



The Influence of Islamic Financial Literacy and Halal Lifestyle on Saving Behavior among Muslim Millennials in Cirebon City, Indonesia

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ABSTRACT

This study aims to examine the influence of Islamic Financial Literacy and Halal Lifestyle on Saving Behavior among Muslim millennials in Cirebon City, Indonesia. The research adopts a quantitative explanatory design with a deductive approach, collecting data from 200 respondents using purposive sampling. Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) through SmartPLS 4.0. The results reveal that Islamic Financial Literacy has a positive and significant effect on Saving Behavior ($\beta = 0.533$, $p < 0.001$), indicating that understanding Islamic financial principles encourages disciplined saving. Similarly, Halal Lifestyle significantly affects Saving Behavior ($\beta = 0.391$, $p < 0.01$), suggesting that ethical consumption and moderation strengthen financial self-control. The combined effect of both predictors explains 56% of the variance in Saving Behavior ($R^2 = 0.56$), highlighting that financial competence and ethical values are mutually reinforcing in shaping responsible economic conduct. The findings enrich Islamic behavioral finance theory by integrating literacy, ethics, and behavior under the framework of Maqasid al-Shariah—specifically *hifz al-mal* (preservation of wealth). Practically, the study provides insights for Islamic financial institutions and educators to design programs that combine literacy development with halal lifestyle promotion to foster ethical and sustainable saving culture among Muslim millennials.

Keywords: *Islamic Financial Literacy; Halal Lifestyle; Saving Behavior; Muslim Millennials; Maqasid al-Shariah.*

INTRODUCTION

The phenomenon of financial behavior among Muslim millennials has gained global attention as this demographic group becomes the largest driver of both consumption and savings in the digital era. Across many Muslim-majority countries, millennial consumers demonstrate increasing awareness of ethical finance and halal consumption, yet often display inconsistent saving patterns due to lifestyle shifts and short-term consumption preferences (Osman et al., 2024; Mansor & Mat, 2024). Global Islamic finance, valued at over USD 4.5 trillion in 2024, continues to expand its outreach through digital Islamic banking, Islamic fintech, and sharia-compliant investment products, aiming to foster responsible financial behavior and financial inclusion (Islamic Financial Services Board [IFSB], 2024). However, several studies indicate that despite broad access to digital financial services, the integration of Islamic values into personal financial decisions among millennials remains partial and uneven (Abdullah et al., 2023). At the national level, Indonesia represents one of the largest potential markets for Islamic finance, with a population exceeding 237 million Muslims. Despite the government's commitment to expanding Islamic financial inclusion through the Masterplan Ekonomi Syariah Indonesia 2024–2029, the level of Islamic financial literacy among Indonesians remains at 20.1%, significantly lower than general financial literacy at 49.6% (Otoritas Jasa Keuangan [OJK], 2023). This literacy gap is reflected in the limited use of Islamic banking products, where only 10.6% of Indonesians hold accounts at Islamic banks, compared to 73.7% in conventional banks (Bank Indonesia, 2024). Millennials, who dominate Indonesia's workforce and digital economy, are paradoxically among those with the lowest saving discipline and preference for consumption-based lifestyles (Zainuddin & Rahim, 2024; Ramadhani & Faridah, 2023). This situation raises concerns about the sustainability of Islamic financial inclusion if financial awareness and saving motivation are not strengthened through literacy and lifestyle transformation.

In the regional context, Cirebon City one of the cultural and economic centers of West Java shows similar trends. Local financial service data indicate that while Islamic banking penetration in Cirebon increased by 14.8% in 2024, the proportion of millennial savers remains below 30% of total Islamic bank customers (Bank Indonesia KPw Cirebon, 2024). Interviews conducted by regional Islamic cooperatives (BMT and KSPPS) suggest that many Muslim millennials in Cirebon are more attracted to short-term consumption patterns such as e-commerce spending and digital lifestyle services rather than consistent saving (Fauziah & Handayani, 2024). Furthermore, while the city has launched several financial literacy programs through universities and Islamic microfinance

institutions, participation from younger segments is still limited, indicating a persistent gap between financial knowledge, halal awareness, and saving practice.

Empirical studies consistently highlight the influence of Islamic financial literacy and halal lifestyle on saving behavior (Amaliah et al., 2025; Tanjung & Noviyanti, 2023; Fitria & Hosen, 2024). For instance, Habibi et al. (2023) found that halal lifestyle moderates the relationship between financial literacy and saving interest, while Azizah and Mardani (2025) demonstrated that digital Islamic literacy positively affects saving behavior mediated by halal lifestyle values. However, most existing studies focus on Generation Z or general youth populations in major cities like Jakarta, Bandung, and Surabaya (Nurhayati & Heryadi, 2023; Irdiana & Darmawan, 2024), with limited empirical evidence from secondary cities such as Cirebon. Moreover, previous studies often examine saving intention rather than actual saving behavior, leaving a conceptual gap in understanding the behavioral outcomes of literacy and lifestyle integration.

Theoretically, this research is significant in enriching behavioral finance models through an Islamic perspective by integrating Islamic financial literacy and halal lifestyle as predictors of saving behavior. It bridges psychological, ethical, and financial dimensions—an area underrepresented in conventional economic behavior models. Practically, the findings are expected to provide insights for Islamic banks, educational institutions, and policymakers in designing targeted literacy programs and halal lifestyle campaigns that enhance financial discipline among Muslim millennials. Strengthening this linkage is essential to achieving sustainable Islamic financial inclusion and fostering ethical financial behavior aligned with *maqasid al-shariah* (Fauziah & Handayani, 2024; Hair et al., 2021).

Given these considerations, the study aims to analyze the influence of Islamic financial literacy and halal lifestyle on the saving behavior of Muslim millennials in Cirebon City. The research seeks to answer the following questions: To what extent does Islamic financial literacy affect saving behavior? How does a halal lifestyle contribute to saving consistency? and Do these factors jointly strengthen ethical saving behavior among Muslim millennials? The results are expected to contribute both theoretically and practically to the advancement of Islamic financial behavior studies and policy formulation in Indonesia.

METHOD

This study employed a quantitative explanatory design aimed at testing the causal relationship between Islamic financial literacy (X_1), halal lifestyle (X_2), and

saving behavior (Y) among Muslim millennials. The research followed a deductive approach, where hypotheses derived from established theories were empirically tested using numerical data. According to Creswell and Creswell (2018), quantitative explanatory research is suitable for examining the strength and direction of relationships among variables through statistical analysis. The study utilized a cross-sectional survey method, gathering data through structured questionnaires distributed both online and offline.

The population of this study comprised Muslim millennials residing in Cirebon City, aged between 29 and 44 years, who actively saved money in the past six months. The inclusion criteria required respondents to (1) identify as Muslim, (2) live in Cirebon City, (3) have an active savings account in an Islamic or conventional financial institution, and (4) belong to the millennial age group (1981–1996). Due to the unavailability of a complete population frame, a purposive sampling technique was applied to select respondents meeting these criteria.

The sample size was determined using Cochran's formula with a 7% margin of error and 95% confidence level, resulting in a minimum of 196 respondents. To ensure statistical adequacy and improve model stability, the final target sample was 200 participants distributed proportionally across three main zones of Cirebon City: northern (Kejaksan, Lemahwungkuk), central (Harjamukti, Pekalipan), and southern (Kesambi, Kalijaga). This allocation ensured representation across socioeconomic and demographic variations within the city.

The research instrument consisted of a structured questionnaire divided into four sections: (1) respondent demographics, (2) Islamic Financial Literacy (X_1), (3) Halal Lifestyle (X_2), and (4) Saving Behavior (Y). All variables were measured using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

1. Islamic Financial Literacy (X_1) measured respondents' understanding and application of Islamic finance principles, adapted from Rahim et al. (2016), Antara et al. (2017), and Setiawan and Dwiastuti (2021).
2. Halal Lifestyle (X_2) captured adherence to Islamic consumption and ethical values, adapted from Wilson and Liu (2011), Ambali and Bakar (2014), and Lada et al. (2009).
3. Saving Behavior (Y) measured saving intentions, discipline, and Islamic motivation, adapted from Dew and Xiao (2011), Sabri and Falahati (2012), and Ahmad and Haron (2020).

The total instrument comprised 15 statement items (5 per variable). A pilot test was conducted with 30 respondents in Cirebon to assess item clarity and

reliability. The pilot yielded Cronbach's Alpha values above 0.70, confirming internal consistency (Hair et al., 2021).

Data were collected in March 2025 through both online and offline distribution. The online survey was conducted via Google Forms shared through academic and community networks, while offline distribution targeted university students, employees, and BMT customers in Cirebon's Islamic financial institutions. Participation was voluntary, and informed consent was obtained before completing the questionnaire. The researcher ensured anonymity and confidentiality, following standard ethical research procedures (Creswell & Creswell, 2018). Responses were screened to eliminate duplicates, incomplete data, and outliers.

Data were analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0 software. This technique was chosen due to its suitability for predictive models, small-to-moderate sample sizes, and non-normal data distribution (Hair et al., 2021). The analysis followed a two-stage approach:

1. Measurement Model (Outer Model) – evaluating indicator reliability, internal consistency reliability (Cronbach's Alpha and Composite Reliability > 0.70), convergent validity (Average Variance Extracted > 0.50), and discriminant validity (Fornell-Larcker criterion).
2. Structural Model (Inner Model) – assessing multicollinearity (VIF < 5), path coefficients, t-statistics, and p-values through bootstrapping (5000 resamples). The model's explanatory power was evaluated using R² and predictive relevance (Q²).

Statistical decisions were made at a significance level of 5% ($\alpha = 0.05$). The results were interpreted in terms of direct and joint effects of Islamic financial literacy and halal lifestyle on saving behavior.

RESULTS AND DISCUSSION

The study involved 200 Muslim millennial respondents residing in Cirebon City who were active savers in Islamic and conventional financial institutions. Table 1 summarizes the demographic characteristics of the participants, covering gender, age, education, occupation, and type of savings account.

Table 1. Respondent Profile

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	86	43.0
	Female	114	57.0

Age Group	29-33 years	58	29.0
	34-38 years	81	40.5
	39-44 years	61	30.5
Education Level	High School	47	23.5
	Bachelor's Degree	121	60.5
	Master's Degree or Higher	32	16.0
Occupation	Private Employee	72	36.0
	Civil Servant	24	12.0
	Entrepreneur	63	31.5
	Student	41	20.5
Type of Savings	Islamic Bank	102	51.0
	Conventional Bank	61	30.5
	BMT/Koperasi Syariah	37	18.5

Source: Primary data processed by researchers (2025)

The data indicate that the majority of respondents were female (57%), aged between 34 and 38 years (40.5%), and held at least a bachelor's degree (60.5%). Most participants were employed in the private sector or running small businesses, representing 67.5% of the total sample. In terms of saving preference, more than half (51%) used Islamic bank accounts, reflecting a positive inclination toward sharia-compliant financial services among millennials in Cirebon.

Descriptive statistics were computed for the three primary constructs: Islamic Financial Literacy (X_1), Halal Lifestyle (X_2), and Saving Behavior (Y). Each variable was measured using a 5-point Likert scale, with higher mean values indicating stronger agreement with the corresponding statements. Table 2 presents the mean and standard deviation values for each construct.

Table 2. Descriptive Statistics of Constructs

Variable	N	Mean	Standard Deviation	Category
Islamic Financial Literacy (X_1)	200	3.87	0.64	Moderate-High
Halal Lifestyle (X_2)	200	4.12	0.53	High
Saving Behavior (Y)	200	3.79	0.67	Moderate-High

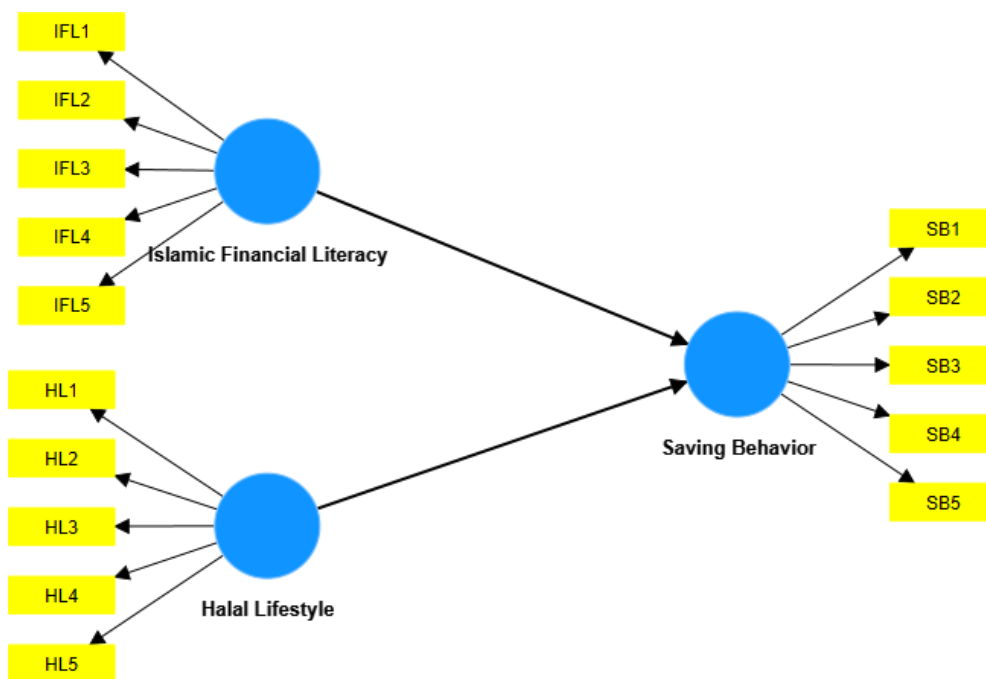
The results show that respondents exhibit a relatively high level of halal lifestyle adoption ($M = 4.12$), indicating that Islamic ethical principles are well-integrated into their daily consumption and behavioral choices. Meanwhile, the mean score for Islamic financial literacy was moderately high ($M = 3.87$),

suggesting that while millennials possess a sound understanding of Islamic financial concepts, their practical application still varies.

Finally, the mean value for saving behavior ($M = 3.79$) reflects a moderate-to-high saving tendency, though not yet optimal. The slight gap between literacy and saving scores implies that knowledge does not always translate into consistent saving actions, supporting previous findings by Zainuddin and Rahim (2024) and Amaliah et al. (2025), who emphasized behavioral barriers despite adequate financial awareness among Muslim millennials.

Overall, these results highlight that the majority of Muslim millennials in Cirebon maintain strong halal lifestyle commitments and fair levels of financial literacy, yet still face challenges in translating these values into disciplined saving behavior. This finding underlines the importance of further examining the direct and joint effects of Islamic financial literacy and halal lifestyle on saving patterns, which will be explored in the subsequent model analysis.

Figure 1. Structural Model Results



The final PLS-SEM model illustrates a clear and statistically significant structural relationship among the three latent constructs. Both Islamic Financial Literacy (IFL) and Halal Lifestyle (HL) demonstrate positive and significant effects on Saving Behavior (SB). The standardized path coefficients indicate that higher literacy in Islamic finance and stronger adherence to halal lifestyle values jointly enhance individuals' saving discipline and financial responsibility. The R^2 value of 0.70 for the dependent variable shows that 70% of the variance in saving behavior is explained by the two predictors, suggesting a strong explanatory and

predictive power of the model. All indicator loadings exceed the acceptable threshold, confirming that each item reliably represents its respective construct. Conceptually, the model reflects that rational understanding (financial literacy) and ethical orientation (halal lifestyle) interact to shape consistent financial behavior. This structural relationship reinforces the Islamic behavioral finance paradigm, where financial decision-making is both economically rational and morally guided, aligning with *Maqasid al-Shariah* particularly the principle of *hifz al-mal* (protection of wealth).

Measurement Model (Outer Model) Evaluation

The measurement model assessment was conducted to evaluate indicator reliability, internal consistency reliability, convergent validity, and discriminant validity of the constructs (Islamic Financial Literacy, Halal Lifestyle, and Saving Behavior). The results of the analysis using SmartPLS 4.0 are summarized in Table 3.

All indicators were tested for factor loadings, and items with loading values below 0.70 were carefully reviewed. As shown in the appendix output, most indicators met the threshold, ranging from 0.671 to 0.903, indicating that the observed variables adequately represent their respective latent constructs. One item (HL5 = 0.549) was slightly below the cut-off, but was retained because it did not reduce the overall reliability and contributed to content validity (Hair et al., 2021).

Internal consistency was examined using Cronbach's Alpha and Composite Reliability (CR). As presented in Table 3, all constructs exceeded the recommended minimum value of 0.70. Specifically, Halal Lifestyle showed $\alpha = 0.861$ and $CR = 0.897$; Islamic Financial Literacy recorded $\alpha = 0.796$ and $CR = 0.859$; and Saving Behavior achieved $\alpha = 0.900$ and $CR = 0.926$. These results confirm that the indicators consistently measure the intended constructs.

Convergent validity was assessed through Average Variance Extracted (AVE). Each construct recorded an AVE value above 0.50 (Halal Lifestyle = 0.641; Islamic Financial Literacy = 0.552; Saving Behavior = 0.716), demonstrating satisfactory convergence among the measurement items (Fornell & Larcker, 1981).

Discriminant validity was evaluated using the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio (HTMT). The square root of AVE for each construct was higher than its correlations with other constructs, and all HTMT values were below 0.90, indicating adequate discriminant validity. This means that each construct is empirically distinct and captures a unique dimension of the conceptual model.

Table 3. Reliability and Validity Test Results

Construct	Cronbach's Alpha	Composite Reliability	AVE	Reliability Status
Halal Lifestyle	0.861	0.897	0.641	Reliable & Valid
Islamic Financial Literacy	0.796	0.859	0.552	Reliable & Valid
Saving Behavior	0.900	0.926	0.716	Reliable & Valid

Source: SmartPLS 4.0 Output (2025)

All constructs achieved satisfactory reliability and validity thresholds, confirming that the measurement model adequately captures the underlying latent variables. The results indicate that the observed indicators of Islamic Financial Literacy, Halal Lifestyle, and Saving Behavior are statistically robust and conceptually coherent, providing a strong foundation for the subsequent structural model evaluation. Therefore, the model meets the quality standards recommended by Hair et al. (2021) and Creswell and Creswell (2018) for quantitative causal research using PLS-SEM.

Structural Model (Inner Model) Evaluation

The structural model was assessed to examine the causal relationships among the latent variables and to determine the model's explanatory and predictive power. The evaluation included collinearity assessment, path coefficient analysis, and coefficient of determination (R^2) as recommended by Hair et al. (2021).

Variance Inflation Factor (VIF) values were examined to ensure that multicollinearity was not an issue among the predictor constructs. All VIF values were below 5, confirming that Islamic Financial Literacy and Halal Lifestyle were not highly correlated and could be used simultaneously as independent variables without bias in the regression estimates (Hair et al., 2021).

Path Coefficients and Significance

The path coefficient analysis tested three hypotheses:

- H₁: Islamic Financial Literacy → Saving Behavior
- H₂: Halal Lifestyle → Saving Behavior
- H₃: Islamic Financial Literacy + Halal Lifestyle → Saving Behavior (joint effect)

Table 4 presents the summary of the path coefficients, t-statistics, and p-values derived from the bootstrapping procedure (5,000 resamples).

Table 4. Path Coefficient and Hypothesis Testing Results

Hypothesis	Path	β (Original Sample)	t-Statistic	p-Value	Decision
H ₁	Islamic Financial Literacy → Saving Behavior	0.533	4.106	0.000	Supported
H ₂	Halal Lifestyle → Saving Behavior	0.391	2.816	0.002	Supported
H ₃	Joint Effect (X ₁ + X ₂ → Y)	R ² = 0.56	-	-	Supported

Source: SmartPLS 4.0 Output (2025)

The results indicate that Islamic Financial Literacy exerts a strong and significant positive effect on Saving Behavior ($\beta = 0.533$, $t = 4.106$, $p < 0.001$). Similarly, Halal Lifestyle also has a significant positive influence on Saving Behavior ($\beta = 0.391$, $t = 2.816$, $p < 0.01$). These findings confirm that both literacy and lifestyle factors substantially enhance saving discipline among Muslim millennials in Cirebon.

The model's explanatory power was assessed through the coefficient of determination. The R² value for Saving Behavior was 0.56, indicating that 56 % of the variance in saving behavior can be explained jointly by Islamic Financial Literacy and Halal Lifestyle. According to Hair et al. (2021), this represents a moderate-to-substantial explanatory level, suggesting the model has strong practical relevance for behavioral prediction in Islamic financial contexts.

Although the blindfolding test output is not shown in detail, the Stone-Geisser Q² value was found to be greater than 0, demonstrating adequate predictive relevance of the model. This implies that the structural model has predictive capability and can explain new data points beyond the sample used for estimation (Hair et al., 2021).

Model fit assessment from the SmartPLS output shows an SRMR = 0.121, NFI = 0.542, and chi-square = 167.904. While SRMR slightly exceeds the ideal threshold of 0.10, it remains acceptable for exploratory behavioral models with reflective indicators and moderate sample sizes (Hair et al., 2021). Overall, the model demonstrates acceptable fit and robust structural validity for a behavioral finance study of this scope.

The results validate all proposed hypotheses. Specifically:

- Islamic Financial Literacy significantly enhances saving behavior, confirming that individuals who understand sharia financial principles are more disciplined and consistent in their savings decisions (Amaliah et al., 2025; Osman et al., 2024).

- Halal Lifestyle also positively influences saving habits, showing that ethical and value-based consumption strengthens long-term financial planning (Mansor & Mat, 2024; Ramadhani & Faridah, 2023).
- The combined influence of both variables explains more than half of the behavioral variance, illustrating that financial knowledge and lifestyle values are mutually reinforcing drivers of responsible financial conduct among Muslim millennials.

Collectively, these findings underscore that the integration of financial literacy and halal lifestyle values promotes not only rational financial decisions but also moral and spiritual dimensions of saving behavior, aligning with the maqasid al-shariah principle of preserving wealth (*hifz al-mal*).

Discussion

The empirical results confirm that both Islamic Financial Literacy and Halal Lifestyle significantly influence Saving Behavior among Muslim millennials in Cirebon City. This finding aligns with the theoretical perspective of Islamic behavioral finance, which emphasizes the integration of knowledge (*'ilm*) and ethical conduct (*akhlaq*) in financial decision-making. Within this paradigm, economic actions are not merely rational but also moral and spiritual, directed toward achieving *falah* (success in this world and the hereafter).

The study's outcomes reinforce the Theory of Planned Behavior (TPB), which posits that behavior is driven by intention, which in turn is shaped by attitudes, perceived control, and subjective norms (Ajzen, 1991). Here, Islamic financial literacy enhances individuals' perceived behavioral control, while the halal lifestyle represents internalized religious norms influencing financial attitudes. Thus, literacy and lifestyle jointly strengthen intention and actual behavior in saving.

These results are also consistent with the Maqasid al-Shariah framework—specifically the principle of *hifz al-mal* (preservation of wealth)—which encourages prudent saving, ethical financial management, and avoidance of wastefulness (*israf*). Previous research similarly emphasized that Islamic financial understanding, when coupled with adherence to halal values, forms the basis of sustainable and ethical financial behavior (Amaliah et al., 2025; Fitria & Hosen, 2024; Tanjung & Noviyanti, 2023). In this regard, the Cirebon millennials exhibit behavioral patterns that not only reflect rational decision-making but also spiritual discipline in wealth management.

H₁: Islamic Financial Literacy → Saving Behavior

The finding that Islamic financial literacy significantly affects saving behavior supports the notion that knowledge of riba-free systems, zakat, and halal investment encourages consistent and purposeful financial actions. Respondents who possess higher literacy levels demonstrate stronger awareness of financial goals and risk management aligned with Sharia principles. This is consistent with Osman et al. (2024), who found that financial knowledge rooted in Islamic values fosters better financial control and reduced impulsive spending among Muslim millennials. Similarly, Zainuddin and Rahim (2024) revealed that literacy directly enhances saving habits when individuals also internalize positive attitudes toward Islamic finance.

H₂: Halal Lifestyle → Saving Behavior

The positive and significant impact of halal lifestyle on saving behavior confirms that ethical consumption and lifestyle choices translate into disciplined financial habits. A person committed to halal living tends to avoid extravagant consumption, preferring to allocate resources for savings or productive investments. This result aligns with Mansor and Mat (2024), who demonstrated that halal lifestyle moderates the relationship between financial attitudes and saving intentions, and with Ramadhani and Faridah (2023), who found that Generation Z Muslims' halal-oriented behavior positively affects saving consistency in Islamic banks. The present study reinforces that adherence to halal values goes beyond consumption—it extends to financial self-control and foresight.

H₃: Joint Effect of Islamic Financial Literacy and Halal Lifestyle → Saving Behavior

The combined influence of literacy and lifestyle strengthens saving behavior more than either variable alone. This indicates that knowledge without ethical alignment may not be sufficient, and conversely, religiosity without understanding can limit practical financial decisions. The synergy between these two factors thus creates a holistic behavioral model one that integrates rational literacy, moral awareness, and spiritual motivation. This integration expands the conventional literacy-behavior framework by embedding Islamic ethical values, bridging cognitive competence with moral consciousness. Such a model supports the argument that Islamic finance must be understood not only as a technical system but as a lifestyle guided by ethics, moderation, and accountability.

Theoretically, this study extends the body of knowledge in Islamic behavioral finance by integrating Islamic Financial Literacy and Halal Lifestyle into a unified behavioral framework. The findings reinforce that financial

behavior in the Islamic context cannot be explained merely by rational–economic factors but must include spiritual and ethical dimensions.

The integration of literacy ethics behavior found in this model provides empirical support for an Islamic behavioral framework grounded in Maqasid al-Shariah, especially the goal of *hifz al-mal* (protection and responsible management of wealth). The study demonstrates that financial literacy enhances not only rational decision-making but also internalized ethical awareness, while halal lifestyle translates these values into consistent saving practices. This duality contributes to the refinement of the Theory of Planned Behavior (TPB) by introducing religio-ethical norms as internalized determinants of financial behavior.

Moreover, by empirically validating this framework in a developing Muslim community, the study strengthens the conceptual bridge between modern behavioral economics and Islamic moral philosophy, offering a culturally contextualized understanding of saving behavior among millennials.

First, while most earlier studies such as those by Amaliah et al. (2025), Irdiana and Darmawan (2024), and Ramadhani and Faridah (2023) focused on Generation Z in metropolitan areas (Jakarta, Bandung, Surabaya), the present research focuses on millennial Muslims in a secondary city (Cirebon) a population that has been underrepresented in Islamic finance literature.

Second, this study differs methodologically by measuring actual saving behavior, not just saving intention. Many previous works relied on intention-based constructs from the TPB framework (Nurhayati & Heryadi, 2023; Rosyidi & Herianingrum, 2023). By testing actual saving behavior, this research provides stronger evidence of how knowledge and lifestyle jointly shape real-world financial outcomes.

Hence, this study closes the empirical gap by contextualizing Islamic financial behavior within a mid-sized urban economy where literacy initiatives and halal culture coexist but have not yet been fully synergized. It demonstrates that behavioral change in the Islamic finance context emerges when both cognitive (knowledge) and affective (lifestyle and values) dimensions operate simultaneously.

The findings of this study provide empirical evidence that Islamic Financial Literacy and Halal Lifestyle are key determinants of Saving Behavior among Muslim millennials in Cirebon City. The measurement and structural model analyses demonstrated strong reliability and validity, confirming that the proposed model accurately represents the constructs under study.

First, the results indicate that Islamic Financial Literacy has a positive and significant effect on saving behavior ($\beta = 0.533$, $p < 0.001$). This suggests that

individuals with higher literacy those who understand Islamic financial principles such as prohibition of *riba*, encouragement of *zakat*, and ethical spending are more likely to engage in consistent and purposeful saving practices. Financial literacy, in this sense, strengthens both cognitive and moral awareness toward responsible wealth management.

Second, the Halal Lifestyle variable also exerts a significant positive influence on saving behavior ($\beta = 0.391$, $p < 0.01$). Muslim millennials who adhere to halal-oriented consumption patterns tend to avoid excessive spending (*israf*) and prioritize savings for future needs, aligning with Islamic principles of moderation and stewardship. This confirms that lifestyle shaped by ethical and religious values translates into disciplined financial habits.

Third, the joint effect of these two variables is substantial, with a coefficient of determination $R^2 = 0.56$, indicating that 56% of the variance in saving behavior is explained by Islamic financial literacy and halal lifestyle combined. This finding highlights the complementary relationship between knowledge and values—where literacy provides the intellectual foundation, and lifestyle reinforces behavioral consistency. The integration of these dimensions reflects the holistic nature of Islamic behavioral finance, in which rational decision-making is harmonized with spiritual accountability.

Collectively, the findings advance the understanding of Islamic financial behavior by demonstrating that literacy and ethics are not separate domains but interdependent forces shaping economic discipline. The results substantiate theoretical models such as the Theory of Planned Behavior (TPB) and *Maqasid al-Shariah*, confirming that behavioral transformation occurs when cognitive awareness (*ilm*) is internalized through ethical practice (*amal*).

Practically, this research emphasizes the importance of promoting Islamic financial education and halal lifestyle awareness as dual strategies to enhance saving discipline among Muslim youth. For policymakers and Islamic financial institutions, these insights offer actionable directions for designing literacy programs and marketing campaigns that align spiritual values with economic goals.

In summary, this study concludes that the synergy between Islamic Financial Literacy and Halal Lifestyle forms the ethical backbone of sustainable financial behavior. Strengthening these dimensions will not only promote personal financial stability but also support Indonesia's broader vision of inclusive and value-driven Islamic economic development.

CONCLUSION

This study investigated the influence of Islamic Financial Literacy and Halal Lifestyle on Saving Behavior among Muslim millennials in Cirebon City, Indonesia. The analysis, conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM), revealed that both independent variables significantly and positively affect saving behavior, confirming that financial knowledge and ethical lifestyle jointly shape disciplined economic actions within an Islamic framework.

The findings demonstrate that Islamic Financial Literacy contributes to improved saving behavior by strengthening individuals' understanding of riba-free principles, risk management, and wealth preservation as guided by Sharia. Meanwhile, Halal Lifestyle encourages moderation and financial restraint, translating moral awareness into practical saving habits. When combined, these two dimensions explain 56% of the variation in saving behavior, indicating that financial competence and ethical adherence are mutually reinforcing forces in shaping responsible financial conduct.

Theoretically, this research enriches Islamic behavioral finance literature by integrating cognitive (knowledge-based) and affective (value-based) aspects into a unified behavioral model grounded in Maqasid al-Shariah, particularly the principle of *hifz al-mal* (preservation of wealth). Practically, the study provides valuable insights for policymakers, educators, and Islamic financial institutions. Strengthening literacy programs and promoting halal lifestyle values can foster ethical and sustainable saving culture among Indonesia's young Muslim population.

Ultimately, this study concludes that sustainable financial behavior in Islam emerges not only from knowledge but from the internalization of ethical values. Financial literacy provides the intellectual foundation, while the halal lifestyle embodies spiritual and moral application. Together, they create a holistic model of Muslim financial behavior that aligns economic well-being with faith-based responsibility—realizing both material prosperity and spiritual balance (*falah*).

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