

Toward Islamic Financial Resilience: A Maqashid al-Shariah Perspective on Digital Financial Capability and Financial Behaviour

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Abstract

Digital financial capability is increasingly recognized as a driver of financial inclusion, yet the sequential behavioural mechanism through which digital financial capability is translated into Islamic financial resilience remains largely unexplored. This study aims to examine the sequential behavioural mechanism through which Digital Financial Capability contributes to Islamic Financial Resilience by integrating Social Cognitive Theory and the Maqashid al-Shariah perspective. Survey data were collected from 278 Muslim MSME owners in Gorontalo, Indonesia, and analysed using Partial Least Squares Structural Equation Modeling. The results support a sequential behavioural pathway in which Digital Financial Capability is progressively translated into Islamic Financial Resilience through Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour, with the complete pathway remaining significant despite its comparatively smaller magnitude. The comparatively lower explanatory power for Financial Self-Efficacy suggests that the transition from knowledge to confidence involves influences beyond digital financial literacy alone. The findings suggest that policymakers, Islamic financial institutions, and MSME support agencies should design digital financial literacy programmes that strengthen financial self-efficacy and responsible financial behaviour rather than focusing solely on knowledge provision. By integrating Social Cognitive Theory with a digital capability framework, this study proposes a sequential behavioural model explaining the development of Islamic financial resilience. The findings extend Islamic FinTech research beyond its predominantly adoption-oriented focus by demonstrating that digital financial capability contributes to resilience only through literacy, self-efficacy, and responsible financial behaviour.

Keywords: Digital financial capability; Financial behaviour; Financial self-efficacy; Islamic financial resilience; Maqashid al-Shariah

Introduction

Digital financial capability is increasingly recognized as a prerequisite for financial resilience. Yet possessing digital capability does not necessarily make individuals financially resilient. Why do digitally capable individuals continue to make financially vulnerable decisions? The rapid expansion of digital financial services has made this question increasingly visible: technical competence in operating digital financial technologies can coexist with impulsive digital spending, excessive reliance on buy-now-pay-later facilities, and weak saving discipline, suggesting that the ability to access and use such technologies is insufficient, by itself, to produce resilient financial outcomes. This inconsistency points to a more fundamental theoretical question: how is digital financial capability transformed into financial resilience? Rather than assuming a direct relationship

between the two, this study conceptualizes resilience as the end point of a sequential behavioural transformation through which capability must first be translated before resilient outcomes can emerge.

This question is particularly relevant in Islamic FinTech research. Existing studies converge around three recurring themes. First, Islamic FinTech is consistently associated with institutional and customer-level benefits, including greater operational efficiency, transparency, customer satisfaction, and customer retention ([Baber, 2020](#); [Rabbani et al., 2020](#)). Second, adoption is primarily explained through customer-related antecedents such as shariah compliance, financial knowledge, trust, perceived usefulness, and social influence ([Ali et al., 2021](#); [Baber, 2019](#); [Marzuki & Nurdin, 2020](#); [Oladapo et al., 2021](#); [Shaikh, 2020](#)). Third, post-adoption usage continues to be interpreted largely through technology-adoption constructs, including perceived ease of use, behavioural intention, and technology acceptance ([Darmansyah et al., 2020](#); [I. M. Shaikh et al., 2020](#)). Collectively, these studies have substantially advanced understanding of why individuals adopt and continue using Islamic financial technologies. However, they offer limited explanation of whether the capability developed through digital financial engagement is ultimately translated into financially resilient behaviour. This pattern is consistent with the broader observation that Islamic FinTech research remains predominantly adoption-oriented, with calls for stronger integration of behavioural theory to explain post-adoption financial outcomes ([Alshater et al., 2022](#)). Capability and adoption are thus well understood; the behavioural pathway through which capability becomes resilience is not.

Beyond the Islamic FinTech literature, recent cross-national and country-specific studies have increasingly examined digital capability in relation to broader socioeconomic outcomes. Digital financial capability has been shown to drive sustainable entrepreneurship across both developing and advanced economies, with regulatory compliance moderating this relationship ([Urooj et al., 2025](#)). At the household level, digital capability has been found to promote common prosperity indirectly through the mediating role of financial literacy ([Lyu et al., 2025](#)), and to enhance rural household development resilience through mechanisms such as information acquisition, financial inclusion, income growth, and asset accumulation ([Wang et al., 2025](#)). These studies collectively affirm that digital capability operates through intermediate mechanisms rather than producing outcomes directly. However, none examines a sequential psychological-behavioural pathway, from capability to literacy, self-efficacy, and behaviour, nor situates this transformation within a normative framework such as Maqashid al-Shariah. The behavioural and normative pathway through which digital financial capability becomes Islamic financial resilience therefore remains unexamined.

Although previous studies have identified mediating mechanisms linking digital financial capability to socioeconomic outcomes, these models typically rely on single or parallel mediators and explain isolated behavioural processes rather than an integrated behavioural transformation. The present study advances this literature by proposing a sequential capability-to-resilience model in which Digital Financial Capability is progressively translated into Digital Financial Literacy, Financial Self-Efficacy, and

Financial Behaviour before culminating in Islamic Financial Resilience. Unlike prior behavioural mediation models, the proposed framework not only specifies the temporal ordering of cognitive and behavioural mechanisms but also embeds this process within the normative perspective of Maqashid al-Shariah, thereby extending digital finance research beyond conventional post-adoption behavioural explanations.

This gap reflects the theoretical foundations on which the literature has largely been built. Technology-adoption frameworks (TAM, TPB, and UTAUT) are designed to explain technology acceptance and usage, not behavioural outcomes that occur after adoption. Explaining the capability-to-resilience pathway therefore requires a different theoretical lens. This study adopts Social Cognitive Theory as its primary framework: consistent with this perspective, behavioural outcomes emerge through cognitive mechanisms, particularly self-efficacy and subsequent behavioural enactment, rather than directly from technical competence ([Bandura, 1986](#)). Social Cognitive Theory, however, begins from knowledge and efficacy; it does not explain how digital capability is first converted into applicable knowledge. To address this step, the study draws on the digital skills framework, which conceptualizes digital skills as multidimensional competencies that extend beyond technical operation to the effective use of digital information and services ([Van Deursen & Van Dijk, 2014](#)). Building on this perspective, the present study conceptualizes Digital Financial Literacy as the applied financial knowledge through which Digital Financial Capability becomes behaviourally meaningful. Integrating these two perspectives yields a coherent behavioural sequence: digital financial capability is translated into digital financial literacy, literacy strengthens financial self-efficacy, self-efficacy shapes financial behaviour, and financial behaviour ultimately determines financial resilience.

This behavioural pathway carries added weight in Muslim communities, where financial decision-making is expected to reflect not only economic rationality but also the normative objectives of Maqashid al-Shariah. Existing Islamic FinTech studies predominantly evaluate success through adoption, trust, satisfaction, or continued usage ([Baber, 2019, 2020](#); [Oladapo et al., 2021](#)). From the perspective of Maqashid al-Shariah, however, success is determined not by technology use itself but by whether financial behaviour protects wealth (hifz al-mal) and promotes wellbeing (maslahah). Although Maqashid al-Shariah has been shown to strengthen trust and compliance in Islamic financial institutions ([Syamlan et al., 2025](#)), it remains largely absent from behavioural models of digital financial capability. This study positions Maqashid al-Shariah not as normative background, but as the interpretive framework through which Islamic financial resilience is defined and evaluated.

This proposition is examined in Gorontalo, Indonesia, where deeply rooted Islamic values coexist with rapidly expanding digital financial services. The combination of strong shariah-based normative expectations and accelerating digital financial adoption provides a theoretically meaningful setting for examining whether digital financial capability is consistently translated into shariah-aligned financial resilience. If this behavioural transformation remains incomplete even under these favourable normative conditions, the

underlying mechanism becomes theoretically significant rather than merely context-specific.

This study makes three contributions. First, it develops and empirically validates a sequential capability-to-resilience model in which Digital Financial Capability is translated into Islamic Financial Resilience through Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour. Second, it integrates the digital skills framework with Social Cognitive Theory to explain how digital capability is transformed into applicable financial knowledge before shaping self-efficacy and responsible financial behaviour, thereby extending Social Cognitive Theory to an earlier cognitive stage of digital financial capability development ([Van Deursen & Van Dijk, 2014](#)). Third, it positions Maqashid al-Shariah as the interpretive framework for evaluating financial resilience rather than merely providing normative background. Collectively, these contributions respond to calls for stronger behavioural theorization in Islamic FinTech research while advancing Maqashid al-Shariah as an operational framework for understanding individual financial resilience ([Alshater et al., 2022](#); [Syamlan et al., 2025](#)).

The integration of the digital skills framework, Social Cognitive Theory, and Maqashid al-Shariah provides the theoretical foundation for the proposed conceptual framework. Rather than exerting a direct influence, Digital Financial Capability is expected to contribute to Islamic Financial Resilience through a sequential behavioural process involving Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour. Based on this theoretical framework, the following hypotheses are proposed.

- H1.** Digital Financial Capability positively influences Digital Financial Literacy.
- H2.** Digital Financial Literacy positively influences Financial Self-Efficacy.
- H3.** Financial Self-Efficacy positively influences Financial Behaviour.
- H4.** Financial Behaviour positively influences Islamic Financial Resilience.
- H5.** Digital Financial Literacy mediates the relationship between Digital Financial Capability and Financial Self-Efficacy.
- H6.** Financial Behaviour mediates the relationship between Financial Self-Efficacy and Islamic Financial Resilience.
- H7.** Digital Financial Capability influences Financial Behaviour indirectly through the sequential mediation of Digital Financial Literacy and Financial Self-Efficacy.
- H8.** Digital Financial Literacy influences Islamic Financial Resilience indirectly through the sequential mediation of Financial Self-Efficacy and Financial Behaviour.
- H9.** Digital Financial Capability influences Islamic Financial Resilience indirectly through the sequential mediation of Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour.

Methods

Research Design

This study employed an explanatory quantitative approach using a cross-sectional survey design. The primary objective was to examine the sequential transformation of Digital Financial Capability into Islamic Financial Resilience through Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour. This approach was chosen to

empirically test the proposed structural relationships among latent constructs without manipulating them.

Population and Sampling Technique

The population consisted of Muslim MSME (micro, small, and medium enterprise) owners in Gorontalo Province who actively use digital financial services. Given the absence of a complete sampling frame for this population, a purposive sampling technique was employed, with inclusion criteria requiring respondents to be (1) Muslim, (2) the owner or primary decision-maker of an active MSME in Gorontalo, and (3) an active user of at least one digital financial service (e.g., mobile banking, e-wallet, QRIS, paylater) for a minimum of six months.

An online questionnaire was distributed to 478 prospective respondents through local MSME associations, cooperative networks, and community groups across Gorontalo. After screening for incomplete responses, failed attention-checks, and non-conformity with the inclusion criteria, 278 valid responses were retained as the final study sample, corresponding to an effective response rate of 58.2%.

The adequacy of the final sample size was evaluated following established PLS-SEM recommendations. PLS-SEM emphasizes statistical power rather than large sample requirements, and sample adequacy depends primarily on model complexity and the maximum number of structural paths directed at any endogenous construct ([Hair et al., 2019](#)). In the proposed model, the maximum number of predictors for any endogenous construct is one, indicating that the final sample of 278 respondents substantially exceeds the minimum sample size recommended under the "10-times rule" and provides sufficient statistical power for detecting medium effect sizes at the conventional significance level.

Research Setting and Time

This study was conducted in Gorontalo Province, Indonesia, widely known as the "Veranda of Medina" (Serambi Madinah) for its strong integration of Islamic values into everyday social and economic life. In addition, Gorontalo has experienced increasing adoption of digital financial services among MSMEs, including mobile banking, QRIS, e-wallets, and digital payment platforms, supported by government initiatives promoting digital financial inclusion. This combination of a strong Islamic socioeconomic environment and expanding digital financial adoption makes Gorontalo a theoretically meaningful setting for examining how Digital Financial Capability is translated into shariah-aligned Financial Resilience.

Data Collection Techniques and Research Instruments

Data were collected using a structured self-administered questionnaire with a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). All constructs were operationalized as reflective measures and adapted from previously validated instruments to ensure conceptual consistency and content validity. Digital Financial Capability (DFC) was measured using five indicators adapted from the Digital Financial Capability Scale, representing digital financial knowledge, digital financial behaviour, and digital financial confidence ([Vieira et al., 2024](#)). Digital Financial Literacy (DFL) was measured using five indicators representing digital financial knowledge, awareness of digital financial risks, and responsible digital financial attitudes ([Chhillar et al., 2024](#)). Financial Self-Efficacy (FSE) was measured using five indicators adapted from the Financial Self-Efficacy Scale ([Lown, 2011](#)). Financial Behaviour (FB) was measured using five indicators adapted from the Financial Management Behavior Scale, covering cash-flow management, saving behaviour, and credit management ([Dew & Xiao, 2011](#)). Islamic

Financial Resilience (IFR) was measured using five reflective indicators adapted from a multidimensional financial resilience framework and further contextualized using the Maqashid al-Shariah principle of *hifz al-mal* (preservation of wealth). The adaptation process involved reviewing the conceptual equivalence of the original indicators, revising item wording to reflect Islamic financial values and digital financial practices, and evaluating the modified items through expert review and pilot testing to ensure that the indicators retained their original conceptual meaning while appropriately representing shariah-oriented financial resilience ([Salignac et al., 2019](#)). Consequently, the final indicators captured prudent digital financial management, avoidance of wasteful consumption (*israf*), responsible use of digital credit, and fulfilment of Islamic social financial obligations, including zakat and sadaqah, consistent with the objective of preserving wealth (*hifz al-mal*) within the Maqashid al-Shariah framework ([Budiman et al., 2015](#)).

Instrument Validity and Reliability Testing

A pilot test with 30 respondents was also conducted to refine the items and was excluded from the final sample. Reliability and construct validity were further assessed in the main study using PLS-SEM, including tests for convergent validity (factor loading > 0.70), Average Variance Extracted (AVE > 0.50), and construct reliability (Cronbach's Alpha and Composite Reliability > 0.70). This was followed by an assessment of the structural model (inner model) to determine the strength and direction of relationships among variables, using path coefficients, significance levels (t-statistics and p-values), and the coefficient of determination (R^2) to assess the explanatory power of the predictors ([Hair et al., 2019](#)).

Common Method Bias Assessment

Because all variables were measured using a self-reported questionnaire, several procedural remedies were implemented to minimize common method bias. Respondents were assured of anonymity and confidentiality, participation was voluntary, item wording was carefully designed to minimize ambiguity, and the questionnaire was pilot-tested before large-scale administration. These procedures follow established recommendations for reducing potential common method bias in survey-based research.

Data Analysis Techniques and Criteria

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS-SEM was selected because the primary objective of this study was theory extension through prediction and examination of a complex sequential mediation model involving multiple latent constructs. Compared with covariance-based SEM, PLS-SEM is particularly appropriate for predictive research, models with multiple mediating relationships, and studies emphasizing explained variance rather than overall model fit ([Hair et al., 2022](#)). Accordingly, PLS-SEM was considered the most appropriate analytical approach for evaluating the proposed sequential behavioural model. The mediating roles of Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour were assessed using a bootstrapping technique with 5,000 subsamples to obtain stable parameter estimates and statistically valid inferences. Through this approach, the study aims to provide a comprehensive understanding of the behavioural pathway through which digital financial capability is transformed into Islamic financial resilience among Muslim MSME owners in Gorontalo.

Results

Indicator Reliability

Indicator reliability was assessed by examining the standardized outer loadings of each measurement item. As shown in Table 1, all indicators exhibit loadings ranging from 0.750 to 0.895, exceeding the recommended threshold of 0.70 (Hair et al., 2021). These results indicate that each indicator contributes substantially to its respective latent construct and demonstrates satisfactory indicator reliability. No indicator required removal, as all retained items showed strong loadings and adequately represented their underlying constructs.

Table 1. Indicator Reliability

Construct	Number of Items	Minimum Loading	Maximum Loading
DFC	5	0.859	0.895
DFL	5	0.819	0.882
FB	5	0.750	0.891
FSE	5	0.804	0.887
IFR	5	0.803	0.871

Note: DFC = Digital Financial Capability; DFL = Digital Financial Literacy; FSE = Financial Self-Efficacy; FB = Financial Behaviour; IFR = Islamic Financial Resilience.

Reliability and Convergent Validity

Composite Reliability (ρ_C) values range from 0.917 to 0.943, indicating excellent internal consistency across all constructs. The corresponding Composite Reliability (ρ_A) values, ranging from 0.893 to 0.931, further support construct reliability, while Cronbach's Alpha values (0.888–0.925) exceed the recommended threshold of 0.70. Furthermore, AVE values ranging from 0.690 to 0.768 are well above the recommended minimum of 0.50, demonstrating satisfactory convergent validity and indicating that each construct explains more than half of the variance in its respective indicators. Collectively, these findings confirm that the measurement model demonstrates adequate reliability and convergent validity, supporting its suitability for subsequent structural model assessment.

Table 2. Evaluation of Convergent Reliability and Validity

Construct	Cronbach's alpha	Composite reliability (ρ_a)	Composite reliability (ρ_c)	Average variance extracted (AVE)
DFC	0.925	0.931	0.943	0.768
DFL	0.910	0.918	0.933	0.736
FB	0.904	0.913	0.929	0.724
FSE	0.888	0.893	0.917	0.690
IFR	0.891	0.910	0.919	0.695

Note: DFC = Digital Financial Capability; DFL = Digital Financial Literacy; FSE = Financial Self-Efficacy; FB = Financial Behaviour; IFR = Islamic Financial Resilience.

Discriminant Validity

Discriminant validity was assessed using the Heterotrait–Monotrait ratio (HTMT), which is widely recommended for evaluating construct distinctiveness in PLS-SEM (Henseler et al., 2016). As presented in Table 3, all HTMT values range from 0.475 to 0.629, remaining well below the conservative threshold of 0.85. These results indicate that each construct is empirically distinct from the others, confirming satisfactory discriminant validity. Accordingly, the latent constructs capture conceptually different phenomena and

exhibit no evidence of excessive overlap, supporting the adequacy of the measurement model for structural analysis.

Table 3. Heterotrait–Monotrait Ratio (HTMT)

Construct	DFC	DFL	FB	FSE	IFR
DFC					
DFL	0.567				
FB	0.533	0.546			
FSE	0.495	0.475	0.629		
IFR	0.602	0.624	0.620	0.532	

Note: DFC = Digital Financial Capability; DFL = Digital Financial Literacy; FSE = Financial Self-Efficacy; FB = Financial Behaviour; IFR = Islamic Financial Resilience.

Collinearity among measurement indicators was assessed using the Variance Inflation Factor (VIF). As presented in Table 4, VIF values range from 1.764 to 3.387, remaining well below the conservative threshold of 5.0 (Hair et al., 2021). These findings indicate that multicollinearity is not a concern and that each indicator contributes unique information to its respective construct. Accordingly, the measurement model is free from problematic collinearity and suitable for subsequent structural model evaluation.

Table 4. Indicator Collinearity Assessment (VIF)

Construct	Number of Items	Minimum VIF	Maximum VIF
DFC	5	2.742	3.159
DFL	5	2.170	2.820
FB	5	1.764	3.387
FSE	5	1.844	3.299
IFR	5	2.017	2.497

Note: DFC = Digital Financial Capability; DFL = Digital Financial Literacy; FSE = Financial Self-Efficacy; FB = Financial Behaviour; IFR = Islamic Financial Resilience.

Structural Model and Hypothesis Testing

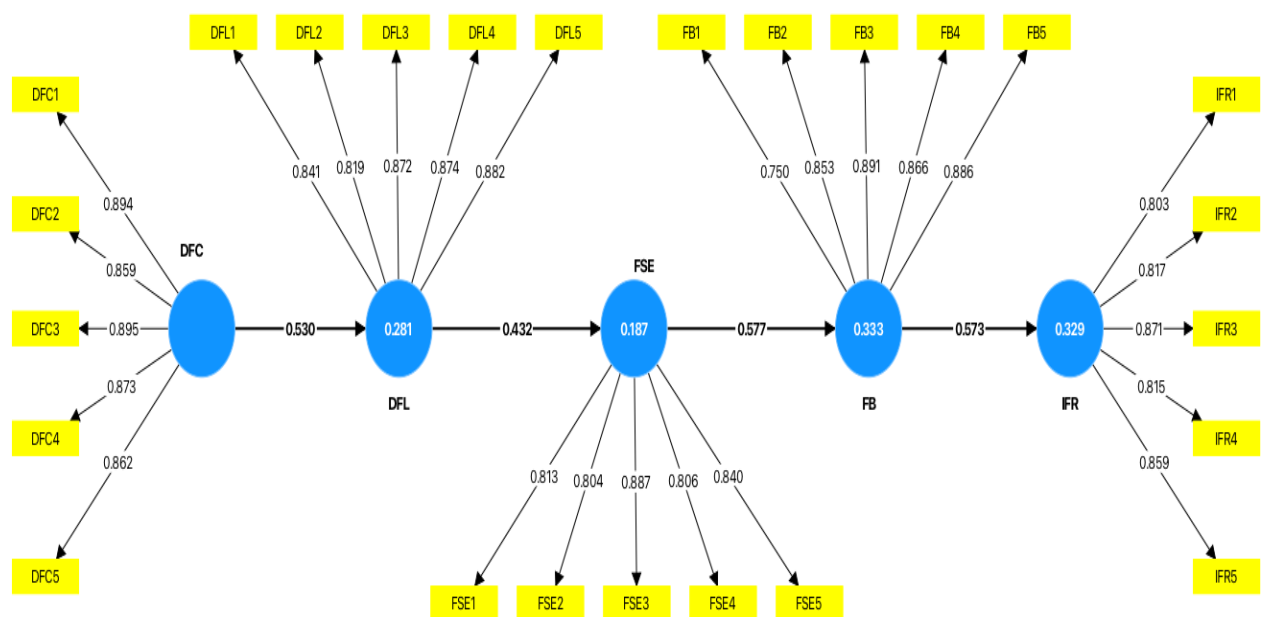


Figure 1. Structural Model

The structural model exhibits acceptable explanatory power across the endogenous constructs. As shown in Table 5, Digital Financial Capability (DFC) explains 28.1% of the

variance in Digital Financial Literacy (DFL) ($R^2 = 0.281$), while Digital Financial Literacy explains 18.7% of the variance in Financial Self-Efficacy (FSE) ($R^2 = 0.187$). Together, Digital Financial Literacy and Financial Self-Efficacy explain 33.3% of the variance in Financial Behaviour (FB) ($R^2 = 0.333$), whereas Financial Behaviour explains 32.9% of the variance in Islamic Financial Resilience (IFR) ($R^2 = 0.329$). The adjusted R^2 values are very close to their corresponding R^2 values, suggesting consistent explanatory estimates after accounting for model complexity.

Table 5. Coefficient of Determination (R^2)

Construct	R-square	R-square adjusted
DFL	0.281	0.278
FB	0.333	0.330
FSE	0.187	0.183
IFR	0.329	0.325

Note: DFC = Digital Financial Capability; DFL = Digital Financial Literacy; FSE = Financial Self-Efficacy; FB = Financial Behaviour; IFR = Islamic Financial Resilience.

The effect size (f^2) analysis indicates that all structural relationships make meaningful contributions to their respective endogenous constructs. As shown in Table 6, Digital Financial Capability (DFC) exhibits a large effect on Digital Financial Literacy (DFL) ($f^2 = 0.391$), indicating that DFC explains a considerable proportion of the variance in DFL beyond the influence of other predictors. Digital Financial Literacy (DFL) demonstrates a medium effect on Financial Self-Efficacy (FSE) ($f^2 = 0.229$), suggesting that improvements in digital financial literacy are associated with meaningful changes in financial self-efficacy.

Table 6. Effect Size (f^2)

Predictor	Endogenous Construct	f^2	Effect Size
DFC	DFL	0.391	Large
DFL	FSE	0.229	Medium
FSE	FB	0.499	Large
FB	IFR	0.489	Large

Note: DFC = Digital Financial Capability; DFL = Digital Financial Literacy; FSE = Financial Self-Efficacy; FB = Financial Behaviour; IFR = Islamic Financial Resilience.

Furthermore, Financial Self-Efficacy (FSE) shows a large effect on Financial Behaviour (FB) ($f^2 = 0.499$), while Financial Behaviour (FB) also exhibits a large effect on Islamic Financial Resilience (IFR) ($f^2 = 0.489$). According to Cohen's guidelines, these findings indicate that the proposed sequential relationships contribute substantively to explaining the endogenous constructs. Taken together, the effect size estimates provide additional support for the sequential behavioural pathway specified in the structural model.

Hypothesis Testing

The structural model was evaluated by examining path coefficients and their statistical significance using a bootstrapping procedure with 5,000 resamples. As presented in Table 7, all hypothesized direct relationships are positive and statistically significant ($p < .001$).

Digital Financial Capability (DFC) is positively associated with Digital Financial Literacy (DFL) ($\beta = 0.530$, $t = 8.485$, $p < 0.001$). This finding suggests that individuals possessing stronger digital financial capabilities also tend to demonstrate higher levels of digital financial literacy. In practical terms, the ability to access, navigate, and utilize

digital financial technologies appears to be accompanied by a better understanding of digital financial products, risks, and decision-making processes. However, the magnitude of the relationship also indicates that digital capability alone does not fully explain digital financial literacy, implying that literacy remains influenced by additional educational and experiential factors beyond technical capability.

Table 7. Structural Path Coefficients

Path	Original Sample (β)	Standard Deviation	t-value	p-value	Decision
DFC $\rightarrow$ DFL	0.530	0.063	8.485	< .001	Supported
DFL $\rightarrow$ FSE	0.432	0.074	5.823	< .001	Supported
FSE $\rightarrow$ FB	0.577	0.063	9.218	< .001	Supported
FB $\rightarrow$ IFR	0.573	0.062	9.299	< .001	Supported

Note: DFC = Digital Financial Capability; DFL = Digital Financial Literacy; FSE = Financial Self-Efficacy; FB = Financial Behaviour; IFR = Islamic Financial Resilience.

Digital Financial Literacy is, in turn, positively related to Financial Self-Efficacy ($\beta = 0.432$, $t = 5.823$, $p < 0.001$). This result indicates that greater understanding of digital financial concepts is associated with stronger confidence in managing personal financial decisions. Rather than suggesting that knowledge automatically creates confidence, the finding is more consistent with the view that individuals who better understand digital financial products and their associated risks are more likely to perceive themselves as capable of making informed financial decisions.

Financial Self-Efficacy exhibits a positive relationship with Financial Behaviour ($\beta = 0.577$, $t = 9.218$, $p < 0.001$). Among the direct structural relationships, this coefficient is one of the largest, indicating that confidence in one's financial capability is closely associated with the adoption of prudent financial practices. This pattern is consistent with everyday financial behaviour, where individuals who believe they can effectively manage financial resources are generally more likely to budget expenditures, save regularly, evaluate credit decisions carefully, and exercise greater discipline in digital financial transactions.

Financial Behaviour is positively associated with Islamic Financial Resilience ($\beta = 0.573$, $t = 9.299$, $p < 0.001$). This finding suggests that resilience is reflected not merely in access to digital financial services or financial knowledge, but more fundamentally in how individuals translate these resources into consistent financial practices. Within the context of this study, financially responsible behaviours including prudent spending, responsible management of digital credit, regular saving, and adherence to Islamic financial principles, are associated with a greater capacity to maintain financial stability while preserving wealth (hifz al-mal) and promoting long-term wellbeing (maslahah).

Taken together, the direct effects provide empirical support for the sequential behavioural logic proposed in this study. Rather than indicating that digital financial capability directly produces Islamic financial resilience, the findings suggest that capability is associated with resilience through a series of intermediate behavioural processes, beginning with literacy, followed by self-efficacy, and subsequently reflected in financial behaviour.

Table 8. Bootstrapping Results for Specific Indirect Effects

Indirect Path	Original Sample (β)	Standard Deviation	t-value	p-value	Decision
DFC $\rightarrow$ DFL $\rightarrow$ FSE	0.229	0.059	3.877	< .001	Supported
FSE $\rightarrow$ FB $\rightarrow$ IFR	0.331	0.056	5.926	< .001	Supported

DFC → DFL → FSE → FB → IFR	0.076	0.028	2.750	0.006	Supported
DFL → FSE → FB → IFR	0.143	0.042	3.410	0.001	Supported
DFC → DFL → FSE → FB	0.132	0.040	3.332	0.001	Supported
DFL → FSE → FB	0.249	0.058	4.321	< .001	Supported

Note: DFC = Digital Financial Capability; DFL = Digital Financial Literacy; FSE = Financial Self-Efficacy; FB = Financial Behaviour; IFR = Islamic Financial Resilience.

The bootstrapping results further indicate that all hypothesized indirect effects are statistically significant (Table 8). Digital Financial Capability is positively associated with Financial Self-Efficacy through Digital Financial Literacy ($\beta = 0.229$, $t = 3.877$, $p < 0.001$), suggesting that the relationship between capability and financial confidence is partly explained by improvements in digital financial literacy. This finding is consistent with the conceptual proposition that technical capability becomes behaviourally meaningful when translated into applicable financial knowledge.

Financial Self-Efficacy also demonstrates a significant indirect association with Islamic Financial Resilience through Financial Behaviour ($\beta = 0.331$, $t = 5.926$, $p < 0.001$). This indicates that confidence in managing financial matters is associated with resilience primarily because it encourages more responsible financial behaviour, rather than influencing resilience independently.

The complete sequential pathway from Digital Financial Capability to Islamic Financial Resilience through Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour is likewise statistically significant ($\beta = 0.076$, $t = 2.750$, $p = 0.006$). Although the magnitude of this fully mediated effect is smaller than several individual indirect paths, its significance is theoretically important because it supports the proposed transformation mechanism. Specifically, the findings suggest that digital financial capability is associated with Islamic financial resilience only after progressing through successive cognitive and behavioural stages rather than through a single-step relationship.

Similarly, Digital Financial Literacy is positively associated with Islamic Financial Resilience through Financial Self-Efficacy and Financial Behaviour ($\beta = 0.143$, $t = 3.410$, $p = .001$), while Digital Financial Capability is positively associated with Financial Behaviour through the sequential roles of Digital Financial Literacy and Financial Self-Efficacy ($\beta = 0.132$, $t = 3.332$, $p = 0.001$). Furthermore, Digital Financial Literacy is indirectly associated with Financial Behaviour through Financial Self-Efficacy ($\beta = 0.249$, $t = 4.321$, $p < 0.001$). Collectively, these indirect effects consistently indicate that each construct contributes to subsequent outcomes through intermediary psychological and behavioural processes rather than through isolated relationships.

Overall, the indirect effect analysis reinforces the study's central proposition that Islamic financial resilience is better understood as the outcome of a sequential capability–literacy–self-efficacy–behaviour transformation. Instead of functioning as independent determinants, Digital Financial Capability, Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour operate as interconnected stages through which resilient financial outcomes gradually emerge.

Discussion

The findings collectively support the study's central proposition: digital financial capability is not directly converted into Islamic financial resilience but is associated with resilience through a sequence of intermediate psychological and behavioural stages. This pattern addresses the capability–resilience transformation problem raised in the Introduction: the observation that technical competence and financial vulnerability can coexist. The results suggest a plausible explanation: capability, literacy, and confidence

create the conditions for resilient behaviour, but resilience itself only materializes when these conditions are enacted as actual financial conduct.

Although Digital Financial Literacy significantly mediates the relationship between capability and subsequent psychological processes, the model explains comparatively less variance in Financial Self-Efficacy than in the downstream constructs of Financial Behaviour and Islamic Financial Resilience. This pattern suggests that the transition from literacy to confidence may involve additional influences beyond those incorporated in the present model. Self-efficacy theory itself points to plausible candidates: mastery experience, vicarious learning, and social persuasion are each recognized as sources of self-efficacy beyond informational mastery and financial self-efficacy in particular has been shown to be domain-specific, shaped by lived financial experience rather than knowledge alone ([Lown, 2011](#)). Although the Digital Financial Capability Scale includes a confidence-related dimension ([Vieira et al., 2024](#)), this dimension primarily reflects confidence in navigating digital financial environments rather than the broader belief in one's capability to manage financial decisions captured by Financial Self-Efficacy ([Lown, 2011](#)). The distinction nevertheless suggests that experience accumulated through digital financial engagement may contribute to self-efficacy in ways not fully represented by literacy alone. Rather than treating this as a weakness confined to the present model, it points toward a more precise question for future research: which specific antecedents complete the transition from knowledge to confidence.

The present findings are broadly consistent with recent evidence showing that digital capability contributes to broader socioeconomic outcomes through intermediate mechanisms rather than direct effects. Digital capability has been found to enhance common prosperity indirectly through financial literacy ([Lyu et al., 2025](#)), while also strengthening rural household development resilience through information acquisition, financial inclusion, income growth, and asset accumulation ([Wang et al., 2025](#)). Similarly, digital financial capability has been shown to support sustainable entrepreneurship, with regulatory compliance shaping the strength of this relationship ([Urooj et al., 2025](#)). Across these studies, digital capability exerts its influence through intermediate behavioural, institutional, or contextual mechanisms rather than through direct effects alone. The present study extends this literature in two respects: first, by showing that literacy alone is not the terminus of the transformation but a comparatively early stage, with confidence and enacted behaviour constituting additional stages required before resilience can emerge; and second, by embedding this behavioural sequence within a normative framework *Maqashid al-Shariah* that defines the substantive meaning of the resilience outcome itself, rather than treating resilience as a generic socioeconomic indicator.

Additional support for the proposed behavioural pathway can be found in a recent empirical study showing that Islamic financial literacy significantly enhances financial management behaviour and financial well-being among Indonesian Muslims. While that study establishes the importance of financial literacy for improving financial outcomes, the present study extends this evidence by demonstrating the sequential behavioural mechanism through which digital financial capability is translated into Islamic financial resilience via digital financial literacy, financial self-efficacy, and financial behaviour ([Wijaya et al., 2024](#)).

Nevertheless, the present findings should not be interpreted as implying that digital capability invariably follows a sequential behavioural pathway. Previous studies grounded in technology adoption models have reported that digital capability and perceived usefulness may directly influence financial behaviour and continued technology usage without requiring multiple cognitive stages ([Darmansyah et al., 2020](#); [Oladapo et al., 2021](#)). Rather than contradicting these findings, the present study complements them by

suggesting that while direct relationships may adequately explain technology adoption, understanding Islamic financial resilience requires additional psychological and behavioural mechanisms beyond technology acceptance alone.

Interpreted through Maqashid al-Shariah, this sequence carries theoretical weight beyond its statistical significance: it separates Islamic financial resilience from technology adoption itself. Digital capability may facilitate access to financial services, but from the perspective of Maqashid al-Shariah such access possesses little intrinsic value unless it culminates in behaviour that preserves wealth (*hifz al-mal*) and promotes long-term wellbeing (*maslahah*) objectives that extend beyond asset accumulation to encompass the avoidance of wasteful spending and the fulfilment of social financial obligations ([Budiman et al., 2015](#)). This normative standard differs from the outcome criteria used in adjacent literature: an MSME owner may be digitally capable and self-assured, yet remain financially vulnerable in the Maqashid sense if that capability and confidence are not enacted as disciplined financial conduct.

Theoretical Contribution

This study contributes to the Islamic FinTech literature in three ways. First, it shifts the analytical focus from adoption-stage constructs intention, trust, satisfaction toward a post-adoption behavioural pathway. This responds directly to the observation that Islamic FinTech research remains predominantly adoption-oriented, having established shariah compliance, perceived usefulness, and social influence as robust predictors of usage ([Baber, 2019](#); [Darmansyah et al., 2020](#); [Marzuki & Nurdin, 2020](#); [Oladapo et al., 2021](#)) without extending to what happens once that usage is established, a gap explicitly identified in the Islamic FinTech literature ([Alshater et al., 2022](#)).

Second, rather than treating digital capability and self-efficacy as parallel determinants of behaviour, this study positions digital financial literacy as the cognitive bridge connecting the two. This integrated explanation complements the explanatory scope of Social Cognitive Theory by specifying an earlier cognitive stage the theory does not itself detail: how latent digital capability, as distinct from general digital literacy ([Chhillar et al., 2024](#)) is converted into applicable financial knowledge before shaping behavioural confidence. The empirical support for this sequence suggests that Social Cognitive Theory and the digital capability framework offer complementary rather than competing explanations of the same phenomenon, each accounting for a distinct segment of the same transformation.

Third, by treating Maqashid al-Shariah as the interpretive lens defining what resilience means, rather than as normative background, this study offers an initial empirical basis for connecting behavioural finance constructs to a normative Islamic framework. This addresses a gap in the Islamic marketing literature, where Maqashid al-Shariah has been established as foundational to trust and compliance at the institutional level ([Syamlan et al., 2025](#)) but has rarely been operationalized as the evaluative standard for individual-level financial behaviour.

Implications

Because the literacy-to-efficacy stage explains comparatively less variance than the later stages of the pathway, interventions focused solely on knowledge dissemination, standard financial literacy modules or app-based tutorials, may generate limited behavioural change on their own. Experiential approaches that allow individuals to repeatedly apply digital financial knowledge in realistic decision contexts may provide the mastery experiences and repeated behavioural reinforcement that Social Cognitive Theory

identifies as central to the development of self-efficacy, and may therefore be more effective in strengthening self-efficacy than knowledge transfer alone.

For policymakers and Islamic microfinance institutions, this implies that resilience-building programs should be evaluated by their effect on actual financial conduct, savings discipline, prudent use of digital credit, adherence to Maqashid-aligned spending rather than solely by uptake of digital financial services or completion of literacy modules. Programs that stop at capability-building or knowledge dissemination, without a mechanism to build confidence and translate it into behaviour, may fail to reach the resilience outcomes they intend to produce.

For policymakers, these findings support the integration of experiential financial learning into national digital financial literacy programmes for MSMEs, emphasizing repeated financial decision-making exercises rather than information delivery alone. Islamic financial institutions may strengthen resilience by combining digital financial products with behavioural coaching, financial mentoring, and periodic follow-up to reinforce prudent financial practices. Likewise, agencies responsible for MSME development could incorporate Maqashid al-Shariah-based financial behaviour indicators into entrepreneurship training programmes to evaluate whether digital financial capability is translated into sustainable financial practices rather than merely increased technology adoption.

Limitations

This study has several limitations. First, the sample was drawn exclusively from Muslim MSME owners in Gorontalo, a region characterized by a strong integration of Islamic values into social and economic life. These distinctive cultural and religious characteristics may strengthen the behavioural mechanisms proposed in this study, particularly the influence of Maqashid al-Shariah on financial behaviour and resilience. Consequently, the findings should be generalized with caution to regions with different cultural, religious, or institutional environments, where digital financial capability may operate through alternative behavioural pathways. Second, the cross-sectional design limits causal inference; the direction of the FSE–FB relationship in particular may be reciprocal rather than strictly sequential, as confidence can both precede and result from successful financial action ([Lown, 2011](#)). Third, the Islamic Financial Resilience construct was operationalized through an adaptation of a general financial resilience framework ([Salignac et al., 2019](#)) combined with Maqashid-based indicators ([Budiman et al., 2015](#)), rather than a previously validated psychometric scale specific to this construct; while the measurement model demonstrated adequate reliability and validity in this sample, further psychometric validation across other populations is warranted. Fourth, the model explains a moderate share of variance in Financial Self-Efficacy, indicating that antecedents beyond digital financial literacy were not captured and may account for the unexplained variance.

Suggestions for Future Research

Future studies could examine whether the capability–literacy–self-efficacy sequence operates similarly in conventional (non-Islamic) financial ecosystems, which would help clarify whether the pathway observed here reflects a general behavioural mechanism consistent with the mediating role of literacy documented outside Islamic finance contexts, or one specifically strengthened by Islamic normative values. A longitudinal or experimental design would help establish the directionality of the self-efficacy–behaviour relationship, which the present cross-sectional data cannot determine. Given the comparatively modest explanatory power for Financial Self-Efficacy, future research might incorporate additional antecedents such as prior financial experience, social modelling, or

peer influence, consistent with the broader sources of self-efficacy identified in Social Cognitive Theory and could further examine whether structural mechanisms such as financial inclusion and information access, shown to strengthen resilience in other household contexts, operate alongside the psychological pathway proposed here. Finally, further work is needed to develop and validate a dedicated psychometric scale for Islamic Financial Resilience that more comprehensively operationalizes Maqashid al-Shariah dimensions beyond *hifz al-mal* and *maslahah*, to support cross-study comparability in this emerging area of research.

These findings suggest that Islamic financial resilience is better understood not as an immediate consequence of digital financial capability, but as the cumulative outcome of a staged behavioural transformation in which capability becomes literacy, literacy develops into self-efficacy, and self-efficacy is ultimately expressed through responsible financial behaviour.

Conclusion

This study addressed a question that has received limited attention in conventional technology-adoption research: not whether digital financial capability influences Islamic financial resilience, but how that influence is realized. Using survey data from 278 Muslim MSME owners in Gorontalo, the findings demonstrate that digital financial capability contributes to Islamic financial resilience through a sequential process involving Digital Financial Literacy, Financial Self-Efficacy, and Financial Behaviour. The empirical support for the complete mediation pathway indicates that resilient financial outcomes depend not merely on digital competence but on its successful translation into responsible financial behaviour. The study makes three principal contributions. First, it extends Islamic FinTech research beyond its predominantly adoption-oriented perspective by explaining the behavioural processes that connect digital capability with financial resilience. Second, it integrates Social Cognitive Theory with the digital capability framework to clarify how digital capability is transformed into behavioural outcomes through successive cognitive and behavioural stages. Third, it operationalizes Maqashid al-Shariah as an interpretive framework for evaluating Islamic financial resilience at the individual level. Practically, the findings suggest that digital financial literacy initiatives should move beyond knowledge transmission by incorporating experiential learning strategies that strengthen financial self-efficacy and encourage responsible financial behaviour. Such approaches are likely to produce more sustainable resilience outcomes among Muslim MSMEs than interventions focused solely on improving digital capability. The findings should be interpreted within the context of a cross-sectional study conducted among Muslim MSME owners in a culturally distinctive region of Indonesia. Future research should examine the proposed framework across different cultural, institutional, and financial ecosystems and explore additional psychological, social, and contextual factors that may shape Islamic financial resilience. More broadly, this study provides a foundation for future research that integrates behavioural finance, digital financial capability, and Islamic normative principles into a unified explanatory framework. By demonstrating how digital capability is translated into Islamic financial resilience through interconnected behavioural processes, the proposed model offers a promising direction for advancing theory and informing the next generation of Islamic FinTech research.

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