



## Strengthening Economic Stability in Muslim Families: The Role of Islamic Financial Literacy Post-Covid-19

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### Abstract

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The COVID-19 pandemic has significantly disrupted global economic stability, profoundly impacting Indonesia's Muslim households. As a population heavily reliant on informal sectors, declining incomes and limited access to necessities have created economic instability and challenges in applying Islamic financial principles, such as debt management, zakat, infaq, and sadaqah. This study examines the relationship between the pandemic and Muslim families' economic stability, investigates how Islamic financial literacy influences financial planning, and identifies challenges in implementing post-pandemic Sharia financial principles. This research systematically analyzes secondary data from scholarly articles, institutional reports, and Islamic legal sources using a literature review method. Findings reveal that the pandemic exacerbated economic hardships, limiting families' ability to fulfill Sharia obligations and forcing reliance on high-interest financing due to inadequate access to Islamic financial services. Islamic financial literacy emerged as a critical factor, empowering households to navigate economic challenges by fostering Sharia-compliant financial practices such as zakat allocation, usury avoidance, and halal investments. Challenges include low literacy levels, limited access to Islamic financial services, and difficulties fulfilling socio-religious obligations during economic crises. The study underscores the urgency of enhancing financial literacy and expanding access to Islamic financial products as vital measures to safeguard the economic stability of Muslim families. This research contributes to understanding Islamic financial planning's role during economic crises, highlighting the importance of integrating financial literacy and Sharia principles to support resilience. Novel insights include addressing structural barriers and proposing collaborative strategies for policymakers, Islamic financial institutions, and educators to ensure more inclusive and sustainable financial practices.

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## INTRODUCTION

The COVID-19 pandemic has profoundly impacted economic stability globally, and Indonesia is no exception. The pandemic has led to significant disruptions in various sectors, increasing unemployment rates, and declining household incomes. Research indicates that the economic fallout from the pandemic has disproportionately affected vulnerable populations, including the majority Muslim demographic, which constitutes about 87% of Indonesia's population (Nugroho et al., 2021; M. A. Nugroho & Nugroho, 2024). Reduced household income, job loss, and difficulties in meeting basic needs result in a decline in the welfare of Muslim families. This condition has implications for applying Islamic financial principles in daily life, such as debt management, zakat obligations, infaq, and sadaqah, which are challenges amid financial limitations (Nugroho & Mariyanti, 2021; Sahadevan et al., 2023).

The COVID-19 pandemic has not only impacted public health but has also significantly paralyzed the household economy. That impacted many Muslim families in Indonesia, who faced financial uncertainty and saw that household income declined drastically (Anoraga et al., 2022). At the same time, basic needs must still be met. This phenomenon illustrates the impact of COVID-19 on the economic stability of Muslim families in Indonesia.

Although the principles of Islamic finance encourage wise and Islamic values-based management of assets, such as the prohibition of *riba* and the obligation of zakat, infaq, and shadaqah, many Muslim families have faced difficulties in carrying out Islamic financial planning optimally during the pandemic. Limited income due to the pandemic has made it difficult for many families to avoid usury-based debts, and the obligation of zakat and infaq that is usually done to help others is also hampered (Uula & Maziyyah, 2023). Although Islamic financial literacy is essential in helping households manage their finances effectively, research shows it is still low among Indonesians (Darmaningrum et al., 2023; Nugroho, 2022; Yusron & Suryandari, 2022). Education level and income also affect a family's financial planning ability. Based on previous research, financial literacy positively influences Islamic financial planning, where the higher the financial literacy a person has, the better their ability to manage household finances following Sharia principles (Rozikin & Sholekhah, 2020). However, the study also shows that higher income does not always correlate with better skills in Islamic financial planning (Bird et al., 2014; Sahid et al., 2023). This indicates that financial literacy and education play a more dominant role than income in maintaining the financial stability of Muslim families.

The COVID-19 pandemic has also posed challenges in access to sharia financing. Many Muslim families are forced to take on high-interest debt due to limited access to Islamic financial services. In addition, the implementation of zakat, infaq, and shadaqah obligations, usually the pillars of social welfare in Islam, is hampered due to a decrease in income. These challenges further highlight the gap between Islamic financial idealism and the economic realities faced by Muslim families during and after the pandemic. Following the phenomenon and gap phenomenon above, the formulation of the problem in this article is as follows:

1. What is the relationship between the COVID-19 pandemic and the economic stability of Muslim households in Indonesia?
2. What is the relationship between the level of Islamic financial literacy and Islamic financial planning in Muslim households after the pandemic?
3. What challenges do Muslim families face in implementing Islamic financial planning after the pandemic that can help improve their households' economic stability?

This article examines the impact of the COVID-19 pandemic on the economic stability of Muslim households in Indonesia. The main focus of this article is on the role of Islamic financial planning in maintaining family economic resilience during and after the pandemic. Thus, this study tries to answer some essential questions related to how the pandemic affects the economic stability of Muslim families and how Islamic financial literacy can help strengthen Islamic financial planning. In addition, this article aims to identify the challenges Muslim families face in implementing the principles of post-pandemic Islamic finance, including limitations in access to Islamic financial services and obstacles in fulfilling zakat, infaq, and shadaqah obligations.

In this case, the study aims to dig deeper into the relationship between Islamic financial literacy, education level, and financial planning of Muslim households post-pandemic. Although financial literacy and education have been widely recognized as essential factors in financial planning, this article tries to uncover how significant the role of Islamic financial literacy is amid the economic crisis caused by the pandemic. It is essential to see how Muslim families can be better prepared in economic uncertainty if their financial literacy is improved.

This research is expected to make a real contribution to Muslim families, policymakers, and academics in Islamic finance. For Muslim families, this article's findings are expected to guide understanding the importance of financial planning based on Sharia principles. This article highlights the importance of financial literacy. It offers insights into how it can be applied in economic crises, such as the pandemic, to ensure that basic needs are met without violating sharia principles. For policymakers, this study provides a clearer picture of the challenges faced by Muslim families in accessing Islamic financial services. By knowing these obstacles, the government and Islamic financial institutions can formulate more inclusive and supportive policies, such as expanding access to Islamic financial products, increasing financial literacy among the community, and providing Sharia-based assistance programs for families affected by the pandemic. This is important because the economic stability of Muslim households contributes directly to the stability of the national economy.

Furthermore, this article also offers essential academic contributions to Islamic finance research. By exploring the influence of Islamic financial literacy on Islamic financial planning in a post-pandemic situation, this study paves the way for further studies on strategies that can be adopted to improve financial literacy among Muslim communities. Thus, this article provides a foundation for further research focusing on general financial literacy and how Islamic financial literacy can effectively improve family economic well-being. One of the latest updates of this article is the specific approach used to look at the impact of the Covid-19 pandemic on the economy of Muslim households. While there have been many studies that have addressed the impact of the pandemic on the economy at large, few have specifically examined how the crisis affected Muslim families and the application of Islamic financial principles in everyday life. This article seeks to fill in the gap by providing a more in-depth perspective on how Muslim families struggle to remain compliant with Sharia principles despite the overwhelming economic pressures.

## LITERATURE REVIEW

### Knowledge-Based Theory

Good household financial management is essential to achieve financial stability, welfare, and blessings in life. In the context of Sharia financial planning, household financial management must also be based on Sharia principles that avoid usury and gharar and ensure the fulfillment of obligations such as zakat, infaq, and alms. The knowledge-based theory provides essential guidance on how knowledge and understanding of sharia, if appropriately managed, can be applied effectively in household finance. Knowledge-based theory emphasizes that successful organizations and individuals can manage knowledge well, whether knowledge of procedures and rules or a deep understanding of the values behind every financial decision (Akhavan et al., 2006). In Sharia-based household financial management, it is essential to apply this knowledge so that each family member can manage finances with correct and consistent Sharia principles.

### Tawhid String Relationship

Another theory used in this study is the theory of the Tawhid String Relationship. Theory Tawhid String Relationship (TSR) is a management concept based on the principle of monotheism in Islam, which emphasizes the vertical relationship between humans and Allah (*habluminallah*) and the horizontal relationship between humans (*habluminannas*) (Mokhtar & Ahmad, 2021). This concept is rooted in monotheism's teachings, which include the relationship between beliefs and behaviors in daily life, including financial and business aspects. In the context of Islamic financial planning, this TSR theory has extreme relevance because financial planning in Islam includes worldly and spiritual aspects oriented towards the welfare of the world and the hereafter. TSR explained that all human activities, including financial management, must be based on Islamic teachings from the Qur'an and Hadith (Ridwan et al., 2023; Zainuddin et al., 2022).

The basic principle of TSR is that all forms of financial decisions and planning must be in line with Islamic law and based on the belief that all wealth and sustenance obtained come from Allah SWT. As a result, financial management must consider social benefits, justice, and sustainability. In Islamic financial planning, the concept of TSR is vital because it teaches Muslims to manage finances by paying attention to the principles of fair and halal muamalah (Priyonggo et al., 2024; Nugroho, 2019). This includes the obligation to avoid transactions that contain elements of riba, gharar, and maisir and ensure that every transaction and financial decision taken benefits individuals and society. Islamic financial planning emphasizes the importance of asset management, which is financially profitable and brings blessings and welfare to the owner and the surrounding environment (Budiantoro et al., 2021; Luthfi & Maripatul Uula, 2022). In this regard, TSR provides comprehensive guidance on how individuals and companies should carry out financial planning according to Islamic teachings. The principle of monotheism, the basis of TSR, states that all aspects of life, including the economy, must be carried out within the framework of obedience to Allah SWT (Nugroho et al., 2023). This means that in Islamic financial planning, the main goal is to accumulate wealth and ensure that Sharia rules use the property. Islamic financial planning also requires individuals to conduct periodic financial evaluations to ensure their financial management remains within the right corridor. In the context of TSR, this evaluation is material and spiritual, where every

financial decision is evaluated based on social benefits and its conformity with Islamic law (Nugroho & Mariyanti, 2021).

## Financial Planning

In Islamic financial planning for Muslim households, several important concepts related to Sharia principles must be applied in financial management. Several studies underscore Islamic values' importance of financial planning to achieve material and spiritual well-being. Household financial management in Islam focuses on material aspects and pays attention to the balance between earthly needs and the hereafter. As conveyed by Thalib (2023) and Muawanah et al. (2021) in their study of the accounting of the Sakinah family, financial management in Muslim families is based on the principles of monotheism. It seeks to meet the needs of dharuriyyat (basic needs), hajiyyat (secondary needs), and tahsiniyyat (tertiary needs) in order. In addition, Islamic financial planning also requires the principle of qana'ah, or feeling sufficient with the sustenance that Allah SWT has given. In this case, sound financial management aims to meet the family's needs and prepare for the future, including allocations for zakat, alms, and investment in the hereafter (Is'adi & Mauliyah, 2023; Nugroho et al., 2020).

The importance of Islamic financial planning for Muslim households lies in maintaining a balance between worldly well-being and spiritual responsibility. In this study, it was revealed that Muslim families who practice Sharia principles in financial management will more easily achieve peace (sakinah) in life, where the main goal is to obtain the pleasure of Allah SWT through asset management by Sharia (Setyasalma & Muflikhati, 2019). Thus, Sharia financial planning in the household includes budgeting and resource allocation aspects and considers the spiritual aspects that underlie every financial decision. This includes the understanding that property is a trust that Islamic values must appropriately manage and that household finances must reflect moral and social responsibilities, such as providing sustenance, zakat, and infaq.

The importance of financial planning during the COVID-19 pandemic is undeniable. The pandemic period has presented significant challenges, especially for households that have to face economic uncertainty. Good financial planning is the key to maintaining financial stability during a situation of volatility (Howlett et al., 2008; Sharma & Patterson, 1999). The COVID-19 pandemic has forced many families to face reduced income due to job losses or business declines. This condition emphasizes the importance of household financial management, which focuses on savings, long-term planning, and expenditure management. Managing spending wisely during the pandemic is crucial because sudden changes in income can affect a household's ability to meet basic needs such as food, health, and education (Mightyn et al., 2022). In line with the principles of Islamic finance that encourage fair and wise financial management, the pandemic also reminds Muslims of the importance of prioritizing spending on basic needs (dharuriyyat), then secondary needs (hajiyyat), and finally for tertiary things (tahsiniyyat) (Imani et al., 2022; Setyagustina et al., 2024). This principle teaches that households must meet basic needs such as food, housing, and health before considering other expenses under challenging times. In addition, sound financial planning also includes the allocation of funds for emergency reserves. In a pandemic, emergency funds play an important role in covering urgent needs if the primary source of income is disrupted. These reserve funds must be maintained so households can survive uncertain periods. Sharia-based financial planning also emphasizes the importance of paying zakat, infaq, and shodaqoh, which,

during the pandemic, is a means to help ease the burden of others who are more severely affected. It also strengthens social solidarity among Muslims.

Financial planning is one of the crucial aspects of personal financial management that aims to achieve short-, medium-, and long-term financial goals. As stated by Tambun & Cahyati (2023), financial planning is an organized effort to prepare for future financial goals by managing finances appropriately. Effective financial planning allows individuals to minimize financial risks in the future, especially in the face of uncertain economic conditions. Financial planning involves identifying financial needs and priorities and developing strategies to meet those needs through good cash flow management, savings, investment, and risk management (McCoy et al., 2013). Effective financial planning can help individuals achieve financial goals, such as buying a home, paying for children's education, and preparing for retirement. With sound financial planning, these goals will be more manageable due to potential financial risks hindering these achievements.

Based on the formulation of the research problem and literature review, the conceptual framework of the research can be illustrated in the figure below:

Figure 1. Conceptual Framework of the Research



*Source: From various sources that have been processed*

Following Figure 1 above, the explanation of the conceptual framework in this study is as follows:

This research's conceptual framework is based on three main aspects related to the economic stability of Muslim households in Indonesia during and after the COVID-19 pandemic.

- First, the relationship between the Covid-19 pandemic and the economic stability of Muslim households. The pandemic has significantly impacted the economy, with many families experiencing reduced incomes, job losses, and difficulties meeting basic needs. This phenomenon shows a link between the pandemic and the decline in the economic welfare of Muslim households.
- Second, the relationship between the level of Islamic financial literacy and Islamic financial planning in post-pandemic Muslim households. Good Islamic financial literacy is expected to improve the family's ability to manage finances by Sharia principles, such as the management of zakat, infaq, and alms, as well as the avoidance of riba-based transactions. With adequate literacy, Muslim families can be more effective in developing Islamic financial planning that helps maintain economic stability.
- Third, the main challenges faced by Muslim families in implementing Islamic financial planning after the pandemic. These challenges include limited access to Islamic financial services, obstacles in fulfilling zakat and infaq obligations due to

limited income, and the need for a better understanding of Islamic financial principles in crises. This research aims to identify these factors and provide solutions that can improve the economic stability of Muslim households.

## RESEARCH METHODS

The literature review research method is a systematic approach used to evaluate, analyze, and interpret literature relevant to the research topic. In this study, the literature review explores the relationship between the COVID-19 pandemic and the economic stability of Muslim households and the relationship between Islamic financial literacy and financial planning as the main challenges in implementing post-pandemic Islamic financial planning. This method involves several main stages, namely planning, data collection, data processing, and analysis of results that can be explained, including:

- **Planning Stage:** The main objective of this literature review is to gain an in-depth understanding of the pandemic's impact on the economic stability of Muslim households, the importance of financial literacy in Islamic financial planning, and the challenges Muslim families face post-pandemic. Therefore, the focus of this research problem is to answer how the pandemic affects the economic stability of Muslim households, how Islamic financial literacy plays a role in Islamic financial planning, and identify the main challenges faced in implementing post-pandemic Islamic financial planning.
- **Data Collection:** Searches are conducted through academic databases such as Google Scholar, Scopus, and ProQuest.
- **Data Processing:** The selected literature is organized according to the main topics, namely, the economic stability of Muslim households during the pandemic, the role of financial literacy in Islamic financial planning, and the challenges in implementing Islamic finance post-pandemic.
- **Result Analysis:** This analysis logically describes the relationship between the COVID-19 pandemic and the economic stability of Muslim households and how Islamic financial literacy affects Islamic financial planning. Based on the literature collected also analyzes the challenges faced by Muslim families in applying Sharia principles.

## RESULTS AND DISCUSSION

### **The Relationship between the Covid-19 Pandemic and the Economic Stability of Muslim Households in Indonesia**

The COVID-19 pandemic has had a significant impact on various aspects of Muslim family life, especially in terms of economic stability. Many families experienced a decreased income due to the implementation of social distancing policies, which directly affected their economic activities. Sectors that rely on physical interactions, such as informal trade, transportation, and other service sectors, experienced a sharp decline in income. This phenomenon shows that many Muslim households, which previously had enough income to meet their daily needs, are now facing a situation of considerable uncertainty. This condition poses challenges in financial management, primarily related to avoiding usury and the obligation of zakat, infaq, and sadaqah. With declining incomes, many families find it challenging to fulfill this obligation, an essential pillar in Islamic teachings to create social well-being and solidarity.

In financial management, knowledge-based theory provides essential guidance for Muslim families in dealing with crises. According to this theory, managing information and knowledge about Islamic finance is the main factor in maintaining the stability of the family's economy. Families with better financial literacy, especially those related to Islamic financial principles such as debt management and fulfilling zakat obligations, will be better able to survive amid economic uncertainty (Suseno et al., 2021). Financial literacy, especially those based on Sharia principles, enables Muslim families to make sound decisions in asset management. Those who deeply understand the importance of long-term financial planning and emergency fund management will be better prepared for a sudden decline in income. On the other hand, the low level of financial literacy among Muslims in Indonesia is one of the leading causes of difficulties in carrying out Islamic financial planning during the pandemic. A study conducted by Rozikin & Sholehah (2020) shows that financial literacy positively influences Islamic financial planning, where the higher the level of financial literacy a person has, the better their ability to manage household finances according to Sharia principles.

In addition to knowledge-based theory, the Tawhid String Relationship (TSR) theory is also relevant in understanding how Muslim families can maintain economic stability during a pandemic. This theory emphasizes that every decision taken in daily life, including financial aspects, must be based on a vertical relationship between humans and Allah (*habluminallah*) and a horizontal relationship between humans (*habluminannas*). In the context of financial planning, TSR explained that Muslim families should carry out financial management that is not only oriented towards worldly gains but also pays attention to social and spiritual well-being. For example, by continuing to give zakat, infaq, and alms even under challenging circumstances, Muslim families can strengthen social solidarity, help others who are more severely affected, and get blessings from Allah. This pandemic has taught Muslims that Islamic financial management is not only about avoiding riba or planning investments but also about building a balance between the welfare of the world and the hereafter.

The COVID-19 pandemic has further clarified the gap between Islamic financial idealism and the economic reality faced by many Muslim families in Indonesia. Islamic financial principles prioritizing justice, blessings, and balance are often challenging to apply amid depressed economic conditions. Many families are forced to take on high-interest debt due to limited access to adequate Islamic financial services. In addition, the obligation of zakat, infaq, and shadaqah, usually the pillars of social welfare in Islam, is hampered due to decreased income. This phenomenon shows that although Islamic financial literacy is essential, structural challenges such as access to Islamic financial products and awareness of the importance of Islamic financial planning must also be considered. To address this gap, policies that support expanding access to Islamic financial services and more comprehensive financial literacy programs for Muslim communities are needed.

### **The Relationship between Islamic Financial Literacy Level and Sharia Financial Planning in Muslim Households Post-Pandemic**

Islamic financial literacy levels influence Muslim households' ability to plan and manage their finances based on Sharia principles. Islamic financial literacy includes a deep understanding of the basic concepts of Islamic finance, such as zakat, infaq, sadaqah, usury avoidance, and the importance of halal investment (Jailani & Adinugraha, 2022). During the pandemic, many Muslim households have had difficulty meeting their basic

needs due to declining incomes. Those with good Islamic financial literacy tend to be more able to plan and manage finances wisely based on Sharia principles, such as the management of zakat to help others and the avoidance of usury through the use of Islamic financial products. After the pandemic, Islamic financial literacy will become even more critical as Muslim families must readjust their financial planning to face the challenges ahead (Syahwildan & Soleha, 2023). Good financial literacy can help Muslim families develop long-term financial strategies based on sharia, such as saving, investing in halal, and fulfilling social obligations through zakat, infaq, and sadaqah (Nawi et al., 2022).

According to the knowledge-based theory, organizations, including individuals, can achieve competitive advantage through effective knowledge management (Prayogi, 2024). In the context of Islamic financial literacy, knowledge about Islamic finance is a vital resource that needs to be managed by every Muslim household. Based on Sharia principles, financial literacy can be considered a form of knowledge affecting households' ability to manage their finances. As explained in several studies, Islamic financial knowledge not only serves to help individuals and families understand how to manage their daily finances but also ensures that their financial decisions follow Sharia principles (Kusumastuti, 2021). With high literacy, Muslim families can avoid usury, invest in halal financial products, and fulfill social obligations such as zakat and infaq. This literacy also allows Muslim families to understand financial risks and develop long-term strategies to achieve economic stability during and after crises (Rohmayanti et al., 2021).

Theory *Tawhid String Relationship* (TSR) emphasizes the vertical relationship between humans and Allah (habluminallah) and the horizontal relationship between humans and others (habluminannas). In the context of Islamic financial literacy, TSR underlines that every financial decision Muslim households take must align with Islamic teachings (Amalia et al., 2024). Good Islamic financial literacy helps families manage their finances efficiently and ensures that these decisions have a positive spiritual and social impact. Post-pandemic, Muslim families are faced with significant challenges in maintaining financial stability. The TSR theory reminds us that any effort to achieve economic stability must be accompanied by adherence to sharia values, such as justice, social welfare, and responsibility to others. With sound financial literacy, Muslim families can ensure that their financial planning meets worldly needs and brings blessings through Sharia-compliant property management.

The COVID-19 pandemic has shaken the global economy, including Indonesia, and Muslim households have felt its impact. Many families have lost their source of income or faced a drastic decline in income, which affects their ability to meet their daily needs (Hidayaturrahman et al., 2021; Imani et al., 2023). This phenomenon shows the importance of Islamic financial literacy in helping Muslim families overcome these challenges. For example, families with a good understanding of Islamic financial planning will better adjust their expenses to reduced income without falling into usury-based debt. In addition, families with high financial literacy are also more likely to take advantage of Islamic financial instruments, such as financing without usury, as well as prioritizing spending on basic needs and social obligations such as zakat and infaq. Based on this phenomenon, the government and Islamic financial institutions must improve Islamic financial literacy programs, especially among the lower middle class, most affected by the pandemic (Nugroho, Doktorlina, et al., 2023). With better financial literacy, Muslim families will be better prepared to face future economic uncertainties and maintain their financial stability following Sharia principles.

## Significant Challenges Faced by Muslim Families in Implementing Sharia Financial Planning After the Pandemic

In the wake of the pandemic, many Muslim families are facing financial uncertainty that causes declining incomes, layoffs, and difficulty meeting basic needs, creating economic instability. This condition impacted many families forced to access high-interest financing due to limited access to Islamic financial services (Sulistiyowati & Dessyarti, 2022; Tarigan, 2023). This shows a gap between real economic needs and Islamic financial idealism that avoids usury. This limitation is the main challenge for Muslim families in maintaining their financial stability by Sharia principles. Another challenge is that the obligations of zakat, infaq, and shadaqah, usually an essential part of social welfare, are also hampered by reduced family income. Islamic philanthropy, such as zakat and waqf, can be a solution to reducing poverty during the pandemic. However, their implementation is often constrained by the economic difficulties experienced by many Muslim families. In other words, there are challenges in fulfilling socio-religious obligations during times of crisis, resulting in reduced participation in Islamic philanthropy (Chetioui et al., 2022). In a situation like this, proper Islamic financial planning is crucial, but with financial literacy still low among Muslim communities, the ability to do effective financial planning is also limited. Adequate financial literacy is needed to understand how to manage funds by sharia principles, including the allocation of funds for dharuriyyat (primary), hajjiyyat (secondary), and tahsiniyyat (tertiary or luxury) needs, as well as how to prepare an emergency fund. With adequate understanding, Muslim families will find it difficult to avoid the practice of riba and have difficulty planning their financial future.

In the context of household financial planning, knowledge-based theory has significant relevance. This theory emphasizes that the ability of individuals and organizations to manage knowledge is the key to success. In this case, knowledge of the principles of Islamic finance, such as asset management, riba avoidance, and fulfillment of zakat, infaq, and shadaqah obligations, is an essential element in building the economic stability of Muslim households (Aldarabseh, 2019; L. Nugroho et al., 2022; Utami et al., 2022). Effective knowledge management allows Muslim families to implement Islamic financial planning better. For example, with sufficient knowledge of financial management, families can allocate their income more wisely according to Islamic values. They can also take advantage of existing Islamic financial products to avoid usury and ensure that social obligations such as zakat are still fulfilled even in crises.

The Tawhid String Relationship (TSR) theory is also relevant. TSR emphasizes that all human activities, including the financial aspect, must be based on the principle of monotheism, which involves a vertical relationship with Allah SWT (habluminallah) and a horizontal relationship with fellow human beings (habluminannas). In Islamic financial planning, any financial decisions must align with Islamic law and consider their impact on the well-being of individuals and society. In the wake of the pandemic, many Muslim families are faced with a situation where they have to choose between meeting their basic needs and adhering to Sharia principles, such as avoiding usury (Alrasyid et al., 2022; Rizqi Febriandika et al., 2023). This is where TSR provides clear guidance: In Islam, wealth is a mandate from Allah and must be managed to bring blessings to individuals and the wider community. Muslim families who can apply the TSR principle in their financial planning will be more likely to avoid decisions that violate the Shariah, such as borrowing from high-interest sources, and will focus more on efforts that support social welfare, such as zakat and infaq.

The Covid-19 pandemic presents unique challenges for Muslim families in Indonesia. Many families lose their income while basic needs must be met. Islamic financial planning is essential in maintaining household economic stability in situations like this. This phenomenon shows how critical good financial literacy is, allowing Muslim families to plan their expenses wisely and allocate funds for emergency needs per Sharia principles. In addition, the pandemic has also shown that low Islamic financial literacy can exacerbate economic impacts. For example, families who do not have a sufficient understanding of Islamic financial products may be forced to take out high-interest loans, which will jeopardize their economic stability in the future. On the other hand, families with good Islamic financial literacy will be better able to plan for their future, including preparing an emergency fund and managing debt wisely.

## CONCLUSIONS AND SUGGESTIONS

Based on the results and discussion, the conclusions in this study are as follows:

- The COVID-19 pandemic has significantly impacted the economic stability of Muslim households in Indonesia. Declining incomes, job losses, and limited access to necessities result in economic instability for many Muslim families. This impacts their ability to apply Islamic financial principles such as debt management, zakat obligations, infaq, and sadaqah. This phenomenon shows that the pandemic has worsened the economic conditions of Muslim households, challenging the ideals of Islamic finance that prioritize welfare and blessings.
- Islamic financial literacy levels play an essential role in Islamic financial planning for Muslim households post-pandemic. Families with a good understanding of Islamic financial literacy tend to better manage their finances according to Sharia principles, such as usury avoidance, zakat management, and halal investment. Good literacy also helps Muslim families design long-term financial planning oriented towards the welfare of the world and the hereafter. Research shows that better financial literacy allows families to face economic challenges more wisely, especially in crises like the pandemic.
- The main challenges faced by Muslim families in implementing post-pandemic Islamic financial planning include limited access to Islamic financial services, low financial literacy, and obstacles in fulfilling zakat, infaq, and shadaqah obligations. Limited access to Islamic financial products has forced many families to take out high-interest debt, which is contrary to Sharia principles. These challenges make clear the gap between Islamic financial idealism and the economic realities faced by Muslim families. Therefore, efforts are needed to increase Islamic financial literacy in the community and expand access to Islamic financial services so that the economic stability of Muslim households can be better maintained in the future.

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