), 1113-1121.

Antara, P. M., Musa, R., & Hassan, F. (2016). Bridging Islamic financial literacy and halal literacy: The way forward in halal ecosystem. *Procedia Economics and Finance*, *37*, 196-202. https://doi.org/10.1016/s2212-5671(16)30113-7

Baulch, E., & Pramiyanti, A. (2018). Hijabers on Instagram: Using visual social media to construct the ideal Muslim woman. *Social Media and Society, 4*(4), 1–15. https://doi.org/10.1177/2056305118800308

Bekti Utomo, B., Sudarmanto, E., & Muhammadong, M. (2024). The growth of green and sustainable finance in Islamic banking: A bibliometric approach. *Sciences Du Nord Economics and Business*, *1*(02), 47–55. https://doi.org/10.58812/sneb.v1i2.29

Che Hassan, N., Abdul-Rahman, A., Ab. Hamid, S. N., & Mohd Amin, S. I. (2024). What factors affecting investment decision? The moderating role of fintech self-efficacy. *Plos one*, *19*(4), e0299004. https://doi.org/10.1371/journal.pone.0299004

Cipta, H., & Zakirman, A. F. (2024). A systematic literature review study on da'wah and Islamic economic empowerment. *Mawaizh: Jurnal Dakwah dan Pengembangan Sosial Kemanusiaan*, *15*(1), 102-131. https://doi.org/10.32923/maw.v15i1.4358

Dinc, Y., Çetin, M., Bulut, M., & Jahangir, R. (2021). Islamic financial literacy scale: An amendment in the sphere of contemporary financial literacy. *ISRA International Journal of Islamic Finance*, *13*(2), 251–263. https://doi.org/10.1108/IJIF-07-2020-0156

Dompet Dhuafa News (2024, October 10). *Dai ambassadors to spread Sharia financial literacy to Uncle Sam's country.* https://www.dompetdhuafa.org/en/dompet-dhuafa-delegates-dai-ambassadors-to-spread-sharia-financial-literacy-to-uncle-sams-country/

Fauzi, M., Agustiana, U. Z., & Selasi, D. (2024). Peningkatan literasi keuangan melalui reksa dana syariah sebagai upaya mendorong inklusi keuangan Syariah di Indonesia. *Jurnal Bisnis, Ekonomi Syariah, dan Pajak*, *1*(4), 198–205. https://doi.org/10.61132/jbep.v1i4.736

Firdausi, M. R. A., & Kasri, R. A. (2022). Islamic financial literacy amongst Muslim students in Indonesia: A multidimensional approach. *Jurnal Al-Muzara'ah*, 77–94. https://doi.org/10.29244/jam.specialissue2022.77-94

Hafid, A., Bahri, S., Marzuki, S. N., Muis, M., & Idayanti, R. (2024). The application of khiyar principles to e-commerce transaction: The Islamic economy perspective. *Samarah, 8*(1), 403–420. https://doi.org/10.22373/sjhk.v8i1.20890

Hasan, Z. (2024). The impact of digital financial literacy on consumer protection, investor security, and financial transactions in Indonesia. *International Journal of Islamic Economics and Finance Research*, *7*(2 December), 55-77. https://doi.org/10.53840/ijiefer165

Johari, F. (2024). Economic Da'wah: A conceptual framework for integrating economic transformation and the mission of Islamic Da'wah. *Jurnal YADIM, 4*(1), 64–89. https://doi.org/10.61465/jurnalyadim.v4.287

Kanafi, I., Dahri, H., Susminingsih, S., & Bakhri, S. (2021). The contribution of Ahlussunnah Waljamaah's theology in establishing moderate Islam in Indonesia. *HTS Teologiese Studies, 77*(4), Article 6437. https://doi.org/10.4102/hts.v77i4.6437

Lefever, S., Dal, M., & Matthíasdóttir, Á. (2007). Online data collection in academic research: Advantages and limitations. *British Journal of Educational Technology*, *38*(4), 574-582. https://doi.org/10.1111/j.1467-8535.2006.00638.x

Maemunah, S. (2022). Strategies for enhancing financial literacy in Indonesia. *Journal of Economics and Business Letters*, *2*(1), 13–15. https://doi.org/10.55942/jebl.v2i1.283

McGregor, S. L. T., & Alghamdi, A. K. H. (2024). Measuring Islamic financial literacy. *Financial Planning Research Journal*, *0003*, 1–19.

Millie, J., Syarif, D., & Fakhruroji, M. (2023). The discipline of da'wah in Indonesia's state education system. *Bijdragen tot de taal-, land-en volkenkunde/Journal of the*

Humanities and Social Sciences of Southeast Asia, *179*(1), 38–60. https://doi.org/10.1163/22134379-bja10047

Muneeza, A., & Mustapha, Z. (2021). Islamic fintech and financial inclusion. In *Islamic FinTech: Insights and solutions* (pp. 173-190). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-030-45827-0_10

Nawi, F. A., Daud, W. M. N. W., Ghazali, P. L., Yazid, A. S., & Shamsuddin, Z. (2018). Islamic financial literacy: A conceptualization and proposed measurement. *International Journal of Academic Research in Business and Social Sciences*, *8*(12), 629–641. https://doi.org/10.6007/IJARBSS/v8-i12/5061

Nayak, M. S. D. P., & Narayan, K. A. (2019). Strengths and weaknesses of online surveys. *Technology*, *6*(7), 0837-2405053138. https://doi.org/10.9790/0837-2405053138

Nurhidayah, Grahita Chandrarin, & Edi Subiyantoro. (2021). The role of Islamic financial literacy in financial satisfaction and behavioral intention to invest in Islamic finance. *International Journal of Advances in Engineering and Management, 3*(5), 594-598. https://doi.org/10.35629/5252-0305594598

Otoritas Jasa Keuangan [OJK]. (2023). Indonesian Islamic finance report 2023. https://www.ojk.go.id/en/berita-dan-kegiatan/info-terkini/Documents/Pages/Indonesian-Islamic-Financial-Development-Report-LPKSI-2023/Indonesian%20Islamic%20Financial%20Development%20Report%202023_.pdf

Pongsaparn, R. (2024, 11 December). Malaysia's strategic path to global Islamic finance leadership. *ASEAN+3 Macroeconomic Research Office*. https://amro-asia.org/malaysias-strategic-path-to-global-islamic-finance-leadership

Rizvi, S. A. R., Narayan, P. K., Sakti, A., & Syarifuddin, F. (2020). Role of Islamic banks in Indonesian banking industry: An empirical exploration. *Pacific-Basin Finance Journal*, *62*, 101117. https://doi.org/10.1016/j.pacfin.2019.02.002

Roemanasari, F., Sabela, J., & Rusgianto, S. (2022). Islamic financial literacy and financial behavior on investment intention. *Jurnal Ilmu Ekonomi Terapan*, *7*(2), 239-250.

Sadek, D. M., Anuar, A., Abdullah, S. R. B., Bakar, S. B. A., Daud, N. L. M. N., & Izhar, H. (2024). Integrating fintech in Malaysia's Islamic banking sector: A conceptual study. *International Journal of Research and Innovation in Social Science*, *8*(11), 1433-1440. https://doi.org/10.47772/IJRISS.2024.8110116

Sakum, Mamun, S., Ahmad, A. N., Edy, S., & Ainulyaqin, H. (2024). Peningkatan literasi keuangan Syariah melalui pelatihan dan pendampingan masyarakat Kabupaten Bekasi. *Jurnal Kajian Ekonomi & Bisnis Islam*, *5*(12), 5066–5075.

Salehuddin, S., & Suhaidi, S. (2024, 30 January). Malaysia's resonance as global centre for Islamic finance. *The Malaysian Reserve*. https://themalaysianreserve.com/2024/01/30/malaysias-resonance-as-global-centre-for-islamic-finance/

Shahrom, Z. R., & Kunhibava, S. (2023). Sustainable finance: A study on Malaysia's regulatory framework on sustainable banking and its implementation by selected Islamic Banks in Malaysia in support of sustainable development goals. *The Journal of Muamalat and Islamic Finance Research*, 152-178. https://doi.org/10.33102/jmifr.520

Soumena, F. Y. (2024). A Critical review of the Indonesian Council of Ulama (MUI) fatwa towards increasing Sharia financial literacy (systematic literature review). *Journal of Economics Research and Social Sciences*, *8*(1), 133-151. https://doi.org/10.18196/jerss.v8i1.21498

Sudarsono, H., Kholid, M. N., Trisanty, A., & Maisaroh, M. (2022). The intention of Muslim customers to adopt mobile banking: The case of Islamic banks in Indonesia. *Cogent Business & Management*, *9*(1), 2154102. https://doi.org/10.1080/23311975.2022.2154102

Suman, A., Supriani, I., & Nurrachman, Y. R. (2024). Peningkatan literasi keuangan Syariah masyarakat desa dalam mencapai ekonomi inklusif menuju kesejahteraan masyarakat. *Jurnal Pengabdian Kepada Masyarakat*, *11*(1), 112–117. https://doi.org/10.33795/abdimas.v11i1.4285

Usman, I. (2020). Revitalizing the role and function of the mosque as a center for Da'wah activities and community development. *Samarah,* *4*(1), 1–24. https://doi.org/10.22373/sjhk.v4i1.7050