



The Influence of Islamic Financial Literacy on Investment Decisions of the Millennial Generation

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Abstract

This study examines the influence of Islamic financial literacy on the investment decisions of Indonesia's millennial generation amid the growing relevance of ethical and sharia-based finance. Using a qualitative descriptive method through library research, the study analyzes theories, prior findings, and secondary data from OJK and academic sources. The results show that Islamic financial literacy positively shapes millennial awareness, attitudes, and confidence in making investment decisions, encouraging participation in Islamic investment products. However, literacy levels remain relatively low due to limited formal education, lack of engaging educational media, misconceptions about complexity, and low product accessibility. Barriers such as information asymmetry and minimal innovation still hinder broader adoption, though digital platforms and influencer engagement offer promising solutions. The study concludes that improving Islamic financial literacy requires collaboration between the government, industry, academics, and digital communities through education, innovation, and inclusive digital strategies. Enhancing millennial literacy will not only strengthen the Islamic finance sector but also support ethical and sustainable economic growth aligned with Islamic principles..

Keywords: *Islamic financial literacy, Islamic investment, millennial generation, investment decisions, Islamic finance industry .*



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INTRODUCTION

The millennial generation, born between 1981 and 1996, has now become the largest demographic segment in Indonesia's population structure (Enam, & Konduri, 2018). Data from the Central Statistics Agency shows that the millennial generation contributes approximately 34 percent of Indonesia's total population, or around 69 million people (Mas'ul, 2023). As a productive age group entering career peaks and possessing continuously increasing economic capability, the millennial generation represents a highly strategic potential market for the financial industry, including the Islamic finance sector.

Indonesia, as the country with the largest Muslim population in the world, has extraordinary potential in developing the Islamic finance industry. The growth of Islamic financial assets shows a positive trend with consistent annual growth rates. However, the penetration of Islamic financial products, particularly in the investment segment, remains relatively low compared to Indonesia's large Muslim population. The Islamic Financial Literacy and Inclusion Index released by the Financial Services Authority shows that there is still a significant gap between market potential and the realization of Islamic financial product adoption (Masrizal et al. 2024).

In the investment context, the millennial generation possesses unique characteristics that distinguish them from previous generations. Millennials grew up in the digitalization era, have broad access to information through the internet, tend to be more open to financial innovation, and have preferences for ethical and sustainable values in investment decisions (Nurhidayati, 2025). These characteristics are actually highly aligned with Islamic finance principles that emphasize justice, transparency, and social responsibility. However, in reality, the adoption of Islamic investment products among millennials remains suboptimal.

One key factor influencing investment decisions is financial literacy. Financial literacy is defined as an individual's ability to understand basic financial concepts, manage personal finances effectively,

and make informed financial decisions (Sharma, 2013). In the Islamic finance context, financial literacy encompasses not only technical understanding of products and financial mechanisms but also understanding of the sharia principles underlying Islamic financial operations and products.

Islamic financial literacy becomes fundamental in driving the adoption of Islamic investment products. Without adequate understanding of sharia principles such as the prohibition of *riba*, *gharar*, *maysir*, as well as the concepts of profit-sharing and sharia contracts, society including the millennial generation will find it difficult to differentiate sharia products from conventional ones and understand the added value offered by sharia products. Low Islamic financial literacy can become a major obstacle in developing the Islamic investment market (Er & Mutlu, 2017).

Various studies have shown a positive relationship between financial literacy and healthy financial behavior and rational investment decisions. Individuals with high levels of financial literacy tend to be more active in investing, have better portfolio diversification, and make more informed investment decisions. However, specific research on Islamic financial literacy and its influence on investment decisions, particularly among the millennial generation, remains limited (Nikmah, et al. 2025). The level of Islamic financial literacy in Indonesia is still relatively low compared to general financial literacy, and this is an important condition that must be taken into account in research on the influence of Islamic literacy on the investment decisions of the millennial generation. The following is a summary of relevant data:

Table 1. Comparison of Sharia Financial Literacy and Inclusion Index in Indonesia 2019–2022

Financial Index	Year 2019	Year 2022	Notes
Sharia financial literacy	8,93 %	9,14 %	The Sharia literacy index remains <10 %.
Sharia financial inclusion	9,10 %	12,12 %	Improvements in sharia inclusion remain limited.

Source: OJK (2022)

The table shows that only about 9% of Indonesians in 2019 had Islamic financial literacy and slightly more than 12% in 2022 were included in Islamic financial inclusion, which illustrates that understanding and use of Islamic financial products is still very limited. This condition is an obstacle for millennials who may be interested in Islamic investment but do not yet have sufficient literacy to make the right investment decisions. If Islamic literacy remains at a low level, its potential influence on millennial investment decisions may not be maximized or may even be distorted by other factors such as social influence, digitalization, or investment behavior. This study will then examine the extent to which Islamic financial literacy can contribute to the investment decisions of the millennial generation in these less than ideal conditions.

Millennials, as a population accustomed to technology and high access to information, have unique characteristics in their investment decisions, including a desire for flexibility, convenience, and speed of access, so they are quicker to switch instruments if they feel they are suboptimal or do not suit their preferences. In the context of Islamic finance, millennials may consider aspects of *halal*, transparency, and sustainability in addition to returns, making Islamic literacy a key variable that enables them to recognize Islamic products and align them with their value preferences. However, if Islamic literacy is low, they may be trapped in products that are labeled “Islamic” but do not meet the standards in substance, or even choose conventional instruments that are easier to understand and access (Fischer, 2008).

The paradoxical phenomenon between the large millennial Muslim population and low Islamic investment penetration raises important questions: how much influence does Islamic financial literacy have on the investment decisions of the millennial generation? What factors influence the level of Islamic financial literacy among millennials? How do the unique characteristics of the millennial generation affect Islamic investment adoption patterns? And what strategies are effective in increasing Islamic financial literacy and encouraging Islamic investment decisions among the millennial generation?

This research is important given that the millennial generation will become the main driver of Indonesia's economic growth in the coming decades (Yohanes, et al. 2025). Their investment decisions

will shape the landscape of Indonesia's financial industry, including the Islamic finance sector. Understanding the factors influencing millennial investment decisions, particularly the role of Islamic financial literacy, will provide strategic insights for regulators, Islamic financial institutions, and related stakeholders in designing appropriate policies and strategies for Islamic finance industry development.

From an academic perspective, this research contributes to the development of literature on behavioral finance in the Islamic finance context, which remains relatively limited compared to conventional finance literature. A deeper understanding of the factors shaping Islamic investment decisions will enrich behavioral finance theory with the dimensions of religious and ethical values that characterize Islamic finance uniquely. From a practical perspective, this research is expected to provide concrete recommendations for the Islamic finance industry in developing products, marketing strategies, and education programs suited to the characteristics and preferences of the millennial generation. Thus, the great potential of the millennial market can be maximized to drive sustainable growth of the Islamic finance industry.

This research uses a qualitative approach with library research methods to comprehensively analyze the concept of Islamic financial literacy, characteristics of millennial investment behavior, and the dynamics of their relationship. Through analysis of various academic literature sources, industry reports, and related secondary data, this research attempts to map the landscape of Islamic financial literacy among millennials and identify its strategic implications for Islamic investment development in Indonesia. Sharia financial literacy appears to be a very important element in the framework of understanding and investment decision-making among millennials, especially in the context of sharia finance, which is growing but still immature in terms of literacy. This study explores the influence of Islamic literacy on millennials' investment decisions and identifies the extent to which this influence is mediated or moderated by variables such as digital literacy, religiosity, and access to Islamic investment products.

RESEARCH METHODS

This research uses qualitative methods with a library research approach. The research type is descriptive-analytical research aimed at describing and analyzing the phenomenon of the influence of Islamic financial literacy on the investment decisions of the millennial generation based on available literature and secondary data (Beheshti, et al. 2026). Data is collected through literature studies of various sources including: national and international academic journals discussing financial literacy, Islamic financial literacy, investment behavior, and millennial generation characteristics; textbooks on Islamic economics, Islamic finance, and consumer behavior; reports and publications from financial institutions such as the Financial Services Authority (OJK), Bank Indonesia, Central Statistics Agency; working papers and policy briefs from research institutions; and articles and digital content from credible sources relevant to the research topic.

Data analysis is conducted using content analysis and synthesis methods on the collected literature. The analysis process includes: identification of main themes and patterns emerging from various literature sources; comparison and contrast of various perspectives and findings from previous studies; synthesis of information to build comprehensive understanding of the relationship between Islamic financial literacy and millennial generation investment decisions; and drawing conclusions and developing recommendations based on literature analysis. This approach allows researchers to integrate various theoretical and empirical perspectives to produce holistic understanding of the phenomenon studied (Dubois, & Gibbert, 2010).

RESULTS AND DISCUSSION

Profile of Millennial Generation Islamic Financial Literacy in Indonesia

Islamic financial literacy among Indonesia's millennial generation shows a diverse profile with unique challenges and opportunities. Based on various surveys and academic studies, several main characteristics can be identified that describe the level of knowledge, attitudes, and Islamic financial behavior in this productive age group. First, there is a fairly large awareness gap. Although most Muslim millennials in Indonesia are aware of the existence of Islamic financial institutions, their understanding of the basic principles underlying the financial system remains limited. Many of them understand that Islamic banks "do not use interest," but do not yet deeply understand profit-sharing mechanisms, sharia

contract concepts such as *mudharabah*, *musyarakah*, or *murabahah*, nor Islamic economic principles that differentiate the Islamic financial system from the conventional system (Syahril, et al. 2021)

Various surveys show that when asked to explain terms such as *sukuk* or *murabahah*, most millennial respondents admit they have only heard the term without understanding its meaning substantially. This condition illustrates that awareness of the existence of Islamic finance is indeed increasing, but the depth of knowledge remains shallow. Second, there are differences in literacy levels between millennials with different educational backgrounds and experiences. Those who have formal education in Islamic studies or have taken Islamic economics courses generally have better literacy levels. Conversely, millennials from general, science, or engineering fields who have never been exposed to Islamic financial education show low levels of understanding, even though they may practice religion faithfully.

Third, there is a gap between declarative knowledge and practical knowledge. Many millennials understand basic Islamic finance concepts theoretically but do not know how to apply them in actual financial decisions. For example, they do not know how to open an Islamic investment account, choose products according to Islamic principles, or evaluate halal investment performance. This gap becomes an obstacle in converting knowledge into actual financial behavior. Fourth, the information sources used by millennials to learn Islamic finance are very diverse and mostly informal in nature. Unlike previous generations who obtained knowledge through formal educational institutions or religious figures, the millennial generation obtains more information through social media, content creators, and peer discussions. This phenomenon presents opportunities for wider and more attractive information dissemination, but also risks creating misunderstandings or shallow information (Stone, et al. 2019)

Platforms such as Instagram, YouTube, and TikTok have now become the main means of financial education among millennials. Many young preachers and financial practitioners create content about Islamic finance in casual and easily understood styles. The high level of user engagement with such content shows the great potential of digital media as an effective means of Islamic financial education. Fifth, there are still various misunderstandings and stereotypes about Islamic investment. One common misconception is the assumption that Islamic investment returns are always lower than conventional investment due to sharia restrictions. In fact, numerous studies show that Islamic investment performance can compete, even in some cases exceed conventional investment in the long term.

Another stereotype is the assumption that Islamic financial products are only for highly religious individuals or that the process is complex and bureaucratic. This view creates psychological barriers for millennials who are actually interested in ethical values in investment but feel that sharia products are not relevant to them. In fact, the development of sharia-based financial technology (Islamic fintech) has now significantly improved accessibility and user experience. The following data relates to millennials and Islamic financial literacy in Indonesia, but it should be noted that specific data on Islamic financial literacy for millennials is very limited and does not always explicitly include the “millennial” age range.

Table 2. Level of Sharia Financial Literacy–National Comparison and Millennials

Group	Year	Level of Sharia Financial Literacy (%)	Notes
National General population	2024	39,11 %	covering ages 15-79
National General population	2025	43,42 %	increase from the previous year
Millennial generation (DKI Jakarta)	2023	68,38 %	400 millennial respondents, 4 variables of sharia literacy

Source: OJK, (2024), Kumparan (2025), Wardani, & Maksum, (2023)

Table 2 presents a comparative overview of Sharia financial literacy levels between the national population and the millennial generation. The data indicate a steady improvement in national Sharia financial literacy, rising from 39.11 % in 2024 to 43.42 % in 2025, reflecting increasing public awareness and engagement with Islamic financial principles across Indonesia. However, a localized study conducted in DKI Jakarta in 2023 reveals a considerably higher literacy rate of 68.38 % among

millennials, based on four key dimensions of Sharia financial literacy and involving 400 respondents. This contrast suggests that younger, urban, and digitally literate generations demonstrate a more advanced understanding of Sharia-based financial systems, highlighting both the potential and disparity in financial literacy development across different demographic segments.

The millennial generation in Indonesia exhibits a heterogeneous level of Islamic financial literacy that reflects both promising opportunities and structural challenges in the diffusion of sharia-based economic knowledge. Although awareness of Islamic finance has significantly increased in recent years, many millennials still perceive it superficially, associating Islamic banks merely with the absence of interest without fully grasping the broader ethical and contractual principles that underlie the system. The basic understanding of key concepts such as *mudharabah* (profit-sharing partnership), *musyarakah* (joint venture partnership), and *murabahah* (cost-plus financing) remains limited among those without prior exposure to Islamic economics. This incomplete comprehension suggests that while exposure to the idea of Islamic finance is expanding, the cognitive depth and conceptual mastery required for practical application are still lacking. Consequently, Islamic financial literacy among millennials tends to remain at the level of declarative awareness rather than operational understanding, hindering its translation into meaningful financial behaviors.

Factors Influencing Millennial Islamic Financial Literacy

The level of Islamic financial literacy among the millennial generation is influenced by various interrelated factors. Understanding these factors is important for designing effective literacy improvement strategies. The first factor is educational background, both formal and informal. Formal education on Islamic economics in Indonesia remains limited. Only a few study programs such as Islamic Economics, Islamic Banking, or Islamic Studies provide deep understanding of the Islamic financial system. As a result, many millennials do not have the opportunity to learn the topic systematically.

In addition to formal education, family education also plays an important role. Millennials who grow up in families already accustomed to using Islamic financial products tend to have earlier understanding. Family discussions about Islamic finance become an important foundation for forming Islamic financial values and behavior at a young age. The second factor is level of religiosity. Various studies show a positive relationship between religiosity and Islamic financial literacy. Millennials who have high commitment to religious teachings, are active in religious activities, and strive to apply Islamic values in daily life tend to be more motivated to understand the Islamic financial system. They see this literacy not just as a financial skill but also as part of worship and application of Islamic values. However, religiosity without adequate economic knowledge does not automatically produce high literacy. Therefore, integration of Islamic financial education in religious curricula becomes an important need.

The third factor is direct experience with Islamic financial products. Millennials who have used services such as Islamic accounts, halal financing, or Islamic fintech applications have better understanding than those who have never tried. Real experience provides practical learning that is difficult to obtain from theory alone. However, there is a dilemma: someone needs basic knowledge to dare to try sharia products, while direct experience is also needed to deepen literacy. Therefore, education that facilitates new users is very important to overcome initial barriers. The fourth factor is access to information and learning resources. In the digital era, information is easily accessible, but quality educational content about Islamic finance remains limited. Much available material is too academic or presented in styles less attractive to millennials. Conversely, conventional financial content is more abundant, varied, and uses more communicative approaches. This imbalance causes the Islamic financial education ecosystem to develop suboptimally.

The fifth factor is social influence and friendship networks. The millennial generation is known to be highly influenced by their community and social environment. The "Fear of Missing Out" (FOMO) phenomenon often influences their financial decisions. When they see peers or role models discussing or using Islamic investment products, they tend to be interested in learning about them. Conversely, if there is no discussion or example in their social circle, interest in exploring sharia products tends to be low. Forming communities and public conversations about Islamic finance among millennials becomes a strategic step to increase adoption of these products.

Influence of Islamic Financial Literacy on Investment Decisions

Islamic financial literacy has a strong influence on the investment decisions of the millennial generation, covering all stages from awareness, consideration, to investment action and post-investment behavior. At the awareness stage, literacy determines whether a millennial knows about the availability of Islamic investment options aligned with Islamic values. Those with low literacy often do not realize the existence of such products, or may even avoid investment due to concerns about sharia non-compliance. With good literacy, they will understand that there are various halal instruments such as sharia stocks, Islamic mutual funds, and *sukuk* that can be part of their financial planning.

At the consideration stage, literacy plays a role in the ability to evaluate and compare investment options. Millennials who understand sharia principles can screen financial products to comply with halal requirements, understand differences between Islamic and conventional investment, and consider ethical values and social impact of their investment. They not only pursue material profit but also blessings and contribution to the real economy beneficial to society.

At the investment decision stage, literacy influences confidence and ability to make appropriate decisions. Millennials who understand how sharia products work, risks, and potential returns are more courageous to start investing. Lack of understanding often creates doubt and tendencies to postpone financial decisions. Various studies show that financial literacy is positively related to investment participation. In the sharia context, this also applies: millennials with high Islamic financial literacy are more likely to invest in halal products and have more diversified portfolios according to their respective risk profiles.

At the post-investment stage, literacy influences the ability to monitor and adjust portfolios. Millennials with high understanding are better able to assess investment performance, understand market fluctuations, and make strategy adjustments without panic when markets decline. They also show higher levels of satisfaction and loyalty toward Islamic financial products because they understand the spiritual and social values behind them. However, the influence of Islamic financial literacy on investment decisions is not singular or linear. Literacy is indeed an important prerequisite but not the only factor. Other elements such as income level, risk tolerance, financial goals, trust in Islamic financial institutions, and perceived ease of access also play important roles.

Several studies have found that the relationship between literacy and investment decisions is mediated by religiosity and trust factors. Millennials with high literacy and religiosity show the greatest tendency to invest in sharia products. Conversely, millennials with high literacy but low religiosity may not consider sharia compliance aspects as much because their motivation is pragmatic. Trust in Islamic financial institutions also becomes a key factor. Millennials who understand the sharia system but have negative perceptions of its financial institutions will tend to hesitate to invest. Therefore, transparency, professionalism, and reputation of Islamic financial institutions are very important to strengthen trust and millennial generation participation in the Islamic financial system.

The following table shows a comparison of millennial characteristics with different levels of Islamic financial literacy and their implications for investment behavior.

Table 3. Comparison of Millennial Investment Behavior Across Levels of Islamic Financial Literacy

Aspect	Low Literacy	Medium Literacy	High Literacy
Sharia Product Awareness	Minimal or unaware	Aware of some popular products	Comprehensive awareness
Understanding of Sharia Principles	Very limited	Basic understanding	Deep understanding
Product Evaluation Ability	Cannot differentiate	Can differentiate generally	Can perform detailed screening
Islamic Investment Participation	Very low (<5%)	Moderate (15-25%)	High (>40%)
Information Sources	Sporadic, word of mouth	Social media, online articles	Diversified, including expert sources

Aspect	Low Literacy	Medium Literacy	High Literacy
Confidence Level	Low, much doubt	Moderate, still needs validation	High, self-directed
Investment Horizon	Tends to be short-term/unclear	Medium-term	Long-term strategic
Portfolio Diversification	Minimal or none	Limited to 1-2 products	Diversified across products

Source: Synthesis from various studies on Islamic financial literacy and investment behavior (2020-2024)

Barriers to Increasing Islamic Investment Adoption Among Millennials

Although Islamic financial literacy has been proven to have a positive influence on investment decisions, there are still various barriers preventing wider adoption of Islamic investment, particularly among the millennial generation. Deep understanding of these barriers becomes important for formulating effective strategies to increase Islamic finance market penetration in the young generation segment (Fauzan, 2024).

Millennial engagement with Islamic financial products in Indonesia continues to face several structural and behavioral barriers that influence their investment decisions. One of the most evident challenges is the limited visibility and accessibility of Islamic investment products in comparison to conventional ones. Conventional financial products dominate digital marketing spaces, social media platforms, and influencer-driven promotions, while sharia-compliant alternatives are rarely highlighted in mainstream channels. As a result, when millennials seek investment options online, they are more frequently exposed to conventional offerings, leading to a phenomenon known as default bias, where individuals unconsciously gravitate toward the most visible and familiar options. The scarcity of online reviews, product comparisons, and educational tutorials about Islamic investments further strengthens this bias, leaving many potential investors unaware of viable halal alternatives.

Another prominent issue lies in the perception of complexity surrounding Islamic financial products. Many millennials perceive sharia-based investments as more complicated due to the frequent use of Arabic terminologies such as *mudharabah*, *musyarakah*, *wakalah*, and *ijarah*. For those without an educational background in Islamic economics, these terms can appear foreign and intimidating. This linguistic barrier discourages them from exploring further, despite the fact that the mechanisms of Islamic investments are not inherently more complicated than conventional systems. The problem stems largely from communication style rather than structural complexity. Clearer, simpler explanations that translate sharia concepts into everyday financial language could make Islamic finance more approachable to the digital generation. (Irundas, & Waliyuddinsyah, 2024).

Misconceptions about Islamic investment performance also persist among millennials. A large portion still assumes that sharia-compliant products yield lower returns due to their ethical restrictions, such as avoiding interest-based institutions and industries like alcohol or gambling. However, empirical studies show that Islamic portfolios, which emphasize low leverage and ethical governance, often demonstrate greater stability during financial downturns. For instance, Islamic equity indices in Southeast Asia have shown competitive returns during periods of market volatility. Despite these findings, awareness of such performance data remains limited, causing millennials to underestimate the long-term profitability and resilience of Islamic investment instruments.

Innovation gaps within the Islamic finance sector also play a significant role in shaping millennial perceptions. While conventional finance has introduced diverse and modern investment options, such as crypto assets, thematic mutual funds, and technology-based products, Islamic finance remains comparatively conservative. Millennials accustomed to fast-evolving digital investment trends often feel that Islamic products do not offer sufficient variety or relevance to their interests. Certain asset classes, particularly those related to digital or derivative instruments, still lack clear sharia-compliant alternatives, leaving tech-savvy investors hesitant to fully adopt halal investment portfolios.

Digital accessibility and user experience further determine millennial engagement levels. Although the rise of Islamic fintech platforms has improved overall access, usability issues still hinder adoption. Complicated registration procedures, non-intuitive interfaces, and slow customer support

discourage young users who prioritize speed and convenience in financial transactions. In contrast, conventional investment platforms often offer sleek designs, seamless onboarding processes, and interactive dashboards that meet the expectations of a generation raised on digital efficiency. Even minor inconveniences in digital navigation can lead to abandonment of Islamic investment platforms (Ferguson, 2024).

The issue of financial accessibility also remains pressing, as many Islamic investment products require relatively high minimum initial capital. Instruments such as retail *sukuk* or structured Islamic products often demand substantial entry amounts, which are unaffordable for early-career millennials with limited disposable income. While Islamic mutual funds have recently introduced lower entry thresholds, the lack of variety in low-capital halal investments continues to restrict participation among young investors. Expanding micro-investment options and fractional sharia portfolios could provide a more inclusive entry point for this demographic.

A shortage of qualified Islamic financial advisors further exacerbates these challenges. Many millennials prefer consulting professionals before making significant financial decisions, yet the number of advisors with certified expertise in sharia-compliant finance remains limited. This scarcity creates an information gap, forcing millennials to rely on general advisors who may not fully grasp Islamic financial principles. Consequently, the absence of proper guidance reduces trust and discourages more complex investment decisions, such as diversification or portfolio rebalancing under sharia constraints.

Finally, social influence plays an increasingly dominant role in shaping millennial investment behavior. In an era where financial trends are driven by social media and peer networks, Islamic investment discussions remain relatively underrepresented in mainstream online spaces. Viral topics such as meme stocks, cryptocurrency trading, or speculative investments often overshadow conversations about ethical and halal investing. This imbalance fosters a "follow-the-crowd" mentality, where millennials engage more readily with popular trends regardless of their compatibility with Islamic principles. The lack of visible sharia voices in digital financial ecosystems leaves many young Muslims uncertain about how to invest responsibly while adhering to their faith.

Strategies for Increasing Literacy and Islamic Investment Adoption

Efforts to overcome the barriers faced by millennials in engaging with Islamic financial products require a comprehensive, collaborative, and multi-sectoral approach that involves the government, financial institutions, academia, and digital communities. One of the most crucial strategies is integrating Islamic financial literacy into the national education system. The Ministry of Education can gradually include basic Islamic financial concepts in secondary and tertiary curricula, not necessarily as independent subjects, but embedded within economics, entrepreneurship, or Islamic studies. This integration would allow students to develop foundational knowledge of Islamic finance principles before entering the workforce, fostering familiarity and reducing the sense of complexity often associated with sharia-based products. At the university level, Islamic finance courses should be open to students from all disciplines, ensuring that the understanding of halal financial principles becomes mainstream rather than exclusive to Islamic economics majors.

Another key aspect is the development of appealing and relatable digital content to promote Islamic financial literacy. The Islamic finance industry, together with content creators, financial authorities, and educational institutions, can collaborate to produce educational materials that are visually engaging and easily digestible. Short videos, infographics, podcasts, and interactive webinars can effectively translate complex Islamic finance concepts into practical knowledge. The use of simple, conversational language, rather than overly technical or Arabic-heavy terminology, can make the message more approachable to millennials. Emphasizing benefits, ethical values, and real-life financial relevance rather than abstract legalistic explanations would make Islamic finance more emotionally and intellectually resonant with younger audiences.

Collaboration with influencers and online communities is also a promising pathway for spreading awareness. Millennials are highly responsive to peer recommendations and relatable role models, making influencer partnerships more effective than traditional advertising campaigns. Financial influencers or public figures who have successfully practiced halal investing can serve as credible advocates, sharing authentic experiences that inspire others. Moreover, the establishment of online and offline Islamic investment communities can provide a space for knowledge sharing, peer learning, and

mutual support among young investors. These communities can help normalize discussions about halal investing, transforming Islamic financial engagement from a niche activity into a growing cultural movement.

Innovation within the Islamic finance industry is equally vital. Financial institutions must continuously develop products that align with the interests and habits of the millennial generation, such as micro-investment platforms, Islamic robo-advisors, or thematic mutual funds that focus on sustainability, technology, and social impact. Simplifying product presentation is essential, rather than overwhelming consumers with contractual terminology; institutions should communicate in terms of goals, benefits, and outcomes. Millennials are more responsive to narratives about achieving financial independence ethically than to legalistic details about contract types. Therefore, innovation must go hand in hand with clarity and empathy in product communication.

Enhancing the digital experience of Islamic investment platforms represents another strategic priority. Millennials expect user-friendly, efficient, and responsive digital services that mirror the convenience of mainstream fintech platforms. Investing in intuitive interfaces, streamlined registration processes, fast transaction systems, and proactive customer support will significantly increase user satisfaction and adoption rates. Integrating Islamic investment applications with popular digital wallets or payment ecosystems could also facilitate access for users already comfortable with mobile-based financial management. In essence, seamless digital experiences are not just conveniences but determining factors in millennials' willingness to engage with Islamic finance.

A robust Islamic financial ecosystem requires active cooperation among all stakeholders. Regulators such as the Otoritas Jasa Keuangan (OJK) can provide a supportive legal and institutional framework, financial institutions can supply products and resources, fintech companies can offer innovative technological infrastructure, universities can contribute through education and research, and Islamic organizations can lend moral and religious legitimacy. Cross-sector initiatives, including national literacy campaigns, halal investment expos, and certification programs for Islamic financial advisors, can foster mutual reinforcement among these actors. The presence of certified advisors who can interpret sharia financial principles within modern economic contexts would also enhance public trust and bridge the gap between theory and practice (Suaidi, 2025).

Building public confidence further depends on the transparent dissemination of empirical data regarding Islamic investment performance. Misconceptions about lower returns can be countered through regular publication of comparative studies, annual reports, and independent evaluations of Islamic versus conventional products. Data-backed communication emphasizing stability, ethical resilience, and long-term profitability would provide credible evidence of the competitiveness of sharia investments. Such transparency not only strengthens investor confidence but also elevates the reputation of Islamic finance in broader financial discourse.

Regulatory support and government-backed incentives can serve as accelerators for change. The introduction of tax benefits for young investors participating in sharia-compliant products, matching fund programs to encourage initial investments, and easier licensing procedures for Islamic fintech startups would create a more inclusive and attractive environment. Simultaneously, regulators must maintain a balance between fostering innovation and ensuring consumer protection through updated guidelines and compliance standards. With these concerted efforts, the integration of Islamic financial literacy and investment behavior among millennials can progress from fragmented initiatives into a unified national movement that supports both ethical finance and sustainable economic growth.

The role of technology in Islamic investment literacy and access, digital transformation plays a major role in expanding Islamic investment access. Technologies such as *e-learning platforms*, *robo-advisors*, *AI chatbots*, and *blockchain* can be used to educate, guide, and facilitate society in investing halalally. Educational applications based on *gamification*, *Islamic robo-advisors* that adjust to user risk profiles, and interactive *AI chatbots* that answer questions about contracts and sharia laws are some examples of effective technology applications. Additionally, *blockchain* use can increase transparency and trust, while *big data* analytics enable product personalization according to individual needs. Thus, technology becomes not only a tool but also a bridge to increase Islamic financial inclusion among the young generation.

Implications for the Islamic finance industry, findings about the relationship between literacy and millennial investment decisions have strategic implications for Indonesia's Islamic finance industry. First, repositioning the image of Islamic finance from exclusive to more universal is needed highlighting

values of justice, transparency, and sustainability. Second, developing young talent who understand digital consumer behavior becomes very important. Third, sustainable innovation and digital transformation must become priorities for the industry to remain relevant. Finally, building trust through transparency and consistency becomes key to this industry's sustainability. The combination of literacy, technology, and trust will make Islamic finance not just an ethical choice but also a smart financial strategy for Indonesia's millennial generation

CONCLUSION

Islamic financial literacy has been found to significantly influence the investment decisions of Indonesia's millennial generation by shaping awareness, attitudes, and confidence toward sharia-compliant financial behavior. However, literacy levels remain relatively low, creating a gap between the vast market potential and actual participation in Islamic investment. Contributing factors include limited formal education on Islamic finance, lack of engaging educational content, misconceptions about performance, and restricted product accessibility. Despite this, millennials—characterized as digital natives with strong ethical and social values—naturally align with Islamic finance principles emphasizing justice, transparency, and social responsibility. Yet, challenges such as information asymmetry, low visibility of products, and perceived complexity continue to impede widespread adoption.

Addressing these barriers requires coordinated efforts involving education, industry, and government stakeholders. Integrating Islamic finance concepts into curricula, producing attractive digital content, leveraging influencers, fostering community engagement, and enhancing digital user experiences can collectively strengthen literacy and participation. The adoption of modern technologies such as e-learning platforms, robo-advisors, and blockchain further offers new opportunities to democratize access to Islamic financial knowledge and services. Strengthening literacy among millennials is not only vital for the Islamic finance industry's growth but also for advancing national goals of financial inclusion, ethical economic development, and sustainable growth consistent with Islamic values.

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