

# Determinants of Financial Decisions of Millennial Generation in Islamic Banking: Does Islamic Branding Matter?

*by Abid Djazuli*

---

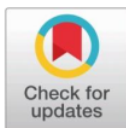
**Submission date:** 16-Nov-2023 11:50AM (UTC+0700)

**Submission ID:** 2229768791

**File name:** 16451-63279-1-PB\_1.pdf (557.22K)

**Word count:** 7182

**Character count:** 40861

**AFFILIATION:**

<sup>1</sup> Department of Management, Faculty of Economics and Business, Universitas Muhammadiyah Palembang, South Sumatra, Indonesia

<sup>2</sup> Department of Islamic Banking & Finance, Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, Malaysia

**\*CORRESPONDENCE:**

abid\_djazuli@um-palembang.ac.id

DOI: 10.18196/jai.v24i1.16451

**CITATION:**

Djazuli, A., Aziz, M. R. A., Candra, M., & Yanti, D. (2022). Determinants of Financial Decisions of Millennial Generation in Islamic Banking: Does Islamic Branding Matter? *Journal of Accounting and Investment*, 24(1), 220-236.

**ARTICLE HISTORY**

**Received:**  
07 Oct 2022

**Revised:**  
30 Oct 2022  
01 Nov 2022  
10 Dec 2022

**Accepted:**  
13 Dec 2022



This work is licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License

**JAI Website:**

**Article Type:** Research Paper

# Determinants of Financial Decisions of Millennial Generation in Islamic Banking: Does Islamic Branding Matter?

Abid Djazuli<sup>1\*</sup>, Muhammad Ridhwan Ab Aziz<sup>2</sup>, Mister Candra<sup>1</sup>, and Darma Yanti<sup>1</sup>

## Abstract

**Research aims:** This study aims to determine the financial decisions of the millennial generation by considering the Islamic financial literacy variables, reflected by the financial behavioral, knowledge, and attitude variables, and Islamic branding as a mediating variable.

**Design/Methodology/Approach:** The approach used in this study was empirical. Utilizing questionnaires distributed through various online media, the data were collected. The research samples included the millennial generation in South Sumatra, filtered using a purposive sampling technique. To evaluate the hypotheses, Structural Equation Modeling (SEM) was employed.

**Research findings:** The study findings highlighted that Islamic financial literacy directly had a positive and significant impact on the financial decisions of the millennial generation in South Sumatra. Islamic branding could also mediate (partial mediation) the influence of Islamic financial literacy on financial decisions.

**Theoretical contribution/Originality:** This finding can be used as a reference for companies to increase the number of customers and investors, especially among the millennial generation. Specifically, Islamic branding can be recommended as one of the sharia banking business strategies to improve the financial decisions of the millennial generation.

**Research limitation/Implication:** This study was only conducted in South Sumatra, making the result not quite strong in terms of external validity.

**Keywords:** Islamic Financial Literacy; Financial Decision; Islamic Branding

## Introduction

Indonesia is one of the countries with the largest Muslim population in the world. Consequently, it is not surprising that the growth of sharia-based financial institutions is getting higher. Concerning Islamic financial institutions, until now, the topic remains interesting to discuss and study. Specifically, one of the Islamic financial institutions with reasonably rapid growth is Islamic banking (Table 1). Almost all banks provide sharia services through sharia business units and spin-offs.

Along with the rapid development of technology, ending in the formation of the financial service system offered by banks is also increasingly sophisticated. Therefore, the complexity of financial instruments has increased from year to year. As a vital part of the banking component, the customer is required not only to have superficial knowledge about how to

**Table 1** Global Islamic Financial Asset Distribution

Islamic Financial Institutions	Asset Total (Billion US Dollars)	Share of Total Global Islamic Financial Assets	Number of Institutions
Islamic Banking	2349i	70%	527
Sukuk	631	19%	3805
Other Sharia non-Bank Financial Institutions	178	5%	1698
Sharia Mutual Fund	154	5%	745
Sharia Insurance	62	2%	323

Source: Indonesia Islamic Financial Development Report, 2021.

manage finances but more than that. A person will also develop, along with various challenges and changes. Thus, it is crucial for a customer to differentiate financial services to make the most appropriate choice according to their goals and needs. It is consistent with the opinion of Bajaj and Kaur (2021), stating that it is essential to know about financial products and services to make rational financial decisions. Upadana and Herawati (2020) also asserted that financial knowledge could make it easier for a person when faced with various investment choices.

In South Sumatra Province, Islamic financial literacy is still low. It is evident from the results of a survey conducted by the Financial Services Authority (OJK) in 2019. The survey reported that the average Islamic financial literacy index was only 8.93% nationally. Meanwhile, the Islamic financial literacy index in South Sumatra Province was 15.97%, lower than the Islamic financial literacy index in Riau Province of 21.99%. It identifies that even though the South Sumatra Province had a larger Muslim population than the Riau Province, it did not guarantee a high average Islamic financial literacy index in the South Sumatra Province.

In this regard, the millennial generations are those born from 1980 to 1995. In those years, a person is still very productive and headed for financial stability. Therefore, a very high level of financial literacy is needed to determine and make the right decisions to guarantee the future. It is supported by Rashid et al. (2020) that people with high financial literacy can make investment decisions and engage with various financial information. Conversely, a person with low financial literacy will contribute to making poor financial choices, which will harm individuals and society. It reinforces by Thomas and Subhashree (2020) that if financial literacy is low, it will cause someone to make the wrong decision. Without an appreciation of financial concepts and an understanding of financial options, individuals may end up paying more than they owe, falling into debt, and damaging credit records. It will further impact the individual's future economic difficulties (Komara et al., 2018).

Aside from knowledge about finance, brands can also determine a person's product choice (Agarwal et al., 2021). Moreover, the brand is related to religious matters. For a Muslim, the decision to choose products based on sharia is a form of faith and piety (Kusuma et al., 2021). Therefore, apart from considering the benefits, Muslim customers must also take it into account from a sharia perspective (Kusuma et al., 2021). According to Brand Finance, as cited by Vallian (2015), having a strong brand allows companies to

attract and retain customers for banks. In addition, the findings of Dzugbenuku et al. (2022) also affirm that due to the influence of branding on investors, the return on investment decision significantly influences investment decisions. Consistent with this opinion, Ahmad et al. (2011) asserted that religion's importance is the primary driving force in choosing Islamic banking since the brand is vital in deciding the selection.

Fundamentally, research discussing Islamic branding has been carried out a lot (Afrianty & Agustina, 2020; Kusuma et al., 2020; Nasrullah, 2015; Hatta et al., 2022; Jalil & Rahman, 2014), but these studies discussed very little about Islamic branding concerning increasing financial decisions of the millennial generation. Most researchers also went into Islamic branding regarding consumer decisions in halal products other than banking institutions. For this reason, this study aims to identify and analyze the role of Islamic branding as a moderator of the influence of Islamic financial literacy on financial decisions. Theoretically, the results of this study can add insight and add references for further researchers, especially regarding the financial decisions of the millennial generation. Practically, this study's results can provide opportunities for companies to develop strategies and make appropriate policies to increase understanding of the financial decision-making process and attract investors to invest and save in Islamic banking.

## Literature Review and Hypotheses Development

### Financial Decisions

Financial decisions are defined as choices that may be made with applied knowledge of financial literacy (Komara et al., 2018). Financial decisions are also closely related to the Theory of Planned Behavior. This theory is one of the most dominant theories applied in various fields of behavioral studies (Shaw & Shiu, 2000). The Theory of Planned Behavior, popularized by (Ajzen, 1991), introduces the relationship between beliefs and behaviors. The basic assumption of the Theory of Planned Behavior is that humans are rational beings and systematically use as much information as possible. Consequently, people think about the implications of their actions before deciding to do or not to do specific behaviors. The Theory of Planned Behavior also analyzes consumer attitudes, subjective norms, and perceived behavioral control of consumers. It aligns with the opinion of Hrubes et al. (2001), stating that the greater the perceived behavioral control, the stronger the intention to behave. Raut and Kumar (2018) also argued that attitude towards behavior refers to the extent to which a person has a favorable or unfavorable evaluation of his/her interest behavior. In a study, Raut and Kumar (2018) revealed that attitudes toward behavior, subjective norms, and perceived behavioral control are significantly related to behavioral intentions. Moreover, East (1993) asserted that stock demand was predicted accurately with measurable intentions in each case. Concerning this research, an individual who feels confident will determine his attitude to behave whether to decide to invest/save or not in Islamic banking.

### Islamic Financial Literacy on Financial Decisions

The Financial Services Authority (OJK) defines financial literacy as knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management to achieve prosperity. Meanwhile, Falevy et al. (2022) stated that Islamic financial literacy is a person's skills, actions, capabilities, and competencies in managing financial resources under Islamic sharia principles. Based on the above understanding, it can be said that Islamic financial literacy is a fundamental part of the life of the Muslim community. It is intended that financial management can be implemented based on sharia principles.

Furthermore, financial literacy is crucial to improving customers' knowledge, confidence, and skills in managing their finances. It corroborates with the opinion of Soderlund and Eriksson (2020), stating that a high level of knowledge will contribute to savings. Lusardi (2008) also asserted that a lack of knowledge about basic economic principles could affect the number of loans taken and involvement in stock market investments. Furthermore, Lusardi (2014) affirmed that financial literacy could increase consumers' basis for making their consumption decisions. Based on the opinions of these experts, it can be said that financial literacy has a close relationship with a person's financial decision-making. Will they save, invest, or will they spend their money?

Research conducted by Munardi et al. (2020) and Falevy et al. (2022) uncovered that Islamic financial literacy positively and significantly affected decisions to use Islamic banking services. Thohari and Hakim (2021) also found that Islamic financial literacy positively and significantly impacted saving decisions in Islamic banks. The research results by Anindya and Hakim (2021) and Fauzi and Murniawaty (2020) further revealed that interest in saving in Islamic banking was positively and significantly influenced by Islamic financial literacy. Moreover, Candra et al. (2020) unveiled that Islamic financial literacy impacted interest in saving in Islamic banking. Based on theoretical exposure and previous research, it could be hypothesized as follows.

1  
*H<sub>1</sub>: Islamic financial literacy positively and significantly affects financial decisions for the millennial generation in South Sumatra*

### Islamic Branding as Mediator of Financial Literacy on Financial Decisions

Brands are closely related to emotions, especially when the brand is related to religion. Accordingly, it is vital for companies in the Muslim market to understand the implications of religion (Yusof et al., 2014). In this regard, Islamic branding combines symbols, names, and several other brand devices related to sharia principles to realize Islamic values (Afrianty & Agustina, 2020). Nasrullah (2015) stated that using Islamic branding could significantly influence the decision to buy products, including Islamic banking products. According to Ranto (2013), Islamic branding aims to attract Muslim consumers, starting from the behavior and marketing communications carried out. Alserhan (2010) also affirmed that for Muslims, branding could not be separated from

faith, in which all activities must be divine, and their feelings must follow Allah's instructions.

According to Wijanarko and Rachmawati (2020), one of the factors that can influence a person's decision to choose Islamic financial services is Islamic branding. Rozikin and Sholekhah (2020) also found that brand image impacted intentions to save in Islamic banks. In addition, Kusuma et al. (2021) revealed that the decision of Muslim investors to choose investment instruments was influenced by Islamic branding. Based on theoretical exposure and previous research, it could be hypothesized as follows.

*H<sub>2</sub>: Islamic branding can mediate the influence of Islamic financial literacy on the financial decisions of the millennial generation in South Sumatra*

Based on this explanation, it can be described in the form of a conceptual framework (figure 1).

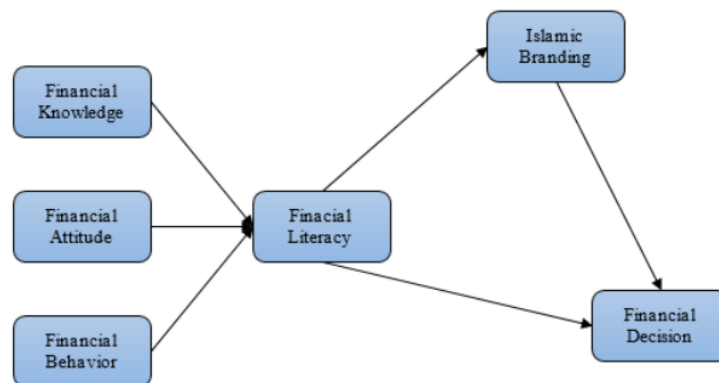


Figure 1 Research Concept Framework

## Research Method

### Research Type, Population, and Sample

This research is quantitative. Gay et al. (2009:5) stated that quantitative research relies on collecting and analyzing numerical data to describe, explain, predict, or control variables and phenomena of interest. Apuke (2017) also explained that quantitative research measures and analyzes variables to obtain results and specifically answer questions, such as who, how much, what, where, when, how much, and how.

A population is a group of individuals, objects, items, or entities with the same characteristics or attributes, according to Etikan and Babatope (2019). In connection



with this understanding, the population in this study was all people aged between 27 and 42 years. The sample, in comparison, is defined as representative of the population (Etikan & Babatope, 2019). This research study aimed to generalize the study's findings from the sample to the desired population (Majid, 2018). As such, sampling is essential for research studies because the population usually consists of too many individuals (Majid, 2018). Since the number of populations in the study could not be known, this type of population was infinite. As defined by Etikan and Babatope (2019), an infinite population is a population in which the number of items or subjects cannot be calculated completely. Therefore, the number of samples in this study was 348 respondents (Table 2). The sampling technique employed was multi-stage sampling. In the first stage, the sample was determined using proportional sampling to determine the sample from each regency/municipality in South Sumatra. In this case, South Sumatra Province is one of the provinces with the largest Muslim population. Thus, it is interesting to study financial decisions in the millennial generation more deeply. Then, the next sample determination utilized was accidental sampling.

**Table 2** Research Sample

No	Regency/Municipality	Sample
1	Ogan Komering Ulu	13
2	Ogan Komering Ulu Timur	9
3	Ogan Komering Ulu Selatan	15
4	Ogan Komering Ilir	17
5	Muara Enim	18
6	Lahat	12
7	Musi Rawas	8
8	Musi Banyuasin	12
9	Banyuasin	15
10	Empat Lawang	8
11	Palembang	64
12	Ogan Ilir	36
13	Pagar Alam	27
14	Lubuk Linggau	26
15	Prabumulih	36
16	Panungkal Abab Lematang Ilir	24
17	Musi Rawas Utara	8
	Total	348

### Operational Definition and Data Collection Techniques

Financial decisions are decisions about improving one's finances, whether it is a decision to invest, save, or the like. Further, Islamic financial literacy is a person's knowledge, skills, and attitudes in addressing and managing his finances based on Islamic law. This study involved financial knowledge, attitudes, and behavior as a measuring dimension of Islamic financial literacy, referring to the OECD (Atkinson & Messy, 2012). Meanwhile, Islamic branding uses product names produced by a company related to Islam. The indicators used in this study consisted of four: the importance of brands, brand familiarity, consumer trust, and halal labels (Yunus et al., 2014).

Furthermore, the type of data used in this study was primary data. The data were collected using a questionnaire based on the phenomena. Before the questionnaire was distributed, it was first examined using validity and reliability tests. Questionnaires were then distributed through google forms with the help of the research team. The distribution results collected more than 348 questionnaires. Then, they were filtered by regency/city and respondent criteria (millennial generation and have had or were current customers of Islamic banking).

#### Data Analysis Technique

The data analysis employed to test the hypothesis was the analysis of Structure Equation Modeling using PLS-SEM, where it is stated by Liao and Widowati (2021) that PLS-SEM appears as the most dominant SEM method today. According to Hair et al. (2014), the outer model of the psychosomatic empirical model must be confirmed using multiple measures before the inner model can be examined when using PLS-SEM. Therefore, PLS was chosen since it can test formative and reflective SEM models with different indicator measurement scale in one model. Then, the analytical method used was path analysis. Sarwono (2011) explained path analysis as an extension of multiple linear regression analysis, independent of statistical procedures in determining causal relationships. It includes full mediation if the direct effect is not significant and the indirect effect is significant (Nitzl et al., 2016). Meanwhile, if the direct and indirect effects are significant, it includes partial mediation (Nitzl et al., 2016).

## Result and Discussion

Descriptive statistics were analyzed utilizing the SPSS application. The analysis revealed that the average financial decision and Islamic branding variables were relatively high. In addition, the average Islamic financial literacy variable was high. More details can be seen in the Table 3.

**Table 3** Descriptive Statistics Analysis

Criteria	Financial Decision	Islamic Financial Literacy	Islamic Branding
Minimum	2.00	2.78	2.00
Maximum	5.00	5.00	5.00
Mean	3.93	4.06	3.99
Stand. Deviation	0.65	0.62	0.73

#### Respondents' Demography

The demographics of the respondents described in the questionnaire included the domicile of the respondents, consisting of 14 regencies/cities, the age of the millennial generation respondents, divided into three categories, gender, and the education level of respondents, comprising three categories. Category 1 is education up to high school, category 2 is education up to a bachelor's degree, and category 3 is education up to



postgraduate. Respondents' characteristics based on religion were also presented. The demographics of respondents can be seen in the Table 4.

**Table 4** Summary Respondents' Demography

Characteristics of Respondent	Frequency (N)	Percentage (%)
<b>Regency/Municipality</b>		
Ogan Komering Ulu	13	3.7
Ogan Komering Ulu Timur	9	2.6
Ogan Komering Ulu Selatan	15	4.3
Ogan Komering Ilir	17	4.9
Muara Enim	18	5.2
Lahat	12	3.4
Musi Rawas	8	2.3
Musi Banyuasin	12	3.4
Banyuasin	15	4.3
Empat Lawang	8	2.3
Palembang	64	18.4
Ogan Ilir	36	10.3
Pagar Alam	27	7.8
Lubuk Linggau	26	7.5
Prabumulih	36	10.3
Panungkal Abab Lematang Ilir	24	7
Musi Rawas Utara	8	2.3
<b>Total</b>	<b>348</b>	<b>100</b>
<b>Age</b>		
27 – 31 years old	138	39.7
32 – 36 years old	128	36.8
37 – 41 years old	82	23.5
<b>Total</b>	<b>348</b>	<b>100</b>
<b>Sex</b>		
Male	201	57.8
Female	147	42.2
<b>Total</b>	<b>348</b>	<b>100</b>
<b>Educations</b>		
Up to High School	61	17.5
Bachelor	240	69.0
Postgraduate	47	13.5
<b>Total</b>	<b>348</b>	<b>100</b>
<b>Religions</b>		
Islam	348	100
Christianity	0	0
Hinduism	0	0
Buddhism	0	0
Confucian	0	0
<b>Total</b>	<b>348</b>	<b>348</b>

#### Reliability Test

In this study, reliability testing used Cronbach's Alpha and Composite Reliability (CR) values, with the provisions, according to Hair et al. (2014), that the reliability value

measured using Composite Reliability (CR) with a threshold for the accepted value is above 0.7. Chin et al. (2003) also stated that the data are said to be reliable if Cronbach's Alpha and Composite Reliability values are higher than 0.6 and 0.7. The reliability analysis results in the Table 5 indicate that all reliable variables were distributed.

**Table 5** Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability
Financial Decision	0.906	0.928
Islamic Branding	0.923	0.940
Islamic Financial Literacy	0.962	0.967

### Validity Test

In this research, the validity test was based on the provisions according to Hair et al. (2014), stating that the construct validity value is measured using the Average Variance Extracted (AVE) with a score threshold above 0.6. The results of the outer loading analysis can be seen in the Table 6.

**Table 6** Loading and AVE Scores

Construct	Indicators/dimensions	Code	Loading	AVE		
Islamic Financial Literacy	Financial Knowledge			0.859		
	- Knowledge of investment	FK_1	0.936			
Financial Decision	- Knowledge of financial management	FK_2	0.915	0.826		
	- Knowledge of expenses and income	FK_3	0.929			
	Financial Attitude					
	- Money safety	FA_1	0.858			
	- Personal finance orientation	FA_2	0.945			
	- Assessing personal finances	FA_3	0.922			
Islamic Branding	Financial Behavior			0.849		
	- Making a budget for expenses and spending	FB_1	0.937			
	- Providing funds for unexpected expenses	FB_2	0.908			
	- Paying bills on time	FB_3	0.919			
	Financial Decision	Sense of security investing in Islamic banking	FD_1		0.762	0.682
		Searching and updating information about Islamic banking	FD_2		0.836	
Updating knowledge of investment analysis in Islamic banking		FD_3	0.860			
Confidence in the products offered by Islamic banking		FD_4	0.781			
Setting on the savings product		FD_5	0.851			
Always using Islamic banking products in various economic		FD_6	0.862			
Islamic Branding	Importance of brand	IB_1	0.853	0.723		
	Brand familiarity	IB_2	0.808			
	Customer trust	IB_3	0.884			
	Convenience in transacting	IB_4	0.817			
	Halal label	IB_5	0.873			
	Halal brand into consideration	IB_6	0.865			

Meanwhile, determining the validity of the higher-order constructs can be seen from the outer weight value and its significance value (Hair et al., 2021; Sofyani et al., 2022). The outer weight test results in the Table 7 demonstrate that the construct values all contributed positively and were significant. Therefore, the data could be used for structural model assessment.

**Table 7** Outer Weight and Significance Values

	Original Sample	P-Values
FA1 <- Financial Attitude	0.359	0.000
FA2 <- Financial Attitude	0.377	0.000
FA3 <- Financial Attitude	0.364	0.000
FB1 <- Financial Behavior	0.363	0.000
FB2 <- Financial Behavior	0.345	0.000
FB3 <- Financial Behavior	0.377	0.000
FD1 <- Financial Decision	0.188	0.000
FD2 <- Financial Decision	0.204	0.000
FD3 <- Financial Decision	0.207	0.000
FD4 <- Financial Decision	0.203	0.000
FD5 <- Financial Decision	0.212	0.000
FD6 <- Financial Decision	0.197	0.000
FK1 <- Financial Knowledge	0.367	0.000
FK2 <- Financial Knowledge	0.344	0.000
FK3 <- Financial Knowledge	0.367	0.000
IB1 <- Islamic Branding	0.187	0.000
IB2 <- Islamic Branding	0.212	0.000
IB3 <- Islamic Branding	0.199	0.000
IB4 <- Islamic Branding	0.184	0.000
IB5 <- Islamic Branding	0.205	0.000
IB6 <- Islamic Branding	0.190	0.000

### Model Fit

The results of the model fit analysis can be seen in the Table 8. The test of the fit model revealed that the value of the Normed-Fit Index (NFI) was  $0.879 < 0.900$ . Based on the assessment, the two models did not meet the model fit criteria. However, based on the Standardized Root Mean Square Residual (SRMR) value of  $0.053 < 0.10$ , it can be concluded that the model fits the data and could be continued as a Structural Equation Modeling (SEM) analysis.

**Table 8** Model Fit Result

Fit Model Criteria	Estimated Model
SRMR	0.053
NFI	0.879

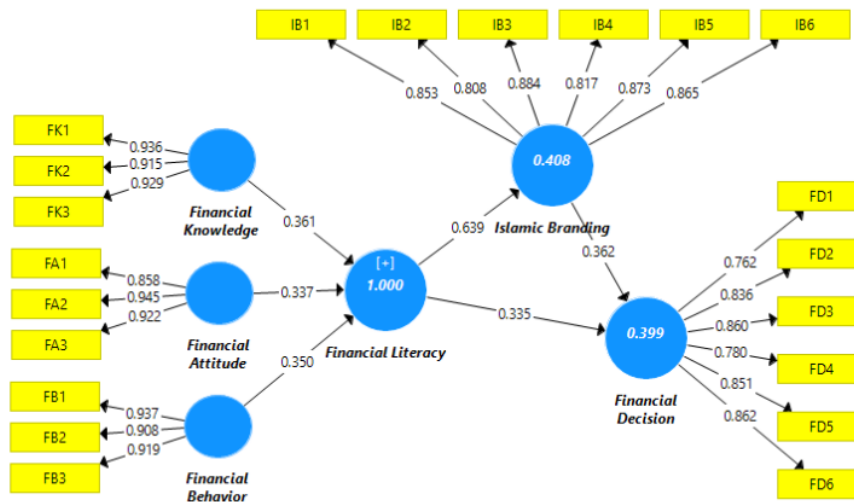
### Hypothesis Test

Table 9 presents the hypothesis testing results, consisting of two: the hypothesis testing results of the direct influence of Islamic financial literacy on financial decisions and the

indirect influence of Islamic financial literacy on financial decisions with Islamic branding as a mediator. The null hypothesis is rejected if the p-value is lower than 0.05 or the t-statistic value is more significant than 1.65. On the other hand, the null hypothesis is accepted if the p-value is higher than 0.05 or the t-statistic is less than 1.65. The hypothesis testing results can be seen in the Table 9. The results of the data analysis is illustrated in the Figure 2.

**Table 9** Summary of Hypothesis Test Results

Construct Relationship	Code	Coef.	P-Values	Conclusion
<b>Direct Effect</b>				
Islamic Branding → Financial Decision	-	0.362	0.000	Not Hypothesized
Islamic Financial Literacy → Financial Decision	H <sub>1</sub> +	0.351	0.000	Supported
<b>Indirect Relationship</b>				
Islamic Financial Literacy → Islamic Branding → Financial Decision	H <sub>2</sub> +	0.227	0.000	Supported



**Figure 2** Full Model of SEM Path Analysis

**Discussion**

This study aims to analyze what factors influence the financial decisions of the millennial generation in South Sumatra by using Islamic branding as a mediator variable. This research on the financial decisions of the millennial generation is very relevant to today's economic and technological developments. In this regard, financial decisions are one of the most important parts of life in the future. If the current financial decisions are right, it can be said that a person's future can be more secure than someone without the

right financial decisions. Therefore, financial decisions are always interesting and endless to study and learn.

This study informs that, first, financial knowledge, attitude, and behavior significantly constructed the Islamic financial literacy variable of the millennial generation. This result aligns with Rai et al. (2019), stating that financial knowledge, behavior, and attitude are crucial factors in establishing financial literacy. Furthermore, Rai et al. (2019) stated that financial knowledge is not the only determinant of financial literacy; financial attitudes and behavior are also critical and positively impact financial literacy. Also, Soroshian and Teck (2014) asserted that a person's financial attitude positively affects financial literacy. Accordingly, a financially literate person will have some basic knowledge of critical financial concepts and the ability to apply numeracy skills in financial situations. Likewise, with financial attitudes, an individual who likes to prioritize short-term desires over long-term security is unlikely to provide emergency savings or make long-term plans.

Financial behavior is also a vital part of financial literacy. A financially literate individual is positively driven by behaviors such as planning expenses and financial security (Atkinson & Messy, 2012). Ajzen (1991) also proposes that financial attitudes result from specific decision-makers behaviors, which can be rooted in economic and non-economic beliefs. According to the OECD (2013), financial behavior is an essential and fundamental component of financial literacy. Howlett et al. (2008) also affirmed that individuals with financial knowledge are more financially literate and able to handle finances efficiently.

Second, Islamic financial literacy had a direct <sup>1</sup> positive and significant impact on the financial decisions of the millennial generation. This study formulated Islamic financial literacy using financial knowledge, attitude, and behavior. It implies that an individual who knows investment and financial management and has good knowledge of expenses and income will be more financially literate and can make the right financial decisions. In addition, the right decision can also be made if the individual is financially literate and the perception of financial security, orientation, and assessment is also good. In terms of financial behavior, if budgeting, availability of reserve funds, and timely bill payments are adequately managed, it will also impact good financial literacy and good financial decision-making.

These findings support research conducted by Baihaqqy et al. (2020); Pangestu and Karnadi (2020); Prasad and Nataraj (2017); Rozikin and Sholekhah (2020); Utami and Sitanggang (2021); Wijanarko and Rachmawati (2020), asserting that financial literacy impacted financial decisions. Hidayati et al. (2021) also found that financial attitudes and financial knowledge influenced financial decisions. In addition, Komara et al. (2018) stated that financial literacy scores were strongly correlated with financial decision-making. Investment-related decisions related to the capacity to acquire knowledge and learn concepts about how the stock market works would improve with education (Fong et al., 2021). Lusardi and Mitchell (2007) also uncovered that a financially illiterate individual was less likely to plan for retirement and accumulate wealth. Moreover,

Bhushan (2014) affirmed that awareness and investment preferences highly depended on individual financial literacy. Furthermore, Lusardi (2008) stated that financial literacy could be a tool to increase the consumer base in making decisions. Suderlund and Eriksson (2020) also asserted that individuals with high knowledge would significantly contribute to their decision to save.

Third, Islamic financial literacy was indirectly related to **1** the financial decisions of the millennial generation through Islamic branding as a mediator. It implies that if Islamic financial literacy increases, followed by an increase in Islamic branding, it will **1** improve the financial decisions of the millennial generation. According to Wijanarko and Rachmawati (2020), Islamic branding influenced the decision to choose Islamic financial services. The research results by Kusuma et al. (2021) also uncovered that Islamic branding impacted investment decisions. In addition, the findings of Rozikin and Sholekhah (2020) also stated that brand image affected the decision to save. It is also related to the Theory of Planned Behavior developed by Ajzen (1991); an individual will decide to invest or save in Islamic banking when the individual feels confident. This confidence is generated because they understand their finances and are supported by trustworthy branding.

## Conclusion

**1** This study examined the role of Islamic branding **1** as a mediator on the influence of Islamic financial literacy on financial decisions. The research object was the millennial generation in South Sumatra, with the amount of data collected as many as 348 respondents. The results revealed that Islamic financial literacy positively and significantly affected financial decisions directly or indirectly through Islamic branding as a mediator. These findings contribute to the literature, especially regarding Islamic financial literacy concerning Islamic branding as a mediator and financial decisions. Formed by financial knowledge, financial attitude, and financial behavior, Islamic financial literacy could improve financial decisions among millennials. Customers with good financial knowledge, attitude, and behavior will also support increased Islamic financial literacy and prevent customers from hedonistic behavior.

In addition, financial decisions among millennials were also influenced by Islamic branding. Islamic branding is one of the determinants of a prospective customer in deciding whether to save, invest, and transact using Islamic banking. Someone with high Islamic financial literacy and who is supported by good Islamic branding will improve financial decisions. Therefore, Islamic branding is crucial and must always be considered in attracting millennials to save and invest in Islamic financial institutions. Moreover, theoretically, these findings also contribute to developing the Theory of Planned Behavior. It is where the customer's confidence in making financial decisions to save and invest in Islamic banking is determined by the financial literacy and Islamic branding received by the customer.



These findings have implications for Islamic banking companies to consider branding that is already attached to the company. In addition, companies must also maintain and improve the services and products offered so that they are pure sharia. Thus, customers will always be loyal to saving, investing, and using other banking transaction services. Furthermore, this finding also has implications for customers as a vital part of the company. Through sharia products and services offered by banks, customers can make the right choices in saving, investing, and doing transactions far from usury.

The main limitation of this study is that the sampling was too broad, making it difficult for researchers to collect data and generalize the results. In addition, this research was limited only to the Islamic branding variable as a mediator; henceforth, it could use the religiosity variable as a moderator. Future researchers should consider other factors that can improve the financial decisions of the millennial generation as customers in Islamic financial institutions.

## References

- Afrianty, N., & Agustina, D. (2020). Pengaruh Islamic Branding dan Product Ingredients Terhadap Minat Beli Produk PT HNI HPAI Kota Bengkulu. *Journal of Islamic Economics and Finance Studies*, 1(2), 121–136. <https://doi.org/10.47700/jiefes.v1i2.2057>
- Agarwal, S., Hussein, T. M., & Raman, V. (2021). The Impact of Branding on bank customer choices through structural equation modelling. *Journal of Xi'an University of Architecture & Technology*, XIII(10), 399–405.
- Ahmad, K., Rustam, G. A., & Dent, M. M. (2011). Brand preference in Islamic banking. *Journal of Islamic Marketing*, 2(1), 74–82. <https://doi.org/10.1108/17590831111115259>
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Alserhan, B. A. (2010). Islamic branding: A conceptualization of related terms. *Brand Management*, 18(1), 34–49. <https://doi.org/10.1057/bm.2010.18>
- Anindya, A. D., & Hakim, L. (2021). Influence of Islamic Financial Literacy, Religiosity on Interest Customer with Moderation Promotion. *Economic Education Analysis Journal*, 10(2), 202–214. <https://doi.org/10.15294/eeaj.v10i2.44566>
- Apuke, O. D. (2017). *Arabian Journal of Business and Management Review (Kuwait Chapter)*. October. <https://doi.org/10.12816/0040336>
- Atkinson, A., & Messy, F. (2012). *Measuring financial literacy: Results of the OECD/International Network On Financial Education (INFE) pilot study*. 15. <http://dx.doi.org/10.1787/5k9csfs90fr4-en>
- Baihaqqy, M. R., Disman, Nugraha, Sari, M., & Ikhsan, S. (2020). The Effect of Financial Literacy on the Investment Decision. *Budapest International Research and Critics Institute Journal: Humanities and Social Science*, 3(4), 3073–3083.
- Bajaj, I., & Kaur, M. (2021). Validating Financial Knowledge Scale Using Item Response Theory. *Vision*, 0(0). <https://doi.org/10.1177/09722629211001994>
- Candra, M., Afrilliana, N., & Ahdan, R. (2020). Peran Literasi Keuangan Syariah dalam memoderasi Pengaruh Demografi terhadap Minat Menabung Pada Perbankan Syariah. *Jurnal Manajemen Motivasi*, 16(1), 1–7. <https://doi.org/10.29406/jmm.v16i1.2069>

- Chin, W. W., Marcolin, B. L., & Newstead, P. R. (2003). A Partial Least Squares Latent Variable Modeling Approach for Measuring Interaction Effects: Results From a Monte Carlo Simulation Study and Voice Mail Emotion/Adoption Study. *Information Systems Research*, 14(2), 189–217. <https://doi.org/10.1287/isre.14.2.189.16018>
- Dzoghbenuku, R. K., Amoako, G. K., & Martins, A. (2022). The mediating role of financial service branding on investment decisions : an emerging market's perspective. *International Journal of Emerging Markets*. <https://doi.org/10.1108/IJOEM-05-2021-0718>
- East, R. (1993). Investment Decisions and The Theory of Planned Behavior. *Journal of Economic Psychology*, 14(2), 337–375. [https://doi.org/10.1016/0167-4870\(93\)90006-7](https://doi.org/10.1016/0167-4870(93)90006-7)
- Etikan, I., & Babatope, O. (2019). A Basic Approach in Sampling Methodology and Sample Size Calculation. *Medlife Clinics*, 1(1006), 50–54.
- Falevy, M. I., Suryani, & Priyatno, P. D. (2022). Pengaruh literasi keuangan syariah, religiusitas dan persepsi mahasiswa jabodetabek terhadap keputusan menggunakan layanan perbankan syariah. *An-Nisbah: Jurnal Perbankan Syariah*, 3(1), 1–21. <https://doi.org/10.51339/nisbah.v3i1.345>
- Fauzi, A., & Murniawaty, I. (2020). Pengaruh Religiusitas Dan Literasi Keuangan Syariah Mahasiswa Terhadap Minat Menjadi Nasabah Di Bank Syariah. *Economic Education Analysis Journal*, 9(2), 473–486. <https://doi.org/10.15294/eeaj.v9i2.39541>
- Fong, J. H., Koh, B. S. K., Mitchell, O. S., & Rohwedder, S. (2021). Financial literacy and financial decision-making at older ages. *Pacific-Basin Finance Journal*, 65(June 2020), 101481. <https://doi.org/10.1016/j.pacfin.2020.101481>
- Gay, L. R., Mills, G. E., & Airasian, P. (2009). *Educational Research: Competencies Analysis and Applications*.
- Hair, J.F, Hult, G. T., Ringle, C., & Sarstedt, M. (2021). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. Sage Publication. <https://doi.org/10.54055/ejtr.v6i2.134>
- Hair, Joe F, Sarstedt, M., Hopkins, L., & Kuppelwieser, V. (2014). Partial least squares structural equation modeling (PLS-SEM ) An emerging tool in business research. *European Business Review*, 26(2), 106–121. <https://doi.org/10.1108/EBR-10-2013-0128>
- Hatta, I. H., Baharuddin, G., & Hilmiyah, N. (2022). Empirical Analysis of Branding Perception on Islamic Banks in Indonesia Empirical Analysis of Branding Perception on Islamic Banks in Indonesia. *Quality*, 23(189), 95–106. <https://doi.org/10.47750/QAS/23.189.12>
- Hidayati, S. A., Wahyulina, S., & Suryani, E. (2021). The Effect of Financial Attitude and Financial Knowledge On Company Performance With Financial Decisions As Intervening Variables: A Behavioral Finance. *Jurnal Magister Manajemen UNRAM*. *Jurnal Magister Manajemen*, 10(1), 1–14. <https://doi.org/10.29303/jmm.v10i1.635>
- Hrubes, D., Ajzen, I., & Diagle, J. (2001). Predicting Hunting Intentions and Behavior: An Application of the Theory of Planned Behavior. *Leisure Sciences*, 23, 165–178. <https://doi.org/10.1080/014904001316896855>
- Jalil, M. A., & Rahman, M. K. (2014). The Impact of Islamic Branding on Consumer Preference towards Islamic Banking Services: An Empirical Investigation in Malaysia. *Journal of Islamic Banking and Finance*, 2(1), 209–229.
- Komara, R., Widyastuti, A., & Layyinaturobanayah. (2018). Does Financial Literacy Impact Financial Decision Making Among the Government Employee? *Journal of Contemporary Accounting and Economics Symposium*, 174–184. <https://doi.org/10.5220/0007018806120622>

- Kusuma, A. M., Hikmah, M. A., & Marom, A. (2020). Pengaruh Islamic Branding, Kualitas Produk, dan Lifestyle terhadap Minat Pembelian Produk Skincare pada Generasi Millennial di Kabupaten Kudus. *Bisnis: Jurnal Bisnis Dan Manajemen Islam*, 8(2), 289–302.
- Kusuma, D. G., Hakim, L., & Yayuli. (2021). The Effect of Islamic Branding on The Decision Of Muslim Investors In Choosing Islamic Shares As Investment Instruments. *International Conference on Islamic Economics, Islamic Finance, & Islamic Law*, 75–86.
- Liao, S., & Widowati, R. (2021). A Supply Chain Management Study: A Review of Theoretical Models from 2014 to 2019. *Operations and Supply Chain Management*, 14(2), 173–188. <https://doi.org/10.31387/oscm0450295>
- Lusardi, A. (2008). Financial Literacy: An Essential Tool For Informed Consumer Choice? *NBER Working Paper Series*. <http://www.nber.org/papers/w14084>
- Lusardi, A. (2012). Numeracy, Financial Literacy, and Financial Decision-Making. *NBER Working Paper Series*. <https://doi.org/10.5038/1936-4660.5.1.2>
- Majid, U. (2018). Research Fundamentals : Study Design, Population, and Sample Size. *Undergraduate Research in Natural and Clinical Science and Technology Journal*, 2(1), 1–7.
- Munardi, Hasibuan, A. F. ., & Ichsan. (2020). Analisis Dampak Tingkat Literasi Keuangan Syariah, Produk Keuangan Syariah. *Jurnal Ekonomi Dan Bisnis Islam*, 5(2), 109–126. <https://doi.org/10.32505/j-ebis.v5i2.2074>
- Nasrullah, M. (2015). Islamic Branding, Religiusitas dan Keputusan Konsumen terhadap Produk. *Jurnal Hukum Islam*, 13(79), 79–87. <https://doi.org/10.28918/jhi.v13i2.487>
- Nitzl, C., Roldan, J. L., & Carrion, G. C. (2016). Mediation Analysis in Partial Least Squares Path Modeling : Helping Researchers Discuss More Sophisticated Models. *Industrial Management & Data Systems*, 116(9), 1–32. <https://doi.org/10.1108/IMDS-07-2015-0302>
- Pangestu, S., & Karnadi, E. B. (2020). The effects of financial literacy and materialism on the savings decision of generation Z Indonesians. *Cogent Business & Management*, 7(1). <https://doi.org/10.1080/23311975.2020.1743618>
- Prasad, S., & Nataraj, B. (2017). Impact of Financial Literacy on Financial Decision Making- A Study Making- A Study with Reference To Retail Investors In Chennai. *International Journal of Marketing, Financial Services, & Management Research*, 6(2), 71–81.
- Rai, K., Dua, S., & Yadav, M. (2019). Association of Financial Attitude, Financial Behaviour and Financial Knowledge Towards Financial Literacy: A Structural Equation Modeling Approach. *FIIIB Business Review*, 8(1), 51–60. <https://doi.org/10.1177/2319714519826651>
- Ranto, D. W. P. (2013). Menciptakan Islamic Branding sebagai Strategi Menarik Minat Beli Konsumen. *JBMA*, 1(2), 1–11.
- Rashid, A. A. A., Jantan, M. S., Fairuz, M. A. F. A., & Halim, N. A. A. (2020). Financial Knowledge and Personal Financial Literacy in Investment Priorities Among University Students. JEL Classification: G41, G53 Keywords : Financial Literacy, Financial Education, Investment Priorities. *SSRN*, 1–8.
- Raut, R., & Kumar, R. (2018). Extending the Theory of Planned Behaviour : Impact of Extending the Theory of Planned Behaviour : Impact of Past Behavioural Biases on the Investment Decision of Indian Investors. *Asian Journal of Business and Accounting*, 11(1), 265–291. <https://doi.org/10.22452/ajba.vol11no1.9>
- Rozikin, A. Z., & Sholekhah, I. (2020). Islamic Financial Literacy, Promotion, and Brand Image Towards Saving Intention in Sharia Bank. *Iqtishadia*, 13(1), 95–106. <https://doi.org/10.21043/iqtishadia.v13i1.6489>

- Sarwono, J. (2011). Mengenal Path Analysis: Sejarah, Pengertian Dan Aplikasi. *Jurnal Ilmiah Manajemen Bisnis Ukerida*, 11(2), 984-54.
- Soderlund, A., & Eriksson, J. (2020). *Financial Literacy & Rational Financial Decision-Making A study of university students in Sweden*.
- Sofyani, H., Hasan, H. A., & Saleh, Z. (2022). The Moderating Role of IT Development on the Relationship between Internal Control and the Quality Performance of Higher Education Institutions. *Quality Innovation Prosperity*, 26(2), 128–146. <https://doi.org/10.12776/QIP.V26I2.1711>
- Thohari, C. C., & Hakim, L. (2021). *Peran Religiusitas Sebagai Variabel Moderating Pembelajaran Perbankan Syariah, Literasi Keuangan Syariah, Product Knowledge Terhadap Keputusan Menabung Di Bank Syariah*. 9(1), 46–57. <https://doi.org/10.26740/jpak.v9n1.p46-57>
- Thomas, B., & Subhashree, P. (2020). Factors that influence the financial literacy among engineering students. *Procedia Computer Science*, 172(2019), 480–487. <https://doi.org/10.1016/j.procs.2020.05.161>
- Upadana, I. W. Y. A., & Herawati, N. T. (2020). Pengaruh Literasi Keuangan dan Perilaku Keuangan terhadap Keputusan Investasi Mahasiswa. *Jurnal Ilmiah Akuntansi Dan Humanika*, 10(2), 126–135. <https://doi.org/10.23887/jiah.v10i2.25574>
- Utami, N., & Sitanggang, M. L. (2021). The Analysis of Financial Literacy and Its Impact on Investment Decisions: A Study on Generation Z in Jakarta Novia. *INOV/BIZ*, 9, 33–40. <https://doi.org/10.35314/inovbiz.v9i1.1840>
- Vallian, V. (2015). The Impact of Brand Value towards Stock Price in Indonesian Banking Industry. *IBuss Management*, 3(2), 434–441.
- Wijanarko, A., & Rachmawati, L. (2020). Pengaruh Literasi Keuangan Syariah, Islamic Branding, dan Religiusitas terhadap Keputusan Mahasiswa dalam Memilih Layanan Keuangan Syariah. *Jurnal Ekonomika Dan Bisnis Islam*, 3(1), 104–116.
- Yunus, N. S. N. M., Rashid, W. E. W., Ariffin, N. M., & Rashid, N. M. (2014). Muslim's Purchase Intention towards Non-Muslim's Halal Packaged Food Manufacturer. *Procedia - Social and Behavioral Sciences*, 130, 145–154. <https://doi.org/10.1016/j.sbspro.2014.04.018>
- Yusof, M., L. Y., Jusoh, W., & J, W. (2014). Islamic Branding : The Understanding and Perception. *Procedia - Social and Behavioral Sciences*, 130, 179–185. <https://doi.org/10.1016/j.sbspro.2014.04.022>

# Determinants of Financial Decisions of Millennial Generation in Islamic Banking: Does Islamic Branding Matter?

ORIGINALITY REPORT

10%

SIMILARITY INDEX

11%

INTERNET SOURCES

2%

PUBLICATIONS

0%

STUDENT PAPERS

PRIMARY SOURCES



[www.scilit.net](http://www.scilit.net)

Internet Source

10%

Exclude quotes On

Exclude matches < 2%

Exclude bibliography On