Shariah-Compliant Savings (Simpanan Shariah): An Analysis of Attitudes Among Muslim Employees Provident Fund Members

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ABSTRACT

This study examines the influence of attitude on the intention to invest in Shariah-compliant savings (Simpanan Shariah) among Muslim members of the Employees Provident Fund (EPF) in Malaysia. Grounded in the Theory of Planned Behaviour (TPB), attitude is conceptualised as a key determinant that shapes individuals' behavioural intentions and decision-making processes. Drawing on prior literature, attitude reflects an individual's evaluative judgement whether favourable or unfavourable towards a particular behaviour, influenced by both cognitive and affective components. Using a quantitative research design, data were collected from Muslim EPF members and analysed to test the proposed hypothesis, which posits a significant positive relationship between attitude and investment intention. The findings reveal that attitude significantly and positively influences the intention to invest in Simpanan Shariah, thereby supporting the hypothesis. This suggests that individuals with more favourable perceptions of Shariah-compliant savings are more likely to demonstrate stronger investment intentions. The results are consistent with previous studies indicating that positive attitudes enhance investment intentions, particularly in Islamic financial contexts where religious beliefs and ethical considerations play a central role. The findings also highlight that Muslim investors tend to perceive Shariah-compliant investments as beneficial, not only in financial terms but also in fulfilling religious obligations, thereby strengthening their behavioural intentions. This study contributes to the growing body of literature on Islamic finance by providing empirical evidence on the role of attitude in shaping investment intentions within the EPF Simpanan Shariah framework. The findings offer practical implications for policymakers and financial institutions to enhance awareness and promote positive perceptions of Shariah-compliant savings among Muslim investors.

Keywords— Shariah-Compliant Savings, Simpanan Shariah, Attitude, Investment Intention, Theory of Planned Behaviour (TPB), Employees Provident Fund (EPF), Muslim Investors, Islamic Finance, Malaysia, Behavioural Finance

STRUCTURE OF THE ARTICLE

An article on Shariah-compliant savings typically begins with an introduction that outlines the background, research gap, objectives, and hypothesis on attitude and investment intention. This is followed by a literature review discussing Shariah-compliant savings, the Theory of Planned Behaviour (TPB), and prior studies linking attitude to intention. The methodology section explains the quantitative approach, sampling of Muslim EPF members, data collection, and analysis techniques. Next, the results present key findings, including hypothesis testing, while the discussion interprets these findings in relation to theory and past research. The article then highlights theoretical and practical implications, particularly for policymakers and financial institutions, before ending with a conclusion, limitations, and suggestions for future research.

INTRODUCTION

The Employees Provident Fund (EPF) is a key government agency in Malaysia responsible for managing compulsory retirement savings for salaried employees. In line with Malaysia's position as a global hub for Islamic finance, significant efforts have been made to integrate Shariah principles into the financial system. One such initiative is the introduction of Simpanan Shariah on 8 August 2016, which allows EPF members,

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regardless of religion, to choose whether their savings are managed in accordance with Shariah principles. This initiative is overseen by a dedicated Shariah committee to ensure compliance with Islamic standards.

The primary objective of Simpanan Shariah is to provide Muslim members with a halal and ethically compliant retirement savings option, free from elements prohibited in Islam such as riba (interest), gharar (uncertainty), and maysir (gambling). In addition to retirement purposes, these funds can support religious obligations such as Hajj and Umrah. Despite its significance, members are given the autonomy to choose between conventional savings and Shariah-compliant savings, highlighting the importance of understanding the behavioural factors influencing this decision. Therefore, this study focuses on examining the role of attitude in shaping the intention of Muslim EPF members to opt for Simpanan Shariah.

LITERATURE REVIEW

A. Existing Models of Attitude in Theory of Planned Behaviour

This study aims to extensively explore the construct of attitude within the Theory of Planned Behaviour (TPB), with a particular focus on how individuals engage in evaluative processes when assessing a given behaviour initially in a neutral manner and subsequently along a continuum of positive to negative judgments and how these evaluations function as a critical determinant influencing both the formation of behavioural intentions and the execution of actual behaviour, thereby offering deeper insights into the cognitive and affective mechanisms that underpin decision-making processes across various contexts.

In addition, this research attempts to provide a comprehensive theoretical synthesis of attitude by drawing upon established scholarly definitions that conceptualise it as an evaluative disposition grounded in both beliefs and emotions, and to investigate how such evaluations, formed through the assessment of behavioural attributes and outcomes, contribute to shaping individuals' intentions and guiding their behavioural decisions (Ajzen, 2020).

A literatures indicated cognitive or information-processing perspective on attitude formation, as reflected in the expectancy value model, conceptualises attitudes as the outcome of a systematic evaluative process in which individuals assess behaviour-related attributes based on their associated beliefs and the subjective value assigned to those attributes, such that positively or negatively valued characteristics become cognitively linked to the behaviour and collectively generate an overall favourable or unfavourable attitude, a proposition that has been extensively examined and supported across numerous empirical studies investigating attitudes and their relationship with behavioural outcomes (Mark Conner, 2020).

B. Challenges and Opportunities

The literature on investment decision-making widely emphasizes attitude, behavioral intention, and actual investment behavior, primarily grounded in behavioral finance and the Theory of Planned Behavior (TPB). Research consistently shows that attitude is one of the strongest predictors of investment intention, alongside subjective norms and perceived behavioral control (Ajzen & Fishbein, 2000) However, despite strong theoretical advancement, several challenges remain in the literature, along with emerging opportunities for future research.

The literature on attitude and intention in investment decision- making, largely grounded in behavioral finance and the Theory of Planned Behavior (TPB), has developed substantially over the past decades, yet it still presents several conceptual, methodological, and contextual challenges alongside important opportunities for future research. One of the primary challenges is the theoretical over- reliance on TPB, where most studies continue to explain investment intention using the same core constructs attitude, subjective norms, and perceived behavioral control without sufficiently integrating alternative or complementary theories such as prospect theory, bounded rationality, or emotional and cognitive bias frameworks (Ajzen, 1991).

This repeated application has led to a degree of theoretical saturation, where models appear empirically valid but offer limited innovation in explaining increasingly complex investment behaviors. In addition, the conceptualization and measurement of "attitude" itself remain inconsistent across studies; some researchers treat attitude as a purely cognitive evaluation of investment outcomes, while others incorporate affective and behavioral components, resulting in measurement heterogeneity that reduces comparability across studies and weakens the robustness of meta-analytical conclusions.

Another significant challenge is the persistent intention behavior gap, where individuals may express strong positive intentions to invest based on favorable attitudes but fail to translate these intentions into actual investment actions due to constraints such as financial limitations, perceived risk, market volatility, or psychological barriers like loss aversion and overconfidence. Furthermore, the literature is often geographically concentrated in emerging economies, particularly in Asia, which limits the generalizability of findings to developed financial markets where investor behavior may be shaped by different institutional, regulatory, and technological environments.

Methodologically, many studies rely heavily on cross-sectional survey designs and structural equation modeling techniques, which restrict the ability to capture dynamic changes in attitude and intention over time and fail to establish causal relationships. There is also a tendency to focus narrowly on psychological determinants of investment behavior, often overlooking macroeconomic variables, market conditions, and real-time financial data that could provide a more holistic understanding of investment decision-making processes (Ajzen, 1991).

Despite these challenges, the literature presents several promising opportunities for advancement. Future research can benefit from integrating multiple theoretical perspectives, combining TPB with behavioral finance theories, prospect theory, and even neurofinance approaches to better capture the complexity of investor psychology. The rapid growth of digital financial platforms, robo-advisors, mobile trading applications, and cryptocurrency markets also opens new avenues for examining how technology influences attitude formation and investment intention in real time (Arner et al., 2023)

Additionally, future studies should focus more on bridging the intention behavior gap by adopting longitudinal research designs and incorporating actual investment behavior data rather than relying solely on self-reported intentions. Expanding the range of psychological constructs such as financial anxiety, trust in financial systems, herd behavior, and moral or religious influences can also provide deeper insights into investor decision-making processes (Afifah & Naelati, 2025). Moreover, cross-cultural comparative studies and demographic segmentation across gender, age groups, and income levels can enhance the external validity of findings and reveal important heterogeneity in investment behavior.

Finally, the use of big data analytics, machine learning techniques, and social media sentiment analysis offers a significant opportunity to move beyond traditional survey-based research and develop more predictive and real-time models of investment intention and behavior. (Douglas Arner et al., 2023). Overall, while the field has matured considerably, it is still evolving, and future research that integrates interdisciplinary theories, advanced methodologies, and real-world financial data is essential to fully understand how attitude shapes investment intention and how intention ultimately translates into financial decision-making behavior (Barber & Odean, 2020).

C. Theoretical Foundations

The theoretical foundations of attitude and intention in investment decision-making are primarily rooted in behavioral finance and social psychology, with the Theory of Planned Behavior (TPB) by Ajzen (1991) serving as the most widely applied conceptual framework for explaining how individuals form investment intentions and subsequently engage in financial decision-making (Atif Hussain et al., 2024). According to TPB, investment intention is determined by three key antecedents: attitude toward the behavior, subjective norms, and perceived behavioral control, where attitude represents an individual's overall evaluation of investment outcomes based on expected risks and returns, subjective norms reflect perceived social pressure from peers, family, or financial advisors, and perceived behavioral control captures the investor's perception of their ability to execute investment decisions effectively given available resources and market knowledge (Norhazimah Che Hassan et al. 2023).

Within this framework, attitude plays a central role as it integrates cognitive evaluations of financial gains and losses, emotional responses such as fear or confidence, and experiential learning from past investment outcomes, thereby shaping an individual's willingness to participate in financial markets. Prospect theory by Kahneman and Tversky further strengthens this foundation by demonstrating that investors evaluate potential gains and losses asymmetrically, where losses tend to have a stronger psychological impact than equivalent gains, thus influencing both attitude formation and investment intention (Sylvania & Selfira, 2024).

While subjective norm and perceived behavioural control are integral components of TPB, their explanatory roles in Shariah-compliant investment contexts have shown inconsistent empirical support. Subjective norm, which reflects perceived social pressure, may influence decision-making in collectivist settings; however, its effect is often contingent upon the strength of social ties and the relevance of referent groups. In the context of retirement savings, which involves personal financial planning and long-term commitment, individuals may rely more heavily on personal evaluation rather than social approval, thereby limiting the predictive strength of subjective norm.

Similarly, perceived behavioural control captures an individual's perception of their ability to perform a behaviour, considering factors such as financial resources, access, and knowledge. However, in institutionalised schemes such as Simpanan Shariah, where participation mechanisms are relatively structured and accessible, the variability in perceived control may be less pronounced. Furthermore, structural and informational constraints may reduce the reliability of PBC as a consistent predictor of intention, particularly when individuals lack sufficient understanding of investment mechanisms.

These limitations suggest that both subjective norm and perceived behavioural control may not fully capture the cognitive decision-making processes underlying Shariah-compliant savings behaviour. Investment intention represents an individual's conscious plan or readiness to engage in financial activities, including participation in Shariah-compliant savings schemes. Within TPB, intention serves as the immediate antecedent of behaviour, linking psychological evaluation to actual decision-making.

In the context of Islamic finance, investment intention is shaped by a combination of financial reasoning and adherence to religious principles. This dual consideration reinforces the importance of evaluative judgement, as individuals must reconcile economic benefits with Shariah compliance. Consequently, intention in this domain is more closely aligned with individual attitude formation, which integrates both cognitive and moral evaluations.

Despite the extensive application of TPB in Islamic finance research, several gaps remain. First, many studies adopt all three TPB constructs without critically assessing their relative importance, leading to overly complex models with limited explanatory precision. Second, empirical findings indicate that subjective norm and perceived behavioural control often exhibit context-dependent and inconsistent effects, particularly in structured financial environments such as EPF savings schemes.

More importantly, limited research has explicitly examined attitude as the primary determinant of investment intention in Shariah-compliant retirement savings. Given that such decisions involve careful evaluation of long-term financial outcomes and religious considerations, attitude is likely to play a more central and stable role compared to socially driven or constraint-based factors (Rahim, 2023).

Overall, while TPB provides a comprehensive theoretical framework, the relative contribution of its components varies across contexts. In the case of Shariah-compliant savings, attitude emerges as a more theoretically relevant and empirically justifiable predictor, as it directly captures the evaluative processes underlying financial decision-making. Therefore, this study prioritises attitude as the central construct to provide a more focused, parsimonious, and contextually grounded explanation of investment intention among Muslim EPF members(Atmaya Fitra Alfathya et al. 2025, Ajzen, 2018).

D. Key Components of the Framework

The framework explaining the relationship between attitude and investment intention is primarily grounded

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in the Theory of Planned Behavior (TPB) developed by Icek Ajzen, complemented by insights from behavioural finance and cognitive psychology. Within this integrated perspective, attitude toward investment behaviour is conceptualised as the central cognitive affective construct that shapes an individual's intention to engage in financial decision-making.

From a theoretical standpoint, attitude reflects an individual's overall evaluative judgement of investing, formed through the assessment of expected benefits and perceived risks. These evaluations include anticipated outcomes such as financial returns, wealth accumulation, and long-term security, as well as potential drawbacks such as market volatility, loss exposure, and uncertainty. Consistent with the expectancy value framework, individuals systematically weigh these attributes based on their underlying beliefs and the subjective value assigned to each outcome, resulting in a favourable or unfavourable disposition toward investment behaviour (Ajzen, 2018; Conner, 2020).

Importantly, attitude formation in investment contexts is not purely rational but is shaped by a combination of cognitive, experiential, and behavioural factors. Prior investment experience and financial literacy influence the formation and accuracy of evaluative beliefs, while emotional responses toward risk contribute to the affective dimension of attitude. Furthermore, behavioural finance highlights the role of cognitive biases such as overconfidence and loss aversion in shaping investment judgement and distorting risk–return evaluations (Viaulia Al Qoriana & Ningtyas, 2024).

Despite its strong theoretical grounding, attitude formation is subject to contextual and informational constraints. In environments characterised by uncertainty or limited financial knowledge, evaluative judgements may be incomplete or biased, thereby weakening the consistency between attitude and behavioural intention. This limitation suggests that while attitude is a critical determinant, its explanatory power is contingent upon the quality of underlying beliefs and the broader decision-making context.

Accordingly, this framework positions attitude as the primary driver of investment intention, reflecting the central role of individual evaluation in financial decision-making. By integrating perspectives from TPB and behavioural finance, the model provides a theoretically robust explanation of how cognitive assessment, emotional responses, and behavioural biases jointly shape investment intention.

METHODOLOGY

Using a purposive sampling technique, the study targeted Muslim Employees Provident Fund (EPF) members in Selangor, Malaysia, who were considered most relevant to the research objective due to their direct eligibility and potential participation in the Simpanan Shariah scheme. Data collection was conducted through structured questionnaires, which were systematically administered and collected by the researcher at the EPF office building in Shah Alam, Selangor. This on-site distribution approach ensured access to a relevant and informed respondent pool, while also enhancing the response rate and data reliability. The collected data were subsequently analysed using the Statistical Package for the Social Sciences (SPSS) for preliminary data screening, including data cleaning, descriptive analysis, and assessment of basic statistical assumptions.

In addition, Partial Least Squares Structural Equation Modelling (PLS-SEM) was employed to evaluate the measurement model and test the structural relationships among the study constructs. This dual-stage analytical approach is particularly suitable for theory testing and prediction-oriented research, especially in behavioural studies involving latent variables.The use of PLS-SEM enabled a rigorous assessment of the proposed relationships and facilitated the estimation of both direct and indirect effects among the variables influencing the adoption of Shariah-compliant savings schemes (Hair et al., 2021). Specifically, it allowed for the examination of the determinants shaping Muslim EPF members' intention to select Simpanan Shariah, thereby providing robust empirical validation of the theoretical framework. Overall, this methodological design ensured a high level of analytical precision and empirical robustness, contributing to a deeper understanding of the key factors influencing participation in Shariah-compliant saving among EPF Muslim members in Malaysia.

CONCLUSIONS

Based on the synthesis of theoretical foundations and empirical evidence, attitude emerges as a significant determinant of investment intention among Muslim Employees Provident Fund (EPF) members in relation to participation in the Simpanan Shariah scheme in Malaysia. The findings indicate that a more favourable evaluative disposition toward Shariah-compliant investment is associated with a stronger intention to engage in such financial instruments. This suggests that individuals' cognitive and affective assessments of Shariah compliance, financial benefits, and ethical considerations play a crucial role in shaping their willingness to adopt Islamic retirement savings schemes.

Furthermore, the literature provides consistent evidence that positive attitudes toward value-based investment principles extend beyond Islamic finance to include sustainable investment contexts. Investors who demonstrate favourable evaluations of environmental, social, and governance (ESG) principles are more likely to exhibit stronger intentions to participate in sustainable investment activities. This indicates that both Shariah-compliant and sustainability-oriented investment behaviours are fundamentally driven by evaluative processes, where cognitive beliefs and affective judgments translate into behavioural intention.

Overall, the evidence reinforces the central role of attitude as a key psychological determinant in investment decision-making, particularly in contexts where financial choices are intertwined with ethical, religious, or value-based considerations. This highlights the importance of strengthening positive evaluative beliefs among investors to enhance participation in Shariah-compliant and sustainable financial products.

LIMITATIONS

Despite the extensive application of attitude–intention frameworks in explaining investment decision-making, several limitations remain evident in the literature. First, a key limitation is the over-reliance on self-reported survey data, where both attitude and investment intention are measured based on respondents' perceptions rather than actual investment behavior, leading to potential social desirability bias and inflated intention levels that may not accurately reflect real financial actions.

Second, most studies adopt a cross-sectional research design, which restricts the ability to capture changes in attitude and intention over time and limits causal interpretation between variables, particularly in dynamic financial environments where investor sentiment fluctuates with market conditions.

SUGGESTION FOR FUTURE RESEARCH

Future research should move beyond cross-sectional designs by adopting longitudinal approaches that track changes in attitude and investment intention over time. This would help address the intention– behaviour gap and provide stronger causal evidence on whether favourable attitudes toward Simpanan Shariah actually translate into sustained participation and real investment behaviour.

In addition, future studies should incorporate actual behavioural data, such as EPF account switching records or contribution patterns, rather than relying solely on self-reported intentions. Combining survey data with real financial behaviour would significantly improve the robustness and practical relevance of findings.

Another important direction is the integration of alternative theoretical frameworks alongside the Theory of Planned Behaviour. For example, incorporating prospect theory, behavioural biases (e.g., loss aversion, overconfidence), or emotional finance constructs could provide a more comprehensive understanding of how Muslim investors make decisions under uncertainty. This would help overcome the current over-reliance on TPB and enrich theoretical development.

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