

Appraising the Determinants and Outcomes of Islamic Financial Literacy through the Lens of a Systematic Literature Review

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Abstract: This research illuminates the determinants and outcomes of Islamic financial literacy as scrutinized in prior investigations. A systematic literature review unfolded across the Scopus database from 2016 to 2023. This investigation encompasses 22 articles from the 40 scholarly works extracted from the Scopus database. The Journal of Islamic Accounting and Business Research emerges as the most prolific disseminator of insights into the determinants and outcomes of Islamic financial literacy, credited to its robust publication frequency throughout the year. The autonomous and reliant facets of Islamic financial literacy were predominantly studied, with emphasis not only on individual dynamics but also on business perspectives. The determinants instigating Islamic financial literacy congregate within the affective, conative, family influence, self-controlled, and demographic predictors. Conversely, the ramifications stemming from Islamic financial literacy manifest in cognitive, affective, and conative dimensions, leaving an indelible imprint on the business realm. Geographic focus reveals a concentration of prior investigation within Muslim-majority nations, predominantly Indonesia. Furthermore, the investigation discovers that past studies were mainly conducted in the context of Islamic banking. The evidence from the present study provides input to researchers in conducting further research on Islamic financial literacy.

Keywords: *Islamic Finance, Islamic Financial Literacy, Muslims, Scopus, Systematic Literature Review*

1. Introduction

Increasing interest has been shown among researchers on Islamic financial literacy, especially in countries with a high population of Muslims. Islamic financial literacy refers to the awareness, knowledge, skills, attitudes, and behavior of Islamic financial activities (Mujiatun et al., 2023). Islamic financial literacy has also been quoted as *Sharia* financial literacy or literacy in Islamic finance in various research (Hoque et al., 2022; Satria et al., 2023; Srisusilawati et al., 2022). In contrast to financial literacy, Islamic financial literacy integrates an Islamic or *Sharia* perspective into its conceptualization.

In the Malaysian context, financial literacy has gained the attention of the banking system's regulator, Bank Negara Malaysia. The launching of the second Financial Inclusion Framework 2023-2026 shows the continuous commitment of Bank Negara Malaysia to improving financial inclusion and enhancing Malaysia's financial well-being and living standards (Bank Negara Malaysia, 2023). The Financial Education Network (FEN), an inter-agency consortium with eight members and 22 collaborating institutions, is playing a crucial role in supporting this framework. FEN aims to enhance financial literacy among Malaysians (Bank Negara Malaysia, 2016). The Financial Inclusion Framework also receives support from the National Strategy for Financial Literacy 2019-2023 with the mission to enhance financial education, which in turn will improve financial literacy among the Malaysian community (Bank Negara Malaysia, 2019). It is a known fact that justified decisions on financial matters and financial resilience can be achieved by financially literate individuals (Bank Negara Malaysia, 2019).

Motivation of Study

The main objective of conducting this study is to explore the determinants and outcomes of Islamic financial literacy in past studies. Such exploration would shed light on the existing level of exploration on Islamic financial literacy as the systematic literature review will provide the compilation of past studies (Okoli and Schabram, 2010). The systematic literature review would also highlight the loophole in the existing studies

(Xiao & Watson, 2019; Tamrin et al., 2017). This study reviewed articles published in Scopus-indexed journals from the year 2016 until 2023.

Research Questions

This research has been carried out based on the following research questions:

Research Question 1: Who are the respondents in previous research?

Knowing the respondents studied in previous research would allow us to understand the behavior of different types of respondents, as affected by specific determinants and causes of specific outcomes. Human behaviors differ due to the different characteristics and nature of human beings. It would be interesting to see the diverse behavior of the respondents as it sheds light on conducting future research.

Research Question 2: What are the study contexts in previous research?

The study contexts set the basis for understanding the evidence provided by previous research. It specifies the specific areas where past research has been carried out. It also shows the variation in the determinants and outcomes of Islamic financial literacy across different study contexts. This helps us to determine the areas that need to be studied in future research to be conducted.

Research Question 3: Which countries became the venues for conducting previous research?

Population differs from one country to another. The population influences the nature, customs and expectations of the people in the country. Knowing the countries that became the venues for conducting the previous research would facilitate us in understanding the evidence provided by the previous research, besides assisting researchers in planning their future research.

Research Question 4: What are the determinants of Islamic financial literacy in previous research?

Recognizing the factors that determine Islamic financial literacy would enable us to understand the factors that could influence Islamic financial literacy. This would assist future researchers in designing their studies, specifically in determining the factors that they would study in their research.

Research Question 5: What are the outcomes of Islamic financial literacy in previous research?

Identification of the outcomes of Islamic financial literacy would enable us to understand the impact that Islamic financial literacy could have. This would assist future researchers in determining what impact they would like to discover in their research.

2. Research Methodology

Kitchenham et al. (2009) method of conducting a systematic literature review guided this study. Six researchers were involved in performing the systematic literature review of journal articles on Islamic financial literacy. The systematic literature review conducted involves all the phases recommended by Kitchenham et al. (2009) from planning the systematic literature review, executing the systematic literature review, and reporting the systematic literature review conducted. This study also employed Okoli and Schabram's (2020) steps of conducting systematic literature. The steps encompass (1) defining the purpose of conducting literature, (2) delineating the protocol of conducting research, (3) searching the literature, (4) implementing practical screening, (5) assessing quality, (6) extracting data, (7) synthesizing the literature, and (8) writing the completed review.

As stated earlier, exploring the determinants and outcomes of Islamic financial literacy in past studies is the main objective of this study. The protocol of this research outlines the research objective and questions, as well as a systematic literature review as the research method for this study. Database containing Scopus-indexed journals was searched as it contains compelling and reliable research articles. Practical screening, an

indispensable phase, winnowed out extraneous articles, ensuring a focused investigation of Islamic financial literacy. Quality appraisal was safeguarded by exclusively considering journal articles, products of a stringent review process by adept evaluators. Extracting data from these chosen articles involved capturing details on respondents, study context, research venues, determinants, and outcomes of Islamic financial literacy. The denouement of this research endeavor materialized in the comprehensive documentation of the systematic literature review process.

The initial string searches yielded 40 journal articles, and after judicious quality appraisal and practical screening, 22 articles emerged as germane for further scrutiny, as delineated in Table 1.

Table 1: Selected Empirical Studies

No.	Authors	Journal
P1	Mujiatun et al. (2023)	Sustainability
P2	Patrisia et al. (2023)	ISRA International Journal of Islamic Finance
P3	Yusfiarto et al. (2023)	Journal of Islamic Accounting and Business Research
P4	Gunawan (2023)	Quality – Access to Success
P5	Satria et al. (2023)	Quality – Access to Success
P6	Pala et al. (2023)	Journal of Islamic Accounting and Business Research
P7	Oemar et al. (2023)	Corporate Governance and Organizational Behavior Review
P8	Osman et al. (2023)	Journal of Islamic Marketing
P9	Yeni et al. (2023)	Cogent Economics and Finance
P10	Hoque et al. (2022)	Sustainability
P11	Srisusilawati et al. (2022)	F1000Research
P12	Al-Awlaqi & Aamer (2022)	International Journal of Emerging Markets
P13	Majid & Nugraha (2022)	Journal of Islamic Monetary Economics and Finance
P14	Widyastuti et al. (2021)	Journal of Islamic Accounting and Business Research
P15	Kevser & Dogan (2021)	Transition Studies Review
P16	Md. Sapir @ Md. Shafik & Wan Ahmad (2020)	Journal of Islamic Accounting and Business Research
P17	Daradkah et al. (2020)	Transition Studies Review
P18	Lajuni et al. (2020)	Malaysian Journal of Consumer and Family Economics
P19	Utomo et al. (2020)	Journal of Islamic Marketing
P20	Albaity & Rahman (2019)	International Journal of Emerging Markets
P21	Warsame & Ireri (2018)	International Journal of Bank Marketing
P22	Abdul Rahim et al. (2016)	International Journal of Economics and Financial Issues

3. Findings and Arguments

The meticulous review of the 22 carefully selected articles provided the research team with insights to address the five research questions.

Research Question 1: Who are the respondents in previous research?

Previous investigations into the determinants and outcomes of Islamic financial literacy predominantly scrutinized the individual perspective, besides the business perspective. Within the individual paradigm, respondents encompassed Muslim individuals, investors of Islamic instruments, customers of Islamic banks, customers of conventional banks, prospective Muslim investors, prospective Islamic bank customers, past investors in Islamic unit trusts, Muslim university students, and members of the public in general, as shown in Table 2. On the business front, insights were derived from entrepreneurs in the *Halal* tourism sector, small and medium enterprise (SME) entrepreneurs, street vendors in the SME sector, and business owners in general, as shown in Table 3.

Table 2: Respondents in Previous Research (Individual Perspective)

Paper No.	Respondents
P2	Muslim individuals of Gen Z
P3	Investors of Islamic instruments
P4	University members
P6	
P9	Islamic bank customers
P10	
P7	Muslim workers
P8	
P12	Islamic bank and conventional bank customers
P20	Potential Islamic bank customers
P13	Prospective Muslim investors
P14	Past investors of Islamic unit trust
P15	
P17	Members of the public
P21	
P16	Muslim university students
P22	
P18	Bank customers

Table 3: Respondents in Previous Research (Business Perspective)

Paper No.	Respondents
P1	Halal-tourism entrepreneurs
P5	Small and medium enterprise entrepreneurs
P11	Small and medium enterprise street vendors
P19	Business owners

Research Question 2: What are the study contexts in previous research?

The canvas of Islamic financial literacy in prior research primarily unfolded within the precincts of Islamic banking. Additionally, investigations extended to encompass Islamic financial products and services, the Islamic capital market, Islamic unit trust, Islamic financial management, zakat on income, crowdfunding FinTech platforms for Islamic securities, small and medium enterprises (SMEs), and micro, small, and medium enterprises (MSMEs) in the *Halal* tourism sector. Notably, some studies did not explicitly specify any particular context. The study contexts are shown in Table 4.

Table 4: Study Contexts in Previous Research

Paper No.	Study Contexts
P1	Micro, small and medium enterprises in the Halal tourism sector
P5	
P11	Small and medium enterprises
P3	Islamic capital market
P6	
P9	
P10	
P17	Islamic banking
P20	
P21	
P12	Islamic and conventional banking
P8	Islamic financial management
P13	Islamic securities crowdfunding FinTech platform
P14	Islamic unit trust
P18	Islamic financial products

P19	
P7	Zakat on income
P2	
P4	
P15	Not specified
P16	
P22	

Research Question 3: Which countries became the venues for conducting previous research?

The geographical landscape of previous research on Islamic financial literacy predominantly centered around Muslim-majority nations, with Indonesia taking the lead. Other countries contributing to the body of knowledge include Malaysia, the United Arab Emirates, Turkey, Bangladesh, Yemen, and Jordan. This geographical concentration might be attributed to the heightened interest of Muslim researchers in Islamic financial literacy.

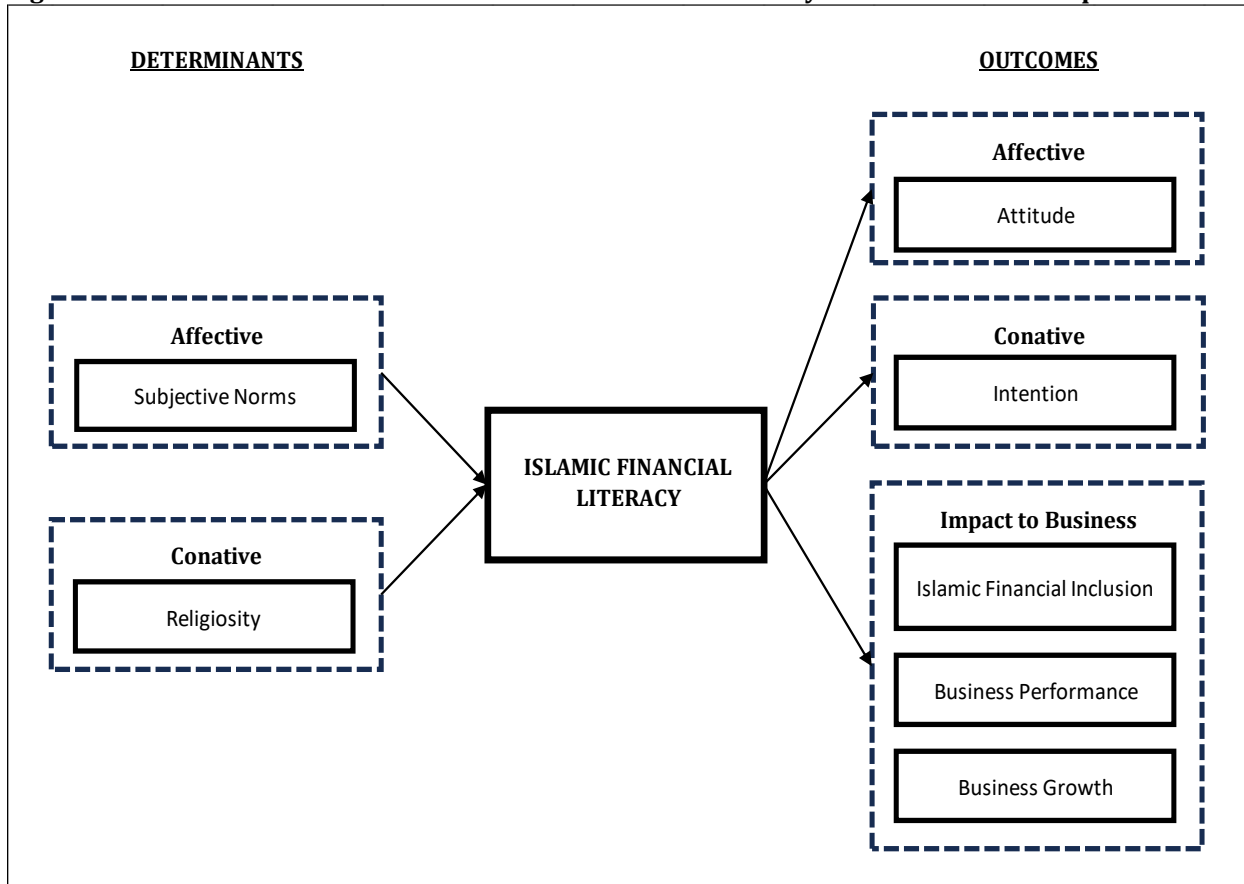
Table 5: Countries where Previous Research was Conducted

Paper No.	Countries
P1	
P2	
P3	
P4	
P5	
P7	Indonesia
P9	
P11	
P13	
P14	
P19	
P6	Turkey
P15	
P8	
P16	Malaysia
P18	
P22	
P10	Bangladesh
P12	Yaman
P17	Jordan
P20	United Arab Emirates
P21	

Research Question 4: What are the determinants of Islamic financial literacy in previous research?

The determinants of Islamic financial literacy are clustered into affective and conative dimensions for studies emanating from the business perspective (as illustrated in Figure 1). In contrast, investigations from the individual perspective revealed determinants grouped into family influence, self-controlled, and demographic predictors (as depicted in Figure 2).

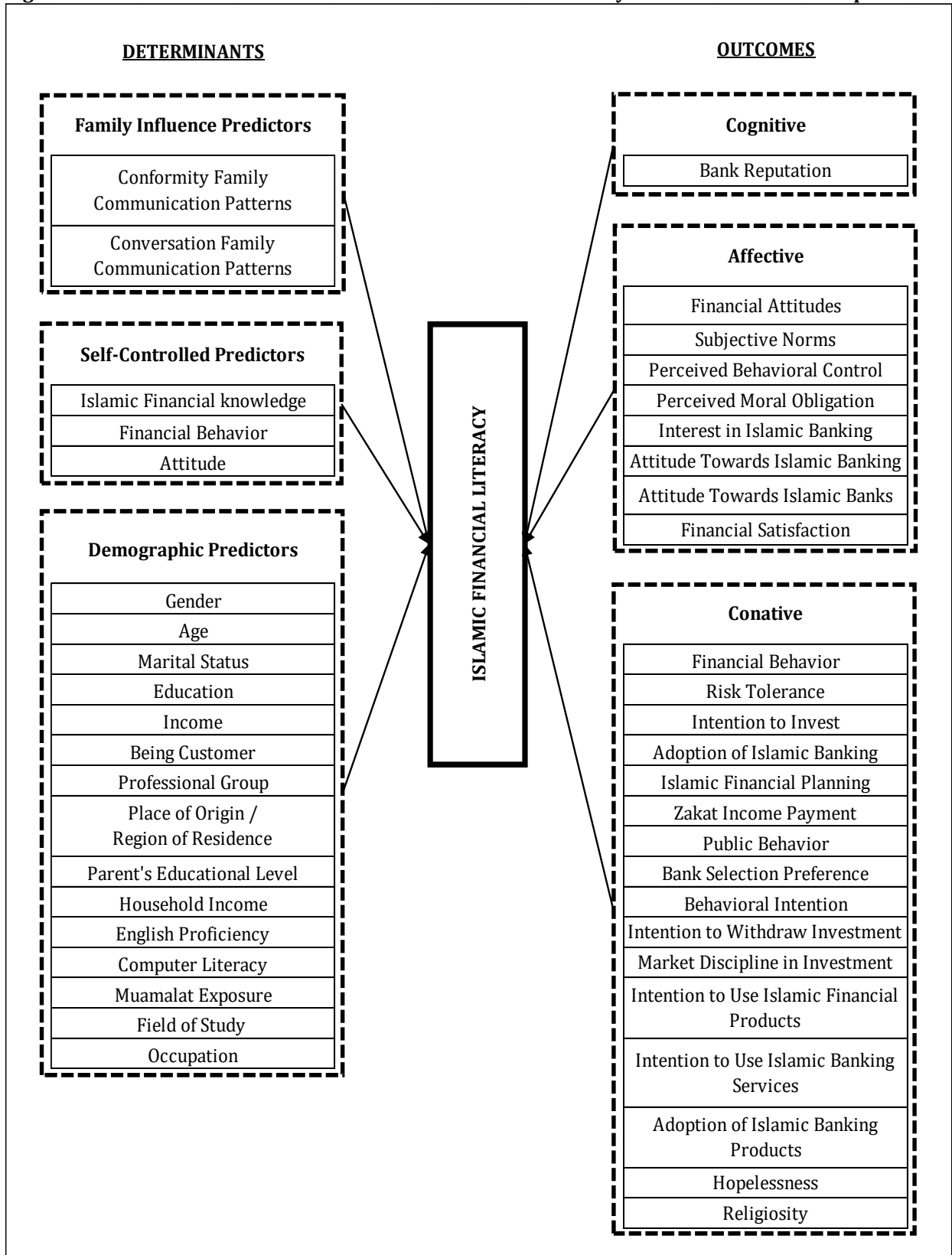
Figure 1: Determinants and Outcomes of Islamic Financial Literacy from a Business Perspective



Research Question 5: What are the outcomes of Islamic financial literacy in previous research?

Outcomes stemming from Islamic financial literacy are clustered into affective, conative, and impact on the business for studies approached from the business perspective (as illustrated in Figure 1). Conversely, outcomes from the individual perspective coalesced into cognitive, affective, and conative dimensions (as depicted in Figure 2). These delineations provide a nuanced understanding of the multifaceted impact of Islamic financial literacy on individuals and businesses alike.

Figure 2: Determinants and Outcomes of Islamic Financial Literacy from an Individual Perspective



4. Conclusion

This investigation illuminates the prevailing patterns in the determinants and outcomes of Islamic financial literacy. The determinants of Islamic financial literacy are classified into affective, conative, family influence predictors, self-controlled predictors, and demographic predictors. On the other hand, the outcomes of Islamic financial literacy are classified into cognitive, affective, conative and impact on business. It is also noted that prior research was concentrated on studying the perspective of the individual rather than from a business perspective. Islamic banking emerged as the main context for studying Islamic financial literacy in previous research. This is because Islamic banking is the most significant component among the few components of Islamic finance. Past studies on Islamic financial literacy were carried out mainly in countries dominated by Muslims. The research evidence outlines the basis for future research design on Islamic financial literacy. The industries can also benefit as this study provides the input for them to strategize their businesses in the increasingly competitive environment. Nevertheless, more studies on the determinants and outcomes of Islamic financial literacy are required to enable us to better appreciate the importance of Islamic financial literacy.

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