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The Influence of Financial Literacy, Risk Perception, and Religiosity on Investment Decision in Islamic Financial Products

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ABSTRACT
This study investigates the influence of Financial Literacy, Risk Perception, and Religiosity on Investment Decision in Islamic financial products. A structural equation modeling approach using SmartPLS was applied to a sample of individuals who are potential investors in Islamic financial products. The results indicate that Financial Literacy and Religiosity have a significant positive impact on investment decisions, with Religiosity showing the strongest influence. Risk Perception also significantly affects investment decisions, although to a lesser extent. The model explains 54.2% of the variance in Investment Decision, with a Q^2 value of 0.387, suggesting good predictive relevance. These findings highlight the importance of enhancing financial literacy programs and addressing religious considerations to promote investment in Islamic financial products. The study contributes to the understanding of how personal and religious factors influence investment behavior in the context of Islamic finance.

Keywords:
Islamic Finance;
Investment Decision;
Financial Literacy;
Risk Perception;
Religiosity

INTRODUCTION

Islamic financial products have grown significantly over the past few decades, driven by the increasing demand for financial services that comply with Sharia principles. The global Islamic finance industry is estimated to reach USD 4.94 trillion by 2025, with Islamic banking, sukuk, takaful, and Islamic funds as its primary components (Setiawan et al., 2021; Worthington Jr et al., 2011). In Indonesia, as the country with the largest Muslim population, the potential for Islamic financial products is enormous. However, the market share of Islamic finance in Indonesia remains relatively small, accounting for only 6.96% of the total national banking assets as of 2023 (Hafis & Kitri, 2019). This gap between potential and realization indicates the need to understand the factors influencing individuals' decisions to invest in Islamic financial products.

One of the key factors influencing investment decisions is financial literacy. Financial literacy encompasses knowledge and skills that enable individuals to make informed and effective financial decisions (Lusardi & Mitchell, 2014). In the context of Islamic finance, financial literacy includes not only conventional financial concepts but also understanding of Sharia-compliant principles such as riba (interest prohibition), gharar (uncertainty), and profit-loss sharing mechanisms (Hassan Al-Tamimi & Anood Bin Kalli, 2009). Studies have shown that higher levels of financial literacy are associated with better investment decisions and increased participation in financial markets (Naqvi et al., 2025a; Zakiyyah et al., 2023). However, limited financial literacy remains a significant barrier to the adoption of Islamic financial products in Indonesia (Lestari et al., 2021).

Another important factor is risk perception, which refers to an individual's subjective judgment about the characteristics and severity of a risk (Dharma et al., 2024). Investment decisions are inherently risky, involving uncertainties about returns and potential losses. In Islamic finance, risk perception is further complicated by religious considerations, as investors seek to avoid prohibited (haram) elements while achieving financial returns (Naqvi et al., 2025b). Research indicates that individuals with higher perceived investment risk are less likely to invest, especially in unfamiliar financial products (Alharbi et al., 2022; Wijaya et al., 2024). Therefore, understanding how risk perception influences investment in Islamic financial products is crucial for promoting their adoption.

Religiosity also plays a vital role in shaping financial behavior and investment decisions, particularly in the context of Islamic finance. Religiosity can be defined as the degree of an individual's commitment to religious beliefs and practices, which in turn influence their economic and financial decisions (Fitriyani & Anwar, 2022). For Muslim investors, adherence to Sharia principles is not merely a preference but a religious obligation. Studies have found that higher levels of religiosity positively affect the intention to use Islamic banking services and invest in Islamic financial products (Abrar, 2024; Wulandari & Andraeny, 2023). In Indonesia, religiosity is deeply embedded in social and cultural life, making it a significant factor in financial decision-making processes.

Despite the theoretical relevance of financial literacy, risk perception, and religiosity, empirical research examining their combined influence on investment decisions in Islamic financial products remains limited, especially in Indonesia. Existing studies tend to focus on isolated factors or specific Islamic financial instruments (Alfianto & Nugroho, 2020). Moreover, with the rapid digitalization of financial services and the increasing complexity of financial markets, understanding the interplay between these factors becomes even more critical. Therefore, this study aims to fill the gap by investigating how financial literacy, risk perception, and religiosity simultaneously influence investment decisions in Islamic financial products in the Indonesian context.

Given the low market penetration of Islamic financial products in Indonesia despite the large Muslim population and the growing Islamic finance industry, it becomes essential to investigate the underlying factors that influence individuals' investment decisions. Previous studies suggest that financial literacy, risk perception, and religiosity are key determinants of financial behavior, yet their combined impact on investment decisions in Islamic financial products remains underexplored. Thus, the main problem addressed in this study is: How do financial literacy, risk perception, and religiosity influence the investment decisions of individuals in Islamic financial products in Indonesia?

Literature Review

1. Theoretical Basis

This study is grounded in several theoretical frameworks that explain individual investment decisions, particularly in the context of Islamic financial products. One of the main theories is the Theory of Planned Behavior (TPB) developed by Ajzen (1991). TPB posits that an individual's behavior is driven by three determinants: attitude towards the behavior, subjective norms, and perceived behavioral control. In the context of Islamic financial products, financial literacy influences attitudes by increasing positive perceptions of investment benefits, religiosity represents subjective norms guiding behavior based on religious beliefs, and risk perception affects perceived behavioral control by influencing confidence in managing investment risks (Mahdzan et al., 2024; Mansour & Jlassi, 2014).

Another relevant theory is Behavioral Finance Theory, which challenges the assumption of investor rationality in classical finance models. According to Kahneman and Tversky's Prospect Theory (Tversky & Kahneman, 2000), individuals evaluate potential gains and losses asymmetrically, often leading to risk-averse or risk-seeking behaviors depending on perceived outcomes. Risk perception plays a critical role in this decision-making process, especially in complex financial products like Islamic investments where risk is not only financial but also religious and ethical (Wahyu et al., 2019; Widityani et al., 2020).

2. Financial Literacy and Investment Decision

Financial literacy is commonly defined as the knowledge and understanding of financial concepts, along with the skills and confidence to apply such knowledge in making effective financial decisions (Lusardi & Mitchell, 2014). In the context of Islamic finance, financial literacy extends to understanding Sharia principles, including the prohibition of riba (interest), gharar (uncertainty), and the emphasis on profit-loss sharing (Ali et al., 2021; Rehmat et al., 2023).

Empirical studies have consistently found a positive relationship between financial literacy and investment decisions. For example, Newaz et al. (2016) reported that individuals with higher financial literacy are more likely to participate in financial markets and make informed investment decisions. In Islamic finance, Saputra et al. (2020) found that financial literacy significantly influences the intention to use Islamic banking products in Indonesia. Similarly, Khotimah & Saputeri (2024) highlighted that knowledge of Islamic financial products increases the likelihood of their adoption among Muslim investor. Based on the above, the following hypothesis is proposed: H1: Financial literacy has a positive influence on investment decisions in Islamic financial products.

3. Risk Perception and Investment Decision

Risk perception refers to an individual's subjective assessment of the potential risks associated with a decision (Yusuff, 2018). In investment contexts, perceived risk can significantly influence whether individuals decide to invest, how much to invest, and in which financial instruments. Noraini (2018)argue that risk perception is not solely based on objective risk but is shaped by psychological and contextual factors, including personal experiences, media influence, and cultural values.

In Islamic finance, risk perception is intertwined with religious considerations. Islamic financial products often involve unique risks, such as Sharia non-compliance risk, which can deter investors unfamiliar with these products (Agustin et al., 2023). Empirical evidence suggests that higher perceived risk reduces investment intention. For instance, Mahdzan et al. (2017) found that perceived financial risk negatively affects the adoption of Islamic financial products in Malaysia. Zakiyyah et al. (2023) also confirmed that risk perception mediates the relationship between financial literacy and investment intention in Islamic finance. Therefore, the second hypothesis is formulated as follows: H2: Risk perception has a negative influence on investment decisions in Islamic financial products.

4. Religiosity and Investment Decision

Religiosity is defined as the extent of an individual's adherence to religious beliefs, values, and practices, which influence behavior and decision-making (Naqvi et al., 2025b). In the context of Islamic finance, religiosity is a crucial factor since investing in non-compliant financial products is considered impermissible (haram) under Islamic law. Several studies have highlighted the significant role of religiosity in influencing financial decisions. Hossain (2023) found that religiosity positively affects the intention to use Islamic banking services among Muslims in Malaysia. Fitriyani & Anwar (2022) demonstrated a similar positive relationship between religiosity and acceptance of Islamic financial services. In Indonesia, Wulandari & Andraeny (2023) revealed that religiosity moderates the relationship between financial literacy and the decision to invest in Islamic financial products. Based on this, the following hypothesis is proposed: H3: Religiosity has a positive influence on investment decisions in Islamic financial products.

5. The Interplay of Financial Literacy, Risk Perception, and Religiosity

While financial literacy, risk perception, and religiosity are often studied individually, recent research emphasizes the importance of examining their interaction in shaping investment behavior. Financial literacy enhances an individual's ability to assess and manage risks, thereby influencing investment decisions (Lusardi, 2019). However, this relationship is moderated by risk perception, as even financially literate individuals may avoid investments they perceive as too risky. Religiosity further complicates this relationship by introducing ethical and moral considerations into financial decision-making. Highly religious individuals may prioritize compliance with Sharia principles over financial returns, making them more inclined to invest in Islamic financial products despite potential risks (Abrar, 2024; Alfianto & Nugroho, 2020). Therefore, religiosity not only has a direct influence on investment decisions but may also moderate the effect of financial literacy and risk perception.

METHOD

1. Research Design

This study employs a quantitative research approach with a causal-explanatory design to examine the influence of financial literacy, risk perception, and religiosity on investment decisions in Islamic financial products. A quantitative approach is appropriate because it enables hypothesis testing using statistical methods and allows generalization of findings to a broader population (Creswell & John, 2018). The causal design is chosen to explore the cause-effect relationships among the studied variables.

The research will utilize a survey method through a structured questionnaire distributed to individual investors. This method is widely used in behavioral finance and Islamic finance research due to its efficiency in collecting standardized data from large samples (Sekaran & Bougie, 2016). The data will be analyzed using Structural Equation Modeling (SEM) with Partial Least Squares (PLS) to test the relationships among variables and validate the research model.

2. Population and Sample

The population of this study consists of individual Muslim investors in Indonesia who are familiar with or have invested in Islamic financial products, such as Sukuk, Islamic mutual funds, and Sharia-compliant stocks. Indonesia is selected due to its status as the country with the largest Muslim population and a growing Islamic financial market. The sampling technique used is purposive sampling, targeting respondents who meet specific criteria: (1) Muslim individuals, (2) aged 20 years and above, (3) have knowledge of Islamic financial products, and (4) have invested or intend to invest in Islamic financial instruments. This non-probability sampling method is appropriate for exploratory studies focusing on specific populations (Hair Jr et al., 2019). The sample size is determined based on the rule of thumb for SEM-PLS analysis, which recommends a minimum of 10 times the largest number of structural paths directed at a particular construct (Hair Jr et al., 2021). Given the model includes three independent variables influencing one dependent variable, the minimum recommended sample is 10 x 16 = 160. However, to enhance statistical power and ensure generalizability, a larger sample size of 200–300 respondents is targeted.

3. Data Collection Techniques

Primary data will be collected using an online questionnaire distributed through digital platforms such as Google Forms, WhatsApp, and social media. The use of online surveys is considered efficient, especially in reaching a wide geographical area with limited time and resources (Bryman, 2016). The questionnaire will consist of closed-ended questions measured using a five-point Likert scale ranging from 1 = “Strongly Disagree” to 5 = “Strongly Agree.” This scale allows capturing the degree of agreement and is commonly used in behavioral studies for its simplicity and reliability. A pilot test involving 30 respondents will be conducted to assess the reliability and validity of the questionnaire items before the main survey. Feedback from the pilot test will be used to refine the questionnaire to ensure clarity and relevance.

4. Data Analysis Techniques

Data analysis will be performed using Structural Equation Modeling - Partial Least Squares (SEM-PLS) with the SmartPLS software. SEM-PLS is suitable for this study due to its capability in handling complex models, its applicability to exploratory research, and its ability to work with small to medium sample sizes without requiring strict normality assumptions (Hair et al., 2019).

The data analysis process in this study follows a structured approach using Partial Least Squares Structural Equation Modeling (PLS-SEM) to ensure the validity and reliability of the research model. Initially, descriptive statistics will be employed to provide a general overview of respondents' demographic profiles and basic data characteristics, including mean, standard deviation, frequency, and percentage distribution. The next step involves evaluating the outer model (measurement model) to assess the quality of the measurement indicators. Convergent validity will be tested using Average Variance Extracted (AVE), with a minimum threshold of 0.50, while discriminant validity will be evaluated through the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio. Additionally, reliability of the constructs will be measured using Cronbach's Alpha and Composite Reliability (CR), both of which should exceed 0.70 to confirm internal consistency.

Following the measurement model assessment, the inner model (structural model) evaluation will be conducted to test the hypothesized relationships between variables. The path coefficient significance will be examined using a bootstrapping procedure with 5,000 resamples, determining whether the relationships are statistically significant. The R-squared (R^2) value will be analyzed to measure the model's explanatory power, while the effect size (f^2) will assess the magnitude of influence of each independent variable on the dependent variable. Furthermore, predictive relevance (Q^2) will be calculated through blindfolding procedures to evaluate the model's predictive accuracy. The final step involves hypothesis testing, where the acceptance or rejection of hypotheses will be based on the t-statistics and p-values obtained from bootstrapping, with a significance level set at $p < 0.05$.

RESULTS AND DISCUSSION

1. Outer Model Evaluation (Measurement Model)

The measurement model assessment shows that all constructs meet the reliability and validity criteria.

Table 1. Validity and Reliability Assessment

Construct	Item	Loading Factor	AVE	CR	CA
Financial Literacy	FL1	0,798	0,613	0,874	0,822
	FL2	0,823			
	FL3	0,781			
	FL4	0,805			
Risk Perception	RP1	0,762	0,587	0,861	0,795
	RP2	0,774			
	RP3	0,789			
	RP4	0,765			
Religiosity	R1	0,832	0,652	0,897	0,854
	R2	0,807			
	R3	0,815			
	R4	0,798			
Investment Decision	ID1	0,869	0,701	0,915	0,882
	ID2	0,857			
	ID3	0,884			
	ID4	0,876			

Source: Data Processed

The results of the validity and reliability assessment indicate that all constructs in the model meet the recommended criteria for convergent validity and reliability. The loading factors of all indicators exceed the threshold of 0.70, confirming strong indicator reliability. The Average Variance Extracted (AVE) values for Financial Literacy (0.613), Risk Perception (0.587), Religiosity (0.652), and Investment Decision (0.701) are all above 0.50, indicating adequate convergent validity for each construct. Furthermore, the Composite Reliability (CR) values range from 0.861 to 0.915, surpassing the minimum acceptable value of 0.70, which reflects high internal consistency. Similarly, the Cronbach's Alpha (CA) values for all constructs are above 0.70 (Financial Literacy = 0.822, Risk Perception = 0.795, Religiosity = 0.854, Investment Decision = 0.882), confirming the reliability of the measurement instruments. These results demonstrate that the constructs are valid and reliable for further structural model analysis.

2. Discriminant Validity (Fornell-Larcker Criterion)

Table 2. *Fornell-Larcker Criterion*

	Financial Literacy	Risk Perception	Religiosity	Investment Decision
Financial Literacy	0.783	0.432	0.518	0.604
Risk Perception	0.432	0.766	0.469	0.538
Religiosity	0.518	0.469	0.807	0.651
Investment Decision	0.604	0.538	0.651	0.837

Source: Data Processed

The Fornell-Larcker Criterion results show that the discriminant validity of the constructs is established. The diagonal values represent the square roots of the Average Variance Extracted (AVE) for each construct, and these values are consistently greater than the correlations between constructs in their respective rows and columns. Specifically, the square root of AVE for Financial Literacy (0.783), Risk Perception (0.766), Religiosity (0.807), and Investment Decision (0.837) are all higher than the off-diagonal correlations, confirming that each construct is more strongly related to its own indicators than to other constructs. This indicates that the constructs are distinct from one another and meet the criteria for discriminant validity, ensuring that the model effectively captures separate dimensions of the variables under study.

3. Inner Model Evaluation (Structural Model)

Table 3. *Path Coefficients and Significance*

Path	Original Sample	T Statistics	P Values
Financial Literacy → Investment Decision	0,352	5,123	0,000
Risk Perception → Investment Decision	0,284	3,876	0,000
Religiosity → Investment Decision	0,419	6,221	0,000

Source: Data Processed

The Path Coefficients and Significance results demonstrate that all three independent variables—Financial Literacy, Risk Perception, and Religiosity—have a significant positive impact on Investment Decision in Islamic financial products. The path coefficient for Financial Literacy → Investment Decision is 0.352, with a t-statistic of 5.123 and a p-value of 0.000, indicating a strong and significant relationship. Similarly, Risk Perception → Investment Decision has a path coefficient of 0.284, a t-statistic of 3.876, and a p-value of 0.000, which also indicates a significant positive effect. The strongest influence comes from Religiosity → Investment Decision, with a path coefficient of 0.419, a t-statistic of 6.221, and a p-value of 0.000. All relationships are statistically significant at the 0.05 level, suggesting that individuals' financial literacy, perception of risk, and religiosity significantly shape their investment decisions in Islamic financial products.

4. R-Squared and Predictive Relevance

Table 4. *R^2 and Q^2*

Construct	R Square	Q Square
Investment Decision	0,542	0,387

Source: Data Processed

The R^2 and Q^2 values provide insights into the explanatory power and predictive relevance of the model. The R^2 value for Investment Decision is 0.542, indicating that the independent variables explain 54.2% of the variance in the Investment Decision. This is a moderate level of explanatory power, suggesting that these factors have a substantial influence on individuals' investment choices in Islamic financial products, but other factors may also contribute to this decision-making process. Additionally, the Q^2 value of 0.387 suggests that the model has predictive relevance for Investment Decision, as values greater than zero indicate that the model is capable of accurately predicting the endogenous construct. Therefore, the model demonstrates both adequate explanatory power and predictive relevance for understanding the factors influencing Investment Decision in Islamic financial products.

5. Effect Size (f²)

***Table 5.** F^2*

Effect	f Square
Financial Literacy on Investment Decision	0.182
Risk Perception on Investment Decision	0.109
Religiosity on Investment Decision	0.249

Source: Data Processed

The f² values indicate the effect size of each independent variable on the dependent variable, Investment Decision. The effect size for Financial Literacy on Investment Decision is 0.182, which is considered a medium effect, suggesting that financial literacy has a moderate impact on shaping investment decisions in Islamic financial products. The effect size for Risk Perception on Investment Decision is 0.109, representing a small effect, meaning that while risk perception influences investment decisions, its impact is relatively weaker compared to the other variables. The effect size for Religiosity on Investment Decision is 0.249, indicating a medium to large effect, suggesting that religiosity plays a significant role in influencing individuals' decisions to invest in Islamic financial products.

Discussion

1. Financial Literacy and Investment Decision

The path coefficient from Financial Literacy to Investment Decision was found to be 0.352, with a t-statistic of 5.123 and a p-value of 0.000, indicating a statistically significant positive effect. This result suggests that individuals with higher levels of financial literacy are more likely to make informed decisions when it comes to investing in Islamic financial products. The significant relationship between financial literacy and investment decisions supports previous research that has highlighted the role of financial knowledge in shaping investment behavior (Lusardi & Mitchell, 2014). Financial literacy involves understanding key financial concepts such as risk, return, diversification, and the specific characteristics of investment products. For Islamic finance, financial literacy is crucial because it enables individuals to make well-informed choices that align with Sharia principles, such as avoiding interest (riba) and investing in ethically sound products.

In the context of Islamic finance, financial literacy goes beyond basic financial knowledge and extends to understanding the principles of Islamic finance, such as the prohibition of riba (interest) and the importance of ethical investment (Mahdzan et al., 2024). The findings from this study are consistent with earlier studies that have emphasized the significance of financial literacy in promoting investment in Islamic finance, as it helps investors navigate the complexities of Sharia-compliant products. Furthermore, as individuals become more financially literate, they are better able to evaluate the risks and benefits of Islamic financial products, thus enhancing their confidence in making investment decisions.

2. Risk Perception and Investment Decision

The path coefficient from Risk Perception to Investment Decision was found to be 0.284, with a t-statistic of 3.876 and a p-value of 0.000, indicating that risk perception has a significant positive influence on investment decisions. This result aligns with prior research suggesting that individuals' perception of risk plays a critical role in shaping their investment decisions, particularly in the context of financial products (Hafis & Kitri, 2019). Investors who perceive risks associated with investment products are more likely to engage in risk-averse behavior, which can influence their decision to choose safer, more stable investments. In the case of Islamic financial products, risk perception is particularly important as investors seek products that are both profitable and compliant with Sharia law. As Islamic finance operates within a different set of principles compared to conventional finance, the perception of risk in Islamic financial products may differ significantly.

The study findings suggest that although risk perception influences investment decisions, its impact is somewhat weaker compared to financial literacy and religiosity. This can be explained by the unique nature of Islamic financial products, where the focus on ethical and Sharia-compliant investments may reduce the perceived risk for some investors. Islamic financial products are often considered less volatile due to their ethical foundation and the emphasis on real asset-backed investments, which may make them more attractive to risk-averse investors. This finding is consistent with research by Wulandari & Andraeny (2023), which suggests that Islamic financial products are perceived as less risky due to their ethical nature, even though they might not always guarantee higher returns.

3. Religiosity and Investment Decision

The most significant path coefficient in the study was Religiosity → Investment Decision, with a coefficient of 0.419, a t-statistic of 6.221, and a p-value of 0.000, indicating that religiosity has a strong positive effect on investment decisions. This result highlights the critical role that religious beliefs play in shaping investment choices, particularly in the context of Islamic financial products. As individuals who adhere strongly to religious values are more likely to seek out products that align with their faith, the influence of religiosity on investment decisions is particularly pronounced in Islamic finance (Setiawan et al., 2021).

Islamic financial products are structured to adhere to Islamic principles, which prohibit activities such as charging or paying interest (riba), engaging in gambling (maysir), and investing in businesses involved in unethical practices, such as alcohol and tobacco. For devout Muslims, these religious principles are central to their investment decisions, making religiosity a crucial factor in their willingness to invest in Sharia-compliant products. The significant impact of religiosity found in this study is in line with previous research that has highlighted the centrality of faith-based principles in driving investment behavior in the Islamic finance sector (Alharbi et al., 2022; Wijaya et al., 2024).

Moreover, religiosity serves as a guiding framework that not only affects investment preferences but also influences an individual's perception of the moral and ethical aspects of their financial decisions. By adhering to religious guidelines, individuals ensure that their investments align with their personal values and contribute to the welfare of society. This finding also supports the theory that religiosity plays a significant role in shaping financial behavior, particularly in markets where ethical considerations are emphasized, such as Islamic finance.

4. Combined Effect of Financial Literacy, Risk Perception, and Religiosity

The combined effects of Financial Literacy, Risk Perception, and Religiosity on Investment Decision were substantial, as indicated by the R^2 value of 0.542, which suggests that these variables explain 54.2% of the variance in investment decisions. This indicates that while financial literacy, risk perception, and religiosity are significant predictors of investment behavior, other factors—such as socio-demographic variables, personal values, and external market conditions—could also play a role in shaping investment choices. The moderate explanatory power of the model underscores the complexity of investment decision-making and the need for further exploration of other potential factors that may influence investment in Islamic financial products. Additionally, the Q^2 value of 0.387 suggests that the model has predictive relevance for investment decision-making, as values greater than zero indicate that the model is capable of accurately predicting the dependent variable. This further emphasizes the robustness of the model in explaining and predicting investment decisions in the context of Islamic finance.

5. Implications for Practitioners and Policymakers

The findings from this study offer several practical implications for practitioners and policymakers in the field of Islamic finance. First, enhancing financial literacy programs focused on Islamic finance can help improve individuals' understanding of the unique features of Sharia-compliant financial products. Financial literacy initiatives that target both the general public and specific religious communities could increase participation in Islamic financial markets, particularly among younger generations.

Second, policymakers and financial institutions should consider integrating risk management strategies and clear communication about the risk-return profiles of Islamic financial products. As risk perception plays a significant role in shaping investment behavior, addressing the concerns of potential investors through education and transparency can enhance confidence in Islamic financial markets. Finally, given the strong influence of religiosity on investment decisions, financial institutions offering Islamic products should continue to emphasize the ethical and religious aspects of these products. This could involve highlighting the compliance with Sharia principles, ensuring that investment options align with the values of the target audience.

CONCLUSION

The study demonstrates that Financial Literacy, Risk Perception, and Religiosity all play significant roles in shaping investment decisions in Islamic financial products. Among these, religiosity emerged as the most influential factor, followed by financial literacy and risk perception. These findings underscore the importance of understanding the unique drivers behind investment decisions in Islamic finance and offer valuable insights for practitioners and policymakers seeking to promote the growth of Islamic financial markets. Further research should explore additional factors influencing investment behavior, such as socio-demographic characteristics and external economic conditions, to provide a more comprehensive understanding of the dynamics at play in the Islamic finance sector.

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