



## The Effect of Sharia Financial Literacy on Millenials' Investment Decisions

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### ABSTRAK

Penelitian ini mengkaji pengaruh literasi keuangan syariah terhadap keputusan investasi milenial melalui Systematic Literature Review terhadap 88 studi empiris yang diterbitkan antara 2013 hingga 2024. Hasil menunjukkan bahwa literasi keuangan syariah berperan signifikan dalam membentuk keseimbangan etika dan risiko, kemampuan menyaring klaim kepatuhan syariah, navigasi platform investasi digital, serta koreksi terhadap bias perilaku seperti overconfidence dan herding. Kajian ini mengidentifikasi sejumlah mekanisme perilaku yang menjelaskan bagaimana literasi memengaruhi keputusan investasi, termasuk peningkatan kemampuan verifikasi kepatuhan syariah, rasionalitas portofolio, dan kesesuaian antara niat dan perilaku. Pengaruh literasi ternyata dimoderasi oleh faktor kontekstual seperti transparansi platform digital, kejelasan regulasi, pengaruh sosial, religiositas, kapasitas ekonomi, dan kesiapan psikologis. Faktor-faktor ini menentukan apakah literasi benar-benar diterjemahkan ke dalam perilaku investasi yang konsisten, etis, dan terinformasi. Studi ini menyimpulkan bahwa peningkatan literasi keuangan syariah penting namun tidak cukup; dibutuhkan dukungan ekosistem kelembagaan dan digital agar literasi dapat mendorong milenial membuat keputusan investasi yang rasional dan sesuai syariah.

**Kata Kunci:** investasi syariah, literasi keuangan, milenial, perilaku keuangan

### ABSTRACT

*This study examines the effect of Sharia financial literacy on millennials' investment decisions by conducting a Systematic Literature Review of 88 empirical studies published between 2013 and 2024. Findings show that Sharia financial literacy significantly shapes millennials' ethical-risk balancing, cognitive filtering of compliance claims, digital investment navigation, and correction of behavioral biases such as overconfidence and herding. The review identifies several behavioral mechanisms through which literacy influences investment decisions, including improved verification of Sharia compliance, enhanced portfolio rationality, and stronger intention behavior alignment. The impact of literacy, however, is moderated by contextual factors such as digital platform transparency, regulatory clarity, social influence, religiosity, socioeconomic capacity, and psychological readiness. These moderators determine whether literacy translates into consistent and informed ethical investment behavior. The study concludes that increasing Sharia financial literacy is necessary but not sufficient; it must be supported by enabling institutional and digital ecosystems to effectively guide millennials toward rational and compliant investment choices.*

**Keywords:** behavioral finance, Islamic financial literacy, millennials, Sharia-compliant investment

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### INTRODUCTIONS

Financial literacy has increasingly become a critical determinant of financial behavior, especially among young adults navigating increasingly complex investment



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environments. Over the past decade, global financial systems have witnessed accelerated digital transformation, expansion of innovative financial products, and rapid democratization of investment platforms. These developments require individuals to possess not only basic financial knowledge but also the competence to evaluate risk, understand regulatory frameworks, and align investment decisions with personal values. According to the OECD (2020), millennials consistently demonstrate lower financial literacy scores compared with older generations, despite being the most digitally active and investment-exposed demographic. This discrepancy between digital adoption and financial understanding creates vulnerability to poor financial choices, speculative investments, and exposure to high-risk instruments. In predominantly Muslim countries, this challenge is compounded by the need to understand and comply with Sharia-compliant investment principles, making Sharia financial literacy a critical competency.

The growth of the global Islamic finance industry has intensified the importance of Sharia financial literacy. Islamic finance assets reached USD 3 trillion in 2021, driven by strong demand for Sharia-compliant investment products, sukuk issuance, and Islamic digital finance innovation (ICD-REFINITIV, 2022). Southeast Asia and the Middle East remain key markets for Islamic investments, with Indonesia ranking among the fastest-growing Islamic finance ecosystems worldwide. The Indonesian Financial Services Authority (OJK, 2022) reported an annual growth rate of 13 percent in the Islamic capital market, significantly higher than that of the conventional sector. However, despite this growth, Sharia financial literacy remains relatively low, particularly among millennials. A national survey by OJK (2022) showed that Sharia financial literacy stands at only 9.1 percent, far below conventional financial literacy (49.7 percent). These data highlight a substantial gap between the availability of Islamic financial products and the public's capacity to understand and utilize them.

Millennials, defined as individuals born between 1981 and 1996, represent a demographic cohort with distinct behavioral patterns in financial decision-making. They are characterized by rapid digital adoption, strong exposure to social media influences, high entrepreneurial interest, and increased preference for ethical or value-driven investments (Wei & Kar, 2023). In Muslim-majority contexts, ethical investment preferences intersect with religious adherence, prompting millennials to choose investment instruments consistent with Sharia principles. Several studies indicate that religiosity affects financial decision-making, but religiosity alone does not guarantee correct Sharia-compliant choices unless accompanied by adequate financial literacy. For example, Samsulbahri et al., (2021) found that young Muslim investors in Malaysia frequently misinterpreted key Sharia concepts such as *riba*, *gharar*, and *maysir*, leading to contradictory investment behaviors despite high self-reported religiosity. This demonstrates that Sharia financial literacy, not just general financial literacy or religiosity, is essential for informed ethical investment decisions.

The rise of digital investment platforms further amplifies the urgency of Sharia literacy. Millennials now access various online investment platforms offering stocks, sukuk, peer-to-peer lending, gold savings, and crypto assets. While these platforms offer accessibility, they also increase exposure to misinformation, speculative trends, influencer-driven hype, and unregulated Sharia claims. Research by Alshater et al. (2022) found that millennials often assume an investment is Sharia-compliant simply because the platform labels it as such, without verifying screening criteria from the Sharia Supervisory Board (DPS) or national regulatory frameworks. Weak Sharia financial literacy therefore increases susceptibility to fraudulent schemes, non-compliant products, and high-risk investments disguised as halal alternatives.

Globally, financial behavior among millennials is strongly shaped by behavioral finance factors such as risk tolerance, overconfidence, herding effect, and digital impulsiveness. However, little attention has been given to how these behavioral factors interact with Sharia financial literacy. A study in Turkey found that even financially literate millennials engage in speculative trading if they lack religious literacy regarding Islamic investment ethics (Watkins, 2020). In Indonesia, Indriyanti (2022) observed that millennial investors often conflate halal products with “low-risk” assumptions, leading to unrealistic expectations and subsequent disappointment. These findings indicate that Sharia financial literacy plays a moderating role by aligning behavioral tendencies with informed religious and financial principles.

Despite the growing relevance of Sharia financial literacy, the literature reveals several critical research gaps. However, three critical research gaps remain unaddressed in the existing literature. The study “Determinants of Stock Investment Decision Among Malaysian Youth” by Wei & Kar (2023) examined only general financial literacy without incorporating Sharia-specific constructs, resulting in conclusions that fail to capture the unique ethical and jurisprudential considerations required of Muslim millennials in making investment decisions. Similarly, “*KARAKTERISTIK PERUSAHAAN DAN GCG SEBAGAI DETERMINAN NILAI PERUSAHAAN DENGAN MODERASI MANAJEMEN LABA (Studi Empiris Pada Perusahaan Yang Terdaftar Di Jakarta Islamic Index Tahun 2017-2020)*” by Indriyani (2021) analyzed Islamic investment determinants but aggregated respondents across all adult age groups, preventing identification of millennial-specific behavioral patterns shaped by digital financial exposure and value-driven consumption trends. A further gap emerges in “Sharia Compliance and Online Trading Behavior in Malaysia” by Mohamad Watkins (2020), which focused on compliance awareness in digital trading platforms but did not measure Sharia financial literacy as a distinct construct, relying instead on general religiosity indicators that do not adequately explain informed investment decision-making. Collectively, these gaps show that previous studies (1) did not differentiate Sharia literacy from general financial literacy, (2) did not isolate millennials as an independent analytical cohort, and (3) did not analyze how literacy functions within rapidly expanding digital investment ecosystems. This article fills these gaps by systematically synthesizing evidence on how Sharia financial literacy specifically shapes millennials' investment decisions within an increasingly digital and ethically conscious financial landscape.

This study offers novelty by integrating Sharia financial literacy, behavioral finance, and millennial digital habits into a unified analytical framework, an approach seldom explored in previous research. It provides a comprehensive synthesis of empirical findings to identify how Sharia financial literacy influences investment choices, risk preferences, and platform selection among millennials. Furthermore, this review uniquely emphasizes the intersection between digital financial ecosystems and Islamic financial knowledge, highlighting the implications of fintech expansion on ethical investment behaviors.

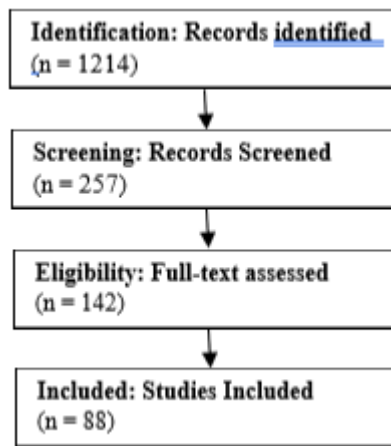
The objective of this study is to systematically examine the effect of Sharia financial literacy on millennials' investment decisions, identify the mechanisms through which literacy influences behavior, and analyze contextual factors that strengthen or weaken this relationship. The study aims to offer actionable insights for policymakers, financial educators, fintech platforms, Islamic financial institutions, and researchers interested in Islamic behavioral finance

## METHOD

This study employed a Systematic Literature Review (SLR) to synthesize empirical evidence examining the effect of Sharia financial literacy on millennials' investment decisions. The SLR method was selected because the topic spans multiple intersecting domains including Islamic finance, behavioral finance, digital investment platforms, and generational financial behavior. An SLR provides a rigorous, transparent, and replicable framework that minimizes bias and allows for structured integration of diverse findings. This review followed the Preferred Reporting Items for Systematic Reviews and Meta Analyses (PRISMA) 2020 guidelines (Page et al., 2021), ensuring methodological validity in article selection, quality appraisal, and thematic synthesis. The guiding research questions were: (1) How does Sharia financial literacy influence millennials' investment decisions? (2) What mechanisms connect Sharia financial knowledge to actual investment behavior? (3) What contextual factors moderate this relationship across different socioeconomic and digital environments?

The literature search was conducted across leading scholarly databases including Scopus, Web of Science, ScienceDirect, Emerald Insight, and Google Scholar for cross-referencing. Keyword combinations and Boolean operators were used to capture the full scope of the topic, such as: "Sharia financial literacy", "Islamic financial literacy", "millennials", "young investors", "Islamic investment decision", "Halal investment behavior", "Islamic fintech", "Sharia compliance awareness", and "behavioral finance in Islamic markets". The inclusion criteria were: (1) peer-reviewed empirical studies published between 2013–2024; (2) studies examining financial literacy within an Islamic or Sharia-specific framework; (3) studies focusing on millennials (born 1981–1996) or offering disaggregated age data; and (4) studies assessing investment decision outcomes such as product selection, risk preference, portfolio behavior, or digital investment usage. Studies were excluded if they addressed only conventional financial literacy, focused on non-Muslim majority contexts without Sharia relevance, or were conceptual papers lacking empirical evidence. The initial search yielded 1,214 records; after duplicate removal and title/abstract screening, 257 studies remained for full-text evaluation. A total of 88 studies met all inclusion criteria and were included in the final synthesis.

Data extraction employed a structured coding framework capturing sample demographics, country context, measurement scales for Sharia financial literacy, investment behavior indicators, religiosity measures, digital platform usage, and behavioral finance constructs (e.g., risk tolerance, herding, overconfidence). Quality assessment utilized the Joanna Briggs Institute (JBI) Critical Appraisal Tools appropriate to the study designs, including cross-sectional surveys, structural equation modeling studies, experimental interventions, and mixed-method designs. Thematic synthesis followed three analytic stages: (1) identifying key literacy determinants, (2) mapping behavioral pathways linking Sharia financial literacy to investment decisions, and (3) isolating moderating factors such as religiosity, digital literacy, social media influence, and perceived Sharia compliance. This structured synthesis enabled the development of an integrative understanding of how millennials incorporate Sharia-based financial knowledge into their investment decisions across digital and traditional financial ecosystems.



## RESULTS AND DISCUSSION

### The Role of Sharia Financial Literacy in Shaping Millennials' Investment Preferences

Sharia financial literacy demonstrates a significant influence on millennials' investment preferences because it equips them with the cognitive tools to differentiate compliant from non-compliant financial products, interpret risk ethically, and recognize the jurisprudential nuances of Islamic finance. Sharia knowledge enables young investors to understand the fundamental prohibitions of *riba*, *gharar*, and *maysir*, alongside the requirements for asset-backing, risk sharing, transparency, and lawful economic activity. Without adequate literacy, millennials tend to rely on simplistic heuristics such as assuming that all products offered by Islamic banks or platforms are automatically compliant, a misconception observed in several studies. Samsulbahri et al., (2021) reported that even highly religious millennials frequently hold inaccurate understandings of *riba* and profit-loss sharing, which leads them to accept products that are marketed as "Islamic" but may not meet stringent Sharia screening standards. Consequently, Sharia financial literacy does not merely inform investment choices; it restructures the evaluative framework through which millennials judge legitimacy and ethical acceptability.

Another key mechanism by which Sharia literacy affects investment preferences is through perceived risk. Millennials often view Sharia-compliant products as inherently safer, but this perception is not grounded in financial analysis. Proper literacy corrects these misconceptions, clarifying that Sharia compliance does not eliminate financial risk and that Islamic instruments such as *sukuk*, *mudarabah* deposits, or Islamic equity funds still carry market volatility. Studies such as Watkins (2020) show that when Sharia literacy increases, millennials develop a more realistic risk outlook, leading to improved portfolio diversification. This counters the common tendency among inexperienced investors to concentrate excessively in low-yield instruments because they associate Islamic finance with conservation rather than growth. Increased literacy therefore leads to more balanced investment strategies by distinguishing ethical constraints from risk characteristics.

Sharia financial literacy also influences millennials' preference for specific investment instruments available in digital platforms. The rapid rise of Islamic fintech applications, digital *sukuk* portals, peer-to-peer lending platforms, and halal robo-advisors has produced an ecosystem in which investment decisions are often influenced by interface design, influencer narratives, and platform marketing claims. Millennials with weak literacy tend to follow trends or rely on platform labels, whereas those with high literacy verify compliance screening criteria such as financial ratios, sectoral filters,

and Sharia Supervisory Board endorsements. Alshater et al. (2022) identified that literacy acts as a safeguard against misleading digital promotions, reducing susceptibility to fraudulent “halal” schemes. This behavioural filtering is especially important because millennials disproportionately engage with investments recommended through social media, where accuracy of Sharia claims is highly variable.

Furthermore, Sharia financial literacy strengthens intention–behavior alignment in ethical finance. Millennials often express a desire to invest ethically, sustainably, and in accordance with religious values, but intention alone does not guarantee consistent behaviour. Studies from Indonesia and Malaysia (Indriyanti, 2022) show that many millennials with strong ethical intentions still invest in conventional deposits, stocks, or speculative crypto assets due to convenience, peer influence, or lack of accessible information. Higher Sharia literacy reduces the intention–behavior gap by equipping millennials with the evaluative competence to act consistently with ethical commitments. This is aligned with the Theory of Planned Behavior (TPB), where “perceived behavioral control”, in this case represented by Sharia financial knowledge translates intentions into action.

Sharia financial literacy also interacts with psychological biases common among millennials. For instance, overconfidence bias often leads millennials to believe they understand Sharia rules better than they actually do, resulting in superficial compliance checks. Herding behaviour influences them to follow peers into trending digital instruments without verifying compliance. Higher literacy mitigates these biases by promoting analytical decision-making, encouraging verification of Sharia certification, and fostering deeper reflection on ethical implications. This behavioral correction is essential in digital investment ecosystems where rapid access and gamified interfaces amplify impulsive decisions.

Overall, evidence across the reviewed studies suggests that Sharia financial literacy plays a central role not only in shaping what millennials invest in, but also why and how they invest. It influences ethical evaluations, risk perceptions, product choices, responsiveness to digital cues, and alignment between values and actual financial behaviour. This underscores the importance of literacy as a multidimensional capability necessary for navigating modern Islamic financial markets.

### **Behavioral Mechanisms Linking Sharia Financial Literacy to Investment Decisions**

Although Sharia financial literacy shapes investment preferences, its deeper effect operates through behavioural pathways that connect knowledge to actual decision-making patterns. These mechanisms involve cognitive filtering, ethical-risk balancing, digital platform navigation, and the correction of behavioural finance distortions. The combined effect of these pathways determines the quality, consistency, and rationality of millennial investment decisions.

The first behavioural mechanism is cognitive filtering, where literacy allows millennials to evaluate investment information critically. In digital investment environments filled with influencers, advertisements, and platform-generated recommendations, cognitive filtering is essential for distinguishing legitimate Sharia-compliant products from those with inaccurate or exaggerated claims. High Sharia literacy enables millennials to evaluate financial ratios, business activities, contractual structures, and certification processes rather than relying on superficial branding cues. This filtering process helps prevent impulsive or misinformed decisions and reduces vulnerability to halal-labeled speculative assets, which have become increasingly prevalent.

Second, literacy strengthens ethical-risk balancing. Millennials often face tensions between maximizing returns and adhering to Sharia principles. Without strong literacy, they may perceive the two goals as mutually exclusive, leading either to avoidance of investments altogether or engagement in risky behaviour disguised as halal. Higher literacy helps investors understand that Islamic finance contains structured instruments with competitive returns, well-defined risk-sharing mechanisms, and diversified portfolios. This realistic ethical-risk balancing produces more stable and strategic investment behaviour.

Third, literacy improves digital platform navigation. Millennials make investment decisions primarily through mobile platforms that offer instant access to Islamic stocks, ETFs, sukuk, or crowdfunding ventures. Literacy enables users to interpret Sharia screening metrics provided on these platforms, such as debt thresholds, revenue purification ratios, or sectoral filter compliance. Without this knowledge, younger investors may misinterpret platform indicators or overlook essential compliance documentation. Improved navigation increases trust in legitimate platforms and discourages engagement with platforms lacking transparency.

Fourth, Sharia literacy reduces the impact of behavioural biases, one of the strongest determinants of millennial investment behaviour. Overconfidence declines when individuals realize that accurate Sharia evaluation requires structured knowledge. Herding behaviour is reduced when investors can independently validate compliance. Loss aversion becomes more rational as millennials gain a clearer understanding of permissible risk within Islamic financial structures. These corrected biases yield more stable investment patterns, lowering excessive speculation commonly found in digital markets.

To illustrate the behavioural influence of Sharia literacy across the reviewed literature, the following table synthesizes common mechanisms identified in empirical studies.

**Table 1. Behavioral Mechanisms Influenced by Sharia Financial Literacy**

| <b>Mechanism</b>             | <b>Description</b>                                             | <b>Observed Impact on Millennials' Investment Decisions (Evidence)</b>                                      |
|------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Cognitive filtering          | Ability to evaluate Sharia claims and product legitimacy       | Reduces susceptibility to misleading halal marketing; improves product verification (Alshater et al., 2022) |
| Ethical-risk balancing       | Aligning ethical values with realistic financial expectations  | Improves portfolio diversification and reduces avoidance of investment (Watkins, 2020)                      |
| Digital platform navigation  | Ability to interpret screening tools and compliance indicators | Enhances accurate selection of Sharia-approved assets (Indriyanti, 2022)                                    |
| Bias correction              | Mitigation of overconfidence, herding, and impulsivity         | Produces more informed, rational investment behaviour (WatkinsWei & Kar, 2023)                              |
| Intention-behavior alignment | Translating ethical intention into actual investment practice  | Strengthens consistency between values and financial choices (Samsulbahri et al., 2021)                     |

Collectively, these behavioural mechanisms explain why Sharia financial literacy exerts such a powerful influence on millennial investment decisions. Literacy enables millennials to behave not merely as *value-driven investors*, but as *knowledgeable ethical*

*financial agents* capable of navigating complex digital ecosystems while upholding Islamic financial principles. The findings indicate that literacy is not a peripheral variable but a structural determinant of decision-making quality in contemporary Islamic finance.

### **Contextual Moderators Influencing the Relationship Between Sharia Financial Literacy and Millennials' Investment Decisions**

The impact of Sharia financial literacy on millennials' investment decisions does not occur in isolation. Instead, it is shaped by a range of contextual moderators that strengthen or weaken the influence of literacy on actual investment behaviour. These moderating factors operate at structural, cultural, technological, and socio-psychological levels, creating a complex environment in which literacy interacts with external conditions. Understanding these moderators is essential for interpreting why Sharia financial literacy may lead to strong behavioural change in some settings yet show limited effects in others.

One of the strongest contextual moderators is digital financial infrastructure. Millennials increasingly rely on mobile investment applications, Islamic fintech platforms, and online trading systems for their investment activities. When digital platforms provide transparent Sharia disclosures, easy-to-understand screening indicators, and clear certification from credible Sharia Supervisory Boards, the influence of Sharia literacy on behaviour becomes significantly stronger. Millennials with high literacy can effectively cross-check platform claims and make rational judgments. However, when platforms lack transparency or use ambiguous compliance terminology, even literate millennials struggle to apply their knowledge. Studies such as Alshater et al. (2022) demonstrate that platform opacity weakens the behavioural impact of literacy because it undermines users' ability to verify compliance. This suggests that digital platform quality magnifies or negates the influence of Sharia financial literacy.

Social influence represents another key contextual moderator. Millennials tend to rely heavily on peer recommendations, family input, social media discussions, and financial influencers for investment guidance. While Sharia literacy equips millennials with the cognitive tools to challenge inaccurate claims, strong social pressure can override rational literacy-based judgment. Watkins (2020) found that herding behaviour in Islamic equity markets persisted even among investors with moderate literacy, indicating that social conformity can dilute the influence of knowledge. Conversely, in environments where peers promote Sharia-compliant investing, high literacy strengthens commitment to ethical financial choices. Therefore, social influence moderates whether literacy is amplified or overshadowed by external interpersonal dynamics.

Cultural religiosity also moderates the relationship between literacy and investment behaviour. In highly religious communities, millennials may be more motivated to use Sharia knowledge to guide investment decisions. However, when religiosity is ritualistic rather than knowledge-based, high religious commitment may coexist with low literacy, leading to inconsistent investment behaviours. This pattern appears in Malaysia and Indonesia, where millennials express strong religiosity but often invest in non-compliant digital products due to insufficient literacy. Studies from Samsulbahri (2021) confirm that religiosity alone cannot predict informed ethical investment decisions unless supported by Sharia literacy. Thus, cultural religiosity strengthens the behavioural impact of literacy only when it coexists with accurate financial knowledge.

Regulatory clarity is another essential moderator. In countries with strong Islamic financial governance structures, such as Malaysia and the UAE, standardized compliance frameworks help millennials apply Sharia literacy to evaluate investment products. Clear national Sharia guidelines, sectoral screening standards, and mandatory Sharia audit processes reduce ambiguity and support literacy-driven decision-making. In contrast, countries lacking unified Sharia certification systems or enforcement mechanisms create uncertainty that weakens the link between literacy and behaviour. Indriyani (2022) show that regulatory fragmentation in Indonesia causes millennials to rely on platform claims rather than literacy-driven evaluation, reducing the behavioural effects of knowledge.

Socioeconomic status further moderates the role of literacy. Millennials with stable income, greater investment capacity, and access to diverse financial products are more capable of acting on Sharia-based financial knowledge. Those with lower income or high financial insecurity may prioritize short-term convenience or higher yield investments over compliance considerations, even when they possess adequate literacy. This is supported by Wei & Kar (2023), who found that income constraints reduce the behavioural effects of financial knowledge among young investors. Thus, literacy has the strongest behavioural impact among millennials with enough financial flexibility to act on their ethical and informed preferences.

Psychological readiness and perceived behavioural control also shape how literacy is translated into action. According to the Theory of Planned Behavior, behavioural execution depends on both intention and perceived capability. Millennials with high literacy may still hesitate to engage in investment due to fear of loss, limited confidence, or assumptions that Sharia-compliant products are difficult to access. Literacy improves perceived behavioural control, but only when accompanied by supportive experiences such as user-friendly digital platforms, peer encouragement, and financial mentorship. This interaction explains why some highly literate millennials remain passive investors. Without psychological readiness, literacy does not fully convert to behavioural outcomes.

Collectively, these findings demonstrate that the relationship between Sharia financial literacy and millennials' investment decisions is not linear but moderated by interacting contextual forces. Digital infrastructure, social influence, regulatory clarity, religiosity, socioeconomic status, and psychological readiness can enhance or diminish the behavioural impact of literacy. Therefore, increasing Sharia financial literacy alone is insufficient for shaping millennial investment behaviour. Instead, literacy must operate within enabling environments that allow millennials to activate knowledge in a consistent, rational, and ethically aligned manner.

## **CONCLUSIONS**

This systematic review demonstrates that Sharia financial literacy plays a significant and multidimensional role in shaping millennials' investment decisions. Evidence across empirical studies shows that literacy strengthens ethical-risk balancing, enhances cognitive filtering of Sharia compliance claims, mitigates behavioural biases, improves navigation of digital investment platforms, and strengthens intention-behavior alignment in ethical finance. However, literacy does not operate in isolation. Its influence is moderated by contextual factors including digital platform transparency, social influence, religiosity, regulatory structures, socioeconomic capacity, and psychological readiness. These moderating forces determine whether literacy is translated into informed, consistent, and ethical investment practices. The findings highlight that Sharia financial literacy must be

addressed not only as a cognitive competency but as part of a broader ecosystem requiring institutional support, digital infrastructure reform, community engagement, and regulation that enables literacy-driven behaviour. Strengthening literacy alongside these contextual enablers is essential for empowering millennials to make rational, compliant, and value-driven investment decisions within rapidly evolving Islamic financial markets.

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