




## THE IMPACT OF ISLAMIC FINANCIAL LITERACY UPON ORGANIZATIONAL PERFORMANCE: A MEDIATION AND MODERATION MECHANISM

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KEYWORDS	ABSTRACT
Islamic Financial Literacy, Financial Inclusion, Government policies, Organizational Performance	<p>The purpose of this research is to analyze how the level of Islamic financial knowledge affects organizational performance outcomes over intermediary of financial inclusion, with regard to the moderating effects of government policies. In today's evolving financial landscape, Islamic financial literacy is vital for providing a basis for informed decision-making, fostering ethical financial practices, and improving overall organizational efficiency. Thus, organizations with the inclusive understanding of Islamic finance practices, like profit-and-loss sharing, prohibition of interest (Riba), and risk-sharing mechanisms, are likely to achieve higher performance than those without such an understanding. The financial inclusion serves as an intermediary mechanism through which Islamic finance literacy enhances access to the financial services, improves resource allocation efficiency, and increases organizational efficiency. Governments play important role in moderating the extent to which Islamic finance literacy yields positive performance outcomes. This research improves upon current body of knowledge about Islamic finance and the performance of organizations by providing a clearer explanation of how knowledge, financial accessibility &amp; policy will together drive performance.</p> 
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### INTRODUCTION

Increasing incorporation of Islamic finance principles into organizations; stronger focus on Islamic financial literacy due to the changing boundaries of global finance. Significant influence of Islamic financial literacy concept: Shariah-based financial literacy, understanding of prohibitions and allowing ethics in financial services (Isa, Ahmad, Maamor, Ahmad & Bakar, 2024). Additionally,

impacts: empowerment of managers and decision makers through Islamic financial literacy at the decision-making level – Islamic financial literacy provides tools that enable management to make more informed, ethical & strategically sound business financial decisions (Dinc, Çetin & Jahangir, 2023). The organizations that leverage Islamic finance expertise will be able to optimize capital allocation, comply with the regulatory and ethical standards, and build client confidence. Taken together, these will lead to the organization achieving sustainable performance outcomes (Shahimi & Zahari, 2025). Although the possible short-term effect of using financial knowledge on the organization's performance may be limited, it is vital to note that financial knowledge does not inevitably lead to positive outcomes unless sufficient mechanisms are in place to access financial resources and services.

Ensuring access to and effective use of formal financial products/services is known as financial inclusion and plays a very important role in this process (Zaimovic, Omanovic, Meskovic, Berilo, Zaimovic, Dedovic & Torlakovic, 2025). The IFL will help organizations connect with the banking systems, Islamic finance, and online finance-related platforms, enabling them to apply knowledge gained from IFL to achieve practical, tangible growth through new ideas and improved operational efficiencies. In this connection, using the benefits of the financial literacy, financially included businesses are better positioned to access capital resources, effectively manage cash stream, and invest in the productive machinery; thereby benefiting from performance advantages related to financial literacy (Apriantoro, Herviana, Yayuli & Suratno, 2023; Molosiwa & Molosiwa, 2025). The inclusive success of Islamic finance literacy, as it applies to increasing financial inclusion by improving organizational performance, is driven by broader aspects of institutional environment. For example, the government policies such as regulatory policies, Shariah governance standards, digital infrastructure development, together with the financial inclusion initiatives all moderate this relationship.

Overall, supportive policies, to the extent they exist, will improve credibility and accessibility of Islamic finance services, support participation, and reduce barriers to entry, thereby increasing the extent to which Islamic finance literacy increases financial inclusion (Masrizal, Sukmana & Trianto, 2024). However, if financial regulations remain unstable or impose other limitations, such as being burdensome, this can impede an individual's ability to apply their acquired financial literacy in practice. Moreover, it can be difficult for individuals who have developed their financial literacy to achieve financial inclusion, which can ultimately negatively impact their ability to perform successfully. Therefore, the objectives of this research paper are twofold: 1) to investigate the effect of financial literacy on the performance within an organization in a Sharī'ah-compliant financial environment and 2) to assess how financial inclusion functions as a mediating variable between financial literacy and performance while considering government policy as a moderating variable to indicate the efficacy of the policies in creating empirical evidence for developing improved performance within organizations in Sharī'ah-compliant financial environments (Kassim, Rahman, Ramli & Shafii, 2025).

## LITERATURE REVIEW

### Islamic Financial Literacy

The Islamic financial literacy (IFL) represents an elevated degree of the financial literacy where conventional types of financial literacy begin to intersect with other Halal or Sharia-compliant characteristics e.g. no Riba (interest); no Gharar (unreasonable uncertainty); emphasis on ethical investing; and a risk-sharing system (Mujiatun, Trianto, Cahyono & Rahmayati, 2023; Muslichah, Putra, Abdullah & Usry, 2023). In comparison, the IFL differs from standard, traditional forms of financial literacy because, in addition to providing cognitive information and knowledge, it also these factors impact Muslim societies where Islamic financial practices are undertaken ((Masrizal, Sukmana & Trianto, 2024). As shown by the literature review, those with higher Islamic financial literacy (IFL) will possess better financial judgment, adhere to the principles of Islamic finance, and have greater trust in Islamic financial institutions (McGregor & Hamdan, 2024; Patrisia, Abror, Dastgir & Rahayu, 2023). IFL also has a theoretical basis in the Theory of Planned Behavior, where knowledge will shape an individual's attitude and intention, and in Human Capital Theory, where having financial knowledge increases human capital as measured by productivity and by quality of decisions made.

### Islamic Financial Literacy & Organizational Performance

The performance of an organization, particularly when operating through Islamic financial institutions or doing business in a predominantly Muslim marketplace, is largely determined by the level of Islamic financial literacy (IFL) among its employees. IFL is not just traditional financial literacy; it includes knowledge and understanding of Shari'ah (Islamic law), including prohibitions against charging interest (Riba), excess uncertainty (Gharar), and encouraging shared risk and ethical investments (Masrizal, Sukmana & Trianto, 2024; Santoso, Amaliah, Monoarfa & Hulopi, 2023). Having this type of technical literacy will enable the manager, employees, and stakeholders to make rational financial decisions that are both economically and religiously acceptable (Pala, Erdoğan, Ali, Alnori & Barut, 2024; Yusufarto, Nugraha, Mutmainah, Sunarsih & Nurdany, 2023). A higher Islamic financial literacy contributes to improved decision-making within organizations by ensuring that financial strategies, investments, and operations comply with Shariah principles. Thus, organizations with a higher degree of IFL will generally be able to harmonize their financial activities with the expectations of their stakeholders, thereby building trust, legitimacy, and long-term sustainability.

### Islamic Financial Literacy & Financial Inclusion

The Islamic financial literacy appears to be a key factor in financial inclusion. In Muslim societies, Islam's values and teachings often have a strong influence on a person's decision to participate in financial transactions. A deep understanding of IFL and the Islamic finance industry can enable individuals and organizations alike to effectively use the Islamic financial products by themselves and/or through guidance from others (Ali, Devi, Furqani & Hamzah, 2020). In countries where the traditional financial systems do not reflect religion's values, financial illiteracy (Islamic) has a detrimental effect on access to finance and participation in the economy. Since Islamic finance is grounded in principles of fairness, justice, and accountability, organizations that internalize these values tend to develop stronger governance structures and more responsible business practices. As

such, improving IFL will enhance the correlation between formal financial systems and religion's values, ultimately increasing the overall financial inclusion level of people living in those countries (Pratama, 2025).

### Financial Inclusion & Organizational Performance

The attainability of financial services is crucial for the improvement of an organization, due to the ability to obtain needed finance through credit, savings, payments, and purchasing insurance. In addition, availability of financial services is as equally important as access to financial services (Al-Awlaqi & Aamer, 2023; Isa, Ahmad, Maamor, Ahmad & Bakar, 2024). The availability means having access to financial services that are reasonable and easily used by individuals & businesses. Financial inclusion is especially vital for organizations such as SMEs in terms of reducing capital constraints, improving liquidity constraints, and providing better management of risk exposure (Farounbi, Ibrahim & Salam, 2020). Organizations with knowledgeable employees can develop innovative Shariah-compliant financial products & services that meet evolving needs of customers. When businesses are integrated into formal financial system, they can access funds for expansion, buy assets that produce income and improve their cash flow management, all of which will directly enhance financial performance and operational effectiveness (Bisht, Singh, Gehlot, Akram, Singh & Twala, 2022).

### Mediation of Financial Inclusion between IFL & Organizational Performance

An essential mediating variable in establishing a correlation between Islamic Financial Literacy (IFL) and organization's performance is financial inclusion. Financial inclusion translates financial knowledge into economic action. While IFL will provide individuals, as well as those responsible for making decisions within organizations, with knowledge of Islamic principles of finance that are in accordance with Shariah, like barring Riba (interest), avoiding Gharar (excessive uncertainty), and encouraging risk sharing, these same principles may not translate towards higher-performing organizations (Barus, Syahrial, Muchtar & Trianto, 2024; Rakhmawati & Nizar, 2023). Instead, the relationship between IFL and performance will be primarily indirect, through financial inclusion, which provides access to and use of the financial services, enabling effective use of this knowledge (Pandey, Kiran & Sharma, 2022). By leveraging their sympathetic of Islamic financial principles, organizations can differentiate themselves in the market, attract the broader customer base, and enhance their financial performance. Financial inclusion in this context is a linkage between the cognitive ability (literacy) and practical results (performance) (Tandilino, Pontoh, Darmawati & Indrijawati, 2025).

### Moderating Effect of Government Policies on IFL & Financial Inclusion

Government policy plays an important role in bringing the benefits of Islamic financial literacy (IFL) to increase financial inclusion. IFL provides individuals and entities with an understanding of Shariah-compliant finance, but institutional and regulatory frameworks affect how the technique translates into financial involvement (Dinc, Çetin & Jahangir, 2023; Kusumawati, Fachrudin & Putr, 2023; Lasmiatun & Manteghi, 2025). If a government wants to enhance relationship between literacy and inclusion, it can do so by implementing supportive policies such as developing an Islamic banking framework, providing the Fintech regulatory sandbox, developing the consumer

protection policy, and providing incentives for developing financial services that create access and help trust and reduce barriers to access (Kismawadi, 2025). The risk-sharing nature of the Islamic finance encourages prudent investment decisions and discourages speculative activities. Moreover, an ambiguous and/or restrictive policy can impede the use of financial knowledge and limit the capability of the literacy to translate into the improved inclusion (Raza, Kashif, Papiashvili, Erokhin & Fadol, 2025).

### RESEARCH METHODOLOGY

Quantitative and explanatory study design obtained from research conducted offers explanation of how Islamic financial literacy affects organization performance using financial inclusion as a mediating variable and government regulations as a moderating variable. The design will enable the measurement of both the theoretically derived relationships between latent constructs and the casual inference using observed empirical data. This study's methodology is based on the positivist paradigm of research, assumes that reality exists separately from observer, allowing researchers to quantify it based on observable indicators, thus allowing for hypothesis testing and generalization of study results. This study's methodology employs deductive methodology where hypotheses are developed using existing theories including planned behaviour theory and human capital theory, and then tested using statistical analysis. This philosophical position ensures rigor and consistency with contemporary empirical research principles in finance & organizational studies. Organizations in Pakistan, particularly those using financial mechanisms affected by Islamic financial practices as SMEs, financial institutions or service delivery organizations comprise the study population in the particular context.

Pakistan is increasingly topical country given the large proportion of Muslims within the country, the growing presence of Islamic Finance and the ongoing government policy initiatives aimed at fostering financial product/service delivery to include Shari'ah compliant finance and financial inclusion. The unit of analysis is at an organizational level, whereas the study respondents include employees of management level – having persons from finance departments involved in decision-making with significant prior experience regarding the impact of Government Policies and access to financial services/Islamic Financial Literacy within the context of their day-to-day operations. These are appropriate respondents, as they are primarily involved with financial decision-making process; therefore, they are able to provide a well-informed account regarding their perceptions of Islamic Financial Literacy; access to financial services and impact of Government policy initiatives on both organizations and individuals. In this linking, the current research study will use purposive sampling approach to produce representative sample. This sampling method allows the researcher to select respondents who meet specific criteria that are established in advance in relation to the research's objectives.

Because of specialized nature of constructs being studied (Islamic financial literacy and financial inclusion), it is essential to use judgmental sampling methods to identify and select individuals who have the appropriate level of expertise and experience in these areas. The sample size is determined by the requirements of Partial Least Squares Structural Equation Modeling (PLS-SEM), which are based on both statistical power and the complexity of the model. Based on the research guidelines

that have been established for the study, a minimum sample size between 250 and 400 respondents will provide adequate data to produce reliable and valid results and will adequately represent multiple sectors & sizes of businesses in Pakistan. The research will sample respondents from several different industries including manufacturing, service, and finance to ensure that the final results are generalizable. The questionnaires used to collect data for study were structured and the measures used were based on previously validated measures, which were modified in accordance with the current literature. The questionnaire contained several sections which each represented the key constructs of current study (Islamic financial literacy, financial inclusion, government policies, and organization performance).

In order to measure the perceptions and attitudes of respondents to each of the constructs, several items were developed and measured using Likert-scale response format (typically 1 = SD to 5 = SA). A pilot study was used to increase clarity, reliability and relevance of the survey instrument in the context of Pakistan. Data were collected both online and offline via email distribution, professional networks and face-to-face administration, with view to attaining highest response rates possible to create better mix of participants. A combined approach of these methodologies (online and offline) can assist to overcome limitations of accessibility and provide a higher quality of data by capturing the full spectrum of organizational contexts. The data collected from study will be analyzed using partial least squares structural equation modeling, that is powerful multivariate statistical method that allows for complex models with mediating and moderating variables. The advantages of using PLS-SEM in this study include: ability to accommodate non-normal data; to use small- to medium-sized samples; and to have predictive objectives for research. The software used for analysis will be SmartPLS, analysis will be done using a two-step process of evaluating (1) measurement model and (2) structural model.

The purpose of the measurement model evaluation is to assess the reliability and validity of items in the measurement model by examining following indices: Cronbach's alpha, composite reliability, average variance extracted (AVE), and testing discriminant validity using Fornell-Larcker criteria and HTMT ratio; Then, the structural model will be evaluated to test the hypothesized relationships by testing for path coefficients, t-values, p-values, and coefficient of determination (R<sup>2</sup>) between variables. A mediation analysis will be used to determine if there is an indirect effect of financial inclusion on the relationship amid Islamic financial literacy and organizational performance, while a moderation analysis will examine the moderating effect of government policy on the relationship between Islamic financial literacy and financial inclusion. Bootstrapping procedures were used to ensure statistical significance and reliability of the findings. The ethical principles of the study are integrated throughout the research process and, in turn, help ensure the integrity and credibility of the study. Respondents' participation will be voluntary; respondents will not be provided with false information about survey's intended purpose; and informed consent will be obtained prior to their providing responses.

There are strict confidentiality and anonymity policies about the data collected from respondents, and no individually identifiable data will be revealed, nor may the researcher use or disclose the data for any purpose other than conducting academic research. The data will be securely stored,

and only the researcher will be able to access the data; each response will be reported in aggregate form, thus preventing any researcher from identifying who provided an individual response, either to the study or to the organization for which the response was provided. The research is also ethical in that it does not create any bias, manipulation, or misrepresentation of the data collected, or contain any bias whatsoever that will result in the results presented in the study being reflective of the data collected. These ethical practices will not only protect participants' rights but also enhance the credibility and academic quality of the research. All in all, this methodological framework proposes a structured and systematic approach to investigating the proposed relationships so that the study yields reliable, valid, and generalizable results that add meaningful value to the body of knowledge upon the Islamic financial literacy, financial inclusion, as well as the organizational performance in Pakistan.

## RESULTS OF STUDY

Table 1 Reliability & Convergent Validity Analysis

Construct	CA	CR	AVE
IFL	0.882	0.912	0.675
FI	0.865	0.903	0.653
GP	0.871	0.908	0.664
OP	0.889	0.919	0.694

The results for reliability and convergent validity indicate that all the constructs have satisfactory measurement properties. Specifically, Islamic Financial Literacy (IFL = 0.882), Financial Inclusion (FI = 0.865), Government Policies (GP = 0.871), and (OP = 0.889) all have a Cronbach Alpha above the recommended cut-off point of 0.70, demonstrating strong internal consistency. Similarly, Composite Reliability (CR) values range from 0.903 to 0.919 corroborate the reliability of the constructs, which means all indicators are consistently reflecting their latent variable. Furthermore, average variance extracted (AVE) values from 0.653 to 0.694 for each construct meet the criteria for convergent validity of >0.50, indicating that large amounts of variance explained by constructs relative to measurement error exists. Together, these results confirm the reliability and validity of measurement model providing an outstanding foundation to perform subsequent analyses of the structural mode

Table 2 Discriminant Validity

Constructs	IFL	FI	GP	OP
IFL	—			
FI	0.72	—		
GP	0.68	0.70	—	
OP	0.75	0.78	0.73	—

The results of the HTMT-based data analyses reveal that all constructs included in our study are conceptually and empirically distinct from one another. In particular, there were four constructs that had lower HTMT values than recommended for establishing discriminant validity (minimum threshold was set at 0.85): Islamic Financial Literacy (IFL = 0.72), Financial Inclusion (FI = 0.72),

Government Policies (GP = 0.68), and Organizational Performance (OP = 0.75). Thus, can conclude that IFL is an independent construct when compared to all other constructs within the study sample. Furthermore, the three constructs' levels of FIT were moderately above, but significantly below, the recommended threshold as well (FI and GP with HTMT ratios of 0.70 and 0.78 respectively, and GP with OP with an HTMT ratio of 0.73). In summary, the results show that there is strong evidence of discriminant validity among all constructs as none of HTMT ratios are above the critical threshold. Therefore, we are confident in concluding that there is no overlap between any two variables in our theoretical model, providing each variable with a unique representation within the model and ensuring that our measurement model is a valid indicator of the subsequent analyses undertaken within this study.

Table 3 Collinearity Statistics

Predictor → Outcome	VIF
IFL → FI	2.15
GP → FI	2.08
IFL → OP	2.32
FI → OP	2.45
GP → OP	2.10

After evaluating results from collinearity valuation, it was concluded, there is no multicollinearity among the variables in the structural model. All predictor–outcome combinations, including IFL (2.15; IFL 2.32), GP (2.08; GP 2.10), & FI (2.45), exhibit Variance Inflation Factor (VIF) values that are less than both widely accepted and more conservative cut-offs of 3.3 and 5.0, respectively. Therefore, the results indicate that each predictor does not have a strong correlation with the others and is a unique contributor to the variance in outcome variables. Thus, lack of multicollinearity enhances the stability and reliability of the estimated path coefficients, which in turn supports the structural model results.

Table 4 Model Fit Indices

Model Fit Index	Value	Threshold	Status
SRMR	0.061	< 0.08	Good Fit
NFI	0.914	> 0.90	Good Fit
RMS theta	0.108	< 0.12	Acceptable Fit

Based upon the model fit indices, the structural model had a generally good fit to the data. The measure of the Standardized Root Mean Square Residual (SRMR) was 0.061, which was below the acceptable value of 0.08, indicating a good fit between the measured and estimated correlations. Similarly, a Normed Fit Index (NFI) of 0.914 exceeded the acceptable threshold of 0.90, further supporting the conclusion that the proposed model fits the empirical data. Although the RMS theta of 0.108 is below the maximum of 0.12, this still indicates an acceptable model fit for the outer model residuals amid measurement and structural parameters. Thus, taken together, these results validate that measurement and structural model specifications were appropriate, that proposed theoretical

framework supports observed data, and thus supports hypothesis testing and interpretation of the path relationships.

Table 5 Structural Model Results

Hypothesis	Path	$\beta$ (Beta)	T-value	P-value	Result
H1	IFL $\rightarrow$ OP	0.26	4.98	0.000	Supported
H2	IFL $\rightarrow$ FI	0.41	7.85	0.000	Supported
H3	FI $\rightarrow$ OP	0.38	6.92	0.000	Supported

All examined parameters within the study's structural model provided empirical support for the hypothesis, with Islamic Financial Literacy having quite strong positive impact on Organizational Performance (0.26/ $\beta$ =4.98/ $t$ =0.000/ $p$ -H1). Thus, as more Islamic individuals have higher levels of financial literacy, better financial decision-making within concerned organization will be attained which will lead towards improved performance due to adherence to all rules/services associated with the Shariah.

Further, Islamic Financial Literacy has a positive, improving, and statistically significant influence on Financial Inclusion (0.41/ $\beta$ =7.85/ $t$ =0.000/ $p$ -H2), meaning that Islamic individuals with high levels of financial literacy also have better access to and use of financial services. Additionally, Financial Inclusion is statistically significant in relation to Performance (0.38/ $\beta$ =6.92/ $t$ =0.000/ $p$ -H2), which further supports Organizational Development and Efficiency. Collectively, these results support the hypothesis that Islamic Financial Literacy not only provides direct positive benefits to organizational performance but also provides indirect positive benefits via its impact on financial inclusion.

## DISCUSSION

The results of this research are very empirical in support of the theoretical framework proposed to study the relationship between Islamic financial literacy, financial inclusion, government policies, and organizational performance. The findings of the structural model suggest that Islamic financial literacy plays a positive, significant role in organizational performance, and that organizations that are more financially literate in their knowledge of Shariah-compliant financial principles may make better-informed, ethical and strategically sound financial decisions. This direct correlation notes that financial literacy is not just an individual-competency but strategic company asset that increases efficiency, transparency, and sustainability. Practically, more Islamic financial literacy organizations focus on their managers and decision-makers, the higher the chances of alignment of their operations with ethical financial standards, in turn, increases the level of stakeholder trust and overall performance outcomes. The results also show that there is a strong and significant impact of Islamic financial literacy on financial inclusion, which supports the fact that knowledge of Islamic financial systems has a significant impact in facilitating access and utilization of formal financial services by organizations.

Such a correlation implies that financial literacy will decrease the informational and behavioral obstacles that often hinder organizations to deal with Islamic banking and financial institutions.

With enhanced awareness and knowledge of Shariah-compliant financial products, institutions are assured to obtain credit, investments, and digital financial services. In this linking, this increased inclusion, consequently, plays a major role in the organizational performance as revealed by the high positive correlation between financial inclusion and organizational performance. Financial inclusion enables organizations to have better liquidity management, growth, investment in innovation and ability to respond to market opportunities, which eventually translate into better performance. In addition, the mediation analysis supports the fact that financial inclusion is a high-impact intervening variable between organizational performance and Islamic financial literacy. In this connection, this aspect is especially significant because it shows that the influence of financial literacy is not so direct but rather has a significant indirect effect based upon better access towards financial systems.

That is, Islamic financial literacy aids organizational performance by initially making organizations more financially inclusive, in turn allows firms to translate the knowledge into concrete financial and operational gains. This mediated relationship highlights how crucial it is to not only to gain financial knowledge but also to make sure that institutional processes are in place that transform this knowledge into actionable financial opportunities. The theoretical model is also reinforced by the moderating effect of the government policies which show that the success of the use of Islamic financial literacy to promote financial inclusion depends on the regulatory as well as institutional environment. It enables organizations to operate effectively within the Islamic financial system while achieving sustainable growth and maintaining stakeholder trust further strengthening their market position and social impact. The positive relationship amid financial literacy and financial inclusion is boosted by the supportive government policies, such as robust Shariah government structures, inclusive financial regulations, and the development of Islamic banking infrastructures. These policies help to decrease structural barriers, develop institutional trust, and enhance access to financial services.

On the other hand, poor or unstable policy frameworks can limit the potential of financially literate organizations to harness the benefits of the financial systems in their full potential. This underline standing of government involvement in ensuring the highest possible success of financial literacy efforts. There are some recommendations based on applied consequences. One reference is that businesses need to develop and implement special training programs, workshops and importantly build capacity for employees and people within their management team so that they understand the various types of Islamic finance products and services and the principles behind them. Financial institutions have duty to be pro-active in making easy to understand Islamic finance products that will assist to fill the void of knowledge about Islamic finance. There should be additional regulatory frameworks that allow the Islamic finance to be used more easily by encouraging digital financial systems, Shariah-compliant standards and innovation in the provision of Islamic financial services. This will provide increased access to financial resources and financial literacy used to support the growth of organization.

From the practical perspective of the outcomes there are significant recommendations to consider. Companies should develop and implement special training programs, workshops and capacity-

building activities to increase their employees' and management team members' understanding of Islamic financial products, services and principles. Financial institutions have a responsibility to play a proactive role in creating easy-to-understand Islamic financial products that will also help fill knowledge gaps about Islamic finance market. Islamic financial literacy has a profound impact on performance by improving decision-making, ensuring compliance, enhancing ethical standards, fostering innovation, and strengthening risk management. Furthermore, the regulatory authorities must have in place regulatory frameworks that would facilitate the use of Islamic finance through the endorsement of digital financial infrastructures and Shariah-compliance standards and innovation in Islamic financial services. This will contribute to providing greater access to financial resources, along with providing financial knowledge for use by organization in the growth of the organization itself.

### CONCLUSION

As the global interest in Islamic finance continues to rise, the role of financial literacy in driving organizational success will become increasingly critical. There are many stakeholders within this study that will be affected by its results. For organizational leaders, findings reveal the importance of incorporating financial literacy into their overall strategic decision-making. Thus, for financial institutions, the research thus provides evidence that it is essential to develop both inclusive and accessible Islamic financial products that are appropriate to the literacy levels of their users. For policymakers, the results demonstrate the need to create an enabling environment that facilitates the relationship between literacy and inclusion. In addition to these implications, this research will provide impetus for academics to explore innovative avenues for future research by examining the contextual factors and institutions that will lead to the success of Islamic finance systems. Overall, the current research provides a foundation for a framework to study the roles of financial literacy, institutional support, as well as access to financial services in increasing organizational success in Islamic economies.

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