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Determinants of Millennials' Intention towards Islamic Personal Financing in Labuan, Malaysia

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ABSTRACT

This research investigates the determinants influencing millennials' intention toward Islamic personal financing in Labuan, Malaysia. The topic is particularly relevant as the growth of Islamic personal financing lags behind other Islamic financial products, such as Islamic home financing and Islamic car financing. To address this concern, it is essential to identify the key factors influencing consumers' intentions to choose this financing product. By applying the Theory of Planned Behaviour (TPB) framework and incorporating additional factors such as religiosity, Shariah compliance, and Islamic financial literacy, this study aims to provide a comprehensive analysis of consumer behaviour toward Islamic personal financing. The model was tested using survey data collected through a structured face-to-face questionnaire from 493 millennials in Labuan, Malaysia. The data were then analysed using Partial Least Squares (PLS) with SmartPLS 4.0 software. The findings reveal that attitude, subjective norms, perceived behavioural control, Shariah compliance, religiosity, and Islamic financial literacy significantly influence consumer intention toward Islamic personal financing. Among these, religiosity and perceived behavioural control emerged as the strongest determinants. These insights offer practical implications for Islamic banks, emphasizing the need to prioritize these key factors in marketing strategies to attract potential customers. For policymakers, the findings suggest the need to support Islamic financial literacy programs and strengthen Shariah governance to build consumer confidence and trust. Such efforts could drive greater adoption of Islamic personal financing, making it as competitive as other Islamic financial products in the market, while contributing to broader financial inclusion and the sustainable growth of the Islamic finance sector.

Keywords: Labuan, Islamic Personal Financing, Tawarruq, TPB, Islamic Financial Literacy

INTRODUCTION

Islamic personal financing has gained prominence as a Shariah-compliant alternative to conventional personal loans, offering financial solutions tailored to consumer needs [25]. It is specifically designed to address various financial requirements, such as purchasing goods and covering personal expenses [9]. Unlike conventional banks, which typically provide personal loans directly upon request, Islamic personal financing operates through Shariah-compliant contracts, often involving the purchase and sale of assets to generate funds. Currently, most Islamic banks in Malaysia primarily rely on the *Tawarruq* mechanism for personal financing, while a smaller number adopt *Bay' al-Inah*.

Over the years, Islamic personal financing has experienced steady growth, with an average annual growth rate of 16.93% from 2018 to 2024 [12]. The total value of the financing now stands at RM 2,508.73 million as of the end of 2024, reflecting its increasing adoption and growing significance in the financial sector. This expansion is driven by regulatory support and the continuous growth of Islamic banking institutions [22].

Despite being an important segment for bank profitability, the adoption of Islamic personal financing remains lower than that of other Islamic financial products [10]. As of 2024, Islamic home financing, Islamic mortgage

financing, and Islamic car financing have demonstrated stronger growth, with total financing values reaching RM 4,304.41 million, RM 3,663.86 million, and RM 2,987.27 million, respectively. This disparity in growth highlights that Islamic personal financing has not garnered the same level of market interest or demand as other Islamic financial products. If this trend continues, consumers may increasingly turn to conventional financial institutions or alternative lenders who offer personal loans with more attractive terms or greater accessibility. Although Islamic personal financing generally outperforms Islamic credit card, they may need to re-strategize to remain competitive against the other Islamic financial products.

To tackle these concerns, this research seeks to explore the factors affecting millennials' intention to opt for Islamic personal financing in Labuan, Malaysia. Such analysis offers valuable insights that can help Islamic banks adjust their strategies, thereby enhancing the appeal and competitiveness of Islamic personal financing alongside other Islamic financial products.

This study focuses on the millennial population for two primary reasons. First, millennials are the most influential demographic in adopting Islamic banking products, including Islamic personal financing. Second, earlier works have not specifically examined millennials in the context of Islamic personal financing. Given their significance in the Islamic banking sector, understanding their decision-making process is crucial for increasing adoption rates. Accordingly, this study seeks to answer the following research questions:

1) **RQ1:** To what extent do attitude, subjective norms, and perceived behavioural control influence the millennials' intention to choose Islamic personal financing?

2) **RQ2*:*** To what extent do Shariah compliance, religiosity, and Islamic financial literacy affect the millennials' intention to choose Islamic personal financing?

The study is structured as follows: Section II reviews the relevant literature, focusing on the theoretical framework and foundational studies. Section III introduces the research hypotheses, followed by Section IV, which details the methodology. Sections V and VI present the results and discussion, highlighting key findings and their alignment with previous studies. Finally, Sections VII and VIII outline the study's contributions, acknowledge its limitations, and suggest directions for future research.

LITERATURE REVIEW

The Theory of Planned Behaviour (TPB) is a widely used framework introduced by Icek Ajzen in 1985 to predict human behaviour [29]. It builds on the earlier Theory of Reasoned Action (TRA) by incorporating perceived behavioural control. TPB suggests that behaviour is determined by three key components, which are attitudes (positive or negative feelings about the behaviour), subjective norms (perceived social pressure to engage in the behaviour) and perceived behavioural control (one's belief in their ability to perform the behaviour).

TPB offers a more comprehensive framework than its earlier version as it accounts for behaviours influenced by external constraints or limitations. As a result, the model has become widely recognized as an effective model with proven applicability across various disciplines, including marketing, management, psychology, and education [21]. Furthermore, it remains one of the most empirically supported social psychological theories for predicting consumer behaviour [43].

In the context of Islamic finance, the TPB model has been consistently supported by empirical studies across a range of financial products and services. These include Islamic banking services [33], hire purchase financing [3], Shariah-compliant credit cards [34], Islamic insurance or takaful [31], and Sukuk investment [11]. Taken together, these studies affirm the robustness of TPB in explaining consumer behaviour within Shariah-compliant financial environments.

In the context of the current investigation, only two studies have examined Islamic personal financing using distinct theoretical approaches. Amin et al. [9] applied the TRA framework and incorporated additional variables such as Shariah compliance, government support, and price. In contrast, Abdullah and Abd Wahab

[1] adopted the TPB framework with Shariah compliance and religiosity as additional variables. However, both studies may no longer accurately reflect the current landscape, given the significant developments in the Islamic finance industry. At that time, Malaysian Islamic banks primarily offered personal financing through Bay' al-Inah and Qardhul Hassan, which are now less commonly used. Notably, Qardhul Hassan is no longer being offered by any Islamic banks. Today, Tawarruq has emerged as the dominant mode of Islamic personal financing.

Given these changes, this study revisits the TPB framework and the additional variables used by Abdullah and Abd Wahab [1] to assess their relevance to the current landscape of Islamic personal financing. Furthermore, the study introduces Islamic financial literacy as an independent variable, drawing on the work of Lajuni et al. [28]. By integrating these factors, a new theoretical framework is proposed to offer a comprehensive understanding of the factors influencing consumers' intentions in choosing Islamic personal financing, particularly in the current landscape. The conceptual framework is presented in Figure 1.

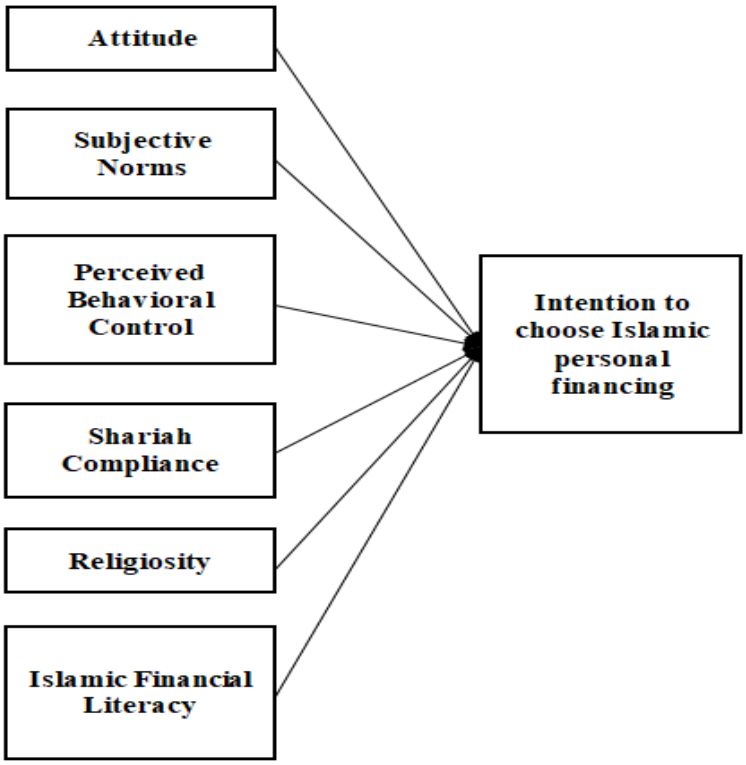

Fig 1: Diagram of the Conceptual Framework

Hypotheses

Attitude

Fishbein and Ajzen [18] define attitude as an individual's positive or negative perceptions, beliefs, and feelings toward engaging in a particular behaviour. Research has consistently shown that attitude plays a crucial role in shaping the intention to adopt Islamic financial products [23], [24], [35], [40]. Similarly, research has demonstrated its significant impact on millennials' intention to adopt FinTech-based Zakat payment platforms [38]. These findings are also consistent with the studies of Amin et al. [9] and Abdullah and Abd Wahab [1], particularly in the context of Islamic personal financing. Based on these results, the following hypothesis is proposed:

H1: Attitude significantly influences the intention to choose Islamic personal financing.

Subjective Norms

Subjective norms refer to the perceived social pressure to engage in or avoid a particular behaviour [5]. It is

often shaped by the views of family, friends, and peers. Earlier works have shown mixed results regarding the impact of subjective norms on the intention to choose Islamic financial products. For instance, Nasir et al. [37] reported that subjective norms had a significant impact on the intention to choose takaful, while Muhammad Sayuti et al. [35] found no such effect in the context of Islamic home financing. In the domain of Islamic personal financing, only Amin et al. [9] found subjective norms to be an important factor, while Abdullah and Abd Wahab [1] found no such effect. Given the varied outcomes of prior studies, the following hypotheses are proposed:

H2: Subjective norms significantly influences the intention to choose Islamic personal financing.

Perceived Behavioural Control

Perceived Behavioural Control refers to an individual's perception of how easy or difficult it is to perform a specific behaviour [5]. It reflects the extent to which a person believes they have control over the behaviour, based on the availability of necessary resources, opportunities, and skills. Past studies have consistently shown that perceived behavioural control plays an important role in determining the intention to adopt Islamic financial products [8], [23], [35]. Beyond Islamic financial product adoption, research also highlights its significant influence on Muslim millennials' intention to make charitable donations through FinTech platforms [39]. In line with this, Abdullah and Abd Wahab [1] further confirmed that perceived behavioural control has a positive effect on customers' intention in the context of Islamic personal financing. Based on these findings, the following hypotheses are proposed:

H3: Perceived behavioural control significantly influences the intention to choose Islamic personal financing.

Shariah Compliance

Shariah compliance refers to an individual's belief that an Islamic financial institution adheres to the principles of Islamic law (Shariah), ensuring that financial activities are free from prohibited acts such as Riba and Gharar [2]. Earlier research has demonstrated that Shariah compliance is an important factor in determining the intention to choose Islamic credit cards [23], [24]. In a similar vein, Abdullah and Abd Wahab [1] also found a positive influence of Shariah compliance in the context of Islamic personal financing. Based on these findings, the following hypotheses are proposed:

H4: Shariah compliance significantly influences the intention to choose Islamic personal financing.

Religiosity

Religiosity refers to an individual’s religious beliefs and how these beliefs influence their daily actions and responsibilities [48]. Past research has consistently indicated that religiosity plays a significant role in shaping the intention to choose Islamic financial products [36], [41], [6]. Similarly, research has shown its significant effect on the intention to use Islamic FinTech among micro, small, and medium enterprise (MSME) actors [30]. These findings are also consistent with the work of Abdullah and Abd Wahab, who examined religiosity in the domain of Islamic personal financing. Based on these findings, the following hypotheses are proposed:

H5: Religiosity significantly influences the intention to choose Islamic personal financing.

Islamic Financial Literacy

From an Islamic viewpoint, financial literacy refers to the ability, skill, and mindset required to comprehend and analyse information about financial contracts offered by Islamic financial institutions [10]. It also entails acquiring knowledge of Shariah concepts and their practical applications. Several past studies have consistently found a significant association between Islamic financial literacy and the intention to adopt Islamic financial products, particularly in Indonesia [7], [47]. In Malaysia, Lajuni et al. [28] is the only research that investigates how financial literacy impacts the intention, especially in the context of Islamic financial products and services. Using the TPB framework and a purposive sampling approach, their research

also found a significant association between religiosity and the intention to choose such products. Based on these findings, the following hypotheses are proposed:

H6: Islamic financial literacy significantly influences the intention to choose Islamic personal financing.

METHODOLOGY

Sample and Procedure

The participants in this study were selected from the millennial population in Labuan, Malaysia. This location was chosen due to its unique status as a federal territory and established offshore financial center [27]. As a financial hub, Labuan is home to a variety of Islamic financial institutions, making it an ideal setting for studying Islamic personal financing products.

While there is no available sampling frame for the millennial population in this city, purposive sampling was employed. This approach is particularly advantageous when researchers intend to focus on a specific subset of the population that possesses characteristics relevant to the study [13]. It enables researchers to deliberately select participants who meet specific criteria pertinent to the research objectives [45].

Following this approach, the study outlined three criteria to determine qualified respondents as follows:

1) **Age:** Respondents must be between the ages of 29 and 44, as this range represents the millennial population.

2) **Experience:** Respondents should have prior experience with Islamic banking products/services to ensure they are familiar with the subject matter.

3) **Intention to Purchase:** The respondent should not have owned a personal financing product to date, but they plan to purchase one in the future. This criterion helps capture potential customers who represent the target market for Islamic personal financing products.

While these criteria help ensure the selection of suitable respondents, the study acknowledges the potential for bias. Since purposive sampling is not random, the selected sample may not fully reflect the diversity of the broader millennial population in Labuan. To minimize this, efforts were made to include respondents from diverse ethnic backgrounds, professional fields, and income levels, ensuring a more representative sample within the defined criteria.

In determining the sample size, Sekaran and Bougie [45] recommend 384 as a benchmark. Comrey and Lee [15] further categorize sample sizes on a scale, where 50 is very inadequate, 100 is inadequate, 200 is satisfactory, 300 is commendable, 500 is highly commendable, and 1,000 is exceptional. Based on these guidelines, this study selected a sample size of 650, exceeding the benchmark set by Sekaran and Bougie [40] and falling within the "highly commendable" range defined by Comrey and Lee [17]. This ensures that the study is adequately powered for statistical analysis.

All items used to measure the variables in this study were sourced from previous studies and modified to fit the context of Islamic personal financing. The attitude and subjective norms constructs were measured using the scales from Amin et al. [9], while perceived behavioural control and intention were assessed with the items from Alam et al. [6]. Shariah compliance, religiosity, and Islamic financial literacy were measured using the instruments developed by Ahmed et al. [4], Krauss et al. [26], and Sekaryuni et al. [47], respectively.

To ensure the content validity of the adapted instrument, the questionnaire was reviewed by a panel of three experts: one academic with expertise in Islamic finance from Universiti Malaysia Sabah, and two banking experts from CIMB Bank, Kuala Lumpur. These experts evaluated the clarity, relevance, and contextual appropriateness of the items. Based on their feedback, several refinements were made to improve clarity and ensure alignment with the study's objectives.

For pilot testing, a total of 24 questionnaires were distributed to a sample of respondents' representative of the target population. Specifically, 10 were sent to staff at the Education Department, and 14 to employees of the Employees Provident Fund (EPF) in Labuan. The pilot test aimed to identify and address any issues with the research instrument. Respondents were also invited to provide feedback on the overall structure and clarity of the items.

Table I: Demographic Profile of Respondents

Characteristic	**Frequency**	**Percentile**
Gender		
Male	206	41.8
Female	287	58.2
Ethnic		
Malay	237	48.1
Chinese	41	8.3
Indian	27	5.5
Kadazan/Dusun	85	17.2
Bajau	20	4.1
Other	83	16.8
Age		
26 – 30	240	48.7
31 – 35	84	17.0
36 – 40	94	19.1
41 – 45	75	15.2
Employment		
Government sector	150	30.4
Private sector	278	56.4
Self-employed	65	13.2
Monthly Income		
< RM2,500	86	17.4
RM 2,501 – RM 3,500	117	23.7
RM 3,501 – RM 4,500	167	33.9
RM 4,501 – RM 5,500	59	12.0
RM 5,501 – RM 6,500	22	4.5
RM 6,501 – RM 7,500	19	3.9
> RM 7,500	23	4.7

As a result of the pilot study, minor adjustments were made to enhance clarity and consistency. Reliability analysis confirmed that all constructs achieved acceptable internal consistency, with Cronbach's alpha values exceeding the 0.70 threshold. These findings provide assurance of the instrument's reliability for the main study.

A total of 650 questionnaires were printed and distributed across government offices, private offices, and business premises in Labuan. The data collection process was conducted over a period of three months, starting on 21st June and concluding on 28th September 2024. Of the 650 questionnaires returned, 493 were validated after applying screening questions and straight-lining procedures, resulting in a response rate of 75.85%. The descriptive analysis results of the demographic profile of respondents are shown in Table I.

RESULTS

Data Analysis

The current study applies Partial Least Squares (PLS) using a two-step process, namely the measurement model and structural analysis [14] The reason for choosing this method is twofold. First, PLS is well-suited for exploratory studies, making it an ideal choice for this research [20]. Second, PLS has established itself as a prominent tool in consumer behaviour research [44].

Measurement Model

In the proposed framework, all constructs are reflective, meaning they are assumed to influence their associated indicators or items [42]. To assess the measurement model, the study analyses convergent validity (loading), Average Variance Extracted (AVE), Composite Reliability (CR), and discriminant validity using the PLS algorithm in SmartPLS 4.0. These measures ensure that the constructs are properly reflected by their indicators.

Table II: Factor Loadings and Reliability

Construct	Items & Loadings	AVE	CR
Attitude	AT1 (0.826), AT2 (0.830), AT3 (0.840), AT4 (0.831), AT5 (0.837), AT6 (0.852)	0.699	0.921
Islamic Financial Literacy	IFL1 (0.759), IFL2 (0.752), IFL3 (0.746), IFL4 (0.772), IFL5 (0.777), IFL6 (0.775), IFL7 (0.784), IFL8 (0.821), IFL9 (0.797), IFL10 (0.767)	0.601	0.928
Perceived Behavioural Control	PBC1 (0.732), PBC2 (0.800), PBC3 (0.807), PBC4 (0.822), PBC5 (0.742), PBC6 (0.805), PBC7 (0.794), PBC8 (0.796)	0.621	0.915
Religiosity	R1 (0.850), R2 (0.890), R3 (0.867), R4 (0.789), R5 (0.829), R6 (0.844), R7 (0.819)	0.708	0.934
Shariah Compliance	SC1 (0.868), SC2 (0.808), SC3 (0.879), SC4 (0.867), SC5 (0.883), SC6 (0.854)	0.740	0.930
Subjective Norms	SN1 (0.865), SN2 (0.901), SN3 (0.899), SN4 (0.895), SN5 (0.852)	0.779	0.931
Intention to Choose	INT1 (0.914), INT2 (0.921), INT3 (0.931), INT4 (0.924), INT5 (0.913)	0.848	0.955
Notes: AVE= Average Variance Extracted; CR= Composite Reliability			

The analysis confirms that the loading, AVE, and CR values surpass the established thresholds of 0.70, 0.50, and 0.70, respectively (refer to Table II). To assess discriminant validity, the square root of the AVE for each construct must be greater than the squared correlations between constructs, Since the required Fornell-Larcker criterion was fulfilled and all cross-loadings were lower than their corresponding loadings, discriminant validity is not an issue in this study.

Structural Model

To evaluate the structural model, path coefficients and R^2 are utilized. Path coefficients determine the strength of associations between exogenous and endogenous variables, whereas R^2 quantifies the percentage of variance in the dependent variable explained by the independent variables.

Table III: Empirical Results

Path	Standard beta	t-value	Hypothesis
AT → INT	0.133	2.701**	H1: Supported
SN → INT	0.122	2.924**	H2: Supported
PBC → INT	0.234	5.577**	H3: Supported
SC → INT	0.129	3.362**	H4: Supported
R → INT	0.268	4.613**	H5: Supported
IFL → INT	0.112	3.055**	H6: Supported
Notes: Significance at *P<0.05, **P<0.01			

As depicted in Figure 2, attitude, subjective norms, perceived behavioural control, Shariah compliance, religiosity, and Islamic financial literacy collectively account for 57.2% of the variance in the outcome variable.

Based on Table III, all factors have a significant association with the intention to choose Islamic personal financing. Specifically, attitude (β= 0.133, t= 2.701, P<0.01) subjective norms (β= 0.122, t= 2.924, P<0.01), perceived behavioural control (β= 0.234, t= 5.577, P<0.01), shariah compliance (β= 0.129, t= 3.362, P<0.01), religiosity (β= 0.268, t= 4.613, P<0.01), and Islamic financial literacy (β= 0.112, t= 3.055, P<0.01) all have significant positive effects on this intention. Consequently, all six hypotheses (H1–H6) are supported. Among these factors, religiosity stands out as the strongest influence on the intention to choose Islamic personal financing, followed by perceived behavioural control.

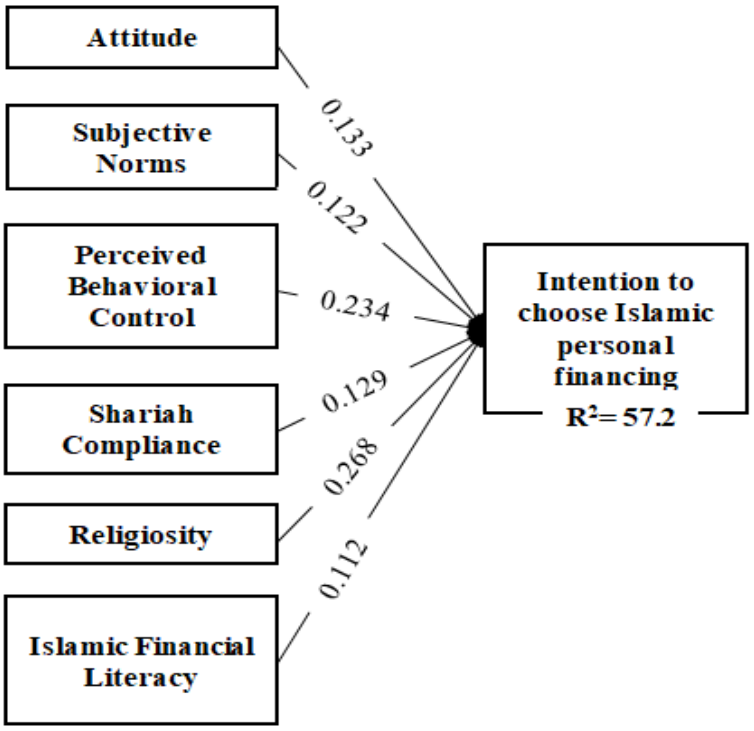

Fig 2: Empirical Results

Apart from R^2 and path coefficients, effect size (F^2) is also calculated to measure the change in R2 when excluding a specific exogenous construct, indicating whether its exclusion significantly impacts the R2 value of the endogenous construct. While p-values are commonly used to evaluate the statistical significance of path coefficients, F^2 provides insight into the practical significance of relationships within the model. According to Cohen [16], effect sizes can be classified as small (0.02), medium (0.15), or large (0.35). Based on these benchmarks, this study finds that attitude (0.025), subjective norms (0.024), perceived behavioural control (0.074), shariah compliance (0.023), religiosity (0.082), and Islamic financial literacy (0.020) all exhibit small effect sizes in contributing to the R^2 for the intention to choose Islamic personal financing. Among these factors, religiosity and perceived behavioural control show a slightly stronger influence than the others, though they remain relatively weak. Despite their limited impact, these factors still hold meaningful contributions and should not be overlooked [15]. Recognizing these small effect sizes is crucial, as each construct plays a unique role in shaping the overall model.

DISCUSSION

The current study provides valuable insights into the determinants influencing millennials' intention to choose Islamic personal financing in Labuan, Malaysia. By applying the Theory of Planned Behaviour framework and incorporating additional factors such as religiosity, Shariah compliance, and Islamic financial literacy, this research offers a comprehensive understanding of consumer behaviour in this context. The results indicate that all six factors significantly influence the intention to choose Islamic personal financing.

Among the factors examined, religiosity was identified as the strongest determinant of millennials' intention to opt for Islamic personal financing. This significant influence suggests that millennials with strong religious convictions are more likely to prefer this financing option. This finding is consistently supported by past studies on Islamic personal financing [1], Islamic banking products [36],[41], and Islamic home financing [6]. Given the stronger influence of religiosity compared to other factors, Islamic banks should prioritize religious aspects in their marketing strategies for Islamic personal financing.

Perceived behavioural control and attitude were identified as the next most influential factors, suggesting that millennials who feel empowered in managing their finances or hold a favourable perception of Islamic personal financing are more inclined to choose it. These findings align with the work of Abdullah and Abd Wahab [1] and are further reinforced by studies in related domains, such as Islamic credit card adoption [23] and Islamic home financing [35]. Furthermore, Shariah compliance also has a significant association with millennials' intention to choose Islamic personal financing. Millennials are more inclined to choose this financing option when they perceive it as closely adhering to Shariah principles. This result is also consistent with the findings of Abdullah & Abd Wahab [1] and Johan et al. [23], who found that Shariah compliance plays a crucial role in the contexts of personal financing and Islamic credit cards, respectively.

Despite having a weaker influence than other factors, subjective norms and Islamic financial literacy still had a significant impact in this context. The significant effect of subjective norms suggests that millennials are more inclined toward Islamic personal financing when encouraged or influenced by their social circle. Although this finding aligns with previous research in the context of Takaful [37], earlier studies on Islamic personal financing present a different perspective. Amin et al. [9] found that subjective norms had a significant positive effect on the intention to choose Islamic personal financing, whereas Abdullah and Abd Wahab [1] reported no such effect. One explanation for this difference could be that the participants in the latter study were lecturers at Universiti Utara Malaysia. Due to their strong financial knowledge, they might have depended more on their expertise rather than being influenced by others. This suggests that the influence of subjective norms may differ based on participants' backgrounds and level of financial literacy.

The significant influence of Islamic financial literacy in this context suggesting that millennials with a deeper understanding of Shariah concepts and their application in Islamic personal financing are more likely to prefer this option. Although previous research on Islamic personal financing has not investigated this relationship, the findings remain aligned with studies in the broader context of Islamic financial products [28].

Research Implications

Theoretical Contribution

This study serves as an initial investigation into the factors influencing the intention to choose for Islamic personal financing, specifically based on *Tawarruq*. Unlike prior research, which has centred on less prevalent Shariah contracts such as *Bay al-Inah* and *Qardhul Hassan*, this study presents a more relevant and up-to-date perspective. Next, this research reassesses established relationships, including the influence of attitude, subjective norms, perceived behavioural control, Shariah compliance, and religiosity on the intention to choose Islamic personal financing. By revisiting these relationships, the study offers meaningful insights into their consistency over time and their relevance to contemporary Islamic personal financing. The findings also confirm that these relationships remain significant over time, highlighting their ongoing importance in understanding decision-making in this context.

One notable finding of this study is that religiosity has a stronger impact on millennials' intentions than traditional TPB variables such as attitude, subjective norms, and perceived behavioural control. While the TPB remains a comprehensive model for predicting behaviour, it overlooks the emotional, ethical, and spiritual aspects that play a significant role in consumer decisions, particularly in the context of Islamic financing. For many consumers, especially Muslims, the choice of Islamic financial products is not merely a financial decision but also an ethical and spiritual commitment [9]. As such, religiosity extends beyond the cognitive focus of the TPB model, playing a central role in shaping the intention to choose Islamic personal financing. This emphasizes that ethical values, and spiritual identities are crucial elements that strongly influence consumer decisions in Islamic finance. Future research could benefit from integrating religiosity into established theoretical frameworks to provide a more holistic understanding of consumer decision-making across various Islamic financial products.

Furthermore, this study extends the TPB framework by incorporating Islamic financial literacy as a new determinant, offering fresh insights into its influence on decision-making in this context. Although its impact is smaller than that of other factors, Islamic financial literacy still plays an important role in influencing millennials' intention to choose Islamic personal financing. Furthermore, this addition opens several avenues for future research, particularly in examining how Islamic financial literacy interacts with the adoption of other Islamic financial products.

Practical Contribution

The findings of the study offer valuable practical insights that can help Islamic banks refine their marketing strategies for Islamic personal financing. These refinements will not only expand their customer base but also enhance the appeal and competitiveness of Islamic personal financing alongside other Islamic financial products. The practical implications are presented as follows, but are not limited to:

1) ***Religiosity:*** Islamic banks should emphasize the religious and ethical aspects behind their personal financing products to attract customers with strong religious beliefs. By highlighting values such as fairness, transparency, and social responsibility in brochures, marketing campaigns, or other promotional materials, banks can help customers feel more connected to the product.

2) ***Perceived Behavioural Control:*** Islamic banks should ensure that customers fully understand the products, terms, and conditions of Islamic personal financing. Offering easy-to-understand educational materials, such as brochures, videos, and workshops, can enhance customers' confidence and empower them to make informed decisions.

3) ***Shariah Compliance:*** Islamic banks should clearly communicate to potential customers that Islamic personal financing is fully aligned with Shariah principles. Obtaining certifications from recognized Islamic authorities could further strengthen customer trust.

4) ***Attitude:*** Islamic banks should focus on promoting the ethical benefits and flexible repayment options of

Islamic personal financing to create a positive perception among potential customers.

5) ***Subjective Norms:*** Islamic banks should encourage word-of-mouth marketing by incentivizing existing customers to recommend Islamic personal financing to their friends and family.

6) ***Islamic Financial Literacy:*** Islamic banks should prioritize educational efforts such as workshops, seminars, and online tools to help customers better grasp Islamic financial principles and contracts.

CONCLUSION

Despite the significant contributions, the current study has three limitations that suggest further research directions. One such limitation is the geographical scope, which is limited to Labuan, Malaysia. This narrow geographical focus may limit the applicability of the results, as the cultural, economic, and environmental factors of this region may not be reflective of other regions in the country. As a result, the findings may not fully capture the overall trends or patterns in Malaysia. Future research could benefit from exploring different geographic locations within Malaysia. Another limitation is the reliance on cross-sectional data, which only captures a snapshot of the situation at a single point in time. This approach may fail to account for changes or trends over time, limiting the ability to draw conclusions about cause-and-effect relationships. Future research could benefit from longitudinal studies that track changes over an extended period, offering a deeper understanding of the dynamics involved. Thirdly, the current study investigates only six independent variables, potentially overlooking other important factors. Future research could examine emerging constructs, such as digital awareness, perceived convenience, and trust, to further enrich the understanding of the subject. In addition to these limitations, the study did not account for certain demographic variables that could act as potential confounders. Specifically, education level may influence financial literacy and perceived behavioural control, while cultural or ethnic background could affect religiosity, social norms, and financial behaviour. In Malaysia's multi-ethnic society, these factors may interact with the constructs studied, potentially influencing the interpretation of results. Future research should include these demographic variables as control variables to enhance analytical precision and isolate the true effects of psychological and religious factors. Despite these limitations, the current study offers meaningful insights that contribute to both academic literature and practical marketing strategies in the context of Islamic personal financing.

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APPENDIX 1: QUESTIONNAIRE ITEMS

Attitude (AT)

AT1 Choosing Islamic personal financing is a good idea.

AT2 Choosing Islamic personal financing is useful.

AT3 Choosing Islamic personal financing is beneficial.

AT4 I appreciate Islamic personal financing.

AT5 Islamic personal financing is one of the best Islamic banking products.

AT6 Islamic personal financing is positive.

Subjective Norms (SN)

SN1 Most people who are close to me think that I have to choose Islamic personal financing.

SN2 It is expected by others that I should choose Islamic personal financing.

SN3 Most people who are important to me think that Islamic personal financing is useful.

SN4 Most people who are important to me think that Islamic personal financing is beneficial.

SN5 Most people are assuming me familiar with the need of Shariah if I choose Islamic personal financing.

Perceived Behavioural Control (PBC)

PBC1 I am confident that I would take Islamic personal financing for my next personal purchase.

PBC2 I am confident that I would like to choose Islamic personal financing any circumstances I face.

PBC3 I am confident that I would take Islamic personal financing even if the bank personnel advise me to take conventional financing.

PBC4 I am sure I would be able to undertake Islamic personal financing.

PBC5 Taking Islamic personal financing is entirely within my control.

PBC6 I have resources to undertake Islamic personal financing.

Shariah Compliance (SC)

SC1 Islamic personal financing should comply with Shariah principles.

SC2 Islamic personal financing should be based on a sale arrangement.

SC3 Islamic personal financing should avoid implication of interest charges.

SC4 Islamic personal financing should be transparent to customers.

SC5 Islamic personal financing should be free from gambling elements.

SC6 Islamic personal financing should prevent uncertainties in transactions.

Religiosity (R)

R1 I will choose Islamic personal financing only for basic needs (e.g., emergency expenses, healthcare, education, or other essential needs).

R2 I will choose Islamic personal financing based on my financial capacity, as it encourages responsible borrowing and financial well-being.

R3 I will choose personal financing when I have consistent monthly income, as it ensures I can manage my repayment obligations responsibly.

R4 I will choose Islamic personal financing when it is the most suitable or only option to meet my financial needs.

R5 I will choose Islamic personal financing with my good intention to repay monthly instalment constantly.

R6 I will choose Islamic personal financing because it allows me to avoid unethical practices, such as interest-based charges.

R7 I will choose personal financing because it aligns with my beliefs and allows me to seek peace of mind and blessings.

Islamic Financial Literacy (IFL)

IFL1 I am aware that Islamic personal financing is interest free.

IFL2 I am aware that Islamic personal financing is meeting ummah needs.

IFL3 I am aware that Islamic personal financing is a sale contract.

IFL4 I am aware that Islamic personal financing is transacted at Bursa Suq Al-Sila (BSAS).

IFL5 I am aware that Islamic personal financing is governed by Tawarruq.

IFL6 I am aware that Islamic personal financing is also governed by Bay' al-Inah.

IFL7 I am aware that Islamic personal financing is free from compounding interest.

IFL8 I am aware that Islamic personal financing treats bank as 'seller' of the commodity to me.

IFL9 I am aware that Islamic personal financing treats myself as a buyer for the commodity sold to me by the bank.

IFL10 I am aware that Islamic personal financing is based on profit rate ONLY.

Intention to Choose (INT)

INT1 I intend to choose Islamic personal financing.

INT2 It is likely that I will take Islamic personal financing.

INT3 I expect to undertake the Islamic personal financing in future.

INT4 I predict I will take Islamic personal financing.

INT5 I plan to undertake Islamic personal financing for my personal financing.