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Roles of Islamic Financial Literacy on Financial Decision-Making: Building a Conceptual Framework Based on the Theory of Planned Behavior and Social Cognitive Theory

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Abstract

With the recent surge in interest in Islamic banking and finance, the subject of Islamic financial literacy has taken on new significance. With the growth and development of Islamic financial products, it is possible to choose the right ones and make the right decisions about Islamic financial products by acquiring Islamic financial literacy. The objective of this study is to propose a conceptual framework for the roles of Islamic financial literacy in financial decision-making among working adults in Malaysia. This study will employ the theory of planned behavior, social cognitive theory, and Islamic financial literacy to test their influence as independent variables on financial decision-making in choosing Islamic financial products. Nonetheless, there is a lack of literature available to show the connection between the theory of planned behavior, social cognitive theory, and the roles of Islamic financial literacy in financial decision-making. This study's originality may contribute to the construction of a new body of knowledge and expand the literature sources on the subject of a conceptual framework, which will be beneficial to academics and practitioners alike. © 2023, The Author(s), under exclusive license to Springer Nature Switzerland AG.

Author Keywords

Financial decision-making; Islamic financial literacy; Social cognitive theory; Theory of planned behavior

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