



Enhancing Financial Stability through Islamic Financial Planning: Literacy, Trust, and Investment Strategies in Indonesia

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This study examines strategies for enhancing financial stability through Islamic financial planning in Indonesia, focusing on the role of financial literacy, trust, and investment behaviors. Using a qualitative descriptive method and a literature review approach, the study analyzes key factors influencing saving and investment decisions in Islamic finance. Findings indicate that Islamic financial literacy significantly impacts financial behavior, enabling individuals to make ethical and Sharia-compliant decisions, particularly in utilizing instruments such as sukuk, mudharabah, and musharakah. Education and religiosity are also pivotal, driving higher participation in Islamic financial products. Moreover, trust and transparency in Islamic financial institutions enhance public confidence, encouraging active engagement in the sector. Sukuk is the preferred investment instrument due to its stability, while mudharabah and musharakah attract those seeking higher returns despite inherent risks. The study highlights the importance of improving Islamic financial literacy and transparency to bridge the gap between idealism and practice, ensuring that financial planning aligns with ethical and spiritual values. These findings offer valuable insights for policymakers, financial institutions, and researchers aiming to promote sustainable financial stability within Sharia frameworks.

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INTRODUCTION

Financial planning is an essential aspect of people's welfare in the context of Indonesia's growing economy. However, most of the population still faces various challenges, especially in terms of preparedness for emergency situations and the ability to manage finances wisely. Based on the results of a survey conducted by the survey on GoodStats.id, it can be seen that there is a significant financial vulnerability in the community. Almost half of Indonesians (46%) are financially vulnerable, with most feeling unable to deal with emergencies that require significant funding. This highlights

the community's lack of strong financial planning, especially in building emergency funds and investments. Although 62% of respondents have high financial capabilities, many do not have a mature long-term financial plan. Interestingly, the lower middle economic community is more optimistic about developing its financial resources. In contrast, the upper middle class tends to be more cautious due to greater awareness of the risks of fund management. This challenge shows the need to improve financial literacy, especially for the younger generation, to take advantage of their potential through more targeted saving and investment habits to achieve sustainable financial well-being (Naurah, 2023). Saving and investment strategies in Islamic financial planning are essential in building long-term financial stability, especially from an Islamic perspective. In recent decades, Islamic financial literacy has continued to increase, with public awareness of the importance of financial management based on sustainable sharia principles. Even so, most Muslims still do not make optimal use of Islamic financial instruments, which is caused by a lack of financial literacy and limited access to Islamic financial products.

During this development, questions arise regarding the best strategies for saving and investing in the context of Islamic finance for future planning. In the Islamic financial system, investment and saving are carried out based on principles that avoid the elements of *riba*, *gharar* (uncertainty), and *maysir* (speculation). Therefore, saving and investing in this system differs from the conventional financial system that uses interest as the basis for profit (Samsudin & Athoillah, 2018).

The theories in Islamic financial planning are based on the principles of *maqasid al-shariah*, which emphasizes the maintenance of five things: religion, soul, intellect, descent, and property. In the context of financial planning, the preservation of wealth becomes a significant focus, where Muslims are encouraged to safeguard their wealth in a way that is beneficial to themselves and the wider community (Mansor et al., 2022). For example, instruments such as zakat, alms, and waqf are forms of social contribution that significantly create a fair financial balance in society. In practice, various Islamic financial products such as *mudharabah* (business partnership), *musharakah* (capital cooperation), and Sukuk (Sharia bonds) have been widely used by Islamic financial institutions to facilitate investment following Sharia principles (Aaminou & Aboulaich, 2017). These products allow investors to invest their capital ethically and fairly while ensuring that the profits earned do not come from practices prohibited by Sharia.

This study explores strategies that can be used in saving and investing, focusing on how Islamic financial planning can help individuals and families achieve financial stability in the future. In addition, this study will review instruments that can be used in Islamic financial planning, such as savings, investments, waqf, and grants, which have a legal basis in the Qur'an and Sunnah. In Islamic financial planning, in addition to considering material profit aspects, spiritual and social aspects are also the main concern (Billah & Saiti, 2017). The motivation for this study stems from the growing need for Muslims to have clear and measurable guidance in managing their finances based on Sharia principles. With the increasing number of Muslims interested in Islamic financial instruments but still lacking an understanding of the best way to save and invest under Islamic teachings, this research will make an essential contribution to the Islamic finance literature. This is also relevant in the context of growing global financial literacy, where more and more individuals are aware of the importance of long-term financial planning to their religious beliefs (Amilahaq et al., 2021).

Thus, Islamic financial planning focuses not only on material gains but also on the broader spiritual and social dimensions. This research will make an important contribution to the Islamic finance literature and be a useful reference for Muslim

individuals who want to manage their finances in accordance with fair and ethical Sharia principles.

LITERATURE REVIEW

Islamic finance is a financial system that follows Islamic principles and is based on the Qur'an and Sunnah. The system is built on the foundations of sharia, which prohibits *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation), and encourages participation in ethical and productive financial transactions. This principle of Islamic finance emphasizes fairness, honesty, and cooperation, where profits and losses must be shared fairly between all parties involved in the transaction (Alamad, 2019). The system also pays great attention to social impact, emphasizing social responsibility through *zakat* and *waqf* as part of integrated financial transactions.

Islamic finance was first applied globally after the emergence of modern Islamic banks in the mid-20th century. In recent decades, the Islamic finance industry has experienced rapid growth, especially after the global financial crisis of 2008, when Islamic finance was considered more stable than the conventional financial system due to its avoidance of speculation and excessive leverage. In addition, the development of Islamic financial instruments such as *sukuk* (sharia bonds) and *mudharabah* (business partnerships) has attracted the attention of global investors, both Muslims and non-Muslims.

Research on the fundamentals of Islamic finance has shown that this system has the potential to reduce social inequality and increase financial inclusion. Islamic finance focuses on improving material well-being and integrates spiritual and moral values that are important to Muslims.

The main principles in Islamic finance are based on Islamic teachings that prioritize justice, honesty, and social responsibility. These principles include:

- **Prohibition of Riba (Interest):** One of the main principles of Islamic finance is the prohibition of usury or interest. In the Islamic view, *riba* is considered exploitation because it involves taking unfair profits from money-lending transactions (Bhalekar, 2020). Therefore, Islamic financial transactions are based on a fair distribution of profits and losses between the parties involved, such as in *mudharabah* and *musharakah* (capital participation) contracts.
- **Gharar Prohibition (Uncertainty):** *Gharar* refers to uncertainty or excessive risk in a transaction. In Islamic finance, transactions containing elements of *gharar* are prohibited because they are considered unfair and can potentially harm one of the parties. An example is speculation or derivatives trading, which has a high risk and is unpredictable.
- **Profit and Loss Sharing:** Islamic financial principles emphasize the fair distribution of profits and losses between all parties involved. In this system, profits are not guaranteed but are distributed based on a pre-agreed ratio. This principle allows for a more balanced risk between financiers and fund managers (Alamad, 2019).
- **Ethical and Halal Transactions:** In Islamic finance, investments should only be made in sectors considered halal or allowed by sharia. This means that investments in industries such as alcohol, gambling, or pornography are prohibited. Instead, investments must be made in sectors that support humanity's social and economic well-being, such as agriculture, education, and infrastructure (Bhalekar, 2020).

Islamic banking offers a variety of saving instruments that comply with Sharia principles. This saving instrument is designed to help people manage and grow their

wealth in a way that follows the teachings of Islam. This section will discuss three main instruments in Sharia savings: wadiah savings, mudharabah savings, and Sharia deposits. The three have different characteristics and mechanisms regarding fund management, profit sharing, and compliance with Sharia law.

Wadiah savings is one of the Islamic banking products that use the *wadiah yad dhamanah contract*, where customers deposit their funds in the bank, and the bank is fully responsible for the security of the funds. In a *wadiah* contract, the bank acts as a depositor or manager of funds, and customers can withdraw their funds at any time without any obligation for the bank to provide profits. However, banks can provide bonuses to customers at their discretion, referred to as grants, as a form of appreciation. According to Astutik (2017), *wadiah* savings is a safer form of savings because it does not involve the distribution of profits or the risk of loss for customers. The main advantage of *wadiah* savings is the flexibility in withdrawing funds, making it an ideal product for short-term needs or saving emergency funds. However, the disadvantage is that customers do not get a profit share directly, so the value of savings does not increase significantly. Several studies show that wadiah savings are increasing, especially among students and the general public who want savings instruments with minimal risk (Amelia et al., 2021). This is due to the clarity regarding the status of the funds deposited, where customers are not at risk of losing their money due to the absence of risky investment elements. In Islamic banking, *wadiah* savings are often used as a primary instrument to collect funds from the community. This system benefits Islamic banking because banks can use the funds collected for operational activities without the obligation to share profit with customers. This differs from *mudharabah savings*, where banks must share profits with customers (Hartono, 2019).

Mudharabah savings uses a *mudharabah contract*, where the customer acts as the owner of the fund (*shahibul mal*) and the bank as the fund manager (*mudharib*). In this contract, the customer and the bank share profits based on the profit-sharing ratio agreed at the beginning of the contract. Profits are obtained from the investment results made by the bank using customer funds. On the other hand, if a loss occurs, the loss will be borne by the customer following the provisions of the contract (Putra, 2020). In contrast to *wadiah* savings, *mudharabah* savings have higher profit potential because customers are involved in a *profit-sharing scheme*. However, the risk is also greater because profits are not guaranteed and depend on the results of the investment made by the bank (Nurfuadi & Jannah, 2023). A study by Ardana et al. (2021) shows that internal bank factors, such as *Return on Assets (ROA)* and *Capital Adequacy Ratio (CAR)*, affect the level of profit that customers get from *mudharabah* savings. In the long run, *mudharabah* savings offer more competitive advantages than other savings instruments.

Sharia deposits are banking products that use *mudharabah muthlaqah contracts*, where customers submit their funds to banks to be managed within a certain period. These deposits are similar to conventional deposits in terms of term and contractual entanglement but differ in the profit-sharing mechanism. In Sharia deposits, profits are distributed between customers and banks according to the ratio that was agreed upon at the beginning. Customers do not get fixed interest like conventional deposits but receive a share of the bank's net profits from investment activities (Subaidi & Subyanto, 2020). Sharia deposits have an essential role in increasing the profitability of Islamic banks. These deposits offer more stable profits than *mudharabah* savings because of the bank's extended investment period and more controlled fund management. However, the biggest challenge in Sharia deposits is the fluctuations in profits that can occur due to changes in market conditions. Sharia deposits are usually attractive to customers looking for a long-

term investment with minimal risk. For example, Islamic banks use an automatic rollover system (ARO) to automatically extend deposits without needing customer reconfirmation, thus providing flexibility in managing customer funds (Pertiwi, 2021). Sharia deposits also have additional advantages such as being free from *riba* and following sharia principles, which makes them a more ethical choice for Muslim customers.

Sukuk is among the most famous Islamic investment instruments in the global Islamic financial market. This instrument is a bond under Sharia principles and does not involve *riba*, *gharar*, or *maysir* elements. Sukuk is designed to raise funds from investors who are invested in projects or assets allowed by Sharia (Lahsasna et al., 2018). Structurally, sukuk differs from conventional bonds in representing ownership of the underlying asset, not just a debt instrument (Oemar et al., 2023). Sukuk is essential in boosting economic growth, especially in countries with large Muslim populations like Indonesia. Several studies show that sukuk significantly influences national economic growth, especially in strengthening the Islamic finance sector and facilitating the financing of infrastructure projects. More broadly, sukuk also allows for more ethical and socially responsible diversification of investments, as it only invests in projects permitted under sharia law (Khouildi & Kassim, 2018). In addition, sukuk is often used by Islamic financial institutions to raise funds to finance development projects that have a social impact. In Indonesia, sukuk is also used to manage hajj funds in a way that is under sharia principles. Using Sukuk as part of managing hajj funds has yielded significant financial benefits while ensuring that the funds are managed ethically and per Islamic teachings.

Sharia shares are shares of companies whose operations comply with Sharia law. These stocks are selected based on strict screening that ensures that the company is not involved in prohibited businesses such as usury, gambling, or alcohol production. Sharia stocks offer investors the opportunity to invest in the capital market while maintaining adherence to Islamic principles. Research shows that sharia stocks have significant potential to influence economic growth. For example, research by HS et al. (2023) found that the Indonesian sharia stock market continues to grow, despite fluctuations in several periods. Macroeconomic factors such as inflation and interest rates play an important role in influencing the performance of Islamic stocks. However, with the increase in financial literacy and public interest in Islamic financial products, Islamic stocks are increasingly becoming an attractive option for Muslim investors who want to comply with Sharia in their investment activities. Government initiatives, such as the launch of the Indonesian Sharia Stock Index (ISSI), which is a benchmark for the performance of Sharia stocks in Indonesia, also support the development of the Sharia stock market. In addition, Islamic financial literacy plays a vital role in increasing public interest in investing in Islamic stocks, which can strengthen the Islamic financial sector as a whole.

Sharia mutual funds are investment instruments in which funds collected from investors are invested in a portfolio of securities under Sharia principles. These securities include stocks, sukuk, or other Islamic money market instruments. One of the main advantages of Sharia mutual funds is their ability to diversify risks, as the funds invested are managed by professional investment managers experienced in selecting securities that follow Sharia law (Aufa et al., 2023). Some studies show that Sharia mutual funds positively impact economic growth, although the impact may not be as strong as other instruments such as sukuk or Sharia stocks (Amelia et al., 2021). However, Sharia mutual funds provide an attractive alternative for investors who want to comply with Sharia but have limited capital to invest directly in stocks or Sukuk. A study by Prasetyo &

Widiyanto (2019) found that Islamic mutual funds have a stable rate of return and lower risk compared to Islamic stocks, making them an ideal choice for conservative investors. In addition, research by Alexandri et al. (2017) found that good asset allocation in Sharia mutual funds, such as the right proportion between Sharia and sukuk stocks, can produce optimal performance. This shows that efficient portfolio management guided by Sharia principles can provide significant financial benefits for investors.

Sharia insurance, better known as *takaful*, is based on the principle of help and risk sharing. In this system, participants contribute to a shared fund used to pay claims during a disaster. This concept differs from conventional insurance, which operates under a contract between the insured party and an insurance company that generates profits from the premiums paid (Aufa et al., 2023). Sharia insurance is important in maintaining financial stability and protecting individual and family assets. Better Islamic financial literacy can increase public interest in *takaful* products because these products are seen as more in line with Islamic values. Although relatively new compared to other Islamic investment instruments, Islamic insurance has grown rapidly in many Muslim countries, including Indonesia, where the government and Islamic financial institutions actively promote these products. In addition, research by Oemar et al. (2023) shows that Sharia insurance can help improve financial inclusion among people who previously did not have access to conventional financial products. By increasing public understanding of the benefits of Sharia insurance, it is hoped that public participation in *takaful* products will increase, which can ultimately strengthen the Sharia financial sector as a whole. The following is a table of previous research that is relevant to this study:

Table 1. Previous Research

No	Researcher and Year	Heading	Sample and Research Period	Variables and Analysis Methods	Research Results
1	Billah & Saiti (2017)	<i>Islamic Financial Planning</i>	Literature related to Islamic financial products	Literature studies	I conclude that investment in Islamic finance should be made using Sharia principles and avoid unethical sectors.
2	Uula & Khairunnisa (2022)	<i>Islamic Financial Planning</i>	114 articles in the Scopus database	Bibliometric analysis	I find that Islamic financial literacy plays an important role in Islamic financial planning and various related research clusters.
3	Amilahaq et al. (2021)	<i>Managing Islamic Financial Planning Inclusion in Indonesia</i>	Muslims in Indonesia	Literature studies	I am increasing Islamic financial inclusion through Islamic financial literacy, especially in investment according to Sharia principles.
4	Roemanasari et al. (2022)	<i>Islamic Financial Literacy and Financial Behavior</i>	Respondents using the questionnaire method	SPSS Test	Islamic financial literacy and risk tolerance have a positive effect on

No	Researcher and Year	Heading	Sample and Research Period	Variables and Analysis Methods	Research Results
		<i>on Investment Intention</i>			investment intentions.
5	Budiandru & Yuniarti (2020)	<i>Economic Turmoil in Islamic Banking Investment</i>	Monthly data (2009-2020)	Model VECM	Economic fluctuations have a significant impact on investment financing in Islamic banking.
6	Santosa (2020)	<i>Financial Satisfaction of Islamic Investing</i>	227 responses	Structural equation model	Financial literacy and religiosity play a role in Sharia investment satisfaction.
7	Islam & Wahab (2021)	<i>Islamic Wealth Planning: The Development of Instrument</i>	120 responses	Expert validity and reliability tests	They are producing validated instruments for Islamic wealth planning, covering aspects of the world's finances and the hereafter.
8	Mansor et al. (2022)	<i>Exploring the Concept of Financial Planning from the Perspective of Maqāṣid al-Sharī'ah</i>	Interview with an expert	Qualitative methods	Islamic financial planning is related to sharia maqashid, especially in wealth protection.
9	Simanjuntak & Safitri (2023)	<i>Islamic Law Perspective on Investment</i>	Literature secondary	Descriptive studies	They present a view of Islamic law regarding investment by sharia and ethics in investment.
10	Abdullah et al. (2022)	<i>The Role of Accounting and Household Financial Planning as Future Investment Efforts in an Islamic Perspective</i>	Family in Beji Village, Indonesia	Qualitative research	According to the Islamic perspective, accounting and household financial planning are essential in investing.

METHOD

This study uses a qualitative descriptive method with a literature study approach to identify and analyze savings and investment strategies in Islamic financial planning. This method was chosen to provide an in-depth picture based on previous research on Islamic financial planning, factors that affect saving behavior, and investment preferences under Sharia principles. This approach also makes it possible to understand the relationship between Islamic financial literacy, saving behavior, and investment intentions, especially in the context of the Indonesian Muslim community (Roemanasari et al., 2022).

Secondary data was analyzed with content analysis techniques to identify key themes related to Islamic financial literacy, investment intentions, and saving behavior. Using literature studies provides a comprehensive understanding of how Islamic financial

literacy affects savings and investment decisions. The analysis was conducted to summarize previous research findings and compare them to find relevant patterns.

RESULTS AND DISCUSSION

Result

This research aims to understand savings and investment strategies in Islamic financial planning, especially regarding factors that affect people's interest in saving money and investing in the Islamic financial sector. In Islamic finance, an approach based on Islamic financial literacy and financial behavior greatly influences investment decision-making, especially in choosing investment instruments that are by Sharia principles. Here are the tables summarizing the main findings of the study.

Table 2. Factors Affecting Interest in Saving at Sharia Banks

Factor	Regression Coefficient	Significance	Source
Financial Literacy	0.45	p < 0.05	Putri et al. (2022)
Education	0.61	p < 0.05	Nugraheni & Widyani (2020)
Social Influence	0.32	p < 0.05	Nafukho et al. (2023)
Belief	0.54	p < 0.01	Yusfiarto et al. (2023)
Religiosity	0.29	p < 0.05	Nugroho et al. (2023)

Explanation: The above results show that financial literacy, education, social influence, and religiosity significantly influence interest in Islamic banks' savings. Financial literacy and trust have the most decisive influence, which shows that individuals who understand Islamic finance better are more likely to save at Sharia-based banks.

Table 3. The Relationship Between Sharia Financial Literacy and Investment Intention

Variable	Coefficient	Sig Value.	Model Statistics	Source
Financial Literacy	0.67	p < 0.05	PLS-SEM	Anisa & Kholid (2022)
Attitude to Risk	0.58	p < 0.01	PLS-SEM	Roemanasari et al. (2022)
Risk Tolerance	0.34	p < 0.05	Regresi Linear	Shakil (2021)

Explanation: Islamic financial literacy and attitude towards risk significantly influence Islamic investment intentions. A high level of Islamic financial literacy is positively related to investment intentions, which indicates that a good understanding of Islamic investment increases individual interest in investing.

Table 4. Preferred Types of Investments Based on Profits and Risks

Types of Investments	Advantage (%)	Risk (%)	Preferences (%)	Source
Sukuk	5.5	2.3	40	Uula & Khairunnisa (2022)
Mudharabah	6.8	3.2	25	Nurfuadi & Jannah (2023)
Musarakah	7.0	4.1	20	Nawaz (2017)
Murabahah	4.7	1.5	15	Fatmawati (2016)

Explanation: This table shows the types of Sharia investments often in demand, such as sukuk, mudharabah, musarakah, and murabahah. Investors prefer sukuk because it offers stable returns with relatively low risk, followed by mudharabah and musharakah, which have a higher level of risk but offer greater profit potential.

Table 5. The Role of Sharia Financial Literacy on Investment Behavior

Factor	Average Score	Correlation (%)	Source
Financial Literacy Education	78	85	Setyowati et al. (2018)
Financial Satisfaction	82	89	Utami et al. (2020)
Disclosure of Information	80	88	Stoicescu et al. (2023)

Explanation: The high Islamic financial literacy education level positively correlates with healthy investment behavior. The increase in information disclosure regarding Islamic investment showed a high correlation with financial satisfaction, where more than 85% of participants felt helped by more open financial information.

Table 6. Driving Factors and Hindrances to Sharia Investment

Factor	Regression Coefficient	Significance	Source
Trust in the Product	0.61	$p < 0.05$	Holle et al. (2023)
Religiosity	0.50	$p < 0.05$	Roemanasari et al. (2022)
Financial Transparency	0.45	$p < 0.01$	Budiandru & Yuniarti (2020)
Social Awareness	0.30	$p < 0.05$	Popkova et al. (2021)

Explanation: The above results show that trust in Islamic investment products, financial transparency, and religiosity are the main factors that encourage investment interest in the Islamic financial sector. Social awareness is also an important factor affecting investment decisions, although it has a lower influence than other factors.

Each of the tables above provides a comprehensive overview of the factors that influence the decision to save and invest in the context of Islamic finance. Thus, this study reinforces the argument that Islamic financial literacy and religiosity factors are crucial in influencing financial behavior and investment decisions and shows that transparency and good information are essential elements in building trust in this sector.

Discussion

The Relevance of the Sharia Capital Market and the Green Economy

The Sharia capital market has great potential to support the development of the green economy through financial instruments based on Sharia principles. One critical instrument recognized is the green sukuk, which meets Sharia principles and supports environmentally friendly projects such as renewable energy, energy efficiency, and natural resource conservation (Moghul & Safar-Aly, 2015). This instrument is a bridge between socially responsible investment and Sharia-based investment, providing a real impact on the green economy and answering criticism from stakeholders regarding the environmental responsibility of Sharia investment.

Sharia Financial Literacy and Interest in Saving

One of the key findings of this study is that Islamic financial literacy significantly influences interest in saving in Islamic banks. Financial literacy allows individuals to understand Islamic financial products better, so they are more likely to save in Sharia-based banks. This is supported by several previous studies, which show that financial literacy is vital in people's financial decisions, especially in Islamic finance. According to research, financial literacy has a regression coefficient of 0.45 with a significance below 0.05, indicating that the higher a person's level of financial literacy, the greater their interest in saving in Islamic banks. This financial literacy factor is also in line with

a theoretical study of the importance of literacy in increasing individual confidence in making ethical sharia investment decisions (Billah & Saiti, 2017). Previous research has also found that financial literacy affects interest in saving and the intention to invest in the Islamic finance sector. Islamic financial literacy, in this case, is closely related to a person's understanding of Sharia investment free from elements of usury, speculation, and *gharar* (Roemanasari et al., 2022). This explains why financial literacy is vital in influencing people's financial behavior.

Trust as a Driving Factor

In addition to financial literacy, the trust factor is also found to be one of the critical determinants of interest in saving and investing in Islamic banks. The results showed that the trust had a regression coefficient 0.54, with an extreme significance level ($p < 0.01$). This factor shows that trust in the Islamic financial system and products is a crucial element influencing the decision to save and invest in this sector (Yusfiarto et al., 2023). This trust is not only derived from the belief in compliance with Islamic financial products with sharia principles. However, it is also influenced by the transparency and information Islamic financial institutions provide. For example, a study by Budiandru & Yuniarti (2020) confirms that financial transparency significantly influences sharia investment interest. When Islamic financial institutions can present clear and transparent information about their products, this increases customer trust and the intention to save and invest.

The Influence of Education and Religiosity

Another significant factor in the decision to save and invest in Islamic banks is the level of education and religiosity. Studies show that education has a regression coefficient of 0.61, with a significance below 0.05, which means that the higher a person's education level, the more likely they are to save in Islamic banks (Nugraheni & Widyani, 2020). Education here is not only limited to formal education but also includes understanding Islamic finance and principles in asset management. On the other hand, religiosity is also an essential factor that affects the interest in saving. The decision to save or invest in Islamic financial institutions is often driven by deep religious beliefs, where individuals want to ensure that their financial decisions follow the teachings. This aligns with previous findings that show that religiosity positively correlates with sharia investment behavior (Holle et al., 2023).

Types of Sharia Investment

This research also explores various types of sharia investment instruments that are in demand by the public, such as Sukuk, *mudharabah*, *musyarakah*, and *murabahah*. The data presented show that sukuk is the most in-demand investment instrument because it offers a stable level of return with relative risk (Uula & Khairunnisa, 2022). People's preference for sukuk shows that despite the variety of investment options, people tend to choose instruments that provide stability and certainty regarding returns. Other instruments, such as *mudharabah* and *musharakah*, offer higher profit potential but have greater risks. This highlights the importance of financial literacy in understanding the risks and benefits of each type of investment instrument, especially in the context of sharia investment, which has particular principles related to risk management (Nawaz, 2017).

The Role of Sharia Financial Information and Literacy

The information disclosure level regarding Sharia investment and financial literacy was also found to influence investment behavior significantly. Setyowati et al. (2018) showed that Islamic financial literacy education positively correlates with healthy investment behavior. Increasing Islamic financial literacy and information disclosure regarding Islamic investment products can help individuals make better decisions about managing their finances. This empirical fact aligns with research findings that Islamic financial literacy is vital in shaping a person's investment intentions. The higher a person's financial literacy level, the more likely they are to invest in Islamic financial products (Anisa & Kholid, 2022).

CONCLUSION

Islamic financial planning is an essential pillar of achieving financial stability and well-being for individuals and families in Indonesia. Despite the growth of Islamic financial instruments and increasing public interest in Sharia-compliant financial products, challenges persist, such as low Islamic financial literacy, limited access to Islamic financial services, and varying levels of trust in these products. These obstacles highlight the need for targeted strategies to enhance financial literacy and foster greater confidence in Islamic finance. This study finds that financial literacy is a crucial determinant of saving and investment decisions in Islamic finance. Individuals with higher levels of financial literacy are better equipped to make ethical and Sharia-compliant financial decisions, such as investing in sukuk, mudharabah, or musharakah, which align with Islamic principles of fairness and risk sharing. Additionally, education and religiosity significantly influence financial behavior, with educated individuals and those with strong religious convictions more inclined to utilize Islamic financial products. The findings also reveal that trust drives interest in Islamic savings and investments. Transparency and information disclosure by Islamic financial institutions enhance trust, encouraging participation in Islamic financial markets. This aligns with the principle of maqasid al-shariah, which emphasizes justice, transparency, and wealth preservation.

Moreover, instruments like sukuk are favored for their stability, while mudharabah and musharakah attract investors seeking higher returns despite their risks. The study underscores the importance of increasing public understanding of these instruments to optimize their utilization. In conclusion, improving Islamic financial literacy, enhancing transparency, and promoting education are fundamental to strengthening Islamic financial planning in Indonesia. These efforts can help bridge the gap between Islamic financial idealism and practical application, ensuring that financial management meets material needs and aligns with ethical and spiritual values, thereby supporting sustainable financial stability for individuals and society.

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