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The Role of Islamic Financial Literacy in Shaping Economic Behavior: Evidence from Generation Z

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Abstract

This study aims to examine the influence of Islamic financial literacy on the financial management behavior of Generation Z in Indonesia by extending the Theory of Planned Behavior (TPB). It explores how Islamic financial literacy shapes individuals' attitudes, subjective norms, and perceived behavioral control, which subsequently influence their Sharia-compliant financial decisions. This research employs a quantitative approach, specifically using Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis. The findings reveal that Islamic financial literacy significantly enhances attitudes, subjective norms, and perceived behavioral control, all of which positively influence Islamic financial management behavior. This behavior is closely linked to improved financial decision-making, including saving habits, ethical investment choices, and long-term financial stability. By promoting Islamic financial literacy, this research highlights potential policy interventions to enhance financial inclusion and encourage participation in the Sharia-compliant financial sector. Strengthening financial capabilities among Generation Z can contribute to broader macroeconomic goals, such as reducing vulnerability to financial shocks and fostering equitable economic growth. ***This study contributes to*** *the literature by extending the Theory of Planned Behavior to the Islamic financial context, specifically focusing on a generational cohort that will play a critical role in the future of Indonesia's Islamic economy.*

Keywords: Islamic Financial Literacy, Theory of Planned Behavior, Financial Behavior, Sharia Finance, and Financial Inclusion

JEL Classifications: D14, G41, and G53

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Introduction

In the next few years, Generation Z, whos' born among 1997 until 2012, will is poised to take on leadership roles in various sectors (i.e. social and economic). Therefore, understanding the behavior and financial decisions of Generation Z is of critical importance. In response, the Financial Services Authority (OJK) has included students, who predominantly belong to Generation Z, as a key target group in the National Strategy for Financial Literacy in Indonesia (Strategi Nasional Literasi Keuangan Indonesia/SNLIK), recognizing their role as the primary gateway to enhancing national financial intelligence. Moreover, students serve as intellectual agents who can disseminate financial knowledge to their peers and communities. As a sizable and influential demographic, students are considered crucial actors in driving national transformation (Akmal & Saputra, 2016).

According to the Indonesian Central Statistics Agency 2023, the majority of Indonesia's population is dominated by generation Z, around 74 .94 million people (27.94%) of the population. However, this generation is also entering in productive stage and has a special ability to easily learn digital systems and access various information (Badan Pusat Statistik, 2021; Hakim & Muttaqin, 2020; Turner, 2015). The ease of access to information encourages them to learn easily, including learning about Islamic financial literacy, which can ultimately influence their behavior in financial decision (Lusardi & Mitchell, 2014; OECD, 2017). Their ease in obtaining information and learning makes them one of the subjects of this study, which focuses on understanding the determinants of their Islamic financial management behavior from the perspective of Islamic financial literacy (Putri & Kusuma, 2020).

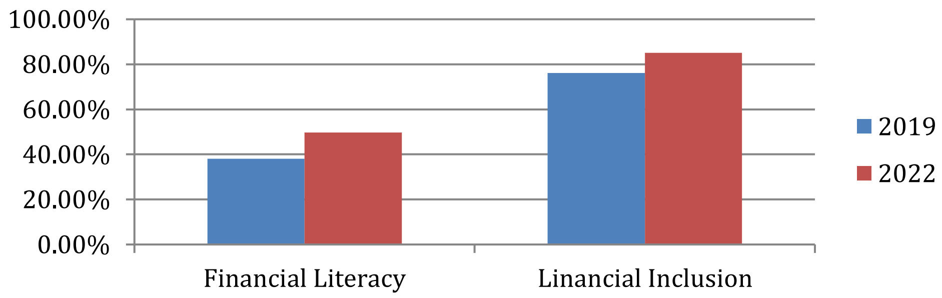

Figure 1. Graph of Literacy Levels and Financial Inclusion
Source: Financial Service Authority, (2022)

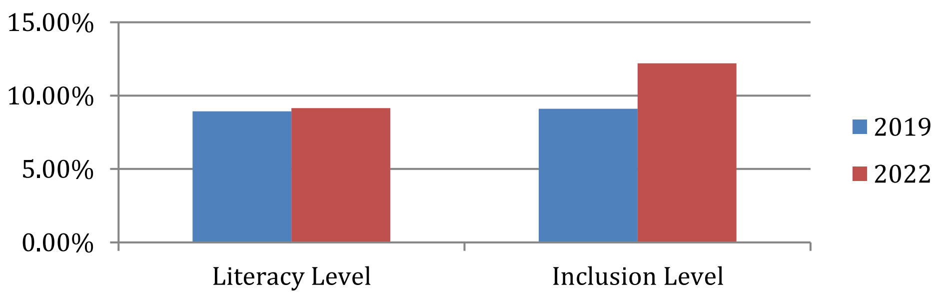

Figure 2. Graph of Sharia Financial Literacy and Inclusion Levels
Source: Financial Service Authority, (2022)

Figure 1, showed the latest SNLIK data collected by OJK in 2022 and shows significant differences. First, financial literacy increased by 11.65% in 2019 and 2022. Second, financial inclusion also increased by around 8.91% during the same period. Additionally, Figure 2 presents SNLIK in the context of Islamic financial literacy and Islamic financial inclusion in Indonesia. Between 2019 and 2022, these metrics also showed significant increases. Islamic financial literacy increased by 0.21 and Islamic financial inclusion increased by 3.1% (Financial Services Authority, 2022). The above results indicate that Islamic financial literacy and inclusion in Indonesia remain significantly lower compared to general financial literacy and inclusion. Therefore, it is essential to conduct further exploration to better understand and address the underlying factors contributing to this gap.

Previous studies have also employed the Theory of Planned Behavior (TPB) to examine financial behavior, although the findings have not always been consistent. For instance, Lianto & Megawati Elizabeth (2017) found that financial attitude had a positive influence on behavioral finance. Similarly, Yusfiarto et al. (2023) demonstrated that both attitude and perceived behavioral control significantly influenced individual's intention to invest in the Islamic capital market. In contrast, Boonroungrut & Huang (2021) highlighted that perceived behavioral control had a significant effect on the intention to manage personal finances, further emphasizing the varying roles of TPB constructs across different contexts.

This inconsistency highlights the need for research that integrates Islamic financial literacy with TPB to understand Islamic financial management behavior. In line with this, the present study aims to explore the influence of Islamic financial literacy and TPB constructs on Islamic financial management behavior among Generation Z. This exploration contributes to addressing the existing gap in the literature concerning the role of Islamic financial literacy and TPB in shaping financial behavior within the context of Generation Z in a developing country such as Indonesia.

Literature Review

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) is a development of a previous theory known as the Theory of Reasoned Action (TRA), which was put forward by Icek Ajzen in 1985. TPB adds a new concept that is not in TRA, namely perceived behavioral control (perceived behavioral control, or PBC). This PBC concept refers to the extent to which individuals feel able to control the behavior they carry out. Ajzen (1991) stated that individual behavior is most accurately predicted by a person's intentions. Before someone carries out a behavior, their interest or intention is influenced by three main factors: their attitude towards the behavior, subjective norms, and behavioral control (Ajzen, 2002; Boonroungrut & Huang, 2021; Yusfiarto et al., 2020).

Islamic Financial Management Behavior

Financial management behavior is a very important concept in personal and business finance. The main aim is to ensure that a person is able to manage their funds and financial obligations well. This involves a series of activities such as planning, auditing, budgeting, managing, controlling, searching, and storing daily financial funds (Iqbal Asrian Amin et al., 2024; Viridianingrum & Damayanti, 2022). Financial management can also be implemented in the context of sharia, which adheres to certain principles in accordance with the teachings of the Islamic religion. Sharia financial management not only aims for efficiency and personal economic growth but also to ensure alignment with moral and religious principles. Generation Z, for example, is expected to become smarter in making financial decisions by applying these principles, including collecting savings for the future or start-up capital for a business (Arafah et al., 2023).

However, it is important to remember that failure to implement appropriate Islamic financial principles can have negative long-term impacts, both for individuals and businesses (Palupi & Hapsari, 2022). Factors that influence sharia financial management behavior include the level of understanding of sharia finance, the level of religious belief, and a supportive social environment (Thohari & Hakim, 2021). In implementing sharia financial management, it is important to pay attention to the development of sharia finance, the application of sharia contracts in transactions, and the selection of financial products that are in accordance with sharia principles (Fifah, 2024).

Islamic Financial Literacy

According to Yusfiarto et al. (2022), financial literacy includes knowledge, skills, and beliefs that have the potential to influence a person's attitudes and behavior in an effort to improve decision-making and financial management abilities and achieve community financial prosperity. Dinc et al. (2021) Sharia financial literacy for Muslims involves sufficient financial knowledge w ithin the framework of an ideal attitude for the good of humanity.This enables an understanding of financial practices that comply with the principles of Islamic law and managing finances against the risk of sharia non-compliance. According to Albaity & Rahman (2019), Islamic financial literacy is used as a standard to assess individual understanding and skills regarding the importance of Islamic financial services, as well as influence their attitudes and tendencies toward using them.

Hypothesis Development

The Influence of Islamic Financial Literacy on the Attitude

Islamic financial literacy refers to an individuals' capacity to comprehend and apply knowledge related to Sharia-compliant financial products and services in everyday financial decisions. This literacy encompasses both cognitive understanding and the practical ability to align financial choices with Islamic principles. Studies by Albaity & Rahman (2019) and Akhtar & Das (2019) show that higher levels of Islamic financial literacy lead to more positive attitudes, stronger intentions, and more responsible financial behavior. This suggests that individuals with better Islamic financial knowledge are more likely to make financial decisions that align with sharia. Therefore, Islamic financial literacy plays an important role in shaping Generation Z's financial attitudes and behavior.

H_1: Islamic financial literacy has a significant positive effect on the attitude

The Influence of Islamic Financial Literacy on Subjective Norms

Islamic financial literacy goes beyond general financial knowledge by incorporating religious and cultural values rooted in sharia principles, such as the avoidance of riba, obligation of zakat, risk-sharing, and ethical consumption (Khilmi et al., 2024). This form of literacy not only reflects financial competence but also spiritual adherence to Islamic economic ethics, making it a unique construct. Within the Theory of Planned Behavior (TPB), Islamic financial literacy may influence subjective norms by reinforcing social and religious expectations to manage finances in line with Islamic principles (Yusfiarto et al., 2022; Dinc et al., 2021). However, studies like Raut et al. (2018) show inconsistent findings regarding the relationship between financial literacy and subjective norms, highlighting the need to distinguish Islamic financial literacy from general financial knowledge in behavioral models.
H_2: Islamic financial literacy has a significant positive effect on the subjective norms

The Influence of Islamic Financial Literacy on Perceived Behavioral Control

Perceived behavioral control refers to how individuals judge their ability to perform certain actions, shaped by both personal capabilities and external conditions (Alleyne, 2011). In financial decision-making, general financial literacy boosts confidence and reduces uncertainty (Raut, 2020). However, Islamic financial literacy introduces unique dimensions, including understanding prohibitions like riba, the obligation of *zakat*, and the principles of ethical investing rooted in Islamic law (Yusfiarto et al., 2023). Mulyono (2021) found that individuals with strong Islamic financial literacy feel more confident and capable when investing in sharia-compliant products, indicating its positive influence on perceived behavioral control.
H_3: Islamic financial literacy has a significant positive effect on perceived behavioral control of generation Z

The Influence of Attitude on Islamic Financial Management Behavior

Positive attitudes have been demonstrated to be a strong predictor of individual intention across various research contexts (Sunarsih et al., 2023; Yusfiarto et al., 2024). Generation Z who have a good attitude towards financial behavior will have an impact on their individual behavior, where there will be changes in better financial management compared to individuals who do not have an attitude towards financial behavior. This is in line with research conducted by Aydin & Akben Selcuk (2019) and Agustine & Widjaja (2021) that there is a significant positive relationship between attitude and Islamic financial management behavior, so the hypothesis in this research is as follows.
H_4: Attitude has a significant positive effect on the Islamic financial management behavior of generation Z

The Influence of Subjective Norms on the Islamic Financial Management Behavior

Subjective norms refer to individual beliefs about the support given by those closest to an action. In everyday life, interpersonal relationships can be divided into two types: horizontal relationships between equal individuals, such as friends or colleagues, and vertical relationships, such as between parents and children, or superiors and subordinates (Mahardhika & Zakiyah, 2020). When subjective norms receive positive support from the people closest to them, this can significantly influence a person's financial behavior. This is in accordance with the findings in research by Md.Shafik & Wan Ahmad (2020), which show that subjective norms partially have a positive and significant effect on Islamic financial management behavior:

H_5: Subjective norms have a significant positive effect on the Islamic financial management behavior of generation Z

The Influence of Perceived Behavioral Control on the Islamic Financial Management Behavior

Perceived behavioral control can influence a person's financial behavior because individuals' beliefs about their ability to control financial behavior will influence how often and to what extent they carry out actions that support their financial health (Yogatama, 2013). This assumption is supported by research conducted by Satsios & Hadjidakis (2018), which found that perceived behavioral control has a significant positive influence on financial management intentions.

H_6: Perceived behavioral control has a significant positive effect on the Islamic financial management behavior of generation Z

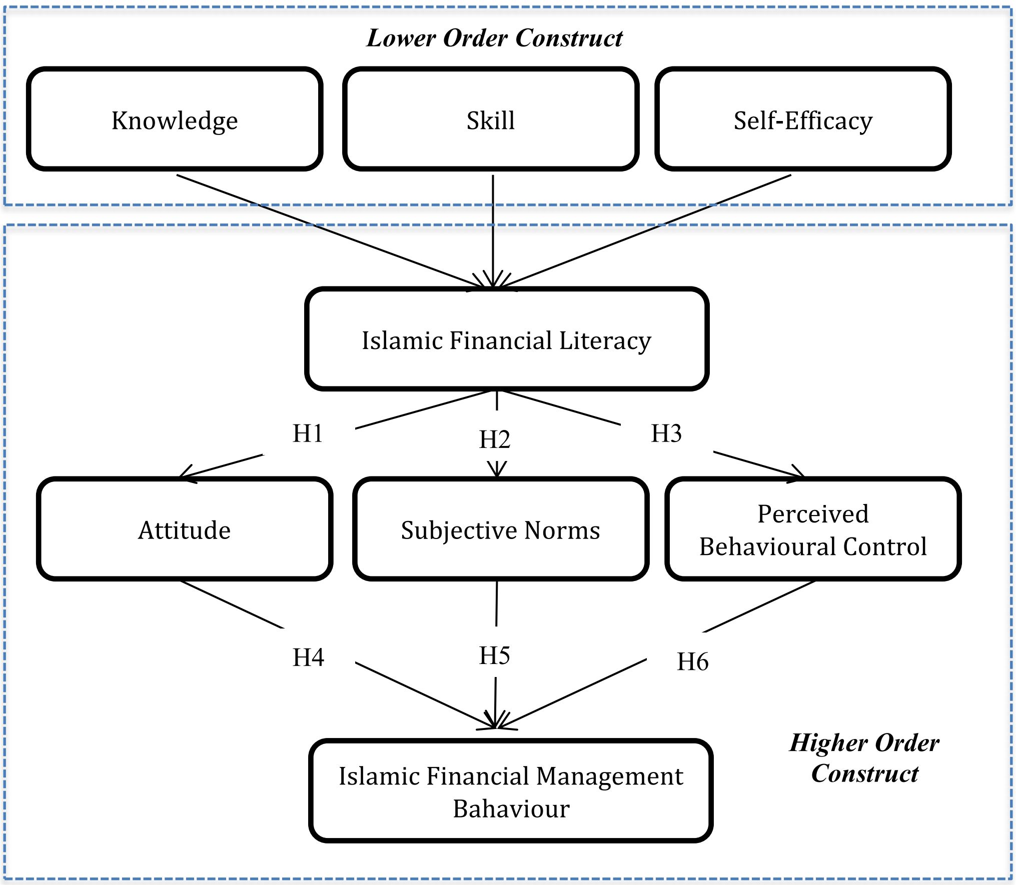

Figure 3. Research Framework

Method

Measurement and Sampling

This research uses a quantitative approach. The type of research used is a survey. This research explores the relationship between IFL dimensions. This research further seeks to develop an expanded TPB research model that connects these elements with Islamic financial management behavior so that it can identify their respective impacts. This research uses a quantitative approach. The type of research used is a survey.

The population in this study is generation Z in Indonesia, who were born between 1997 and 2012 and have entered adolescence with a high school or college education. The sampling technique in research uses a non-probability sampling technique, namely a technique for selecting samples where not all components of the population can be sampled. The sampling process uses a purposive sampling technique, namely selecting samples based on predetermined criteria. These criteria are as follows: Generation Z, who is at least 17 years old (born 1997–2012) (Febriyanto et al., 2025), respondents are Muslims, both men and women, and have investment experience.

Because the population of this study is not yet known with certainty, the sampling technique was carried out according to quantitative analysis. Calculate the sample size by multiplying the 10 question indicators (Hair et al., 2019). Based on this information, the minimum number of samples required for this research is 120, or the number of statement indicators multiplied by 10. So the sample used in this research is 166. The main source of data used in this research is primary data. The data collection method in this research uses a 1–5 Likert scale (Qoyum et al., 2021). A 1-5 Likert scale has been shown to be widely used in studies based on primary data and possesses substantial predictive power (Mutmainah et al., 2024; Pambekti et al., 2022; Saibil et al., 2023).

Data Analysis

This research tests 6 (six) hypotheses using partial least squares (PLS-SE) analysis. SmartPLS3 software will be used to analyze each hypothesis. Several previous studies have proven the advantages and capabilities of this method to solve modeling problems in Islamic management studies (Hamdani et al., 2024; Pambekti et al., 2023; Utama et al., 2024; Yusfiarto et al., 2024). Therefore, the use of the PLS-SEM approach is relevant for this research. In this research, the LKI configuration uses a reflective-formative hierarchical component model (HCM). Low-level construct configurations (LOC) use reflective types (i.e., general factors), while high-level construct configurations (HOC) use formative types (i.e., composite), which are formed from LOC. Furthermore, IFL as HOC was formed based on LOC components such as IFK, IFS, and FSE. Measurement of reflective-formative HCM constructs using a two-stage approach. Likewise, it consists of two phases. The first phase is used to generate latent variable scores for LOC. In this analysis, the HOC is not involved. However, in the second phase, the model containing the LOC is estimated. The LOC value functions as a manifest variable for HOC (Hair et al., 2019).

Result and Discussion

Descriptive Analysis

In this research, data collection was achieved through a structured questionnaire distributed to a sample of 166 respondents. These respondents were selected with attention to various demographic and educational characteristics, which adds depth to the data by capturing insights from diverse segments of the population. Key demographic variables included gender, age, education level, and income, along with specific factors relevant to the respondents' backgrounds, such as investment experience, and geographic domicile.

A notable portion of respondents, 31.31%, are from the Special Region of Yogyakarta (DIT), an area well known for its educational, cultural, and youth oriented environment. As one of the regions with the highest student population per capita in Indonesia, Yogyakarta is a strategic setting for exploring financial literacy, especially among Generation Z currently engaged in higher education (Badan Pusat Statistik, 2021). The region's strong network of Islamic educational institutions and sharia-compliant financial services also creates a supportive context for studying Islamic financial literacy. These factors make Yogyakarta a relevant focus, as they may shape financial attitudes, social norms, and perceived behavioral control based on Islamic principles.

Table 1. Characteristics of Respondents

Spectrum		Count .	%
Gender	Man	64	38.55%
	Woman	102	61.45%
Age	17 - 20 years old	13	7.83%
	21 - 24 years old	137	82.53%
	25 - 28 years old	16	9.64%
Education	Bachelor	157	94.58%
	Masters	9	5.42%
Income	< 1,000,000 per month	79	47.59%
	1,000,000 – 3,000,000 per month	59	35.54%
	3,000,000 - 5,000,000 per month	15	9.04%
	< 5,000,000	13	7.83%
Investment Experience	Sharia shares	47	28.31%
	Sharia mutual funds	44	26.51%
	Sharia *Real Estate* Investment Fund	1	0.60%
	Sharia deposits	13	7.83%
	Gold	61	36.75%

Measurement Model Test

In SEM-PLS, cleaning and purifying the measurement model is essential to ensure data quality before testing causal relationships. This process starts with data screening to address missing values and outliers that could skew results. The reliability and validity of each indicator are then evaluated, typically by checking that item loadings exceed 0.7 and ensuring internal consistency using Composite Reliability (CR), with a threshold of 0.7. Convergent validity is confirmed if the Average Variance Extracted (AVE) for each construct is above 0.5, indicating that the indicators adequately capture the underlying concept. Discriminant validity, essential for demonstrating construct uniqueness, is assessed through the Fornell-Larcker criterion or Heterotrait-Monotrait (HTMT) ratio, with values below 0.85 being ideal.

Further, model refinement is often iterative. Low-loading indicators may be removed to strengthen the measurement model, and overlapping constructs are reviewed to enhance discriminant validity. While SEM-PLS lacks comprehensive fit indices like covariance-based SEM, researchers can use the Standardized Root Mean Square Residual (SRMR) to gauge model fit, with values below 0.08 considered acceptable. By rigorously refining the measurement model, researchers can ensure that constructs are accurately represented, enabling more reliable testing of causal paths in the structural model.

Reflective Model

According to Hair et al. (2017), in SEM-PLS, the loading factor a measure of the correlation between an indicator and its latent construct should ideally be above 0.70 to indicate strong reliability, meaning that over 70% of the variance in the indicator is explained by the construct it is intended to measure. This threshold suggests that the indicator is a robust representation of the underlying construct. However, in exploratory models or situations where slight deviations are acceptable, indicators with loadings < 0.60 can still be considered adequate. This flexibility allows researchers to retain indicators that contribute meaningfully to the construct but may fall slightly below the 0.70 threshold, which can be useful in the early stages of model development or when working with constructs that are challenging to measure precisely. Nonetheless, consistently low loadings below 0.60 might indicate that the indicator does not adequately represent the construct, warranting its removal or revision to improve model validity and reliability.

Table 2. Loading Factors

Variables	Code	Loading	Note.
Attitude	ATT1	0.806	Valid
	ATT2	0.868	
	ATT3	0.874	
	ATT4	0.779	
Subjective norms	SNS1	0.871	Valid
	SNS2	0.89	
	SNS3	0.758	
Perceived behavioral control	PBC1	0.677	Valid
	PBC2	0.710	
	PBC3	0.771	
	PBC4	0.769	
Islamic Financial Management Behaviour	IIS1	0.784	Valid
	IIS2	0.754	
	IIS3	0.720	
	IIS4	0.801	
	IDB1	0.761	
	IDB2	0.790	
	IDB3	0.631	
	ICF1	0.842	
	ICF2	0.756	
	ICF3	0.795	

Reliability Test (Internal Consistency and Reliability)

Composite Reliability (CR) is a key metric used to assess the internal reliability of constructs, providing insight into the consistency of indicators within a given construct. Unlike Cronbach's Alpha, CR accounts for the varying loadings of indicators, making it a more robust measure, particularly in models with unequal item loadings. According to Hair et al. (2021), a CR value above 0.60 suggests an acceptable level of internal consistency, with values closer to or exceeding 0.70 being ideal for indicating that the construct's indicators are reliably measuring the same latent variable. This threshold ensures that the construct captures a cohesive concept, reducing measurement error and enhancing the model's validity. If CR values are significantly below this minimum, it suggests that the indicators may not be well-aligned with the construct, potentially requiring refinement of the measurement model by adjusting or removing weak indicators to achieve a more accurate and reliable representation of the construct.

Table 3. Reliability Test

Variables	*Composite Reliability*	*Cronbach Alpha*
Attitude	0.900	0.851
Subjective norms	0.879	0.792
Perceived behavioral control	0.809	0.685
Islamic financial management behaviour	0.934	0.921

Validity Test

In SEM-PLS, convergent validity of a construct is assessed using the Average Variance Extracted (AVE), which indicates the amount of variance that a construct captures from its indicators relative to the variance due to measurement error. Hair et al. (2021) suggest that an AVE value above 0.5 is desirable, as it shows that the construct explains more than half of the variance in its indicators, confirming valid convergent validity. Discriminant validity, on the other hand, ensures that constructs are distinct from one another within the model. According to Fornell and Larcker's criterion, discriminant validity is strong if the square root of the AVE for a construct is greater than its correlations with other constructs in the model. This comparison shows that each construct is more closely related to its own indicators than to those of other constructs, thereby confirming its uniqueness. Ghozali (2014) reinforces that the root AVE should be above 0.5 to indicate robust discriminant validity, ensuring that each construct independently captures a unique dimension of the theoretical model without undue overlap with other variables.

Table 4. Convergent Validity

Variable	AVE value	Information
Attitude	0.693	Valid
Subjective norms	0.708	Valid
Perceived behavioral control	0.516	Valid
Islamic financial management behaviour	0.586	Valid

Table 5. Discriminant Validity

Variables	1	2	3	4	5	6	7
Attitude	0.833						
IFMB	0.723	0.766					
Knowledge	0.439	0.375	0.770				
Perceived Behavioural Control	0.562	0.612	0.341	0.718			
Subjective Norms	0.813	0.771	0.450	0.577	0.842		
Self-Efficacy	0.677	0.675	0.264	0.544	0.685	0.777	
Skills	0.555	0.659	0.410	0.449	0.603	0.730	0.744

Notes: IFMB is Islamic financial management behaviour

Table 6. Formative Model

Construct	Indicators	Loadings	Weight	VIF	t-value	p-value
Islamic financial literacy	Knowledge	0.770	0.231	1,206	2,061	0,000
	Skills	0.914	0.435	2,404	18,064	0,000
	Self-Efficacy	0.904	0.526	2,149	14,526	0,000

Structural Model Test

The structural model, plays a key role in SEM-PLS by depicting relationships among latent variables based on the underlying theoretical framework. Evaluating the model's quality involves several key tests, including multicollinearity, goodness-of-fit, and predictive relevance. Multicollinearity is assessed using the Variance Inflation Factor (VIF), which helps identify potential redundancy among independent variables. Hair et al. (2021) suggest that a VIF value should not exceed 5. Finally, Predictive Relevance (Q^2) measures the model's accuracy in predicting observed values. A Q-squared value greater than 0, as stated by Ghozali (2014), suggests that the model has substantial predictive power. One approach to estimating Q-squared involves calculating the cross-validated redundancy index, which assesses how well the model predicts both the observed and estimated parameters.

Table 7. Predictive Relevance (Q^2)

Variable	Q^2
Attitude	0.511
Subjective norms	0.472
Perceived behavioral control	0.684
Islamic financial management behaviour	0.348

Hypothesis Testing

The significance of relationships between latent variables in the structural model is assessed through the path coefficient and its corresponding p-value. The path coefficient indicates the strength and direction of the relationship between constructs, while the p-value provides evidence of statistical significance. According to Hair et al. (2010), a path coefficient is considered statistically significant if the t-statistic exceeds 1.96 at a 95% confidence level, a standard often applied in behavioral and social sciences research. Additionally, significance is confirmed if the p-value is less than 0.05, meaning there is less than a 5% probability that the observed relationship is due to random chance.

Table 8. Hypothesis Test

Variable	*β*	t-value	p-value
Literacy finance → Attitude	0.699	15,74	0,000
Literacy finance → Subjective norms	0.727	17,93	0,000
Literacy finance → Perceived behavioral control	0.563	9,911	0,000
Attitude → IFMB	0.223	2,061	0.040
Subjective norms → IFMB	0.463	4,527	0,000
Perceived behavioral control → IFMB	0.218	3,249	0.001

Notes: IFMB is Islamic financial management behaviour

Discussion

The SmartPLS analysis shows that Islamic financial literacy significantly and positively affects the attitudes of Generation Z, with a t-statistic of 15.74 and a p-value of 0.000, thus supporting Hypothesis 1. This finding suggests that a strong understanding of Islamic financial principles helps individuals align their financial attitudes with religious values, increasing confidence and moral responsibility in decision-making. Among Generation Z, particularly in regions like Yogyakarta, exposure to Islamic financial education further strengthens this alignment. These results are consistent with prior studies (Akhtar & Das, 2019; Albaity & Rahman, 2019) highlighting the impact of financial knowledge on attitudes and behavior.

Islamic financial literacy significantly and positively influences Generation Z's subjective norms, as indicated by a t-statistic of 17.938 and a p-value of 0.000, thereby supporting Hypothesis 2. This finding suggests that individuals with greater knowledge of sharia-compliant finance are more likely to perceive social expectations to behave in accordance with Islamic financial principles. Such individuals often internalize values promoted by their religious and social environments, leading to stronger perceived approval from family, peers, and religious leaders. These social reinforcements shape subjective norms, aligning with Raut (2020), who emphasized the communal impact of financial literacy on behavioral expectations.

Islamic financial literacy has a significant positive effect on the perceived behavioral control of Generation Z, as reflected by a t-statistic of 9.911 and a p-value of 0.000, indicating that Hypothesis 3 is supported. This finding is consistent with and reinforces prior studies by Mulyono (2021) and Raut (2020), which demonstrated that perceived behavioral control significantly influences financial management intentions. Individuals with higher levels of Islamic financial literacy tend to develop a stronger sense of control over their financial behavior, as they not only understand technical financial concepts but also internalize sharia-based ethical guidelines. For Generation Z, who face an increasingly complex financial environment shaped by digital technologies and peer influences, Islamic financial literacy provides both moral clarity and practical competence. This combination boosts their self-efficacy and enhances their confidence in making responsible, faith-aligned financial decisions. Consequently, the more they feel capable of applying Islamic financial principles, the greater their motivation to manage personal finances in accordance with those values.

The results of tests carried out using SmartpPLS software obtained a t-statistic value of 2.061 and a p-value of 0.040. So the research results show that attitude has a significant positive effect on Islamic financial management behavior; this is proven by the p-value of less than 0.05, with hypothesis 4 in this research being accepted. The results of this research are in line with and strengthen the results of research conducted by Aydin & Akben Selcuk (2019). Other hand, Agustine & Widjaja (2021) states that there is a significant positive relationship between attitude and Islamic financial management behavior. The influence of attitude on Islamic financial management behavior shows the importance of paying attention to individual attitudes and beliefs towards their finances in an effort to form healthy and sustainable financial behavior.

The results of tests carried out using SmartpPLS software obtained a t-statistic value of 4.527 and a p-value of 0.000. So the research results show that subjective norms have a significant positive effect on Islamic financial management behavior; this is proven by a p-value of less than 0.05, with hypothesis 5 in this study being accepted. The results of this research are in line with and strengthen the results of research conducted by Md.Shafik & Wan Ahmad (2020), who found that partially subjective norms have a positive and significant effect on Islamic financial management behavior. The more positive the subjective norms are, which means the greater the support from the people around them, the more it will be able to influence a person's financial behavior.

The results of tests carried out using SmartpPLS software obtained a t-statistic value of 3.249 and a p-value of 0.001. So the research results show that perceived behavioral control has a significant positive effect on Islamic financial management behavior; this is proven by the p-value of less than 0.05, with hypothesis 6 in this study being accepted. The results of this research are in line with and strengthen the results of research conducted by Satsios & Hadjidakis (2018), which found that perceived behavioral control has a significant positive influence on financial management intentions. Individual beliefs can influence a person's financial behavior because their ability to control financial behavior will influence how often and to what extent they carry out actions that support their financial health.

Conclusion

This research shows that Islamic financial literacy has a significant positive effect on the attitudes, subjective norms, and perceived behavioral control of generation Z. Research findings show that knowledge of Islamic financial literacy influences generation Z's perceptions and beliefs towards sharia finance and encourages them to learn and practice research on managing financial funds wisely. Generation Z, who have higher financial knowledge, tends to have positive attitudes and subjective norms regarding Islamic finance, as well as increased confidence in managing personal finances.

This research shows that attitude, subjective norms, and perceived behavioral control have a significant positive effect on the Islamic financial management behavior of generation Z. The research findings show that individual attitudes and beliefs towards finance, confidence in the support of people around them, and the ability to control financial behavior influence the frequency and extent to which individuals implement actions that support their financial health. In the context of generation Z, information from social media, friends, lecturers, and knowledge and time resources can influence their financial behavior, as well as strengthen the Theory of Planned Behavior (TPB) in predicting a person's behavior based on sociopsychological interests.

Implications

This research is expected to bring practical benefits to the Financial Services Authority (OJK) in building Islamic financial literacy to improve financial management behavior. Relevant institutions can hold outreach to improve public financial literacy or open capital markets schools for the general public. Moreover, limitations in this research lie in the research sample. Researchers have difficulty getting representative respondents. It is important to obtain a representative sample of respondents from the population under study. However, obstacles can arise when it is difficult to achieve sufficient diversity of respondents, so that the research results cannot be representative of the population as a whole.

Author Contributions Statement

Putri Muninggar played a role in formulating the research concept, collecting and analyzing data, conducting formal analysis, and compiling the discussion section of the results. Moh Shadam Taqiyuddin Azka was involved in writing, supervising, reviewing the manuscript, searching for relevant literature, and responding feedback from reviewers. Fuqonul Haq was in charge of collecting data, conducting reviews, and preparing the editing process. Meanwhile, Ahmad Febriyanto focused on reviewing and responding to feedback from reviewers.

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