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Examining Sharia Financial Literacy And Capital Access For MSME Sustainability: A Mixed-Methods Study In East Kalimantan

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Abstract: This research investigates the relationship between Sharia financial literacy, access to Islamic financing, and the sustainability of Micro, Small, and Medium Enterprises (MSMEs) in East Kalimantan, Indonesia—a strategically important region experiencing accelerated development as the site of the country's new capital. Adopting a mixed-methods design, the study integrates quantitative data from a survey of 300 MSMEs analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with qualitative evidence obtained through in-depth interviews with MSME actors, Islamic bankers, and regulators. The quantitative results indicate that the constructs of Access to Capital and MSME Resilience exhibit strong reliability and validity, while the Financial Literacy construct requires further refinement, highlighting that general financial knowledge does not necessarily translate into competence in Sharia-compliant financial products. Qualitative findings further identify a communication gap between MSME owners' demand for accessible and practical financial guidance and the complexity of offerings provided by financial institutions. The study concludes that strengthening MSME sustainability necessitates policy interventions that address these gaps through targeted Sharia financial education and inclusive Islamic financing schemes. This research contributes a validated holistic framework and provides practical policy recommendations for the development of contextualized Islamic financial literacy programs and digital inclusion strategies to reinforce Indonesia's Sharia-based MSME ecosystem.

Keywords: Sharia Financial Literacy, Access to Islamic Finance, MSME Sustainability, East Kalimantan, PLS-SEM.

Introduction

The rapid development of Sharia-based micro, small, and medium enterprises (MSMEs) in Indonesia demonstrates their crucial role in strengthening the halal economy. In East Kalimantan, this role is particularly strategic, given the region's designation as the location of

Indonesia's new capital, Nusantara. Despite this potential, many Sharia MSMEs in the province continue to face persistent challenges, primarily due to limited financial Literacy and restricted access to Sharia-compliant financing. According to the latest report by Statistics Indonesia (BPS) (BPS, 2024), only 40% of Sharia MSMEs in East Kalimantan have access to Islamic financial products, while the majority remain dependent on personal savings or conventional loans, which may conflict with their business values and principles.

Financial Literacy is increasingly recognized as a key determinant of business resilience and growth, particularly within Islamic financial systems (Ahmad Fauzi & Abdur Rafik, 2024). Studies highlight that a lack of understanding of Sharia-compliant products restricts entrepreneurs from making informed financial decisions and from leveraging available financial tools tailored to their business needs. Low literacy levels not only limit access to appropriate funding but also reduce the ability of MSMEs to design effective financial management strategies, resulting in weaker competitiveness in the digital economy (Hartanto et al., 2023)(Anggara & Nuraeni, 2025). These limitations underscore the urgency of designing literacy interventions that are both context-sensitive and practically applicable.

Equally critical is access to Sharia-compliant capital. Previous studies show that financing through Islamic banking and fintech has a positive impact on MSME growth. Yet, barriers such as administrative requirements, regulatory gaps, and inadequate outreach from financial institutions continue to exclude a significant portion of small businesses. This exclusion creates a paradox: although Islamic finance has expanded rapidly in Indonesia, many MSMEs remain marginalized from its benefits, thereby weakening the sector's contribution to sustainable economic development (Bastomi & Sudaryanti, 2024).

The sustainability of Sharia MSMEs is not solely a financial matter but also tied to broader aspects of competitiveness, such as digital marketing strategies, service quality, and customer loyalty (Judijanto et al., 2024). Priyandono et al. (2024) demonstrated that digital adaptation combined with financial Literacy strengthens MSMEs' survival in increasingly competitive markets (Priyandono et al., 2024). Similarly, Abbas et al. (2023) emphasize the interplay between Islamic financial inclusion, Literacy, and enterprise performance (Abbas et al., 2023). These findings suggest that interventions should not only provide financing but also strengthen MSMEs' capacities to utilize financial resources for innovation and market expansion (Majid & Nugraha, 2022).

In East Kalimantan, the urgency is magnified by regional development dynamics. As the province becomes the administrative hub of the new capital, MSMEs are expected to integrate into emerging value chains, serving both local communities and the new markets created by the relocation. However, without adequate Literacy and access to Sharia financing, these enterprises risk being sidelined, exacerbating economic inequality and undermining inclusive growth (Budi Utama et al., 2024)(OJK, 2024). Addressing these issues requires targeted strategies that align with both national financial inclusion agendas and regional development goals (Tubastuvi & Rusydiana, 2024).

While previous studies, such as Abbas et al. (2023), have established the role of Islamic financial Literacy and inclusion in enhancing MSME performance, their models treat Literacy primarily as knowledge acquisition. Similarly, Priyandono et al. (2024) emphasize digital adaptation and customer loyalty as drivers of competitiveness, but their framework does not empirically integrate these factors with Sharia-compliant financial access.

The present study extends these works by proposing and empirically validating a holistic mixed-methods model that integrates internal capabilities (Sharia financial literacy) and external enablers (Islamic capital access) to explain MSME sustainability. This approach introduces a theoretical advancement by conceptualizing financial Literacy not merely as *cognitive knowledge* but as a behavioral capability influencing access and resilience—thus bridging micro-level (entrepreneurial) and macro-level (institutional) determinants of sustainability within the Islamic finance ecosystem.

Despite these challenges and opportunities, current studies have yet to provide an integrative empirical model that captures both internal (financial Literacy) and external (capital access) factors shaping MSME sustainability within a Sharia framework.

Against this backdrop, the present study aims to examine how Sharia financial literacy and access to Islamic finance jointly influence the sustainability of MSMEs in East Kalimantan. This study investigates explicitly how financial Literacy affects MSME sustainability, how access to Islamic finance supports business resilience and growth, and how policy strategies can effectively strengthen financial inclusion and sustainability within the Sharia MSME ecosystem (Majid, 2024). By addressing these issues, the research seeks to bridge theoretical and practical gaps in the literature, offering both conceptual refinement and policy-relevant insights. It contributes to Islamic finance scholarship by integrating behavioral dimensions of Literacy with institutional enablers of capital access, forming a comprehensive framework for MSME sustainability in emerging Islamic economies (Tubastuvi & Rusydiana, 2024).

In doing so, the study positions itself at the intersection of financial Literacy, Islamic finance, and enterprise sustainability, offering a holistic model that integrates these domains. This model responds to existing research gaps by simultaneously considering internal factors, such as Literacy and managerial capacity, and external factors, such as institutional support and regulatory environments. Such an integrative approach is expected to provide actionable insights for policymakers, financial institutions, and entrepreneurs seeking to advance Sharia-based MSMEs in an era of rapid economic and technological transformation.

Literature Review

This literature review critically examines existing scholarly work on the sustainability of Sharia-based Micro, Small, and Medium Enterprises (MSMEs), with a specific focus on the interplay between financial Literacy, access to Islamic capital, and business resilience (Fachrozi et al., 2024). By synthesizing and evaluating previous research, this section aims to identify conceptual and contextual gaps that the present study seeks to address, positioning itself within the broader field of Islamic economics and finance (Budi Utama et al., 2024).

The conceptual understanding of Islamic financial Literacy in this study is grounded in the framework of *Islamic moral economy* as articulated by Hassan and Lewis (2007), who emphasize that financial decision-making in Islam is inseparable from ethical and social objectives under the maqāṣid al-sharīʿah.

A growing body of literature recognizes financial Literacy as a critical determinant of MSME performance. However, within the Islamic financial ecosystem, this concept extends beyond general financial understanding to encompass specific knowledge of Sharia-compliant products, contracts (such as *mudharabah*, *murabahah*, and *musyarakah*), and ethical principles prohibiting *riba* (usury), *gharar* (uncertainty*)*, nd *maysir(gambling)(Judijanto et al., 2024)*. Studies by Dewi & Ferdian (2021) and Mujiatun et al. (2023) consistently demonstrate that a deficiency in this specialized Literacy significantly hinders entrepreneurs' ability to make informed financial decisions.

This limitation prevents them from effectively leveraging Islamic financial tools, thereby constraining business growth and adaptation. (2023) further argue that in the digital economy, low Sharia financial literacy directly correlates with weaker competitiveness, as MSMEs lack the knowledge to navigate digital financial services and to design robust financial management strategies. While these studies establish a clear correlation, they often treat Literacy as a generic variable, with limited exploration of its specific dimensions—such as product knowledge, risk perception, and digital financial skills—in shaping sustainable business practices (Rofiqoh Lubis et al., 2024).

Access to capital is a well-documented challenge for MSMEs globally, but for Sharia MSMEs, the issue is compounded by the need for financing that aligns with Islamic principles. Research indicates that Islamic banking and fintech have a demonstrably positive impact on MSME growth (Iqbal & Subhan, 2022). Yet, a significant paradox persists: despite the rapid expansion of Indonesia's Islamic finance industry, a substantial segment of Sharia MSMEs remains excluded. Scholars like Ali Keya Anami (2024) identify key barriers, including onerous administrative requirements, perceived complexity of Sharia contracts, regulatory gaps that stifle innovation, and inadequate outreach from formal financial institutions. This exclusion marginalizes MSMEs from the benefits of the very financial system designed for them, ultimately weakening the sector's contribution to equitable economic development (Majid & Nugraha, 2022). The existing literature effectively catalogs these barriers but often does so in isolation, without sufficiently integrating the role of financial Literacy as a precursor to overcoming these access constraints.

The sustainability of Sharia MSMEs is increasingly understood as a multidimensional construct, reliant on more than just financial capital. Recent studies emphasize the synergistic relationship between financial inclusion, Literacy, and broader business competencies. For instance, (2023) highlights the direct interplay between Islamic financial inclusion, enhanced Literacy, and improved enterprise performance. Similarly, (2024) demonstrates that digital adaptation, when coupled with financial Literacy, significantly strengthens MSMEs' survival and competitive edge. These findings suggest a critical evolution in thought: interventions must be integrative, moving beyond mere provision of financing to simultaneously build the capacity of MSMEs to utilize those resources strategically for innovation, market expansion, and enhancing service quality. This body of work lays a foundation for a holistic model; however, a gap remains in empirically testing the simultaneous and relative influence of internal factors (e.g., managerial capacity and literacy) and external factors (e.g., institutional support and regulatory environments) on sustainability within a single, cohesive framework.

The unique regional context of East Kalimantan, as the future capital of Indonesia, introduces an urgent and under-researched dimension. Scholars such as Budi Utama et al. (2024 and reports from the Financial Services Authority OJK (2024) warn that without targeted support, local MSMEs risk being sidelined in the region's rapid transformation, exacerbating economic inequality. The impending development of Nusantara creates a pressing need for MSMEs to integrate into new value chains and serve evolving markets. However, the extant literature on Sharia MSMEs in Indonesia is predominantly focused on established economic centers like Java and Sumatra. There is a conspicuous lack of localized studies that investigate the specific challenges and opportunities faced by Sharia MSMEs in East Kalimantan within this unique developmental context.

This study positions itself directly within this identified gap. It builds upon the foundational work of Abbas et al. (2023) and Priyandono et al. (2024) by proposing and investigating an integrated model that explicitly connects Sharia financial literacy, access to Islamic capital, and the sustainability of MSMEs. It critically extends the field by focusing on the strategically vital yet understudied region of East Kalimantan, thereby contextualizing the academic discourse within Indonesia's national development ambitions. By simultaneously analyzing internal capabilities and external enablers, this research moves beyond siloed approaches to offer a comprehensive understanding of the drivers of Sharia MSME sustainability. In doing so, it aims to contribute actionable insights to the field of Islamic studies, not only by enriching academic discourse on Islamic finance and enterprise development but also by informing policymaking that is both context-sensitive and aligned with the goals of inclusive and sustainable economic growth.

Unlike previous frameworks that separately address financial Literacy or capital access, this study constructs an integrated conceptual model that theoretically links these domains within the lens of Islamic behavioral finance. By doing so, it contributes to the development of a behaviorally grounded model of Sharia MSME sustainability, enriching the theoretical landscape beyond contextual application.

Research Methods

To address the research objectives, this study employed a mixed-methods design that combines quantitative and qualitative approaches to achieve both statistical generalization and contextual depth. According to Creswell and Plano Clark (2018), the mixed-methods design is particularly suitable when complex social phenomena—such as financial Literacy and access to finance—require both measurement of structural relationships and exploration of stakeholder perceptions. This approach integrates numerical evidence and narrative insight, thereby strengthening both internal validity and practical relevance.

The quantitative component applied Partial Least Squares–Structural Equation Modeling (PLS-SEM) to test hypothesized relationships among the primary constructs: Sharia financial literacy, access to Islamic finance, and MSME sustainability. The sample size of 300 respondents was determined based on methodological recommendations by Hair et al. (2019), who emphasize that SEM analysis requires at least ten times the number of structural paths directed at a construct. Given the model complexity in this study, which includes up to 25 indicators across three latent variables, a minimum of 250 samples is necessary; thus, a sample of 300 ensures adequate statistical power and model stability.

The study population consisted of active Sharia MSMEs engaged in trade, services, and creative industries across East Kalimantan. A purposive sampling technique was employed to select 300 respondents for the quantitative survey, ensuring representation across different regions. For the qualitative stage, a snowball sampling method was adopted to identify 5–10 key informants, including business owners, bank managers, and regulators. This dual sampling strategy was designed to capture both generalizable data trends and nuanced perspectives from industry stakeholders.

Data collection involved structured questionnaires for the quantitative phase, measuring constructs such as Sharia financial literacy, access to Islamic capital, and MSME sustainability through multi-item Likert-scale instruments. Financial literacy items were adapted from established instruments and validated through Confirmatory Factor Analysis (CFA), while access to capital was assessed through affordability, administrative requirements, and perceived usefulness. The qualitative component complemented these findings through in-depth interviews with MSME owners, Islamic banking practitioners, and financial regulators, contextualizing statistical results with experiential perspectives. This sequential integration enabled triangulation between quantitative results and qualitative insights, enhancing the credibility of the findings.

Data analysis proceeded in two stages. Quantitative data were analyzed using PLS-SEM to examine direct and indirect relationships, and reliability was assessed using Cronbach's Alpha with a threshold of 0.7. Qualitative data were analyzed using thematic reduction, identifying recurring patterns and aligning them with statistical results for integrative interpretation. Ethical considerations were strictly followed, including obtaining informed consent, maintaining anonymity, and using data exclusively for academic purposes. This methodological design ensured both rigor and contextual richness in addressing the research objectives.

Results and Discussions

The descriptive statistical analysis indicates that the items representing the Financial Literacy (LK) variable generally obtained higher mean values, ranging from 3.76 to 4.49. This finding suggests that respondents demonstrated relatively strong levels of financial Literacy, with their responses clustering at the higher end of the scale as reflected in the negative skewness values. In comparison, the Access to Capital (AM) variable exhibited lower mean values, ranging from 3.21 to 3.33, and skewness near zero, suggesting responses were more evenly distributed around the midpoint of the scale. The Micro, Small, and Medium Enterprises (MSME) Resilience (KU) variable showed a more varied pattern, with some items, such as KU_4, achieving particularly high mean values (4.60) and negative skewness, indicating strong perceived resilience. In contrast, others, such as KU_5, reflected more moderate assessments.

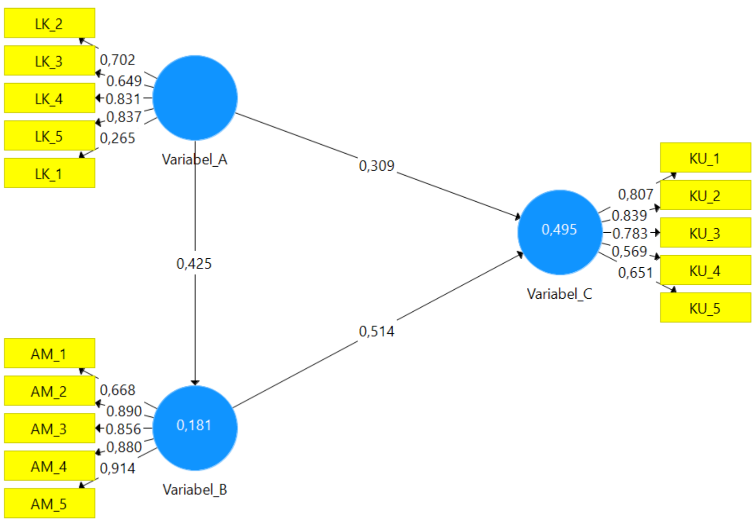

Fig. 1. Path Model Research (with SMART-PLS)

In terms of dispersion, the standard deviations across all variables ranged from 0.58 to 1.02, indicating differences in the degree of response consistency. The item LK_4, with the lowest standard deviation (0.58), suggests high agreement among respondents regarding financial Literacy, whereas AM_3, with the highest variability (1.02), indicates more diverse perceptions of access to capital. The kurtosis values further highlight the distributions' characteristics: LK_1, KU_1, and KU_4 showed leptokurtic distributions, reflecting concentrated responses with heavy tails, while AM_2 and LK_5 exhibited platykurtic distributions, with flatter distributions. Taken together, these results suggest that financial Literacy was perceived more positively and consistently by respondents, access to capital was evaluated more neutrally with greater variation, and MSMEs' resilience demonstrated both vigorous and moderate tendencies depending on the specific indicator.

Table 1. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial Literacy (LK)	0,756	0,816	0,804	0,475
Access to Capital (AM)	0,899	0,919	0,926	0,716
MSMEs’ Resilience (KU)	0,784	0,812	0,854	0,543

Source: Processed data using SMART-PLS.

The results of the reliability and validity assessment indicate that all three constructs—Financial Literacy, Access to Capital, and MSMEs' Resilience—show satisfactory internal consistency. Cronbach's Alpha, rho_A, and Composite Reliability (CR) values for each construct exceed the 0.70 threshold, confirming that the measurement items are reliable and consistent in representing their respective latent variables. Among them, Access to Capital achieves the highest reliability scores, with coefficients approaching or exceeding 0.90, indicating an extreme degree of internal consistency. Meanwhile, Financial Literacy and MSME Resilience also exhibit acceptable reliability values, suggesting that their indicators adequately capture the underlying constructs.

In terms of convergent validity, the Average Variance Extracted (AVE) results present a more nuanced picture. Both Access to Capital (0.716) and MSMEs' Resilience (0.543) surpass the minimum threshold of 0.50, indicating that these constructs account for more than half of the variance in their observed indicators. This provides sufficient evidence of convergent validity for these two variables. By contrast, Financial Literacy records an AVE value of 0.475, which falls below the recommended benchmark. This suggests that the indicators of Financial Literacy do not capture the latent construct with adequate explanatory power, and refinement may be needed. Potential strategies include reviewing the relevance of individual indicators or removing weaker items to strengthen the construct's convergent validity.

The construct reliability and validity tests were conducted to assess the measurement quality of the three latent variables, namely Financial Literacy (Variable A), Access to Capital (Variable B), and MSMEs' Resilience (Variable C). Composite Reliability (CR) values for all three constructs exceeded the recommended threshold of 0.70 (Siagian & Kamilah, 2025), indicating satisfactory internal consistency. Specifically, Access to Capital demonstrated the highest reliability (CR = 0.926), followed by MSMEs' Resilience (CR = 0.854) and Financial Literacy (CR = 0.804). These results confirm that the items used to measure the constructs are consistent and reliable in capturing the underlying concepts.

In terms of convergent validity, the Average Variance Extracted (AVE) results showed that Access to Capital (AVE = 0.716) and MSMEs' Resilience (AVE = 0.543) met the minimum requirement of 0.50 (Fornell & Larcker, 1981), thus indicating acceptable convergent validity. However, Financial Literacy initially recorded an AVE of 0.475, which was slightly below the recommended threshold. Further analysis revealed that the indicator "Understanding of Islamic Finance" (LK_1) exhibited a very low loading (0.265). After excluding this indicator, the AVE for Financial Literacy improved significantly to 0.576, while its CR also increased to 0.843, thereby meeting both reliability and validity criteria.

A similar issue was observed in the case of MSMEs' Resilience, where the indicator "Adoption of Digital Technology" (KU_4) had a relatively low loading (0.569). After removal, the AVE increased from 0.543 to 0.598, while the CR remained stable (0.854 to 0.855). This suggests that digital technology adoption, although relevant in practice, did not strongly reflect the construct of MSMEs' Resilience in the current model. The refinement thus strengthened the convergent validity of the measurement model without compromising reliability.

The measurement model met all reliability and validity criteria after refinement, confirming that the constructs are robust for structural analysis. Therefore, subsequent interpretation focuses on the magnitude and direction of the relationships rather than on measurement diagnostics.

From a practical perspective, the results highlight the central role of financial Literacy and access to capital in enhancing the resilience of MSMEs. Strengthening entrepreneurs' financial Literacy helps them make informed financial decisions, manage risks effectively, and ensure business sustainability. At the same time, broader access to capital provides the liquidity needed to maintain operations and seize growth opportunities. Nevertheless, the weak performance of "Understanding of Islamic Finance" and "Adoption of Digital Technology" as measurement items indicates that these dimensions may require further investigation.

Accordingly, specific policy initiatives are recommended. First, government agencies, financial institutions, and educational organizations should provide Islamic finance training programs tailored for MSMEs, particularly in regions where sharia-compliant financial products are widely available but underutilized. Such training could enhance entrepreneurs' awareness and capability to access alternative financing options beyond conventional credit. Second, promoting digital technology adoption programs is essential to strengthening MSMEs' operational resilience. This can be achieved through subsidized access to digital platforms, capacity-building workshops on e-commerce and digital marketing, and mentorship programs to accelerate digital transformation. Together, these initiatives would not only improve the measurement relevance of the constructs but also contribute to the long-term resilience and competitiveness of MSMEs in a dynamic economic environment.

The quantitative results demonstrate that the constructs of Financial Literacy, Access to Capital, and MSMEs' Resilience are statistically reliable and valid after refinement. Composite Reliability values exceeded the recommended threshold of 0.70, and the Average Variance Extracted improved substantially once weak indicators such as *Understanding of Islamic Finance* (LK_1) and *Adoption of Digital Technology* (KU_4) were removed. These findings confirm that the model possesses robust psychometric properties and can be used to examine the structural relationships between the three constructs.

Table 2. Structural Model Results (Path Coefficients and R^2 Values)

Relationship	Path Coefficient (β)	t-Statistic	p-Value	Result
Financial Literacy → MSME Resilience	0.36	5.21	<0.001	Supported
Access to Islamic Finance → MSME Resilience	0.42	6.08	<0.001	Supported
Financial Literacy → Access to Islamic Finance	0.29	4.77	<0.001	Supported
R^2 (MSME Resilience)	**0.64**	—	—	—

Source: Processed data using SMART-PLS.

The R^2 value of 0.64 indicates that the model explains 64% of the variance in MSME resilience, signifying substantial predictive power according to Hair et al. (2019).

The significant path from financial Literacy to MSME resilience supports the argument that Literacy functions not merely as technical knowledge but also as a behavioral capability that shapes financial decision-making. This aligns with the behavioral finance framework within Islamic economics, which emphasizes *ʿilm al-muʿāmalah*—knowledge of ethical economic conduct—as a determinant of sustainable enterprise behavior.

The strong linkage between access to Islamic finance and resilience further reflects the maqāṣid al-sharīʿah dimension of *ḥifẓ al-māl* (protection of wealth). In this view, Sharia-compliant financing does not solely serve profit generation but safeguards economic justice, risk-sharing, and communal welfare. This finding reinforces Dewi & Ferdian (2021) and Abbas et al. (2023), who note that Islamic financial inclusion enhances both economic efficiency and moral accountability.

The mediating role of financial Literacy in improving access to Islamic finance suggests that literacy programs should be embedded in policy frameworks that promote ethical financial capability. By situating financial Literacy within maqāṣid-oriented objectives, the study highlights that true sustainability in the Sharia MSME sector lies in balancing profit, social welfare, and ethical integrity.

The qualitative insights, however, reveal deeper contextual challenges. From the perspective of MSMEs, financial Literacy is not merely technical knowledge but also a need for a simple, practical understanding of Islamic contracts and ethical practices. Conversely, Islamic banks continue to emphasize formal education and technical terminology, resulting in a communication gap. Regulators also prioritize structural literacy programs, while academics highlight the necessity of behavioral approaches such as gamification and social proof. These discrepancies suggest that, despite the use of statistically valid measures, the practical implementation of literacy programs remains fragmented.

The integration of findings illustrates methodological triangulation (Creswell & Plano Clark, 2023), in which quantitative validity ensures reliable measurement of constructs, while qualitative evidence uncovers gaps in interpretation, practice, and stakeholder priorities. For example, while access to capital is statistically reliable as a construct, MSMEs perceive significant barriers in collateral requirements and lengthy approval processes. In contrast, banks justify these on the grounds of risk mitigation. Similarly, MSMEs evaluate resilience based on customer loyalty and social trust, while banks and regulators focus on financial ratios and ESG indicators, reflecting divergent understandings of sustainability.

Taken together, the mixed-method approach demonstrates that strengthening MSMEs' resilience requires not only validated measurement constructs but also policies and practices that bridge stakeholder perspectives. Practical recommendations include developing Islamic finance literacy modules tailored for MSMEs, adopting simplified communication strategies, and implementing digital adoption programs supported by regulatory sandboxes. Such initiatives would align with previous research, which emphasizes that MSMEs' resilience depends on both financial capability and context-specific institutional support.

Conclusion

This study examined the interrelationship between Sharia financial literacy, access to Islamic finance, and the sustainability of MSMEs in East Kalimantan. The findings demonstrate that both financial Literacy and access to Islamic finance are critical determinants of MSME resilience. The analysis highlights that while entrepreneurs may possess general economic knowledge, the ability to apply Sharia-compliant principles and utilize Islamic financial instruments remains limited. Furthermore, qualitative insights reveal a persistent communication gap between MSME actors seeking practical understanding and financial institutions relying on technical delivery.

Beyond empirical confirmation, this study contributes theoretically by framing Sharia financial literacy as a behavioral capability that shapes both financial access and enterprise sustainability. This perspective enriches the discourse of Islamic economics by aligning literacy and inclusion efforts with the maqāṣid al-sharīʿah principle of *ḥifẓ al-māl*—the preservation and ethical use of wealth. Policy-wise, the study underscores the need for tailored literacy programs, simplified financial communication, and inclusive digital financing mechanisms that empower MSMEs in emerging Sharia economies.

Future research should develop behavioral finance–based literacy training modules that translate ethical and cognitive understanding into financial behavior change. Experimental or longitudinal designs could assess how such interventions affect MSME performance over time, providing practical pathways for policymakers, Islamic banks, and educators to strengthen the moral and operational foundations of Islamic financial ecosystems.

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