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# HOW ISLAMIC FINANCIAL LITERACY SHAPES CUSTOMER ATTITUDE, SUBJECTIVE NORM, AND PERCEIVED BEHAVIORAL CONTROL IN USING ISLAMIC BANKS IN INDONESIA

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***Abstract***

*This study aims to examine the influence of Islamic financial literacy, attitude, subjective norms, and perceived behavioral control on the intention to use Islamic banks in Indonesia. Specifically, this study investigates the indirect effect of Islamic financial literacy on the intention to use Islamic banks through attitude, subjective norms, and perceived behavioral control. Data were obtained through a survey of 572 students from Islamic Higher Education Institutions in Indonesia and processed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The findings reveal that Islamic financial literacy significantly influences attitudes, subjective norms, and perceived behavioral control regarding Islamic banking services. Subsequently, these factors (attitude, subjective norm, and perceived behavioral control) were proven to be strong predictors of an individual's intention to use Islamic banks. These findings validate the Theory of Planned Behavior (TPB) in Islamic banking, showing that Islamic financial literacy is a key factor influencing TPB. This study highlights the importance of financial literacy education in increasing the adoption of Islamic banking services. By promoting Islamic financial literacy within university programs, future graduates will have a deeper understanding of Islamic banking principles (such as the prohibition of riba, risk-sharing, and asset-backed financing). This awareness will enhance the likelihood of choosing Islamic banking services and advocating them within society.*

***Keywords:*** *Islamic Financial Literacy; Theory of Planned Behavior; Islamic Banks; Students*

**Abstrak**

Penelitian ini bertujuan untuk menguji pengaruh literasi keuangan Islam (*islamic financial literacy*) terhadap determinan dalam *Theory of Planned Behavior* (TPB), yaitu sikap, norma subjektif, dan perceived behavioral control, serta pengaruh faktor-faktor tersebut terhadap intensi penggunaan bank syariah di Indonesia. Data diperoleh melalui survei terhadap 572 mahasiswa Perguruan Tinggi Keagamaan Islam di Indonesia, diolah menggunakan *Structural Equation Modeling-Partial Least Square* (SEM-PLS*)*. Temuan dari penelitian ini mengungkapkan bahwa literasi keuangan syariah secara signifikan memengaruhi sikap, norma subjektif yang mendukung, dan kontrol perilaku yang dirasakan terhadap layanan perbankan syariah. Selanjutnya, faktor-faktor ini (sikap, norma subjektif, dan kontrol perilaku yang dirasakan) terbukti menjadi prediktor kuat intensi seseorang untuk menggunakan bank syariah. Temuan ini memvalidasi TPB dalam perbankan syariah, yang menunjukkan bahwa literasi keuangan syariah adalah faktor penting yang memengaruhi konstruksi TPB. Penelitian ini menyoroti pentingnya edukasi literasi keuangan untuk meningkatkan adopsi layanan perbankan syariah. Sebagai implikasi praktis, Perguruan Tinggi Keagamaan Islam dapat mengintegrasikan literasi keuangan Islam ke dalam kurikulum yang relevan untuk memperkuat minat mahasiswa untuk mengadopsi layanan perbankan syariah di masa depan.

**Kata Kunci:** Literasi Keuangan Islam; *Theory of Planned Behavior*; Bank Syariah; Mahasiswa

## INTRODUCTION

The Financial Services Authority (OJK) reported that Islamic banking faces several strategic issues impeding growth, including a lack of business model differentiation, a singular focus on business objectives, suboptimal human resource quality and information technology, and financial inclusion and literacy (OJK, 2020). The latest roadmap is valid for 2023-2027, which consists of five pillars: strengthening the structure and resilience of the Islamic banking industry, accelerating the digitalization of Islamic banking, strengthening the characteristics of Islamic banking, increasing the contribution of Islamic banking to the national economy, and strengthening the regulation, licensing, and supervision of Islamic banking. In addition to the roadmap, the OJK issued separate regulations regarding Islamic banking practices in the Financial Services Authority Regulation (POJK). This shows that the Indonesian government is serious about creating a good Islamic banking ecosystem.

Along with the increase in Islamic financial literacy, the overall growth of the Islamic banking industry can also be measured through the market share of Islamic banking assets compared to the total assets of the national banking sector. The market share of Islamic banking reached 7.44%, an increase from previous years (OJK, 2023). Figure 1 displaying the market share of Islamic banking in Indonesia from 2011 to 2024. It shows a steady upward trend starting at around 3.9% in 2011, gradually increasing through the years, and reaching 7.44% in 2023 with a projected continuation of approximately 7.6% in 2024.

Earlier, based on OJK's 2020 report, the market share stood at 6.51%, with contributions from Islamic Commercial Banks (BUS) at 62.21%, Islamic Business Units (UUS) at 32.33%, and Islamic Rural Banks (BPRS) at 2.46%. Looking further back, by the end of 2016, the market share of Islamic banking was still around 5.03% of total national banking assets (Hasan, 2019). Therefore, when viewed from 2011 to 2023, the market share of Islamic banking shows a consistent upward trend from below 5% in the early 2010s to 6.51% in 2020 and 7.44% in 2023. This indicates steady growth in the adoption and expansion of Islamic banking in Indonesia, in line with the rising Islamic financial literacy index and the national economic development programs.

The development of Islamic banking shows a positive trend year after year. The increasing market share of Islamic banking indicates industry growth and highlights the importance of strengthening Islamic financial literacy, as greater awareness and understanding among society can further accelerate the adoption of Shariah-compliant financial services. Islamic financial literacy is essential for supporting the growth of Islamic finance. According to Bank Indonesia's 2024 Sharia Economic and Financial Study report, Islamic financial literacy has significantly increased in recent years. The Sharia financial literacy index was recorded at 8.93% in 2019, rose to 9.14% in 2022, and then saw a major increase to 39.11% in 2024. Nevertheless, this highlights the need for substantial efforts to enhance public understanding and promote Islamic financial literacy in Indonesia. Programs to increase Islamic financial literacy and inclusion improve the understanding of Islamic finance and increase community involvement in supporting national economic growth (Abbas et al., 2023).

Many studies have examined Islamic financial literacy concerning the intention and marketability of Islamic banks in several countries, such as Turkey (Pala et al., 2024), United Arab Emirates (Albaity & Rahman, 2019); Malaysia (Mahdzan et al., 2024), Pakistan (Ali, 2021; Khan & Arif, 2022; and Ihsan et al., 2024), and Indonesia (Muslichah & Sanusi, 2019; Yeni et al., 2023; Sulistiowati et al., 2023; Suwandaru et al., 2023; Wuryaningsih & Safitri, 2024; and Masrizal et al., 2024). In addition, (Yusfiarto et al., 2023) conducted a study that directly correlates Islamic financial literacy with intention in investing in the Islamic capital market in Indonesia.


**Figure 1. Market Share of Islamic Banking in Indonesia**
**Source: Islamic Banking Report (2024)**

Islamic financial literacy is defined as the level of knowledge, awareness, and skills of individuals to understand the basics of Islamic financial information and services, which can then influence their attitude in making decisions to use or finance according to Islamic law (Antara et al., 2016). This definition shows that Islamic financial literacy influences individual behavior and determines the decision to use Islamic financial services. Several studies have correlated Islamic financial literacy with the intention to use Islamic financial services using the theory of planned behavior (TPB) (Albaity & Rahman, 2019; Ali, 2021; Majid & Nugraha, 2022; Khan & Arif, 2022) Osman et al., 2024; Wuryaningsih & Safitri, 2024; and Mufidah et al., 2024). However, the studies conducted have provided mixed results. Some studies have shown that Islamic financial literacy has a direct effect on a person's intention to use Islamic banks (Muslichah & Sanusi, 2019; Ali, 2021; Majid & Nugraha, 2022; Novita Angraini et al., 2024; and Mufidah et al., 2024) . In contrast, Albaity & Rahman, (2019) stated that Islamic financial literacy negatively influences the intention to use Islamic banks and changes positively through the attitude variable. In contrast, Yeni et al., (2023) found that Islamic financial literacy does not affect the public's intention to use Islamic bank services. Furthermore, Wuryaningsih & Safitri (2024) stated that Islamic financial literacy cannot moderate the three factors of the theory of planned behavior on intention to use Islamic banks, or shows that Islamic financial literacy has no significant effect on intention to use Islamic banks.

Furthermore, several studies do not directly correlate Islamic financial literacy and the intention to use Islamic banks but through variables in the TPB. For example, Islamic financial literacy is correlated with attitudes that ultimately affect the intention to use Islamic banks (Albaity & Rahman, 2019;

Muslichah & Sanusi, 2019; Khan & Arif, 2022; and Mufidah et al., 2024). In addition to being correlated with attitude, which is one of the factors in TPB (Osman et al., 2024), this provides evidence that Islamic financial literacy affects three TPB factors: attitude, subjective norms, and perceived behavioral control. The results of the studies conducted are in line with the opinion of Antara et al. (2016), Islamic financial literacy can influence a person's behavior in distinguishing between conventional and Sharia contracts. Despite the widespread application of the Theory of Planned Behavior (TPB) in explaining financial behaviors, few studies have contextualized this framework within an Islamic financial setting. This study introduces a model by incorporating Islamic Financial Literacy (IFL) into the TPB framework to examine its influence on individuals' attitude (AT), Subjective Norms (SN), and Perceived Behavioral Control (PBC), three key predictors of behavioral intention (IT). Unlike conventional financial literacy, IFL captures the unique religious and ethical dimensions that shape financial decision-making among Muslims. This integration addresses a significant gap in the literature and offers valuable implications for developing Islamic financial education and policy. This study was conducted on Generation Z Muslims studying at Islamic Religious Universities in Indonesia.

## LITERATURE REVIEW

### Intention

The theory of planned behavior (TPB) was designed to predict and explain human behavior in a particular context (Ajzen, 1991). The direct antecedent of behavior in TPB is the intention to perform the behavior in question. A person's intentions show how motivated they are to perform a certain behavior. They reflect the amount of effort and planning that an individual is willing to invest in doing something (Ajzen, 1991). The stronger the intention, the more likely the behavior is to follow. Furthermore, TPB provides empirical evidence that the intention to do something can be accurately predicted by three factors: attitude towards behavior, subjective norms, and perceived behavior control. Intention, along with perceived behavioral control, can explain the differences in actual behavior (Ajzen, 1991).

### Attitude

The first predictor of intention is attitude towards behavior. The theory explains that a person's attitude towards something can affect the pattern of their response to that thing itself (Ajzen & Fishbein, 1977). An individual's attitude toward a specific action is thought to be determined by their easily accessible beliefs about the potential outcomes of that action, known as behavioral beliefs (Ajzen, 2020).

### Subjective Norms

The second predictor is a social factor, which is then referred to as subjective norms in TPB, which refers to the social pressure a person feels to perform or not perform a particular action (Ajzen, 1991). This social pressure stems from normative beliefs. Furthermore Ajzen (2020) explains that normative beliefs can be distinguished into injunctive and descriptive. Injunctive beliefs refer to the subjective expectation or possibility that specific individuals or reference groups such as friends, family, spouses, coworkers, doctors, or one's boss, approve or disapprove of implementing the behavior under consideration. In contrast, descriptive normative beliefs are beliefs about whether other people who are considered important perform the behavior in question (Ajzen, 2020).

### Perceived Behavioral Control

The last predictor is perceived behavioral control, which refers to the perceived ease or difficulty of performing the behavior and is assumed to reflect past experiences, anticipated barriers, and obstacles (Ajzen, 1991). This belief is related to the presence of factors that can facilitate or hinder the performance of the behavior. The control factors include a person's required skills, the availability or scarcity of resources such as time and money, and the support or collaboration from others (Ajzen, 2020).

### Islamic Financial Literacy (IFL)

Financial literacy is the ability of individuals to understand and manage aspects of their finances efficiently, which involves an understanding of basic financial principles such as money management, budgeting, investing, financial risk, and future planning (Angraini et al., 2024). Everyone has a different level of financial literacy, and differences in literacy levels affect behavior (Antara et al., 2016). Dinc et al., (2021) states that Islamic Financial Literacy (IFL) is built on a moral basis, with the main difference being the prohibition of intention in all financial transactions. Antara et al., (2016) define Islamic financial literacy as the level at which individuals have the knowledge, awareness, and skills to understand the basics of Islamic financial information and services that affect their attitude to make appropriate Islamic financing decisions.

## HYPOTHESIS

### The Islamic Financial Literacy Effect on Attitude

In TPB, attitude towards behavior refers to how a person evaluates and assesses whether a behavior is good or bad (Ajzen, 1991). Attitudes towards behavior are closely related to a person's beliefs. Ajzen (2020) explains that behavioral beliefs are a person's subjective possibility to do something they want so that it will produce specific results and experiences. In other words, a person's beliefs form a positive or negative attitude towards a particular behavior. Islamic financial literacy refers to a person's understanding of financial concepts and their ability to make effective financial choices (Suwandaru et al., 2023). Meanwhile, people with good financial management skills tend to develop a positive attitude toward money, which helps them achieve financial well being (Osman et al., 2024). Several studies have shown that IFL significantly affects attitudes towards using Islamic banks (Albaity & Rahman, 2019; Muslichah & Sanusi, 2019; Khan & Arif, 2022; and Osman et al., 2024). Based on the explanations above, we hypothesize that IFL is a factor that shapes an individual's attitude towards using Islamic banks. A higher level of IFL leads to a more positive attitude towards Islamic banks. H1: The Islamic Financial Literacy Effect on Attitude.

### The Islamic Financial Literacy Effect on Subjective Norms

Islamic financial literacy is the basic knowledge and understanding of the principles of contracts in Islamic banks, knowledge of risk, and the ability to manage customer deposits or financing so that they can make decisions in financial institutions based on Islamic principles (Majid & Nugraha, 2022; Yeni et al., 2023). According to TPB, normative beliefs are related to the possibility that individuals or groups who are important references approve or disapprove of certain behaviors (Ajzen, 1991). Furthermore, individuals whose financial knowledge is influenced by family, friends, and personal lessons are more likely to adopt better financial practices (Kim et al., 2003). IFL predicts subjective norms in Islamic financial management (Osman et al., 2024). We propose that the IFL may affect an individual's collective belief regarding the use of Islamic banks. H2: The Islamic Financial Literacy Effect on Subjective Norms.

### The Islamic Financial Literacy Effect on Perceived Behavioral Control

Perceived behavioral control is a person's perception of the ease or difficulty of performing the desired behavior in TPB (Ajzen, 1991). In other words, a person will act according to their beliefs about factors that facilitate or hinder a particular behavior (Osman et al., 2024). In the context of this study, a person's perception of the facilities or obstacles to using Islamic banks will affect their decision to use Islamic banks. Several studies have shown that PBC significantly affects the intention to adopt Islamic finance (Purwanto et al., 2022), Islamic financial management (Osman et al., 2024), Islamic capital markets (Yusfiarto et al., 2023), and Islamic banks (Ayyub et al., 2020; Sudarsono et al., 2023; and Sulistiowati et al., 2023). We propose that a higher level of Islamic financial literacy (IFL) is associated with a reduced perception of obstacles to understanding Islamic banking products and services. H3: The Islamic financial literacy effect on perceived behavioral control.

### Attitude Effect on Intention to Use Islamic Banks

An individual's intention to do something is stronger when their attitude towards it is positive (Ajzen, 2012). Applying this theory to the use of Islamic banks, we suggest that as individuals develop a more favorable attitude toward Islamic banks, their interest in using them intensifies. Previous research has demonstrated that attitudes significantly influence the intention to use Islamic (Albaity & Rahman, 2019; Sulistiowati et al., 2023;Sudarsono et al., 2023; Wuryaningsih & Safitri, 2024; and Amrullah et al., 2025). H4: Attitude effect on intention to use Islamic Banks.

### Subjective Norms Effect on Intention to Use Islamic Banks

The more an individual believes that their social network approves of a behavior, the stronger their intention to perform that behavior (Ajzen, 2012). Subjective norms are defined as an individual's perception of whether important social figures approve of a behavior and their motivation to comply with those individuals' expectations (Trafimow, 2009). In line with this theory, we propose that an individual's intention to use Islamic banks is shaped by their social environment and significant others, including friends, colleagues, and family. This is supported by previous research, which has consistently demonstrated that subjective norms significantly impact the intention to use Islamic banks (Ali, 2021; Sulistiowati et al., 2023; Sudarsono et al., 2023; Wuryaningsih & Safitri, 2024; and Karim Amrullah et al., 2025). H5: Subjective norms effect on intention to use Islamic Banks.

### Perceived Behavioral Control Effect on Intention to Use Islamic Banks

An individual's intention to perform a behavior is strengthened by their belief that they have the necessary resources and opportunities to do so (Ajzen, 2012). These beliefs pertain to the presence of both enabling and inhibiting factors that can affect behavioral performance (Ajzen, 2020). Applying this to Islamic banking, we propose that an individual's intention to use Islamic banks will be greater when their perceived behavioral control is high, that is, when they believe they have the ability to use them and handle potential obstacles. In line with prior research, it has been established that perceived behavioral control significantly impacts the intention to use Islamic banks (Sulistiowati et al., 2023; Sudarsono et al., 2023; and Amrullah et al., 2025). H6: Perceived behavioral control effect on intention to use Islamic Banks.

**Islamic Financial Literacy and intention in using Islamic banks through attitude**

Islamic financial literacy, in this case, is believed to be the level at which individuals have a set of knowledge, awareness, and skills to understand the basics of Islamic financial information and services that can influence their attitudes to make appropriate Islamic financing decisions (Antara et al., 2016). In any society, people make financial choices driven by both their financial knowledge and skills and their personal beliefs and values (Yildiz, 2020). Some studies have shown that IFL affects the intention to use Islamic banks (Rozikin & Sholekhah, 2020; Ali, 2021; Lutfi & Prihatiningrum, 2023), while others have shown the opposite result, that IFL has no significant effect on the intention to use Islamic banks (Albaity & Rahman, 2019; Sulistiowati et al., 2023; and Wuryaningsih & Safitri, 2024). These mixed results indicate that IFL and the intention to use Islamic banks may be indirectly related. Several studies have proven that IFL significantly affects attitudes towards using Islamic banks (Albaity & Rahman, 2019; Khan & Arif, 2022). Referring to the preceding discussion, we propose that IFL's influence on the intention to use Islamic banks is indirect and mediated by attitude. H7: Islamic financial literacy significantly affects intention to use Islamic banks through attitude.

**Islamic Financial Literacy and Intention in Using Islamic Banks through subjective Norms**

The basic principles of Islamic finance include the prohibition of usury, gharar (uncertainty), and maysir (gambling) (Antara et al., 2016). IFL predicts subjective norms in Islamic financial management (Osman et al., 2024). Concerning the use of Islamic banks, previous studies have shown that subjective norms have a significant effect on the intention to use Islamic banks (Ali, 2021; Khan & Arif, 2022; Sulistiowati et al., 2023; and Wuryaningsih & Safitri, 2024). Thus, we suspect that IFL can affect the intention to use Islamic banks through subjective norms, which are the encouragement or pressure of the surrounding environment to use Islamic banks. We suspect that someone with IFL will be encouraged to use Islamic banks if the environment and important people around him encourage him to use Islamic banks. Consistent with prior research, IFL's effect on the intention to use Islamic banks is mediated by subjective norms (Alfarizi, 2021). H8: Islamic Financial Literacy significantly affects intention in using Islamic banks through subjective norms.

### Islamic Financial Literacy and Intention in Using Islamic Banks Through Perceived Behavioral Control

Perceived behavioural control is a person's perception of the ease or difficulty of performing the desired behavior in TPB (Ajzen, 1991) . In other words, a person will act according to his beliefs about factors that facilitate or hinder a particular behavior (Osman et al., 2024). In the context of this study, a person's perception of facilities or obstacles to using Islamic banks will affect their decision to use Islamic banks. Several studies have proven that PBC significantly affects the interest in adopting Islamic finance (Purwanto et al., 2022), Islamic financial management (Osman et al., 2024), Islamic capital markets (Yusfiarto et al., 2023), and Islamic banks (Ayyub et al., 2020; Sudarsono et al., 2023; and Sulistiowati et al., 2023) We conjecture that IFL can influence a person's intention to use an Islamic bank through perceptions of available facilities and manageable barriers to using an Islamic bank. Consistent with previous studies, IFL influences the intention to use Islamic banks through subjective norms (Alfarizi, 2021). H9: Islamic financial literacy significantly affects the intention to use Islamic banks through perceived behavioral control. Then, all hypotheses are presented in Figure 2. This will make it easier to understand the research map.

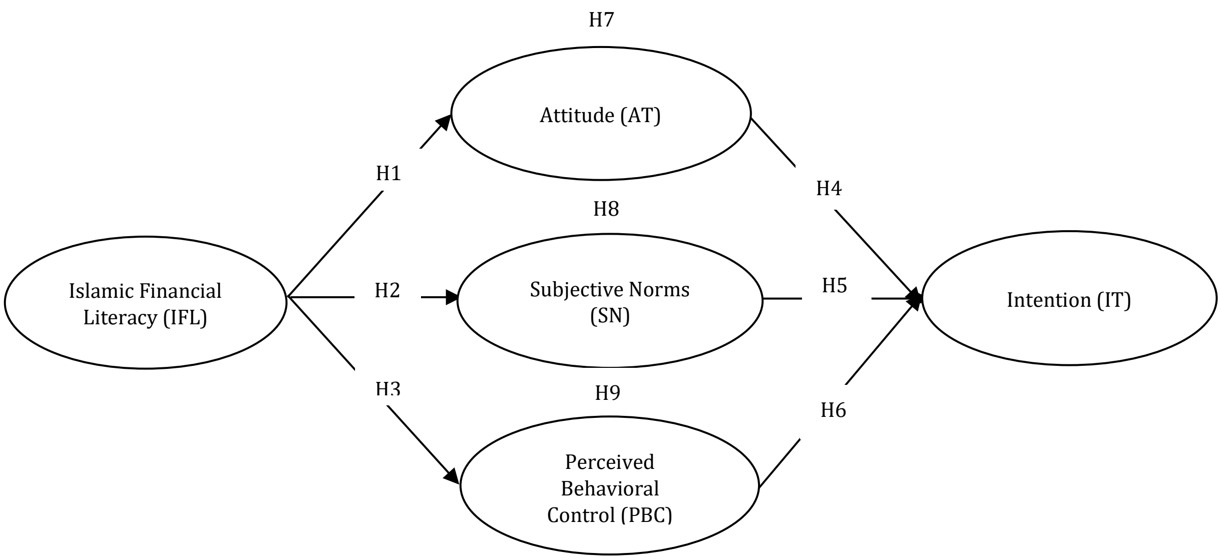


**Figure 2. Conceptual Framework**
**Source: Data Processed by Researchers (2025)**

## METHODS

The research data in this study were obtained through a self-administered survey via Google Forms from students currently studying at Islamic religious universities in Indonesia. For this study, purposive sampling was employed, with selection criteria established based on the research requirements. The sample consisted of students enrolled in Islamic religious higher education institutions across Indonesia, and they have undertaken coursework in fiqh muamalat or related subject matter pertaining to fiqh muamalat. This criterion was chosen to allow for a more in-depth investigation into the impact of Islamic financial literacy on the antecedents of the Theory of Planned Behavior (TPB). An informed consent statement was provided on the introductory page of the questionnaire, confirming that all collected data would be analyzed in aggregate and that their confidentiality would be strictly preserved. To address Social Desirability Bias, the completion of the questionnaire was entirely anonymous, and neutral response options were incorporated. The sample consisted of 572 respondents from several universities in Indonesia.

The variables in this study were measured using instruments widely used by several previous researchers that satisfy the requirements for validity and reliability (Table 1). Attitude variables, subjective norms, and perceived behavioral control were adopted from Ayyub et al. (2020), and Islamic financial literacy was adopted from Antara et al., (2016). Next, data analysis is conducted using structural equation modeling with the partial least square approach (SEM-PLS). To facilitate the analysis, the author was assisted with Smart PLS 4.0 software.

## RESULTS AND DISCUSSION

### Respondent Demographics

Table 2 presents the demographics of the respondents. The research data obtained were 572, consisting of 249 (43.53%) men and 323 (56.47%) women. Furthermore, the majority of respondents in this study were in their fifth semester (196 students, 34.27%), while the smallest proportion was in their first (14 students, 2.45%). Respondents in this study were spread across several islands in Indonesia. This aims to accommodate the diversity of respondents' characters based on their ethnic, cultural and environmental backgrounds. The largest number of respondents came from Java, 379 (66.26%), while the smallest number of respondents came from the Papua Islands 8 (2.40%).

**Table 1. Indicators of the Research Instrumen**

| Variables | Indicators | Items |
|---|---|---|
| Islamic Financial Literacy (IFL) (Antara et al., 2016) | Knowledge of Islamic finance principles | (IFL1) The Islamic method of finance is intention-free |
| | Awareness of the prohibition of *Gharar* | (IFL2) Gharar refers to uncertainty and deception, and is not allowable in Islamic finance |
| | Understanding of speculation rules | (IFL3) Buying shares on a short-term price fluctuation is not speculation |
| | Awareness of Maqasid al-Shariah (wealth preservation) | (IFL4) Preservation of wealth is one of the objectives of Islamic finance |
| | Knowledge of possession rules | (IFL5) It is allowable to sell a commodity before it comes under our control |
| | Understanding of Mudarabah | (IFL6) An Islamic financial institution may invest with you according to profit profit-sharing method (Mudarabah) |
| | Understanding of Musharakah | (IFL7) An Islamic financial institution lends money according to the profit/loss sharing method (Musharakah) |
| | Knowledge of Ijarah | (IFL8) An Islamic financial institution provides lease financing (Ijarah) |
| | Knowledge of Murabahah | (IFL9) An Islamic financial institution provides trade financing methods called Murabahah |
| | Knowledge of Istisna | (IFL10) An Islamic financial institution provides industrial financing (Istisna) |
| | Knowledge of Qard Hassan | (IFL11) An Islamic financial institution may provide benevolent loans called Quard Hassan |
| | Awareness of risk in Mudarabah | (IFL12) In Mudarabah, the capital provider is the only party that bears the losses |
| | Understanding Musharakah profit distribution | (1FL13) In Musharakah, a partner who invests Rp. 1.000.000 of investment capital has the right to specify from the beginning that his/her profit should be Rp1.000.000 per year |
| | Knowledge of ownership in Ijarah | (IFL14) In Ijara, the asset is usually not returned to the lessor |
| | Understanding the borrower's role in Murabahah | (IFL15) The borrower is the person who buys the goods in an Islamic finance trade credit management (Murabahah) |
| | Awareness of Istisna contract rules | (IFL16) For the Istisna to be valid, the price must be fixed from the beginning. |
| | Knowledge of repayment in Qard Hassan | (IFL17) In Quard Hassan, the borrower is required only to repay the original amount of the loan. |
| Attitude (AT) (Ayyub et al., 2020) | Positive evaluation of Islamic banking | (AT1) I think that using Islamic banking is a good idea. |
| | Perceived wisdom in Islamic banking | (AT2) I think that using Islamic banking for financial transactions would be a wise idea. |

| | | |
|---|---|---|
| | Perceived desirability of Islamic banking | (AT3) I think that using Islamic banking is pleasant. In my opinion, it is desirable to use Islamic banking. |
| Subjective Norms (SN) (Ayyub et al., 2020) | Social approval from important people | (SN1) People who are important to me would think that I should use Islamic banking. |
| | Influence of social referents | (SN2) People who influence me would think that I should use Islamic banking. |
| | Validation from valued opinions | (SN3) People whose opinion is valid to me would prefer that I should use Islamic banking. |
| Perceived Behavioral Control (PBC) (Ayyub et al., 2020) | Confidence in the ability to use Islamic banking | (PBC1) I think that I would be able to use Islamic banking well for financial transactions |
| | Perceived control over usage | (PBC2) I think that using Islamic banking would be entirely within my control |
| | Availability of resources and knowledge | (PBC3) I think that I have the resources, knowledge, and ability to use Islamic banking. |
| Intention (IT) (Ayyub et al., 2020) | Intention to adopt Islamic banking | (IT1) I would use Islamic banking for my banking needs. |
| | Willingness to engage in transactions | (IT2) Using Islamic banking for handling my banking transactions is something I would do. |
| | Self-perceived adoption | (IT3) I would see myself using Islamic banking for handling my banking transactions. |

**Source: Data processed by researchers (2025)**

**Table 2. Respondent Demographics**

| Description | | Frequency | Percentage (%) |
|---|---|---|---|
| Gender | Male | 249 | 43.53 |
| | Female | 323 | 56.47 |
| Semester | One | 14 | 2.45 |
| | Three | 143 | 25.00 |
| | Five | 196 | 34.27 |
| | Seven | 156 | 27.27 |
| | > Seven | 63 | 11.01 |
| Island Origin | Java | 379 | 66.26 |
| | Sumatra | 100 | 17.48 |
| | Kalimantan | 15 | 2.62 |
| | Papua | 8 | 1.40 |
| | Sulawesi | 60 | 10.49 |
| | Bali | 10 | 1.75 |

**Source: Data processed by researchers (2025)**

### Validity and Reliability Indicator

Researchers assessing reflective outer models must verify their reliability and validity (Hair et al., 2014). The first step in assessing the reflective measurement model involves examining how much variance each indicator explains by its construct, which, in turn, indicates the indicator's reliability (Hair et al., 2021). The variance can be observed from the indicator loading value. The recommended indicator loading value is greater than 0.708. Table 3 presents the outer loading data. Table 3 shows that all indicators met the requirements; indicators IFL1, IFL2, IFL3, IFL5, IFL7, IFL12, IFL13, IFL14, and IFL15 were removed from testing because they had a value below 0.708. However, Hair et al., (2021) suggested that indicators with loading values between 0.40 and 0.708 should be considered for deletion only if the deletion of the indicator can increase the value of internal consistency reliability and convergent validity. Thus, IFL16 and IFL4 were retained despite their indicator loadings being below 0.708, as they met the convergent validity requirement with an Average Variance Extracted (AVE) value of 0.510, which is greater than the recommended threshold.

The second step in the reflective measurement model is to test internal consistency reliability (Hair et al., 2021). When assessing reflective outer models, researchers must verify both reliability and validity, beginning with the evaluation of the internal consistency reliability of the construct measures using composite reliability (Hair et al., 2021). Hair further explained that internal consistency reliability can be seen from the composite reliability and Cronbach's alpha values, with the recommended value between 0.60 and 0.70. Table 4 presents the internal consistency reliability and AVE values. Table 4 shows that all constructs in this study met the reliability requirements, and it is evident that all constructs have Cronbach's alpha and composite reliability values above 0.70.

The next step was to assess convergent and dizcriminant validity. Hair et al., (2021) explain that convergent validity is assessed from the AVE, with an acceptable value of 0.50 or more. Table 4 shows that all constructs in this study met the requirements of convergent validity. Then, the discriminant validity was measured using the Fornell and Larcker matrix. Table 5 presents the discriminant validity. Table 5 shows that all constructs met the discriminant validity. The square root of a construct's AVE exceeds its correlation with any other construct. The R-squared value in this study is 61.7%, which indicates that the intention to use Islamic banks among students is determined by Islamic financial literacy, attitudes, subjective norms, and perceived behavioral control; other variables outside this research model explain the rest. According to Hair et al. (2019), An R-squared value of 0.75 is considered substantial, and 0.50 is considered moderate.

**Hypothesis Test**

Table 6 presents the results of the hypothesis testing. Table 6 shows that all hypotheses in this study are supported (H1, H2, H3, H4, H5, and H6). IFL had a significant effect on attitude, subjective norms, and perceived behavioral control. Moreover, the findings from this study demonstrate a significant effect of attitude, subjective norms, and perceived behavioral control on the intention to use Islamic banks. Table 7 shows the indirect effect of IFL on Intention to use Islamic Banks, which supports H7, H8, and H9. The findings of this study suggest that the relationship between IFL and the intention to use Islamic banks is not direct. Instead, the results indicate that IFL's effect on the intention to use Islamic banks is channelled through the TPB factors of attitude, subjective norms, and perceived behavioral control.

**Table 3. Outer Loading**

| | Attitude | Intention | Islamic Financial Literacy | Perceived Behavioral Control | Subjective Norm |
|---|---|---|---|---|---|
| AT1 | 0.884 | | | | |
| AT2 | 0.907 | | | | |
| AT3 | 0.879 | | | | |
| IFL10 | | | 0.769 | | |
| IFL11 | | | 0.700 | | |
| IFL16 | | | 0.661 | | |
| IFL17 | | | 0.701 | | |
| IFL4 | | | 0.515 | | |
| IFL6 | | | 0.725 | | |
| IFL8 | | | 0.792 | | |
| IFL9 | | | 0.809 | | |
| IT1 | | 0.912 | | | |
| IT2 | | 0.918 | | | |
| IT3 | | 0.918 | | | |
| SN1 | | | | | 0.904 |
| SN2 | | | | | 0.933 |
| SN3 | | | | | 0.909 |
| PBC1 | | | | 0.827 | |
| PBC2 | | | | 0.812 | |
| PBC3 | | | | 0.867 | |

**Source: Data processed by researchers (2025)**

**Table 4. Reliability and Convergent Validity**

| | Cronbach's alpha | Composite reliability | Average variance extracted (AVE) |
|---|---|---|---|
| Attitude | 0.869 | 0.920 | 0.792 |
| Intention | 0.904 | 0.940 | 0.839 |
| Islamic Financial Literacy | 0.859 | 0.891 | 0.510 |
| Perceived Behavioural Control | 0.785 | 0.874 | 0.698 |
| Subjective Norm | 0.903 | 0.939 | 0.838 |

**Source: Data processed by researchers (2025)**

**Table 5. Fornell Larcker**

| | Attitude | Intention | Islamic Financial Literacy | Perceived Behavioral Control | Subjective Norm |
|---|---|---|---|---|---|
| Attitude | **0.890** | | | | |
| Intention | 0.596 | **0.916** | | | |
| Islamic Financial Literacy | 0.497 | 0.407 | **0.714** | | |
| Perceived Behavioral Control | 0.615 | 0.733 | 0.459 | **0.836** | |
| Subjective Norm | 0.555 | 0.681 | 0.375 | 0.673 | **0.915** |

**Source: Data processed by researchers (2025)**

**Table 6. Hypothesis Testing Results (Direct Effect)**

| Hypothesis | Original sample | Standard deviation | T statistics | P values | Decision |
|---|---|---|---|---|---|
| IFL -> AT | 0.497 | 0.043 | 11.542 | 0.000 | Supported |
| IFL-> SN | 0.375 | 0.038 | 9.779 | 0.000 | Supported |
| IFL-> PBC | 0.459 | 0.039 | 11.919 | 0.000 | Supported |
| AT -> IT | 0.165 | 0.045 | 3.651 | 0.000 | Supported |
| SN-> IT | 0.300 | 0.046 | 6.513 | 0.000 | Supported |
| PBC-> IT | 0.429 | 0.045 | 9.540 | 0.000 | Supported |

**Source: Data obtained by researchers (2025)**

**Table 7. Hypothesis Testing Results (Indirect Effect)**

| Hypothesis | Original sample | Standard deviation | T statistics | P values | Decision |
|---|---|---|---|---|---|
| IFL -> AT -> IT | 0.082 | 0.024 | 3.500 | 0.000 | Supported |
| IFL-> SN-> IT | 0.113 | 0.022 | 5.151 | 0.000 | Supported |
| IFL-> PBC -> IT | 0.197 | 0.025 | 7.803 | 0.000 | Supported |

**Source: Data obtained by researchers (2025)**

## Discussion

### Islamic Financial Literacy Effect on Attitude

Consistent with the initial prediction, Hypothesis 1 was substantiated. The analysis revealed that IFL significantly impacted attitude, corroborating the existing literature (Albaity & Rahman, 2019; Muslichah & Sanusi, 2019; Khan & Arif, 2022; and Osman et al., 2024). Higher levels of Islamic financial literacy lead to a more favorable attitude toward the use of Islamic financial instruments (Khan & Arif, 2022).

Improving Sharia financial literacy can significantly encourage the use of Sharia financial instruments. When individuals gain a deeper understanding of Islamic financial principles, such as the prohibition of riba (interest), the emphasis on risk-sharing, and the requirement for asset-backed transactions, they become more aware of the ethical and practical distinctions between Shariah-compliant and conventional finance. This awareness helps shape more positive attitudes toward Islamic financial products, as people begin to see them as trustworthy, fair, and transparent alternatives that are not only religiously aligned. Increased literacy also reduces doubts and misconceptions, thereby strengthening trust and confidence in sharia-compliant institutions. Moreover, with improved knowledge, individuals are better equipped to make informed financial decisions, enabling them to recognize the benefits of instruments such as murabahah, mudarabah and ijara. As more people adopt these practices, they gradually become embedded in social norms, creating a ripple effect that promotes wider acceptance and financial inclusion. Ultimately, enhancing Sharia financial literacy fosters society's intention and willingness to embrace Islamic financial instruments as part of their daily economic activities.

Attitudes are posited to develop as a result of the beliefs individuals hold regarding the attitude objects. In essence, individuals form beliefs about an object by linking it to certain attributes, which may include other objects, characteristics or events (Ajzen, 2012). Islamic financial literacy encompasses the knowledge, awareness, and skills necessary for individuals to understand and evaluate Islamic financial information. The degree of this literacy directly impacts an individual's attitude, thereby enabling them to make appropriate Islamic financing decisions (Antara et al., 2016).

The demographic characteristics of the respondents further enrich the interpretation of these results. Female respondents, who constituted the majority (56.47%), demonstrated a relatively strong tendency to adopt Islamic banking, suggesting that women may play a vital role in household financial decisions when they are supported by adequate financial literacy. Similarly, the distribution of respondents across semesters highlights that students in more advanced stages of study (fifth and seventh semesters) tend to show more favorable attitudes toward Shariah finance, in line with their greater exposure to Islamic economic concepts. Furthermore, geographic distribution underscores that students from Java, where Islamic banking infrastructure is more developed, exhibit higher familiarity and confidence in using Islamic financial services compared to those from outer islands with limited access.These findings resonate with previous literature suggesting that attitudes are shaped by the beliefs and attributes individuals associate with financial products (Ajzen, 2012). For example, respondents with an educational background in economics are likely to form stronger positive attitudes, consistent with higher literacy levels (Antara et al., 2016). Likewise, younger generations, such as millennials and Gen Z, who represent the majority of students, are more responsive to Islamic financial literacy initiatives, particularly when aligned with digital Sharia financial products that match their technology-driven preferences. Thus, improving Sharia financial literacy not only enhances personal decision-making but also fosters broader social inclusion, as informed individuals become advocates and adopters of Islamic finance within their communities. This study's findings provide evidence that IFL significantly impacts an individual's attitude toward adopting Islamic banking.

### Islamic Financial Literacy Effect on Subjective Norms

The results indicate that Islamic financial literacy (IFL) significantly affects subjective norms. Consistent with prior literature, IFL significantly affects subjective norms in Islamic financial management (Osman et al., 2024). In the context of the Theory of Planned Behavior, injunctive normative beliefs represent the perceived social pressure to perform or not perform a behavior. This is based on an individual's subjective probability that a significant referent, such as family members, friends, or a physician, expects them to act in a certain way (Ajzen, 2020). As predicted, family, colleagues, and the university environment can act as antecedents to the use of Islamic banks. The respondents in this study were students at an Islamic religious university in Indonesia who already had knowledge of Islamic financial literacy. Thus, we consider the university's policy to include Islamic financial literacy content as a form of pressure that can further encourage individuals to use Islamic banks.

### Islamic Financial Literacy Effect on Perceived Behavioral Control

The findings indicate a significant relationship between Islamic financial literacy (IFL) and perceived behavioral control. This provides strong support for Hypothesis 3 and is consistent with prior research (Ayyub et al., 2020; Sudarsono et al., 2023; and Sulistiowati et al., 2023). A deficiency in Islamic financial literacy can lead to flawed financial decisions, particularly in discerning between conventional and Islamic financial instruments (Antara et al., 2016). The findings of this study suggest a positive correlation between an individual's Islamic financial literacy (IFL) and perceived behavioral control. A solid foundation in Islamic finance principles, including knowledge, comprehension, awareness, and practical skills, enables these individuals to understand the financial products provided by Islamic banks more readily.

This finding highlights that IFL does not merely enhance individual knowledge but also amplifies the influence of social referents in shaping the behavioral intentions. Students who are financially literate in Sharia principles may feel a stronger alignment with family and community expectations to use Islamic banks, as their knowledge validates and reinforces these expectations. Moreover, in the university context, exposure to peers and lecturers who actively discuss Islamic finance creates an environment in which Sharia-compliant practices are normalized, thus strengthening the perceived obligation to conform. This suggests that IFL functions both as a personal competence and as a social enabler, making individuals more sensitive to and influenced by the normative pressures in their surroundings.

### Attitude Effect on Intention to Use Islamic Banks

The results demonstrate that attitude significantly influences the intention to use Islamic banks. The findings of this study support Hypothesis 4 and are consistent with the results of previous research (Albaity & Rahman, 2019; Sulistiowati et al., 2023; Sudarsono et al., 2023; Wuryaningsih & Safitri, 2024; and Karim Amrullah et al., 2025). The results of this study also validate the Theory of Planned Behavior (TPB), by highlighting how an individual's favorable attitude toward a behavior is a key determinant of their behavioral intention (Ajzen, 2012). The results of this study suggest that a more favorable perception of Islamic banks strengthens individuals' behavioral intention to use them. Consequently, these findings imply that fostering a positive public image of Islamic banking is crucial for increasing its adoption. Thus, it is recommended that Islamic banks in Indonesia focus on improving their services to cultivate a better reputation and a positive image in the community.

This implies that students with higher levels of IFL are not only more capable of recognizing the differences between Sharia-compliant and conventional products but also feel more confident in their ability to access, evaluate, and utilize these services. Enhanced financial literacy reduces uncertainty and perceived risks, thereby empowering individuals to exercise greater control over their financial behaviors. In turn, this sense of capability strengthens their intention to adopt Islamic financial instruments, as they perceive fewer barriers to engaging in this behavior. Thus, IFL acts as both an enabler of knowledge and a motivator of self-efficacy in financial decision making.

### Subjective Norms Effect on Intention to Use Islamic Banks

The findings suggest a significant relationship between subjective norms and the intention to use Islamic banks. The findings of this study align with those of existing studies on banks (Ali, 2021; Sulistiowati et al., 2023; Sudarsono et al., 2023; Wuryaningsih & Safitri, 2024; and Karim Amrullah et al., 2025). In TPB, the perceived social pressure to perform a behavior is a significant predictor of an individual's intention to engage in that behavior (Ajzen, 2012). This study provides further evidence for this theory by demonstrating that subjective norms are a strong predictor of an individual's intention to use Islamic banks. The behavioral intention to use Islamic banking is shaped by an individual's subjective norms, which reflect the perceived approval of their social referents.

These findings highlight the importance of the social environment in influencing financial behavior. For students, peer groups, family members, and the university context serve as powerful social referents that create normative pressure to adopt Islamic financial services. In particular, younger generations, such as millennials and Gen Z, who make up the majority of university students, are especially responsive to social cues, meaning that endorsements from peers or lecturers can strongly shape their behavioral intentions. This underscores the potential of Islamic banks and educational institutions to leverage community-based campaigns, peer mentoring, and social networks as effective strategies to increase the adoption of Islamic financial products.

### Perceived Behavioral Control Effect on Intention to Use Islamic Banks

Perceived behavioral control was found to have a significant influence on the intention to use Islamic banks, thereby providing support for hypothesis 6. These findings are consistent with those of prior research

(Sulistiowati et al., 2023; Sudarsono et al., 2023; and Amrullah et al., 2025). Drawing from the TPB, actual behavioral control is crucial; the resources and opportunities a person has access to will, to some extent, determine the probability of them achieving a behavior (Ajzen, 2012). The findings suggest that the availability of resources, capabilities, and opportunities facilitates the adoption of Islamic banks.

This implies that even when individuals hold favorable attitudes and experience strong normative pressure, their actual ability to use Islamic banks depends on whether they perceive the process as accessible and manageable. For instance, access to nearby Islamic bank branches, user-friendly digital banking platforms, and adequate financial knowledge all contribute to strengthening the perceived control. Students with higher literacy and technological adaptability are likely to feel more empowered to engage with Sharia-compliant products, while those facing geographic or informational barriers may feel less capable regardless of their intentions. This highlights the critical role of both infrastructure and literacy in shaping actual behavior, suggesting that improvements in digital banking accessibility, financial education, and institutional support can significantly enhance the intention to adopt Islamic financial services.

**Islamic Financial Literacy Significantly Affects Intention in Using Islamic Banks Through Attitude**

Islamic financial literacy significantly affects the intention to use Islamic banks through attitudes; therefore, Hypothesis 7 in this study is supported. This study is in line with the research (Albaity & Rahman, 2019, and Osman et al., 2024). According to TPB, attitudes develop naturally from a person's beliefs for a confident attitude, which then form beliefs about an object by associating it with specific attributes, namely, other objects, characteristics, or events (Ajzen, 1991). In other words, an individual's attitude towards something is formed by beliefs that can come from various sources. In this study, IFL is believed to be one of the factors that shape a person's attitude towards using Islamic banks. Islamic Financial Literacy (IFL) in this study is posited as a significant belief influencing students' attitudes toward the utilization of Islamic banks. Adhering to the respondent criteria, which included students who had completed fiqh muamalat coursework or related modules, this study demonstrates that respondents' comprehensive knowledge and understanding of IFL can foster their desire to engage with Islamic banking services.

This finding emphasizes that strengthening attitudes through IFL plays a mediating role in behavioral intention. Knowledge of Sharia principles provides students with confidence that Islamic banks are both religiously compliant and financially reliable, thereby creating favorable evaluative judgments that translate into intentions. Furthermore, the fact that respondents were already exposed to Islamic finance courses highlights the importance of formal education in shaping their positive attitudes. When universities integrate practical modules and case-based learning into their curricula, students can connect theoretical literacy with real-world applications, making their attitudes toward Islamic banking more robust and actionable. Thus, improving IFL does not only raises awareness and nurtures the evaluative beliefs necessary for the long-term adoption of Islamic financial services.

**Islamic Financial Literacy Significantly Affects Intention in Using Islamic Banks through Subjective Norms**

Furthermore, hypothesis 8 in this study, which states that Islamic financial literacy significantly affects the intention to use Islamic banks through subjective norms, is supported. Subjective norms in TPB are formed by two types of normative beliefs: injunctive and descriptive beliefs. Injunctive normative beliefs come from expectations from groups that are used as references, for example, friends, family, spouses, and coworkers, to approve or disapprove of behavior (Ajzen, 2020). Referring to this explanation, group expectations, such as those of family, colleagues, lecturers, and coworkers, shape a person's belief in using Islamic banks. Descriptive beliefs refer to whether other important people perform this behavior (Ajzen, 2020). Previous research has shown that subjective norms significantly affect the intention to use Islamic banks (Ali, 2021; Khan & Arif, 2022; Sulistiowati et al., 2023; Wuryaningsih & Safitri, 2024). The results indicate that better subjective norms, in the form of environmental encouragement, family, colleagues, and lecturers related to the use of Islamic banks, affect their intention to use Islamic banks. The results of this study align with those of Osman et al. (2024), who found that IFL affects subjective norms and intentions in using Islamic financial management. Subjective norms play an important role; therefore, it is necessary to create a supportive ecosystem to increase the use of Islamic banks. In line with the respondent criteria of this study (students at Islamic religious higher education institutions in Indonesia), the findings revealed that a comprehensive understanding of Islamic financial literacy is fostered through their environment, the support of colleagues, and university lectures. This, in turn, effectively encourages respondents to use Islamic banks.

These findings further suggest that Islamic financial literacy strengthens not only individual knowledge but also collective influence, making individuals more responsive to both injunctive and descriptive norms. For instance, when students learn about Sharia finance in class and simultaneously observe peers and lecturers discussing or using Islamic banking, the combination of normative approval and visible behavior amplifies their intention to adopt these services. This dual reinforcement demonstrates the social multiplier effect of financial literacy, where informed individuals become catalysts for broader behavioral changes within their reference groups. Practically, this highlights the importance of embedding IFL programs within community and institutional settings, where group learning and peer influence can accelerate the normalization of Islamic banking practice.

### Islamic Financial Literacy Significantly Affects Intention in Using Islamic Banks through Perceived Behavioral Control

Finally, Hypothesis 9 was significantly supported. Perceived behavioral control can mediate the relationship between IFL and the intention to use Islamic banks. PBC is the perceived ease or difficulty of performing a behavior, and is assumed to reflect past experiences as well as anticipated barriers and obstacles (Ajzen, 1991). Previous research has shown that PBC significantly affects the intention to use Islamic banks (Ayyub et al., 2020; Sudarsono et al., 2023; and Sulistiowati et al., 2023). In the context of this study, an IFL owned by a person will affect their intention to use Islamic banks through perceived perceptions related to the ease of Islamic bank facilities and the ability to deal with obstacles that may be faced. The results of this study are in line with Osman et al., (2024), who showed that IFL affects PBC and the intention in Islamic financial management. The findings of this study demonstrate that the student respondents experienced no significant difficulties and were capable of surmounting barriers to the utilization of Islamic banks.

This suggests that Islamic financial literacy not only provides students with the necessary knowledge but also instills confidence in their ability to navigate potential barriers, such as understanding contract terms, accessing Sharia-compliant products, and utilizing digital banking services. By reducing uncertainty and perceived complexity, IFL enhances students' sense of control, thereby strengthening their intention to use Islamic banks'services. Furthermore, the absence of significant obstacles among respondents indicates that when Islamic financial institutions provide user-friendly systems and adequate support services, literate consumers are more likely to perceive these services as accessible and manageable. This highlights the interplay between literacy, institutional facilitation, and perceived behavioral control in shaping the behavioral intentions toward Islamic finance.

## CONCLUSION

This study investigates the influence of Islamic financial literacy (IFL) on the determinants of the Theory of Planned Behavior (TPB) and, subsequently, the intention to use Islamic banks among students at an Islamic higher education institution. The findings reveal several key insights. First, Islamic financial literacy was found to be a significant predictor of all TPB determinants, namely, attitude, subjective norms, and perceived behavioral control. This indicates that a greater understanding of Islamic finance principles directly shapes students' positive feelings, social pressures, and perceived ability to adopt Islamic banking. Furthermore, the results show that all three TPB determinants–attitude, subjective norms, and perceived behavioral control–have a direct and significant influence on the intention to use Islamic banks. A crucial finding of this study is the presence of an indirect relationship between IFL and the intention to use Islamic banks, mediated by the determinants of TPB. This confirms that while IFL may not directly drive behavioral intention, its effect is channeled through an individual's attitudes, perceived social pressure, and sense of control. This study has some limitations. First, some items in this study did not meet the validity and reliability requirements; this can be caused by the incompatibility of the context and conditions of respondents in Indonesia, so that future researchers can adjust according to the context. Second, the distribution of respondents is uneven; most respondents came from Java. Future researchers can proportionally sample from the representation of regions in Indonesia. Finally, research using TPB concerning the use of Islamic banks still makes it possible to explore the possibility of adding other variables to the model. Another limitation is the cross-sectional nature of this study, which captures respondents' perceptions at a single point in time. This design restricts the ability to observe changes in attitudes or intentions over time, suggesting that future research should employ longitudinal approaches to track the dynamics of financial literacy and behavioral intention.

This study contributes to the existing literature by integrating Islamic financial literacy into the Theory framework. It extends the TPB model by demonstrating that an external factor, such as IFL, can serve as a strong antecedent to the model's core determinants. This provides a more comprehensive understanding of the psychological processes behind the adoption of Islamic banking, highlighting IFL's role as a foundational element that shapes perceptions and intentions. These results suggest that marketing and educational efforts should focus on enhancing Islamic financial literacy among the target audience, particularly students. Instead of merely promoting products, banks should invest in campaigns and programs that educate potential customers on the principles and benefits of Islamic finance. This approach can effectively create a favorable attitude, cultivate positive social norms, and build confidence in the target demographic, all of which will ultimately translate into a higher intention to use Islamic banking services. Additionally, these findings can inform the curriculum of Islamic higher education institutions, encouraging the inclusion of practical Islamic finance modules to better prepare students for the contemporary financial landscape.

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