



Challenges and Opportunities In Strengthening Sharia Financial Literacy In The Digital Era Towards Investment Interest Of The Millennial Generation: A Literature Review

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ABSTRACT

The rapid development of digital technology presents significant opportunities for the development of the Islamic economy in Indonesia, particularly in improving financial literacy among the millennial generation. However, the low level of understanding of Islamic financial principles and limited interest in halal investments remain major obstacles. This study aims to explore the challenges and opportunities in strengthening Islamic financial literacy in the digital era and its implications for the investment interest of the millennial generation. This study uses a literature review method (library research) with a descriptive qualitative approach, utilizing data from scientific journals, official reports from the Financial Services Authority (OJK), Bank Indonesia, KNEKS (National Islamic Finance Commission), and related academic publications. The analysis is conducted through data reduction, interpretation, and conclusion drawing to obtain a comprehensive understanding. The study results show that digitalization provides an effective means through e-learning, social media, and Islamic fintech to spread Islamic financial literacy. However, obstacles remain, such as low religious awareness, limited formal education, and the prevalence of misleading information. Therefore, synergy between educational institutions, the government, and financial institutions is crucial to creating an adaptive and sustainable Islamic financial literacy ecosystem that encourages interest in halal investment among millennials.

Keywords: *Sharia Financial Literacy, Digital Era, Investment Interest, Millennial Generation*

INTRODUCTION

The rapid development of digital technology has brought about significant transformations in the global economic and financial system, including in Indonesia. The digital era offers easy access to information, transactions, and innovative financial services that are increasingly sought after by the millennial generation. However, a major challenge is the low level of Islamic financial literacy among the Indonesian public.

According to data from the Financial Services Authority (OJK), the national Islamic financial literacy rate will reach 43.42% in 2025, while the Islamic financial inclusion rate will be only 13.41% (OJK). This figure indicates a significant gap compared to conventional financial literacy, which was recorded at 66.46% in the same year.

A lack of understanding of the principles, instruments, and mechanisms of Islamic investment is a major obstacle to the development of the Islamic capital market. Furthermore, a lack of educational training, the spread of invalid information on social media, and weak religious awareness regarding halal investments also exacerbate the low interest of the younger generation in Islamic finance.

Research by (Wahyuni Sirait et al., 2025) shows that despite millennials' extensive access to digital technology, their level of Islamic financial literacy remains relatively low. This is due to a lack of educational materials tailored to their digital native characteristics, as well as minimal promotion of Islamic financial products that appeal to them.

To address this challenge, a joint effort is needed from the government, financial institutions, and the public to improve Islamic financial literacy through various interactive and educational digital platforms. This way, millennials can understand and optimally utilize Islamic financial products, thereby contributing to the development of the Islamic economy in Indonesia.

To address low Islamic financial literacy in the digital era, a comprehensive strategy is needed that focuses not only on providing information but also on transforming people's financial behavior. This strategy includes optimizing digital technology as the primary instrument for effective, efficient, and inclusive Islamic financial education. Utilizing digital platforms such as interactive e-learning, Sharia fintech applications, educational websites, and social media-based content is a strategic step to reach the millennial generation, who are digital natives and tend to learn through digital media (Wahyuni Sirait et al., 2025).

Digital technology provides space for more personalized and interactive learning approaches, such as gamification, microlearning, and engaging audio-visual content. This aligns with findings from the Financial Services Authority

(OJK), which confirms that digital media has the potential to increase public understanding of Sharia financial products by up to 60% when combined with experiential learning.

Furthermore, cross-institutional collaboration is needed between the Financial Services Authority (OJK), Bank Indonesia, the National Committee for Sharia Economics and Finance (KNEKS), the Indonesia Stock Exchange (IDX), and higher education institutions to develop digital educational curricula and content based on the principles of maqasid sharia. This synergy is crucial to ensure that literacy materials emphasize not only financial aspects but also spiritual values, ethics, and economic justice (Yudhi Achmad Bashori, 2024).

Literacy improvements can also be achieved through community-based digital literacy programs, such as the Digital Islamic Finance Camp or Online Islamic Finance School, which involve students, lecturers, Muslim influencers, and Islamic financial institutions as literacy ambassadors. These programs can utilize big data and behavioral analytics to tailor learning materials to user interests and needs (Dan et al., 2024).

Furthermore, innovation is needed in the form of integrating blockchain technology and the Internet of Things (IoT) into Islamic education and transaction systems to increase transparency, accountability, and public trust in Islamic products (Rachman et al., 2023). This approach strengthens the digital ecosystem of the Islamic economy, which is not only adaptive to changing times but also compliant with the principles of justice and sustainability.

Thus, through synergy between institutions, optimal utilization of digital technology, and strengthening Islamic values in every aspect of financial education, it is hoped that a society will emerge with balanced financial and spiritual awareness and be able to become agents of change in the development of the national Islamic economy. Based on this background, the research objectives are:

- To analyze the various challenges in improving Islamic financial literacy in the digital era.
- To identify opportunities to expand millennials' investment interest in Islamic financial products.
- To design an effective strategy that integrates digital technology, Islamic economic education, and an economic da'wah approach.
- To encourage the formation of an investment ecosystem based on Islamic values, business ethics, and sustainability principles.

METHOD

This research employed a literature review method (library research) by examining various scientific sources relevant to the research theme. The approach employed was qualitative descriptive, systematically analyzing and interpreting data to gain an in-depth understanding of Islamic financial literacy and millennial investment interest in the digital era.

Data sources for this study came from national and international journals, official reports published by the Financial Services Authority (OJK), Bank Indonesia (BI), and the National Committee for Islamic Economics and Finance (KNEKS), as well as various scientific articles discussing financial literacy and investment behavior among the younger generation.

The research process involved several stages:

- Data Collection - Collecting various references in the form of scientific journals, books, and official reports discussing Islamic financial literacy and the development of digital investment.
- Data Reduction - Filtering and selecting information relevant to the research focus to ensure the data used is specific and focused.
- Data Analysis - Reviewing and interpreting findings to identify patterns, challenges, opportunities, and their implications for millennial investment interests.
- Conclusion Drawing - Synthesizing analysis results to produce scientific conclusions and answer the research problem formulation.

RESULTS AND DISCUSSION

Based on a literature review, the level of Islamic financial literacy in Indonesia remains relatively low compared to conventional financial literacy. According to the Financial Services Authority (OJK), the 2022 National Survey on Financial Literacy and Inclusion (SNLIK) showed that the national Islamic financial literacy index was only 8.93%, far behind the conventional financial literacy index of 49.68% (OJK, 2022). Despite significant improvement, the 2024 SNLIK data shows that the Islamic financial literacy index only reached 39.11%, with the Islamic financial inclusion index at 12.88%, while national financial literacy had reached 65.43% (OJK & BPS, 2024). The latest findings from the 2025 SNLIK also show an increase in Islamic financial literacy to 43.42%, but the inclusion rate still lags behind at 13.41%, indicating that public understanding has not yet fully transformed into concrete Islamic financial behavior (OJK & BPS, 2025).

This situation illustrates that Indonesians still have limited understanding of the basic principles of Islamic finance, such as the prohibition of usury (riba),

gharar (uncertainty), and maysir (speculation). This poses a significant challenge for the millennial generation, a group living in the midst of digitalization and known for its technological literacy, yet lacking a thorough understanding of Islamic-based financial systems (Wahyuni Sirait et al., 2025). This low literacy rate has resulted in minimal participation in halal investments such as sukuk (Islamic bonds), Islamic mutual funds, and Islamic stocks, despite the significant market potential of young Muslims.

However, despite these challenges, the development of digital technology presents significant opportunities for improving Islamic financial literacy. Digital platforms such as Sharia fintech, e-learning, and educational content on social media can accelerate the dissemination of Sharia-based financial information and education in an interactive and accessible manner (Dan et al., 2024). Consistent with findings (Wahyuni Sirait et al., 2025), digital transformation has a positive correlation with increasing Sharia financial literacy among millennials, as it facilitates more adaptive, participatory learning that aligns with the younger generation's digital lifestyle. Therefore, financial digitalization can be a strategic medium for fostering understanding and increasing participation in Sharia-based investment in Indonesia.

The results of this library research, which explored various scientific sources such as national and international journals, official reports from the Financial Services Authority (OJK), Bank Indonesia (BI), and publications from the National Committee for Sharia Economics and Finance (KNEKS), show that, in addition to quantitative empirical data, numerous articles and previous research findings highlight the relationship between financial literacy, digital technology, and millennial investment behavior. From this literature review, several key factors were identified contributing to the low level of Islamic financial literacy among Indonesians. First, there is a lack of dissemination of educational information about Islamic financial products through digital media and channels easily accessible to the younger generation, such as social media and financial education apps (Maghfira Izzany, 2025). Second, the lack of comprehensive integration of Islamic economics into the formal education curriculum—including at the secondary and tertiary levels—resulting in a suboptimal development of a basic understanding of Islamic finance from an early age (Maghfira Izzany, 2025). Third, there is a lack of engaging and relevant educational activities for the millennial generation: many Islamic financial literacy programs remain traditional, lacking interactive digital methods or gamification that align with the millennial lifestyle (Dzulhijrah et al., 2025).

On the other hand, the literature also reveals that the emergence of Sharia-compliant fintech—such as Islamic peer-to-peer lending, halal crowdfunding,

and halal investment marketplaces—has opened up broader access to halal investment products for the younger generation (Dandy Hidayata, 2024). This digital technology has been shown to encourage young people's interest in investing in accordance with Islamic principles, as it offers easy access, transparency in product structure, and cost and time efficiency (Fadli Ikhwan et al., 2025). For example, research among students shows that Islamic financial literacy in the aspects of financial behavior and attitudes has a significant influence on the use of fintech (Education and Da'wah & Hendri Doni UIN Sjech Djamil Djambek Bukittinggi, 2025) shows a relationship between the level of understanding, digital readiness, and adoption of Islamic financial products by the younger generation.

Thus, the digital era is not only a challenge but also a strategic medium with significant potential to foster understanding and increase participation in Sharia-based investments among millennials, provided that education and platform access are designed appropriately, relevantly, and youth-friendly.

The interpretation of the study results indicates that improving Sharia financial literacy must be tailored to the characteristics of the rational, digital-minded, and socially value-oriented millennial generation. This generation seeks not only financial gain but also moral values and positive social impacts from every economic decision they make.

According to (Nur Anisa & Shadiqul Fajri, 2025), Sharia financial literacy has a positive and significant influence on Generation Z's investment decisions in the Sharia capital market because an understanding of halal values and business ethics encourages responsible financial behavior. Meanwhile, (Fitriyah¹ & Rahmawati², n.d.) emphasized that digital platforms and motivation play a significant role in influencing Generation Z's investment decisions regarding sharia stocks, although financial literacy has an indirect influence through risk perception and trust in financial institutions.

In this context, sharia financial literacy is not solely defined as mastery of financial concepts but also encompasses spiritual awareness in managing finances. This awareness encompasses the understanding that all economic activity should be based on justice, sustainability, and halal principles. The higher a person's understanding of these values, the greater their tendency to invest in instruments that comply with sharia principles (Sepdiana, Hubbulwathan Islamic College, Duri, 2025).

This finding is further supported by (Rahayu et al., 2022), who explain that a high level of digital financial literacy significantly influences the investment behavior of the millennial generation in Indonesia. This generation tends to use digital media, such as sharia investment apps and halal e-wallets, to reconcile

spiritual needs with technological efficiency. Thus, Sharia digital literacy serves as a crucial bridge between modernity and Islamic values.

However, several obstacles persist, such as the abundance of inaccurate information on social media, a lack of practical training on Islamic finance, and weak synergy between financial institutions, the government, and educational institutions in developing Sharia digital literacy programs (Hasan et al., n.d.). A study (Mansyur & Ali, 2022) even confirmed that the low adoption of Sharia fintech among millennials is due to a lack of in-depth understanding of its features, contracts, and underlying Sharia principles.

Therefore, increasing literacy needs to be achieved through cross-sector collaboration, including financial institutions, universities, Sharia authorities, and digital communities. An effective approach can be implemented through educational campaigns based on webinars, podcasts, and interactive digital content, which are considered most effective in attracting millennials and fostering their interest in halal investments (Supriana et al., n.d.). According to (Guntur & Kaban, 2021), the integration of religiosity, lifestyle, and Islamic financial literacy can strengthen the younger generation's interest in saving and investing in Islamic financial institutions.

Therefore, it can be concluded that strategies for strengthening Islamic financial literacy in the digital era must be adaptive, interactive, and based on spiritual values, so that millennials and Gen Z become not only digital financial consumers but also agents of change towards a fair, sustainable, and Sharia-compliant financial system.

The results of this study reinforce the view (Lusardi & Mitchell, 2014), which asserts that financial literacy is key to making wise and sustainable economic decisions. From an Islamic perspective, this concept aligns with the principles of maqasid sharia, particularly the aspect of hifz al-mal (guarding wealth), which emphasizes the importance of fair and halal financial management.

Furthermore, the research findings support the theory (Zaleskiewicz, 2017), which explains that investment decisions are not solely determined by economic logic, but also by psychological, social, and religious factors. For Muslim investors, spiritual values such as trustworthiness, honesty, and fairness are crucial components in determining investment choices. Thus, the results of this study demonstrate that Islamic financial literacy in the digital era is a multidimensional process that combines educational, moral, and technological aspects. Strengthening Islamic financial knowledge not only improves financial intelligence but also fosters responsible and ethical economic behavior.

Based on the literature analysis and interpretation of the findings, this study proposes a new conceptual model called the Integrated Digital Islamic Financial Literacy Model (LKS-DT). This model is an adaptation of conventional financial literacy theory integrated with spiritual values and a technological approach.

The LKS-DT model encompasses three main dimensions:

- The Financial Education Dimension, which enhances public understanding of Islamic-based financial products, instruments, and mechanisms.
- The Digitalization and Technology Dimension, which emphasizes the use of digital platforms such as social media, Islamic fintech, and e-learning as a means of Islamic economic da'wah.
- The Spiritual and Sharia Ethics Dimension, which instills the values of justice, social responsibility, and honesty in financial decision-making.

These three dimensions are interconnected and form a comprehensive literacy framework, where knowledge, technology, and spirituality are balanced. This model is expected to foster the development of a young generation that is not only financially savvy but also possesses moral and religious awareness in investing.

This model can be implemented through collaboration between Islamic financial institutions, educational institutions, and digital communities. This synergy will create an inclusive and sustainable Islamic financial literacy ecosystem, while strengthening the position of Islamic finance as a pillar of a modern, ethical, and equitable national economy.

CONCLUSION

The results of this study indicate that Islamic financial literacy plays a crucial role in shaping the investment behavior and interest of millennials amidst the advancement of the digital era. The rapid transformation of information technology has opened up vast opportunities for increasing understanding of Islamic finance, particularly through the use of digital platforms such as social media, online learning, and Islamic fintech services. Easy access to information is a supporting factor for millennials to understand Islamic economic concepts and actively participate in the Islamic capital market. Digitalization also presents more efficient, interactive educational opportunities that are not limited by time or location.

Nevertheless, various obstacles still need to be overcome. Low awareness of Islamic financial principles, the perception that halal investments are less competitive, and the circulation of inaccurate information in digital media are

major obstacles. Furthermore, suboptimal collaboration between educational institutions, the government, and the industrial sector in developing technology-based Islamic financial literacy programs has also slowed down the increase in understanding among the younger generation.

Therefore, efforts to strengthen Islamic financial literacy need to be designed in an integrated, collaborative, and sustainable manner. Cooperation between Islamic financial institutions, regulators such as the Financial Services Authority (OJK) and the Indonesian National Sharia Business Council (KNEKS), and educational institutions needs to be strengthened to build a digital education ecosystem imbued with Islamic values. Furthermore, a creative approach to Islamic economic da'wah (Islamic economic da'wah) through digital media can foster spiritual awareness and ethical investment practices. Through these steps, the millennial generation is expected to become intelligent, ethical investors and contribute significantly to the growth of the national Islamic economy.

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