

DETERMINANTS OF ATTITUDE AND ADOPTION INTENTION OF ISLAMIC FINANCING IN TASIKMALAYA: A BEHAVIORAL INTENTION FRAMEWORK APPROACH

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ABSTRACT

This study investigates Muslim entrepreneurs' intention to adopt Islamic finance in Tasikmalaya through an extended Theory of Planned Behavior (TPB) framework that incorporates religiosity, awareness, financial literacy, and knowledge. Tasikmalaya, characterized by strong religiosity yet low Islamic finance adoption, serves as the context for validating the extended TPB model among Indonesian MSMEs. A quantitative approach was applied, with purposive sampling of 250 respondents who had not previously adopted Islamic financing. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that attitude, subjective norms, and perceived behavioral control significantly shape the intention to adopt Islamic finance. Mediation analysis further reveals that attitude mediates the effects of religiosity, awareness, and financial literacy on adoption intention, whereas knowledge shows no significant influence. These findings highlight that internal factors only foster adoption intention when translated into positive attitudes toward Islamic financial products. Theoretically, this study extends TPB by incorporating religiosity, awareness, and financial literacy as essential predictors. Practically, it suggests that Islamic financial institutions should strengthen financial literacy programs, emphasize religious values, and enhance awareness campaigns to build favorable attitudes and increase adoption. Although limited to one region and a cross-sectional design, the study lays a foundation for future research using longitudinal approaches and exploring additional variables such as trust and perceived risk.

1 Introduction

The Islamic financial industry in Indonesia has continued to show positive growth, with total assets reaching IDR 2,452.56 trillion in 2023 and a market share of 10.81% (Kasri et al., 2024). Islamic financing—one of the core instruments within this system—offers an interest-free alternative for both entrepreneurs and individuals (Budianto, 2023). Beyond its theological relevance for Indonesia's Muslim-majority population, Islamic financing also plays a strategic role in the country's financial inclusion agenda, which emphasizes ethical and value-based finance.

Despite the aggregate expansion, the Islamic financing segment faces notable challenges, particularly in the micro-financing sector serving small-scale entrepreneurs. The Micro Financing Statistics 2022 recorded a 0.66% decline in average murabaha (trade-based) financing, from IDR 0.92 trillion in 2018 to IDR 0.89 trillion in 2022. Service-based financing has fluctuated dramatically, rising from IDR 24.80 billion in 2017 to IDR 1.59 trillion in 2018, before dropping sharply to IDR 41.59 billion in 2022 (Otoritas Jasa Keuangan, 2022). While these fluctuations occur primarily in the micro segment, they reflect broader instability in Islamic financing utilization that may be shaped by social, psychological, and structural factors.

Further evidence from the Islamic Finance Development Report shows that Islamic financing receivables reached IDR 24.83 trillion in 2023, marking a 33.08% year-on-year increase. The portfolio was dominated by murabaha (76.95%), followed by service-based financing (15.56%) and investment financing (7.49%). However, most financing (89.74%) was directed toward consumption, particularly motor vehicle purchases, which accounted for 99.04% of consumer financing (Otoritas Jasa Keuangan, 2023). This pattern suggests that although receivables are increasing, Islamic financing remains predominantly consumption-oriented rather than productive.

This condition becomes particularly critical for micro, small, and medium enterprises (MSMEs)—the backbone of Indonesia's economy, including in Tasikmalaya (Zahra & Nurhasanah, 2023). Tasikmalaya is known for its strong religious identity and large entrepreneurial base across household industries, trade, and services. Yet Islamic financing adoption among MSMEs remains suboptimal. Many entrepreneurs continue to rely on conventional financing or informal lending sources, influenced by limited human resources and infrastructure within local Islamic financial institutions as well as low levels of understanding and awareness regarding Islamic financing mechanisms. Consequently, communities tend to choose fast and simple financial services, perceiving conventional institutions as more practical compared to Islamic institutions, which are often viewed as administratively complex (Marlina & Rahmat, 2018).

Theoretically, this phenomenon reflects a behavioral paradox: strong religiosity does not automatically translate into higher intention to adopt Islamic finance. This contradiction indicates deeper psychological and attitudinal dynamics that cannot be explained solely by demographic or institutional constraints, but rather by underlying decision-making mechanisms.

Empirically, the Theory of Planned Behavior (TPB) has been widely used to explain Islamic finance adoption; however, findings remain inconsistent, particularly regarding the influence of religiosity, awareness, and financial literacy on behavioral intention (Boubker

et al., 2021; Purwanto et al., 2022; Imari et al., 2023; Ashfahany et al., 2023). These inconsistencies imply that previous models have not fully captured the mediating role of attitude in linking faith-based and cognitive factors to behavioral intention. Furthermore, most studies have focused on major urban centers, overlooking smaller socio-religious regions such as Tasikmalaya, where religious identity is strong but adoption remains limited.

This gap highlights the need to extend TPB by incorporating contextual religiosity and financial literacy to better explain adoption behavior in Muslim-majority settings. Such an extension provides a more comprehensive understanding of how cognitive (knowledge and literacy) and faith-based (religiosity and awareness) factors interact to shape entrepreneurial decisions regarding Islamic finance.

Accordingly, this study investigates the determinants of MSME entrepreneurs' intention to adopt Islamic financing by integrating religiosity, knowledge, awareness, and Islamic financial literacy into an extended TPB framework. The novelty of this research lies in providing the first empirical validation of the extended TPB model among MSMEs in Tasikmalaya, emphasizing the mediating role of attitude in linking religiosity, awareness, and financial literacy to behavioral intention.

Theoretically, this study contributes by incorporating socio-religious and financial literacy dimensions into the behavioral framework of Islamic finance adoption. Practically, the findings offer guidance for policymakers, Islamic financial institutions, and community organizations in designing more targeted literacy programs, effective marketing strategies, and inclusive financial policies at the regional level.

2 Literature Review

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) is among the most frequently utilized conceptual models to analyze and interpret individuals' behavioral intentions (Godin & Kok, 1996). In the context of Islamic finance, TPB provides a comprehensive basis for identifying the fundamental factors that motivate individuals to adopt Islamic financial practices. The framework comprises three central constructs: attitude toward behavior, subjective norms, and perceived behavioral control (Ajzen, 1991). This research expands TPB by integrating contextual dimensions such as religiosity, knowledge of Islamic financial mechanisms, awareness of Sharia principles, and financial literacy, which act as precursors influencing attitudes toward Islamic finance.

Attitude toward a specific action reflects a person's general judgment on whether performing that action is considered positive or negative. In Islamic financing, attitudes reflect how individuals perceive the benefits and compatibility of Islamic financing with their personal beliefs and values (Abid & Jie, 2023). Subjective norms denote the perceived influence of social expectations exerted by family members, peers, or colleagues, which may guide an individual's choice to engage in certain behaviors. In Islamic finance, subjective norms capture the degree of social support for the adoption of Sharia-based financial products (Bouarar et al., 2025).

Perceived behavioral control captures an individual's belief about how easy or challenging it is to carry out a particular behavior. In Islamic financing, this dimension

relates to accessibility, understanding of procedures, and perceived costs (Shaikh et al., 2022). Prior empirical evidence consistently demonstrates that attitudes, subjective norms, and perceived behavioral control exert a positive effect on individuals' intentions to engage with Islamic financial services (Purwanto et al., 2022; Imari et al., 2023; Boubker et al., 2021). However, in regions with strong religious identity such as Aceh, West Sumatra, and Tasikmalaya, the predictive strength of these constructs often varies, suggesting that contextual religiosity and local belief systems may modify behavioral outcomes (Muslichah & Sanusi, 2019).

Religiosity

Religiosity reflects the degree to which religious beliefs and values influence a person's actions and choices (Agarwala et al., 2019). Individuals with stronger religious commitment are generally more inclined to participate in financial activities that comply with Islamic teachings. Prior studies have shown that religiosity significantly affects attitudes toward Islamic financing, as religious values foster positive perceptions of Islamic financial systems (Purwanto et al., 2022; Shith et al., 2021). Building on the Value-Belief-Norm (VBN) Theory, religiosity can be understood as a moral and normative driver that links internalized Islamic values with behavioral intention. VBN posits that values shape personal beliefs, which subsequently activate moral norms guiding behavior (Stern et al., 1999). Accordingly, religiosity in Islamic finance serves not merely as an identity marker but as a motivational source that transforms religious values into favorable attitudes and intentions toward Sharia-compliant practices.

Knowledge

Knowledge of Islamic financing refers to individuals' specific understanding of mechanisms, contractual principles, and the benefits of Islamic financial products. Unlike general financial literacy, this knowledge is more technical and directly tied to the characteristics of Islamic financial instruments. Empirical studies have revealed that such knowledge has a substantial positive influence on shaping individuals' attitudes toward specific financial behaviors (Jaffar & Musa, 2016; Zahrani & Amalia, 2024). Nevertheless, comparative evidence shows that even in areas with relatively high awareness; such as urban centers in Java; knowledge gaps persist among MSMEs, leading to uneven adoption of Islamic financial instruments (Tubastuvi & Rusydiana, 2024). This suggests that cognitive understanding alone may not be sufficient without corresponding value internalization.

Awareness

Awareness reflects the degree to which individuals recognize and apply Sharia principles in everyday life, particularly in their economic and financial activities. Awareness encourages preferences for financial products that are not only halal in terms of contract but also *thayyib* (beneficial and just). Previous research indicates that higher levels of awareness positively influence attitudes toward behavior (Imari et al., 2023). However, regional evidence suggests that awareness alone may not guarantee adoption, particularly among small business actors, indicating the need to integrate affective and normative factors such as religiosity.

Financial Literacy

Financial literacy reflects individuals' understanding of concepts, products, and benefits within the Islamic financial system. It plays a critical role in supporting rational and Sharia-compliant financial decision-making. While most prior studies have examined

financial literacy as a direct determinant of behavioral intention, limited research has explored its influence on attitudes toward behavior (Wijaya & Ali, 2024). Addressing this gap, the present work introduces a novel perspective by analyzing attitudes as a mediating factor that links Islamic financial literacy to the intention to utilize Islamic financing. Moreover, by positioning financial literacy alongside religiosity and awareness within the extended TPB-VBN nexus, this study offers a more integrated understanding of how both cognitive and value-based determinants shape entrepreneurs' behavioral intentions.

Based on the preceding discussion, this study develops an extended Theory of Planned Behavior (TPB) framework by incorporating religiosity, knowledge, awareness, and Islamic financial literacy as antecedents of attitude toward Islamic finance. The integration of the Value-Belief-Norm (VBN) perspective further reinforces the conceptual foundation, positioning religiosity as a value-based driver that activates beliefs (awareness, literacy, and knowledge) and shapes moral norms that guide behavioral intention. In this combined TPB-VBN framework, the formation of intention is understood as a result of both rational evaluation (cognitive path) and moral obligation (normative path), aligning with the socio-religious context of Tasikmalaya.

Specifically, religiosity, awareness, and financial literacy are theorized to influence behavioral intention indirectly through attitude, implying that individuals' faith-based and cognitive capacities must first be transformed into favorable evaluations before leading to behavioral commitment. This approach highlights attitude as a key mediating mechanism that links internal belief systems to external behavioral outcomes; addressing the conceptual gap noted in prior studies that examined only direct effects.

Hypotheses Development

Direct Hypotheses

H1: Religiosity positively influences Attitude Toward Islamic Finance.

H2: Knowledge positively influences Attitude Toward Islamic Finance.

H3: Awareness positively influences Attitude Toward Islamic Finance.

H4: Islamic Financial Literacy positively influences Attitude Toward Islamic Finance.

H5: Attitude Toward Islamic Finance positively influences Behavioral Intention to Adopt Islamic Finance.

H6: Subjective Norms positively influence Behavioral Intention to Adopt Islamic Finance.

H7: Perceived Behavioral Control positively influences Behavioral Intention to Adopt Islamic Finance.

Mediating Hypotheses

H1a: Attitude Toward Islamic Finance mediates the relationship between Religiosity and Behavioral Intention to Adopt Islamic Finance.

H2a: Attitude Toward Islamic Finance mediates the relationship between Knowledge and Behavioral Intention to Adopt Islamic Finance.

H3a: Attitude Toward Islamic Finance mediates the relationship between Awareness and Behavioral Intention to Adopt Islamic Finance.

H4a: Attitude Toward Islamic Finance mediates the relationship between Islamic Financial Literacy and Behavioral Intention to Adopt Islamic Finance.

According to the results of hypothesis testing, the overall research framework can be represented as follows:

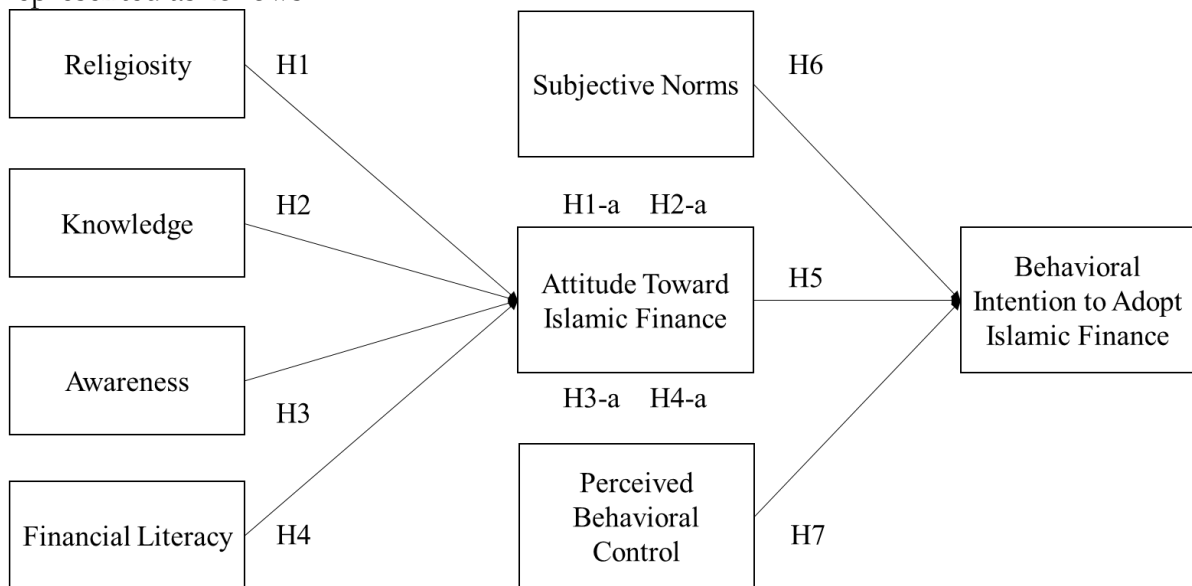


Figure 1. Research Model

3 Research Methods

This research adopts a quantitative design through a survey strategy, utilizing structured questionnaires administered to Muslim entrepreneurs located in both Tasikmalaya City and Regency. A total of 250 participants were chosen using purposive sampling, based on the following criteria: (1) owning or managing a business, (2) identifying as Muslim, (3) being over 17 years of age, and (4) residing in the Tasikmalaya area. The selected sample meets the minimum standard for Structural Equation Modeling–Partial Least Squares (SEM-PLS), which requires between five and ten cases per indicator or structural path (Hair et al., 2017).

Data were analyzed using SEM-PLS with the assistance of SmartPLS 4 software. SEM-PLS was chosen because it enables the examination of complex relationships among latent variables, is flexible with sample size, and does not require normally distributed data. The analysis aimed to test the effects of the key variables on attitudes and behavioral intentions to adopt Islamic finance, while also examining the mediating function of attitude within the Behavioral Intention Framework (Ravand & Baghaei, 2016). The measurement model was validated using convergent validity and composite reliability, whereas the structural model was employed to evaluate the proposed hypotheses.

The operational definitions of the study variables are summarized in Table 1:

Table 1. Operational Definition of Variables

No	Variable	Construct	Code
1	Religiosity (P. Purwanto et al., 2022) (Fauzi et al., 2022)	1. I believe that all aspects of life, including finance, should be conducted according to Islamic teachings. 2. I feel obliged to avoid transactions containing riba. 3. I choose financial services that comply with sharia principles.	RG1 RG2 RG3

		<p>4. I feel at ease using financial products that follow Islamic teachings.</p> <p>5. I practice Islamic values in my financial decisions.</p> <p>6. I feel sinful when using financial products that contradict Islam.</p> <p>7. I believe that Islamic financing is more blessed religiously.</p>	<p>RG4</p> <p>RG5</p> <p>RG6</p> <p>RG7</p>
2	Knowledge (P. Purwanto et al., 2022)(Jaffar & Musa, 2016)	<p>1. Islamic finance is open to everyone, including non-Muslims.</p> <p>2. Islamic finance operates in accordance with Sharia principles, which include the prohibition of <i>riba</i> and <i>gharar</i>.</p> <p>3. Islamic finance does not use interest (<i>riba</i>).</p> <p>4. Islamic finance applies a profit-sharing system.</p> <p>5. Institutions providing Islamic financial services deliver a range of products designed to comply with Sharia regulations.</p> <p>6. The core purpose of Islamic finance is to offer financial solutions that are consistent with Islamic ethical and moral values.</p>	<p>KN1</p> <p>KN2</p> <p>KN3</p> <p>KN4</p> <p>KN5</p> <p>KN6</p>
3	Awareness (Imari et al., 2023)(Saiti, 2015)	<p>1. Islamic finance is an alternative to conventional finance.</p> <p>2. In Tasikmalaya, there are financial institutions offering Islamic financing.</p> <p>3. I have seen or heard information about Islamic finance.</p> <p>4. Islamic finance is open to all segments of society.</p> <p>5. Islamic finance supports the growth of MSMEs around me.</p> <p>6. Islamic finance is based on the principles of justice and partnership.</p> <p>7. The government and financial institutions encourage the use of Islamic finance.</p>	<p>AW1</p> <p>AW2</p> <p>AW3</p> <p>AW4</p> <p>AW5</p> <p>AW6</p> <p>AW7</p>
4	Financial Literacy (Muslichah & Sanusi, 2019)(Rohmania et al., 2023)	<p>1. I can explain the difference between interest-based financing and profit-sharing financing.</p> <p>2. I can distinguish between Islamic and conventional financial products.</p> <p>3. I know how financing contracts such as <i>murabahah</i>, <i>ijarah</i>, and <i>mudharabah</i> work.</p> <p>4. I understand the benefits and risks of Islamic financing.</p> <p>5. I am able to manage finances and choose appropriate financing.</p> <p>6. I consider halal aspects and Islamic ethics in financing decisions.</p> <p>7. I know that Islamic finance creates justice and prosperity.</p>	<p>FL1</p> <p>FL2</p> <p>FL3</p> <p>FL4</p> <p>FL5</p> <p>FL6</p> <p>FL7</p>

5	Attitude Toward Islamic Finance (Bouarar et al., 2025)(P. Purwanto et al., 2022)	<ol style="list-style-type: none"> 1. I prefer Islamic finance since it eliminates interest (<i>riba</i>) and adheres to Sharia guidelines. 2. I consider Islamic finance fair and transparent. 3. Islamic finance is beneficial and meets my needs. 4. Using Islamic finance is a good decision for me. 5. I feel at ease because Islamic finance offers fixed installments. 6. I believe Islamic finance is an ethical financial solution. 	ATIF1 ATIF2 ATIF3 ATIF4 ATIF5 ATIF6
6	Subjective Norms (Bouarar et al., 2025; Purwanto et al., 2022)	<ol style="list-style-type: none"> 1. People I respect support Islamic finance. 2. My family expects me to choose Islamic finance. 3. My friends and community lean toward Islamic finance. 4. People around me perceive Islamic finance as a good choice. 5. I feel encouraged by close people to choose Islamic finance. 	SN1 SN2 SN3 SN4 SN5
7	Perceived Behavioral Control (Bouarar et al., 2025; Purwanto et al., 2022)	<ol style="list-style-type: none"> 1. I am able to use Islamic finance for major needs. 2. I will still choose Islamic finance even if the cost is higher. 3. I am not easily influenced to choose conventional finance. 4. I have the knowledge and resources to access Islamic finance. 5. I feel that financing decisions are entirely under my control. 	PBC1 PBC2 PBC3 PBC4 PBC5
8	Behavioral Intention to Adopt Islamic Finance (Bouarar et al., 2025; Purwanto et al., 2022; Boubker et al., 2021)	<ol style="list-style-type: none"> 1. I seriously consider using Islamic finance in the future. 2. I intend to use Islamic finance services. 3. I will recommend Islamic finance to others. 4. I will choose Islamic finance if I need funds. 5. I include Islamic finance in my financial planning. 6. I want to make Islamic finance a long-term option. 	IAIF1 IAIF2 IAIF3 IAIF4 IAIF5 IAIF6

4 Results and Discussion

4.1. Result

Respondent Profile

Based on the survey conducted among 250 Muslim entrepreneurs in Tasikmalaya City and Regency, respondents were categorized by gender, age, education, business experience, income, and religion. Overall, the majority of respondents were male (62.40%), aged 36–45 years (28.40%), had completed senior high school or its equivalent (35.20%), had been running their businesses for 4–6 years (28.40%), and operated micro-enterprises with an annual income of less than IDR 300 million (75.20%).

Table 2. Respondent Profile

Category		Number of Respondents	Percentage
Gender	Male	156	62.40%

Age	Female	94	37.60%
	17-25 years	41	16.40%
	26-35 years	57	22.80%
	36-45 years	71	28.40%
	46-55 years	60	24%
	> 55 years	11	4.40%
Education Level	Elementary School	36	14.40%
	Junior High School	65	26%
	Senior High School	88	35.20%
	Diploma	13	5.20%
	Bachelor's Degree	39	15.60%
Business Duration	Postgraduate (S2 – S3)	9	3.60%
	< 1 years	14	5.60%
	1-3 years	75	30%
	4-6 years	71	28.40%
	> 6 years	41	16.40%
Business Income	Micro (< IDR 300 million/year)	188	75.20%
	Small (IDR 300 million–2.5 billion/year)	23	9.20%
	Medium (IDR 2.5–50 billion/year)	39	15.60%

(Source: Author's Survey, 2025)

Measurement Model Assessment

The evaluation of the measurement model was carried out using SmartPLS 4 by analyzing the outer model. This process included several steps. First, multicollinearity was examined through the Variance Inflation Factor (VIF), with acceptable values being below 5 (Hair et al., 2019). In this study, VIF values ranged between 1.678 and 4.416, indicating the absence of multicollinearity concerns.

Second, indicator reliability was assessed based on factor loadings, where values greater than 0.70 are considered adequate (Hair et al., 2017). The findings revealed that all indicators met this requirement, as their loadings exceeded 0.70.

Third, reliability was further tested using Cronbach's Alpha (α), rho_A, and Composite Reliability, all of which are expected to be above 0.70 (Hair et al., 2017). The results confirmed that every construct achieved the thresholds, demonstrating strong internal consistency.

Finally, convergent validity was assessed using the Average Variance Extracted (AVE), with the criterion being values above 0.50. The results showed AVE scores ranging from 0.604 to 0.799, thereby confirming satisfactory convergent validity across all constructs examined in this research.

Table 3. Measurement Model Assessment

Latent Variabel	Manifest Variabel	VIF	Factor Loadings	α	rho_A	CR	\sqrt{AVE}
Religiosity	RG1	1.947	0.724	0.899	0.918	0.921	0.626
	RG2	2.231	0.765				
	RG3	3.399	0.894				
	RG4	2.672	0.853				
	RG5	1.728	0.702				
	RG6	1.702	0.707				
	RG7	2.82	0.865				

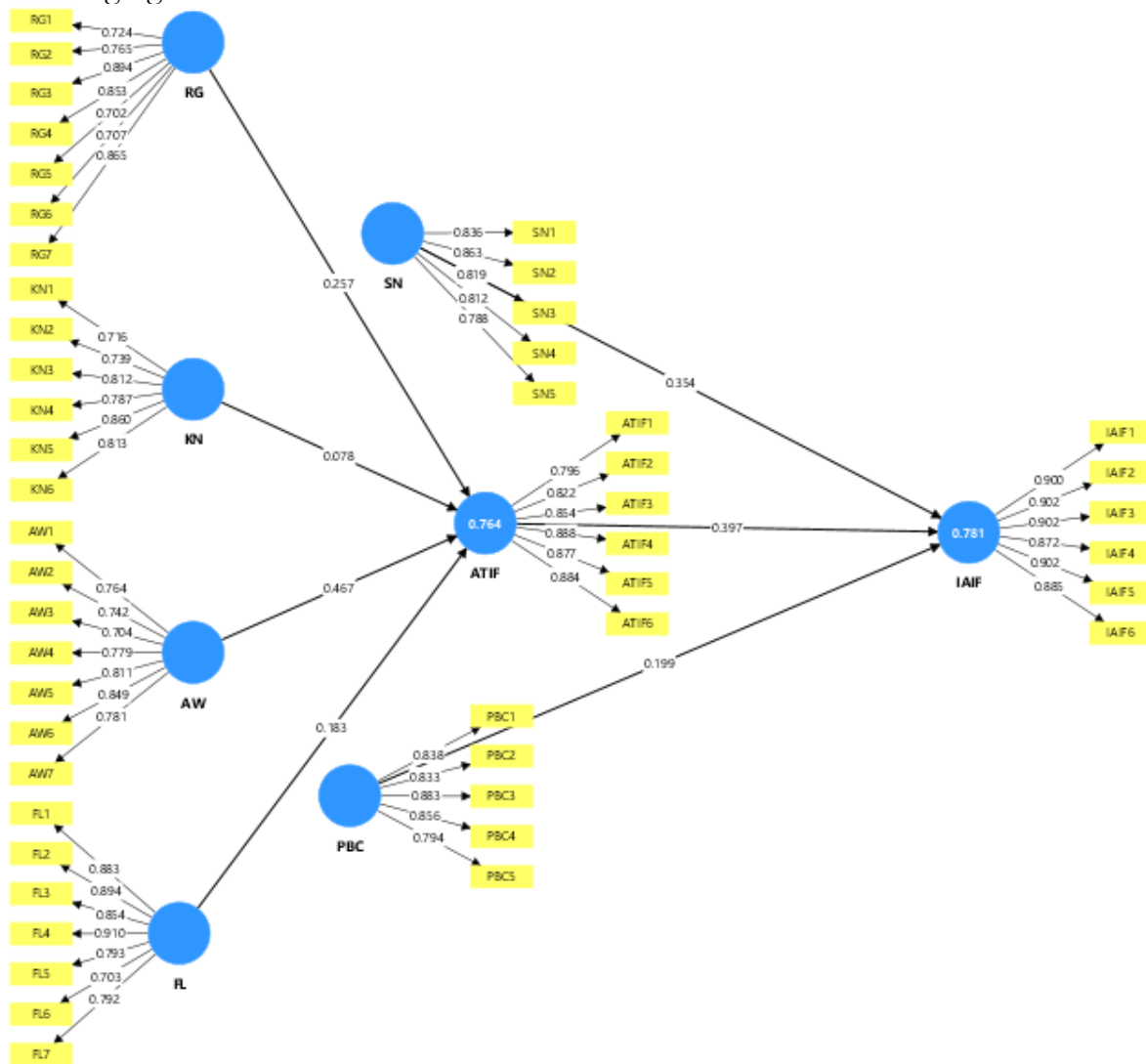
Knowledge	KN1	1.678	0.716	0.878	0.882	0.908	0.623
	KN2	1.819	0.739				
	KN3	2.254	0.812				
	KN4	1.898	0.787				
	KN5	2.622	0.86				
	KN6	2.083	0.813				
Awareness	AW1	1.978	0.764	0.89	0.897	0.914	0.604
	AW2	2.11	0.742				
	AW3	1.898	0.704				
	AW4	1.994	0.779				
	AW5	2.187	0.811				
	AW6	2.759	0.849				
	AW7	2.153	0.781				
Financial Literacy	FL1	3.968	0.883	0.927	0.938	0.941	0.698
	FL2	3.928	0.894				
	FL3	3.539	0.854				
	FL4	4.416	0.91				
	FL5	2.246	0.793				
	FL6	1.854	0.703				
	FL7	2.08	0.792				
Attitude Toward Islamic Finance	ATIF1	2.122	0.796	0.926	0.929	0.942	0.73
	ATIF2	2.36	0.822				
	ATIF3	2.667	0.854				
	ATIF4	3.528	0.888				
	ATIF5	3.236	0.877				
	ATIF6	3.217	0.884				
Subjective Norms	SN1	2.185	0.836	0.882	0.889	0.913	0.679
	SN2	2.747	0.863				
	SN3	2.429	0.819				
	SN4	2.079	0.812				
	SN5	1.897	0.788				
Perceived Behavioral Control	PBC1	2.096	0.838	0.897	0.908	0.924	0.708
	PBC2	2.336	0.833				
	PBC3	2.832	0.883				
	PBC4	2.544	0.856				
	PBC5	2.005	0.794				
Behavioral Intention to Adopt Islamic Finance	IAIF1	3.737	0.9	0.95	0.95	0.96	0.799
	IAIF2	3.859	0.902				
	IAIF3	3.771	0.902				
	IAIF4	3	0.872				
	IAIF5	3.814	0.902				
	IAIF6	3.398	0.885				

Source: Processed Data (2025)

Structural Model Assessment

The structural model was assessed using t-values and p-values, which indicate significant relationships between constructs when $t > 1.96$ and $p < 0.05$. Based on the

results, Religiosity has a positive effect on Attitude Toward Islamic Finance ($t = 4.800, p = 0.000$), while Knowledge shows no significant effect on Attitude Toward Islamic Finance ($t = 1.265, p = 0.206$). Awareness significantly influences Attitude Toward Islamic Finance ($t = 7.057, p = 0.000$), as does Financial Literacy ($t = 3.324, p = 0.001$). Furthermore, Attitude Toward Islamic Finance has a significant effect on Behavioral Intention to Adopt Islamic Finance ($t = 5.887, p = 0.000$), along with Subjective Norms ($t = 4.859, p = 0.000$) and Perceived Behavioral Control ($t = 2.618, p = 0.009$). In addition, Attitude Toward Islamic Finance mediates the relationship between Religiosity and Behavioral Intention to Adopt Islamic Finance ($t = 3.695, p = 0.000$), but does not mediate the relationship between Knowledge and Behavioral Intention to Adopt Islamic Finance ($t = 1.222, p = 0.222$). On the other hand, Attitude Toward Islamic Finance mediates the effect of Awareness ($t = 4.199, p = 0.000$) and Financial Literacy ($t = 3.374, p = 0.001$) on Behavioral Intention to Adopt Islamic Finance. The detailed results are presented in the following figure and table.



Source: Processed Data (2025)

Figure 2. Structural Model of the Study

The structural model developed in this study is presented in Figure 2, illustrating the connections among the proposed constructs. To complement this, the outcomes of the hypothesis testing; comprising path coefficients, t-statistics, and p-values; are provided in Table 2.

Table 2. Results of Structural Model Assessment

	Original sample (O)	T statistics (O/STDEV)	P values	Result
RG -> ATIF	0.257	4.800	0.000	Supported
KN -> ATIF	0.078	1.265	0.206	Not Supported
AW -> ATIF	0.467	7.057	0.000	Supported
FL -> ATIF	0.183	3.324	0.001	Supported
ATIF -> IAIF	0.397	5.887	0.000	Supported
SN -> IAIF	0.354	4.859	0.000	Supported
PBC->IAIF	0.199	2.618	0.009	Supported
RG->ATIF->IAIF	0.102	3.695	0.000	Supported
KN->ATIF->IAIF	0.031	1.222	0.222	Not Supported
AW->ATIF->IAIF	0.186	4.199	0.000	Supported
FL->ATIF->IAIF	0.072	3.374	0.001	Supported

Source: Processed Data (2025)

4.2. Discussion

4.2.1. The Influence of Religiosity, Knowledge, Awareness, and Financial Literacy on Attitude Towards Islamic Finance

The results indicate that religiosity (RG) exerts a positive effect on attitude (ATIF). This outcome aligns with earlier research, which highlighted that stronger religiosity fosters greater preference for the Islamic financial system (Abou-Youssef et al., 2015; Shith et al., 2021). Such evidence reinforces the Theory of Planned Behavior (TPB), emphasizing that individual values play a crucial role in shaping attitudes toward particular behaviors.

Cross-country evidence further supports this relationship. In Malaysia, religiosity strengthens compliance-based attitudes toward Islamic banking, reflecting moral obligation and adherence to Sharia principles (Taujiharrahman & Alfianto, 2024), while in Morocco, religiosity interacts with institutional trust and reputation in shaping positive attitudes toward Islamic financing (Boubker et al., 2021). These findings suggest that religiosity functions not merely as belief intensity, but as a socio-cultural construct shaped by national literacy levels and institutional credibility.

In contrast, knowledge (KN) does not significantly affect ATIF. This finding differs from several prior studies (Jaffar & Musa, 2016), which suggested that knowledge strengthens positive attitudes toward Islamic financial products. A plausible explanation is that respondents' knowledge tends to be theoretical rather than practical, thus limiting its ability to affect attitudes meaningfully. Consistent with findings in Malaysia (Mahdzan & Zainudin, 2017), mere cognitive understanding does not necessarily translate into behavioral readiness. These insights highlight that effective knowledge transfer in Islamic

finance must be practice-oriented and context-specific, integrating experiential learning and institutional engagement to bridge the gap between awareness and adoption.

In addition, awareness (AW) demonstrates a significant positive association with attitude. This suggests that individuals with higher awareness of Islamic finance are more likely to form favorable attitudes toward it. This finding highlights the importance of effective communication and promotional strategies to enhance awareness (Imari et al., 2023). Nevertheless, awareness-driven campaigns in Indonesia often rely on normative religious appeals. By contrast, Malaysia and Morocco have adopted a more integrative approach that combines informational transparency with value-based marketing; emphasizing convenience, ethics, and inclusivity. This comparison implies that awareness should not merely invoke faith rhetoric but connect to practical benefits and user experience.

Furthermore, financial literacy (FL) also shows a significant positive relationship with attitude. This result is consistent with (Wijaya & Ali, 2024), which demonstrated that higher levels of financial literacy foster more positive attitudes in financial decision-making. The practical implication is that Islamic financial literacy education could serve as an essential strategy to increase public acceptance of Islamic financial products.

Taken together, these findings underline the multifaceted nature of attitude formation toward Islamic finance, shaped by religiosity, awareness, and financial literacy, while knowledge alone appears insufficient. This highlights the need for Islamic financial promotion to balance cognitive education with affective engagement, positioning religiosity not as a moral command but as an ethical value aligned with modern business rationality. Consequently, stakeholders such as policymakers, educational institutions, and financial service providers should prioritize integrated programs that combine financial literacy initiatives with contextualized religious and awareness-building strategies to foster greater acceptance of Islamic finance.

4.2.2. The Influence of Attitude, Subjective Norms, and Perceived Behavioral Control on the Intention to Adopt Islamic Finance

The results show that attitude (ATIF) significantly influences the intention to adopt Islamic finance (IAIF). This finding is in line with the Theory of Planned Behavior, which asserts that a positive attitude serves as a crucial predictor of behavioral intention. It also supports the study of (Purwanto & Sudargini, 2022) which found that a favorable attitude toward the Islamic financial system increases individuals' willingness to use it. Cross-country evidence further reveals contextual variations in this relationship. In Malaysia, positive attitudes have been shown to play a more dominant role in shaping financial behavior than cognitive knowledge, as behavioral change depends on value internalization and personal conviction (Yahaya et al., 2019). Meanwhile, in more culturally conservative settings such as Indonesia and Morocco, social norms and moral obligations tend to exert stronger influence on behavioral intention (Boubker et al., 2021; Purwanto et al., 2022). These differences suggest that the relative strength of TPB constructs; particularly attitude and subjective norms; may vary depending on socio-cultural and institutional contexts.

In addition, subjective norms (SN) are also found to significantly influence the intention to adopt. This suggests that social encouragement; such as from family, friends,

or community; still plays a crucial role in shaping individuals' decisions to engage in Islamic financing. In Indonesia, religious community networks such as *majelis taklim* and *pesantren* act as normative agents that shape collective financial behavior (Sutomo et al., 2024). In contrast, in Malaysia, institutional religious endorsements (e.g., from JAKIM) exert a more formal influence than peer-based persuasion (Abdullah, 2021). These contrasts illustrate how socio-cultural structures shape the normative authority of religion in financial decision-making, reinforcing the view that social norms remain highly relevant in influencing the financial behavior of Muslim communities (Imari et al., 2023).

Likewise, perceived behavioral control (PBC) was found to significantly influence the intention to adopt Islamic finance. However, comparative evidence shows that access-related barriers in Indonesia remain higher than in Malaysia, where digital Islamic banking services enhance perceived ease and control. This implies that improving technological accessibility and institutional support could strengthen perceived behavioral control and, consequently, behavioral intention. The outcome suggests that when individuals feel more capable and have greater opportunities to utilize Islamic financial products, their intention to adopt them becomes stronger. This aligns with the findings of Boubker et al., (2021), who emphasized perceived control as a critical factor shaping behavioral intention.

Taken together, these results confirm that attitude, subjective norms, and perceived behavioral control jointly serve as strong determinants of the intention to adopt Islamic finance. From a policy perspective, this highlights that behavioral change cannot rely solely on religiosity. Islamic financial institutions must design inclusive campaigns that combine ethical appeal with usability, avoiding moralistic tones while reinforcing trust and convenience. This emphasizes the importance of not only fostering individual confidence and knowledge but also creating supportive social environments and community-driven initiatives to enhance the acceptance and utilization of Islamic financial products.

4.2.3. The Mediating Role of Attitude on Adoption Intention to Adopt Islamic Finance

The findings indicate that attitude (ATIF) has a notable impact on the intention to adopt Islamic finance (IAIF). This outcome is consistent with the Theory of Planned Behavior, which highlights that a favorable attitude is a key determinant of behavioral intention. This pattern reflects a universal behavioral mechanism also observed in other Muslim-majority contexts, such as Morocco and Malaysia, where attitude mediates the effects of religiosity and literacy on adoption intention. This finding indicates that these internal factors do not directly drive individuals' intention to adopt Islamic financing; rather, they first foster a positive attitude toward the offered products. In other words, even if a person demonstrates high religiosity, strong awareness, and sufficient financial literacy, their behavioral intention does not automatically arise without acceptance, confidence, and a favorable evaluation of Islamic financing.

This outcome is consistent with the studies of Raza et al. (2018) and Putri et al. (2021), which emphasize that a positive attitude is the primary pathway for transforming internal factors into behavioral intention. Within the framework of the Theory of Planned Behavior (TPB), attitude functions as the evaluative component that determines the extent to which individuals perceive a behavior as beneficial, value-congruent, and worth performing (Ajzen, 1991). Therefore, while religiosity, awareness, and financial literacy are

important determinants, their contribution to intention is only effective when they generate a positive attitude.

Conversely, the indirect effect of knowledge (KN) on adoption intention through attitude was found to be insignificant. This result is consistent with the earlier direct effect analysis, suggesting that cognitive knowledge alone is insufficient to shape attitudes or stimulate intention. Respondents generally possessed a basic understanding of the concept of Islamic finance; however, this knowledge had not yet been internalized into practical understanding or direct experience. Similar findings have been reported in Malaysia and Pakistan, where cognitive awareness without experiential exposure failed to translate into behavioral readiness (Raza et al., 2018). Hence, knowledge that is not accompanied by financial skills, relevance to real needs, and empirical engagement fails to drive changes in attitude or behavior. The Indonesian case thus reinforces that practical engagement, such as participation in Islamic entrepreneurship programs or exposure to successful Islamic finance case models, is a stronger driver of behavioral transformation than mere conceptual exposure.

These findings carry important theoretical implications by reinforcing the TPB model with the inclusion of religiosity, awareness, and financial literacy as additional factors in explaining adoption intention toward Islamic finance. From a practical perspective, Islamic financial institutions should strengthen financial literacy education programs, enhance value-based religious campaigns, and intensify awareness-building efforts. Such programs should leverage religiosity strategically, not as a moral obligation, but as a trust-building mechanism that aligns Islamic values with financial empowerment and social welfare. By reframing religiosity as an ethical motivation rather than a prescriptive tool, Islamic banks can appeal to both devout and pragmatic consumers.

Overall, the findings highlight that while religiosity, awareness, and financial literacy are effective in shaping favorable attitudes that lead to adoption intentions, knowledge alone does not provide sufficient stimulus for behavioral change. This underscores the need for more practical, experience-based education and training that can transform theoretical understanding into actionable insights. By bridging this gap, stakeholders can ensure that knowledge becomes a meaningful driver of both attitudes and intentions toward Islamic finance.

5 Conclusion

This study confirms that attitude, subjective norms, and perceived behavioral control significantly influence the intention to adopt Islamic finance, while religiosity, awareness, and financial literacy affect intention indirectly through attitude, highlighting its mediating role. The findings extend the Theory of Planned Behavior by incorporating religious and financial dimensions, and they provide practical implications for Islamic financial institutions to strengthen literacy programs, value-based campaigns, and awareness initiatives.

Despite these contributions, the study is limited to a single location and employs a cross-sectional design. Therefore, future research should adopt longitudinal approaches, expand to more diverse populations, and explore additional variables such as trust and risk perception to deepen the understanding of Islamic finance adoption behavior.

Furthermore, future studies could integrate emerging constructs such as digital adoption and technology readiness, as fintech platforms increasingly shape consumers' perceptions of accessibility, convenience, and compliance in Islamic financial services. Investigating how trust, perceived risk, and digital literacy interact within an extended behavioral framework would provide richer insights into how modern Muslim entrepreneurs navigate between faith-based values and digital financial ecosystems.

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