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Sharia Financial Literacy and Riba-Based Digital Loan Interest: A PLS-SEM Mediation Analysis

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Keywords:
Islamic Financial Literacy; Consumer Behavior; Usurious Online Loans; SEM-PLS; Literacy Paradox

ABSTRACT

This study empirically analyzes the effect of Islamic financial literacy on university students' interest in using usurious online loans, while examining the mediating role of consumer behavior within this structural framework. This quantitative study used a classroom-based survey design with purposive sampling and involved 180 active Generation Z students at STIT Al-Azami Cianjur. Data were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) in SmartPLS 4. The results reveal that Islamic financial literacy has a direct, positive, and significant effect on both consumer behavior and interest in usurious online loans. Conversely, consumer behavior has no significant effect on interest in usurious online loans and does not serve as a mediating variable, resulting in a no-mediation model. These findings provide novel empirical evidence on the literacy paradox phenomenon, in which mastering Islamic theoretical knowledge at the cognitive level increases students' perceived behavioral control and technical familiarity in navigating digital financing applications. Furthermore, the absence of a mediating role proves that borrowing decisions on non-Islamic platforms are not driven by wasteful habits or hedonistic lifestyles, but are instead triggered by direct cognitive calculations when facing financial fragility and emergency funding needs. The implications of this study call for a reorientation of financial education strategies in higher education, shifting from theoretical knowledge transfer to instilling self-control and building internal Islamic-based financial assistance ecosystems.

Kata Kunci:
Literasi Keuangan Syariah; Perilaku Konsumtif; Pinjaman Online Riba; SEM-PLS; Literacy Paradox

ABSTRAK

Penelitian ini bertujuan untuk menganalisis secara empiris pengaruh literasi keuangan syariah terhadap minat mahasiswa menggunakan pinjaman online berbasis riba, serta menguji peran perilaku konsumtif sebagai variabel mediasi dalam kerangka struktural tersebut. Penelitian kuantitatif ini menggunakan desain survei berbasis kelas (classroom-based survey) dengan teknik purposive sampling, yang melibatkan 180 mahasiswa aktif Generasi Z di STIT Al-Azami Cianjur. Analisis data diolah menggunakan metode Structural Equation Modeling - Partial Least Squares (SEM-PLS) melalui perangkat lunak SmartPLS 4. Hasil penelitian menunjukkan bahwa literasi keuangan syariah berpengaruh positif dan signifikan terhadap perilaku konsumtif serta minat menggunakan pinjaman online berbasis riba. Sebaliknya, perilaku konsumtif tidak berpengaruh signifikan terhadap minat menggunakan pinjaman online berbasis riba dan tidak berperan sebagai variabel pemediasi (no mediation). Temuan ini memberikan kontribusi empiris baru terhadap fenomena literacy paradox, di mana penguasaan materi syariah pada tingkat kognitif justru meningkatkan perceived behavioral control serta pemahaman teknis mahasiswa dalam mengeksplorasi aplikasi pembiayaan digital. Selain itu, ketiadaan peran mediasi membuktikan bahwa keputusan berutang pada platform non-syariah tidak didorong oleh sifat pemborosan atau gaya hidup hedonis, melainkan lebih dipicu oleh kalkulasi kognitif secara langsung saat menghadapi kerentanan ekonomi dan kebutuhan dana darurat. Implikasi dari penelitian ini menuntut reorientasi strategi edukasi keuangan di perguruan tinggi dari transfer pengetahuan teoretis menuju pembentukan kontrol diri serta penyediaan ekosistem bantuan finansial internal berbasis syariah.

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INTRODUCTION

The theoretical construct of the Human Capital Theory of Financial Knowledge positions financial understanding as a fundamental human capital capability that directs the efficiency of an individual's financial resource allocation (Lusardi & Mitchell, 2014; Sa'adah et al., 2026). Within a theoretical framework, the Theory of Planned Behavior asserts that integrating adequate knowledge and cognitive evaluation consistently fosters a subjective norm climate and structured behavioral control in every economic decision (Ajzen, 1991). This theoretical link indicates that mastering Islamic financial literacy at an academic level should ideally correlate with an increased degree of rationality among students when selecting financing instruments.

However, empirical realities in the field reveal a striking gap between theoretical premises and actual financial behavior. Official reports from the West Java representative office of the Financial Services Authority record that outstanding online loan balances in West Java have surpassed IDR 23 trillion. This figure represents the highest cumulative total nationally, driven predominantly by active participation from Generation Z (Darwisman, 2026). Exposure to such high-risk debt is accelerated by escalating impulsive consumption patterns and the dynamics of doom spending, both reflected through internal and external consumer behavior models (Khan, 2007).

This divergence between normative knowledge mastery and the escalation of usurious digital loan transactions among university students signals a knowledge paradox within higher education institutions. Cognitive understanding of Islamic law learned in lectures often fails to correlate linearly with self-control when individuals face economic pressure or the convenience of digital financial technology. Exploring this phenomenon calls for deeper empirical examination to test the extent to which Islamic financial literacy serves as a determinant instrument in mitigating interest in unprocedural financial transactions.

Previous literature on the determinants of digital financing largely confirms the significant influence of key variables. Empirical studies demonstrate that mastering financial literacy, risk perception, and Islamic ethical awareness plays a crucial role in curbing interest in risky loans while safeguarding consumer transaction choices (Aji et al., 2019; Kirana Khiba et al., 2023; Sumar'in et al., 2025). In a parallel direction, other scientific findings identify that lifestyle variables, financial inclusion, and technological understanding exert a direct positive effect on spending patterns and cumulative digital loan application decisions (Feryana et al., 2025; Kamil et al., 2024; Riwayati et al., 2025; Yuannisa et al., 2025). These explanations are bolstered by evidence showing that strengthening Islamic-based skills and self-efficacy directly improves performance and overall financial well-being (Rohmania et al., 2023).

Despite mainstream literature affirming these significant links, a series of other empirical findings present contradictory results. Financial literacy interventions prove to have only a very limited effect on reducing online loan usage intensity unless paired with adequate self-control training (Bu et al., 2022). This inconsistency is underscored by research showing that neither financial literacy nor trust significantly influences interest in adopting technology-based financial services (Louise & Yanuar, 2022). Furthermore, in specific observations, financial knowledge shows a non-significant negative influence on transaction instruments, and Islamic understanding alone fails to moderate or linearly influence transaction decisions and subject well-being (Mahmud et al., 2024; Rohmania et al., 2023; Tamara et al., 2024).

The landscape of previous studies reflects an ongoing academic debate stemming from varied empirical findings regarding how financial literacy influences behavior and financing instrument decisions. These inconsistent findings suggest that the relationship between Islamic financial knowledge and interest in usurious online loans is not direct but operates through more complex intermediate mechanisms. This study frames these inconsistent findings as a primary research gap that requires thorough methodological and theoretical clarification.

Introducing Consumer Behavior as a mediating variable is formulated to bridge the analytical gap in prior research. Integrating internal and external consumer behavior models examines whether Islamic knowledge effectively transforms consumptive impulses before they translate into rejection of usurious instruments. This mediation pathway is the study's core scientific novelty, distinguishing it from prior literature that predominantly tests direct relationships between isolated variables.

This study empirically analyzes the direct influence of Islamic financial literacy on consumer behavior and interest in usurious online loans, while simultaneously testing the mediating role of consumer behavior within the model. The theoretical urgency of this research lies in enriching Islamic economics literature regarding how internalizing Islamic values operates during digital disruption. Practically, this study offers an objective baseline for academic policymakers and financial regulators to design financial literacy strategies that go beyond cognitive learning and focus instead on shaping students' financial character. Scope limitations focus on students at Islamic higher education institutions in Cianjur to capture the specific dynamics between religious educational backgrounds and the surge of digital loans in West Java.

Hypothesis development builds upon the connections between the theoretical framework and the empirical gaps outlined. If Islamic knowledge dictates economic decision-making, the first hypothesis (H_1) posits that Islamic Financial Literacy significantly affects Consumer Behavior. Furthermore, drawing on how internal and external consumer drives influence financing choices, the second hypothesis (H_2) states that Consumer Behavior significantly affects Interest in Usurious Online Loans.

Regarding the primary direct relationship path, the third hypothesis (H_3) proposes that Islamic Financial Literacy exerts a significant direct effect on Interest in Usurious Online Loans. Finally, to test the indirect mechanisms underlying the variable structure, the fourth hypothesis (H_4) formulates that Consumer Behavior significantly mediates the relationship between Islamic Financial Literacy and Interest in Usurious Online Loans.

LITERATURE REVIEW

Theoretical Background

The theoretical foundation of this study rests upon three complementary conceptual frameworks that explain the interplay among religious value comprehension, consumption behavior tendencies, and the intention to utilize digital financial instruments. First, the Human Capital Theory of Financial Knowledge, developed by Lusardi & Mitchell (2014) and contextualized within an Islamic framework by Sa'adah et al. (2026), conceptualizes financial knowledge as a form of human capital investment that enhances individual decision-making efficiency and quality. In this study, Islamic Financial Literacy is operationalized through three primary dimensions: foundational Islamic knowledge regarding the prohibition of risky contracts such as usury (*riba*), ambiguity (*gharar*), and gambling (*maysir*); awareness of financing product risks; and the daily practice of Islamic-based financial management.

Second, the Internal and External Consumer Behavior Model, formulated by Khan (2007), asserts that consumer actions are driven not merely by rational functionality, but by a combination of internal drivers (such as emotions and purchasing motives) and external influences (such as reference groups and social status). Within this study, Consumer Behavior is measured through emotional or impulsive motives, social status or peer orientation, and irrational purchasing drives.

Third, the Theory of Planned Behavior, pioneered by Ajzen (1991), posits that intention precedes behavior. This intention is shaped by three core constructs: attitude toward the behavior, subjective norms within one's social environment, and perceived behavioral control linked to accessibility. The variable Interest in Usurious Online Loans is derived from these three dimensions to measure the strength of students' intention to utilize non-Islamic digital financing services.

Previous Studies

Prior literature exploring the interaction among financial literacy, consumption patterns, and digital debt decisions reveals a rich yet complex academic landscape. A review of reputable scholarly publications highlights clear consensus, well-established findings, and ongoing theoretical puzzles. Academic consensus firmly establishes that financial literacy and ethical awareness play a crucial role in shaping individual financial behavior (Kirana Khiba et al., 2023; Lusardi & Mitchell, 2014). Researchers generally agree that robust financial knowledge equips individuals with mature risk assessment capabilities, thereby safeguarding them against adverse financial choices (Sumar'in et al., 2025). Furthermore, scholars broadly concur that lifestyle pressures, social status orientation, and the seamless convenience of fintech act as primary accelerators driving impulsive consumption and debt accumulation among the youth (Aji et al., 2019; Feryana et al., 2025; Riwayati et al., 2025; Yuannisa et al., 2025).

Nevertheless, empirical literature presents a puzzle characterized by inconsistent findings. On one hand, several studies confirm that financial literacy and Islamic awareness significantly reduce interest in high-risk loans while improving financial well-being (Aji et al., 2019; Rohmania et al., 2023). In contrast, another stream of research indicates that financial literacy levels have no significant effect on reducing online loan application intent or digital transaction decisions (Louise & Yanuar, 2022; Tamara et al., 2024). Experimental studies even show that financial literacy interventions yield minimal impact on debt behavior unless paired with rigorous self-control training and strict budget management (Bu et al., 2022).

These contradictory results spark debate regarding the role of mediating variables in bridging the gap between knowledge and action. While some studies identify lifestyle and risk perception as active mechanisms in financial decision-making (Aji et al., 2019; Respati et al., 2023), others find that lifestyle and consumer behavior fail to mediate the relationship between financial literacy and online loan decisions (Feryana et al., 2025; Riwayati et al., 2025). This empirical gap underscores the need of re-evaluate consumer behavior as a mediating model in relation to Islamic financial literacy and interest in usurious online loans among university students.

Research Framework

The research framework conceptualizes a systematic approach to address the research questions by testing direct and indirect relationships among latent variables. Islamic Financial Literacy is positioned as the independent variable (X), Consumer Behavior as the mediating variable (M), and Interest in Usurious Online Loans as the dependent variable (Y). The conceptual structure illustrating these inter-variable relationships is presented in Figure 1:

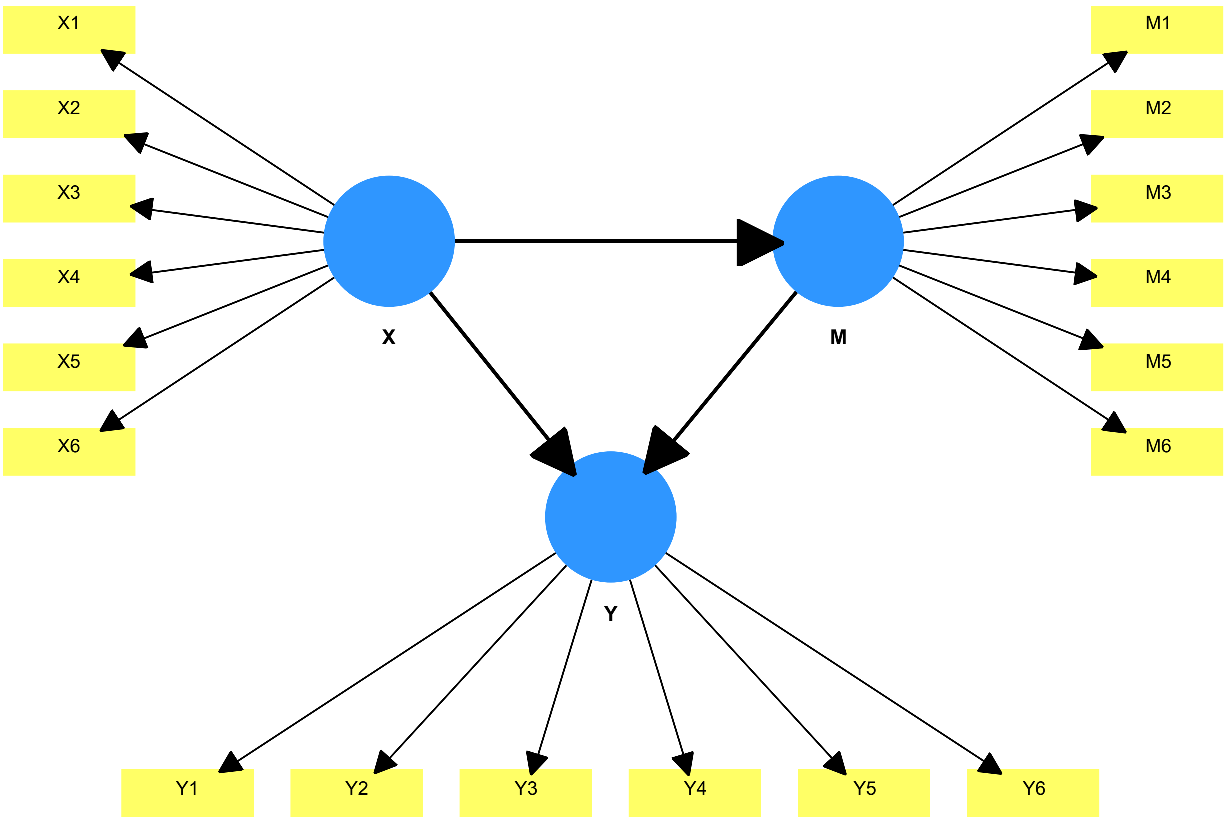

Figure 1. Research Framework (Processed SmartPLS Data, 2026)

The relationships within the research framework above are formulated into four primary hypotheses:

- **Hypothesis 1 (H_1):** Islamic Financial Literacy (X) has a significant effect on Consumer Behavior (M).
- **Hypothesis 2 (H_2):** Consumer Behavior (M) has a significant effect on Interest in Usurious Online Loans (Y).
- **Hypothesis 3 (H_3):** Islamic Financial Literacy (X) has a significant direct effect on Interest in Usurious Online Loans (Y).
- **Hypothesis 4 (H_4):** Consumer Behavior (M) significantly mediates the effect of Islamic Financial Literacy (X) on Interest in Usurious Online Loans (Y).

METHOD

Data

This study uses a quantitative approach, with primary data as the main empirical source. Primary data were collected on campus through classroom-based physical questionnaires administered to active students at STIT Al-Azami Cianjur. Conducting direct classroom surveys was strategically chosen to minimize non-response rates, maintain response validity, and ensure that respondents fully understood all indicator instructions without external influence.

The target population comprised officially registered active Generation Z students, totaling 400 individuals. Respondent inclusion criteria required students to fall within the Generation Z age cohort and possess baseline awareness or exposure to online loan applications. Rather than using Slovin's formula, the sample size was determined using the formulation by Lemeshow et al. (1990) for single population proportion estimation to achieve a representative sample size with measurable precision. The mathematical formulation by Lemeshow is expressed in Equation (1):

$$n = \frac{Z^2_{1-\alpha/2} \cdot p \cdot (1-p)}{d^2}$$

The symbols in the equation above are defined as follows: n represents the required minimum sample size, $Z_{1-\alpha/2}$ denotes the standard normal deviation at a 95% confidence level (1.96), p is the estimated population proportion set at 0.50 to yield a conservative maximum sample size estimate, and d represents the absolute precision level set at 0.0731. Substituting these parameters yields the following calculation:

$$n = \frac{(1.96)^2 \cdot 0.50 \cdot (1-0.50)}{(0.0731)^2}$$

$$n = \frac{3.8416 \cdot 0.50 \cdot 0.50}{0.00534361}$$

$$n = \frac{0.9604}{0.00534361} = 179.72$$

Based on this mathematical calculation, $n = 179.72$ was obtained and rounded up to ensure minimum sample adequacy. Consequently, the definitive sample gathered and analyzed in this study comprises 180 students. The study used non-probability sampling with a purposive sampling technique (Slamet Riyanto et al., 2024). This method ensured that participating respondents strictly satisfied specific research criteria, particularly regarding religious knowledge background and awareness of digital loans.

Model Development

The structural model in this study was formulated to evaluate the operational mechanism connecting Islamic Financial Literacy (X), Consumer Behavior (M), and Interest in Usurious Online Loans (Y). Theoretically, the model integrates the Human Capital Theory of Financial Knowledge (Lusardi & Mitchell, 2014; Sa'adah et al., 2026) for the independent variable, the Internal and External Consumer Behavior Model (Khan, 2007) for the mediating variable, and the Theory of Planned Behavior (Ajzen, 1991) for the dependent variable.

Mathematically, the structural equations are expressed through two path analysis regression functions, as formulated in Equation (2) and Equation (3):

$$M = \gamma_1 X + \zeta_1$$

$$Y = \gamma_2 X + \beta_1 M + \zeta_2$$

Equation (2) states that Consumer Behavior (M) is directly influenced by Islamic Financial Literacy (X) with a path coefficient of γ_1 and structural error ζ_1. Meanwhile, Equation (3) describes Interest in Usurious Online Loans (Y) as jointly driven by Islamic Financial Literacy (X) with path coefficient γ_2 and Consumer Behavior (M) with path coefficient β_1, along with structural error ζ_2. This structural framework aims to test whether the effect of Islamic knowledge on borrowing interest operates directly or through a consumer behavior mediation path.

Method

Data analysis was carried out using Structural Equation Modeling - Partial Least Squares (SEM-PLS) in SmartPLS version 4. SEM-PLS was selected due to its flexibility regarding strict multivariate normality assumptions, its ability to estimate complex structural models simultaneously, and its robust statistical power for moderate sample sizes (Hair et al., 2021).

Executing SEM-PLS requires satisfying two sequential evaluation phases: measurement model evaluation (*outer model*) and structural model evaluation (*inner model*). The outer model evaluation ensures that all indicators fulfill construct validity and reliability standards (Ghozali, 2015). Convergent validity requires indicator outer loadings to exceed 0.700 and the Average Variance Extracted (AVE) for each latent variable to surpass 0.500 (Fornell & Larcker, 1981; Hair et al., 2021). Discriminant validity is confirmed when cross-loadings load highest on assigned constructs and the Heterotrait-Monotrait Ratio (HTMT) remains below 0.900 (Henseler et al., 2015). Internal consistency is further established through Cronbach's Alpha and Composite Reliability (ρ_a and ρ_c) values exceeding 0.700 (Hair et al., 2021; Slamet Riyanto et al., 2024).

Steps of Research

This study was executed through four systematic phases to address the research objectives structuredly. The first phase involved instrument finalization and data collection, where questionnaires were distributed across classrooms to gather primary data from 180 students who met the purposive sampling criteria. The second phase involved data tabulation and screening, including cleaning raw data and reverse-coding negative-statement items in Microsoft Excel before importing them into SmartPLS 4.

The third phase consisted of outer model evaluation within SmartPLS 4 to verify convergent validity, discriminant validity, and instrument reliability. Indicators that failed factor-loading criteria were iteratively removed until all latent variables demonstrated full validity and reliability. The fourth phase comprised inner model evaluation and hypothesis testing using a bootstrapping procedure with 5,000 resamples (subsamples). Direct and indirect hypotheses (specific indirect effects) were evaluated by comparing t-statistics against the critical value of 1.96 and p-values against the 0.050 significance threshold (Chin & Marcoulides, 1998; Hair et al., 2021). The study then qualitatively interpreted the statistical findings to derive substantive conclusions and policy implications.

Table 1. Variable Operationalization Matrix

Variable Role	**Variable Name**	**Grand Theory & References**	**Primary Dimensions**	**Operational Questionnaire Indicators**
Independent Variable (X)	Islamic Financial Literacy	Human Capital Theory of Financial Knowledge (Lusardi & Mitchell, 2014; Sa'adah et al., 2026)	1. Foundational Islamic Knowledge 2. Product Risk Awareness 3. Islamic Financial Behavior	- Understanding of the prohibition of *riba* and Islamic contracts. - Awareness of interest and penalty fee risks. - Financial planning based on priority scales.
Mediating Variable (M)	Consumer Behavior	Internal & External Consumer Behavior Model (Khan, 2007)	1. Emotional/Impulsive Motives 2. Social Status/Peer Orientation 3. Irrational Decision-Making	- Impulsive buying driven by temporary emotion. - Lifestyle adjustments for social status. - Prioritizing wants over needs.
Dependent Variable (Y)	Interest in Usurious Online Loans	Theory of Planned Behavior (Ajzen, 1991)	1. Attitude Toward Behavior 2. Subjective Norms 3. Perceived Behavioral Control	- Evaluation of online loan usefulness/convenience. - Peer group environment influence. - Ease of app-based technology access.

Source: Author (2026)

RESULT AND DISCUSSION

Measurement Model Evaluation (Outer Model) and Structural Model Evaluation (Inner Model)

The measurement model (*outer model*) evaluation confirmed the validity and reliability of the research instrument in capturing latent variables. This assessment encompasses convergent validity, discriminant validity, and construct reliability tests.

1) Convergent Validity

Convergent validity examines the extent to which indicators of a specific construct correlate positively and accurately represent their underlying latent variable. It is evaluated through two metrics: the outer loadings of individual indicators and the Average Variance Extracted (AVE) of each construct.

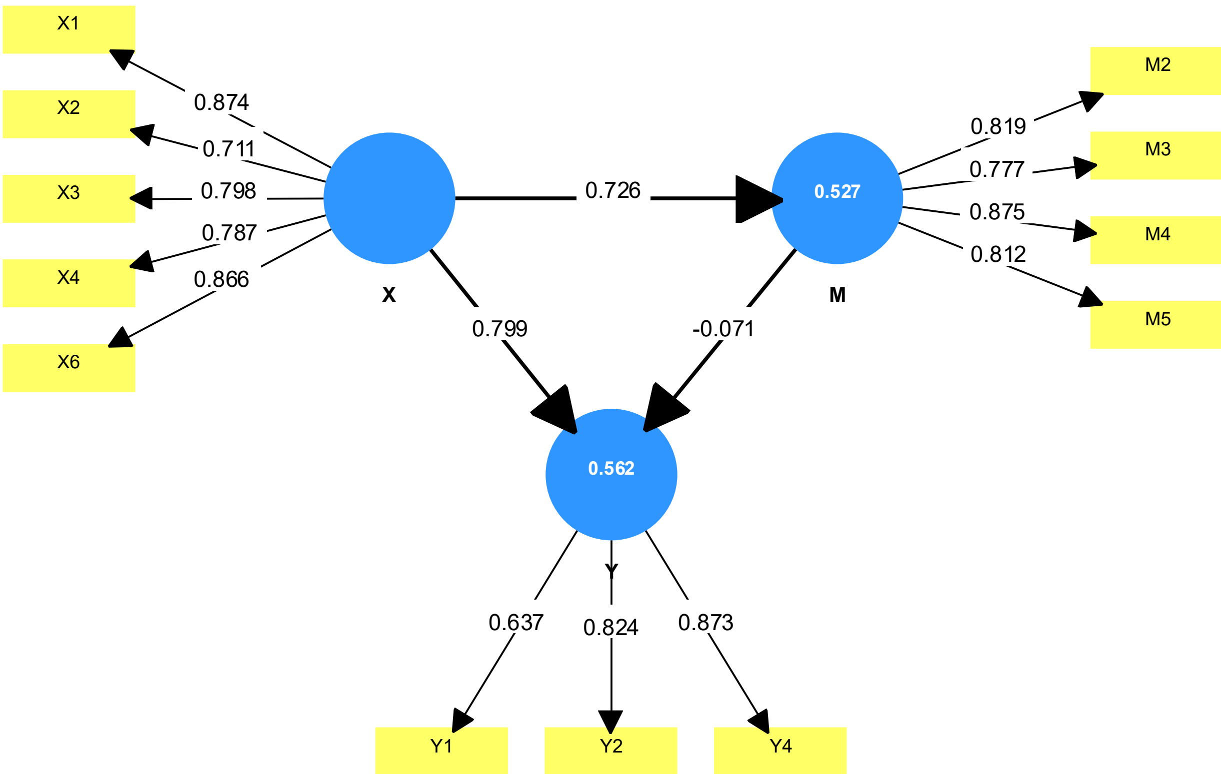

Figure 2. Outer Model

a. Convergent Validity of Consumptive Behavior (M)

Evaluating the convergent validity for Consumptive Behavior involves examining the outer loadings of all retained indicators. An indicator satisfies convergent validity requirements if its outer loading exceeds 0.700 (Hair et al., 2021).

Table 2. Convergent Validity Results for Consumptive Behavior Indicators

Item	Original Estimate (Outer Loadings)	Expected Value	Remark
M2	0.819	> 0.700	Valid
M3	0.777	> 0.700	Valid
M4	0.875	> 0.700	Valid
M5	0.812	> 0.700	Valid

Source: Author (2026)

As presented in Table 1, all indicator items measuring Consumptive Behavior exhibit outer loadings well above the 0.700 threshold. M4 has the highest factor loading (0.875), while M3 has the lowest (0.777). Consequently, all indicators for Consumptive Behavior are deemed valid and effectively reflect the latent construct (Chin, 1998).

b. Convergent Validity of Islamic Financial Literacy (X)

The evaluation of Islamic Financial Literacy aims to ensure that the questionnaire items consistently capture respondents' understanding of Islamic finance. Methodologically, outer loadings above 0.700 indicate that each indicator contributes substantially to its respective construct (Ghazali & Latan, 2015).

Table 3. Convergent Validity Results for Islamic Financial Literacy Indicators

Item	Original Estimate (Outer Loadings)	Expected Value	Remark
X1	0.874	> 0.700	Valid
X2	0.711	> 0.700	Valid
X3	0.798	> 0.700	Valid
X4	0.787	> 0.700	Valid
X6	0.866	> 0.700	Valid

Source: Author (2026)

The analytical results demonstrate that all five indicators for Islamic Financial Literacy surpass the minimum cutoff value of 0.700. Item X1 demonstrates the highest factor loading (0.874), followed closely by X6 (0.866). These findings confirm robust empirical support for the construct's measurability (Hair et al., 2017).

c. Convergent Validity of Interest in Usurious Online Loans (Y)

The convergent validity of the dependent variable, Interest in Usurious Online Loans, was assessed to verify that the questionnaire statements accurately reflect respondents' intentions. According to Hair et al. (2021), indicators with outer loadings between 0.600 and 0.700 remain acceptable provided the construct's AVE exceeds 0.500.

Table 4. Convergent Validity Results for Interest in Usurious Online Loans Indicators

Item	Original Estimate (Outer Loadings)	Expected Value	Remark
Y1	0.637	> 0.600	Valid
Y2	0.824	> 0.700	Valid
Y4	0.873	> 0.700	Valid

Source: Author (2026)

Table 3 indicates that items Y2 and Y4 exhibit strong factor loadings above 0.800, whereas Y1 registers a loading of 0.637. Given that the AVE for construct Y fulfills the 0.500 benchmark, item Y1 is retained and established as a valid measure (Fornell & Larcker, 1981).

2) Discriminant Validity

Discriminant validity ensures that each latent construct is empirically distinct from other constructs within the research model. This evaluation relies on cross-loading metrics and the Heterotrait-Monotrait Ratio (HTMT).

a. Cross Loadings

The cross-loading criterion stipulates that an indicator's loading on its assigned construct must exceed its cross-loadings on all other constructs (Chin, 1998).

Table 5. Cross-Loading Assessment Matrix

Item	Variable M	Variable X	Variable Y
M2	**0.819**	0.620	0.405
M3	**0.777**	0.577	0.455
M4	**0.875**	0.549	0.426
M5	**0.812**	0.632	0.387
X1	0.690	**0.874**	0.594
X2	0.570	**0.711**	0.583
X3	0.559	**0.798**	0.627
X4	0.508	**0.787**	0.630
X6	0.598	**0.866**	0.594
Y1	0.064	0.299	**0.637**
Y2	0.548	0.711	**0.824**
Y4	0.431	0.635	**0.873**

Source: Author (2026)

The cross-loading matrix confirms that every indicator loads highest on its targeted variable compared to alternative constructs. For instance, item M2 displays a primary loading of 0.819 on Variable M, substantially exceeding its cross-loadings on Variable X (0.620) and Variable Y (0.405). This pattern holds consistently across all items, satisfying discriminant validity criteria (Ghazali & Latan, 2015).

b. Heterotrait-Monotrait Ratio (HTMT)

The HTMT approach provides a modern, highly sensitive evaluation of discriminant validity. HTMT values between constructs should remain below 0.900 to rule out discriminant validity issues (Henseler et al., 2015).

Table 6. HTMT Analysis Matrix

Variable	Consumptive Behavior (M)	Islamic Financial Literacy (X)	Interest in Usurious Online Loans (Y)
Consumptive Behavior (M)			
Islamic Financial Literacy (X)	0.848		
Interest in Usurious Online Loans (Y)	0.595	0.893	

Source: Author (2026)

The HTMT ratios are 0.848 between X and M, 0.595 between Y and M, and 0.893 between X and Y. Because all values fall below the 0.900 threshold, the latent variables demonstrate clear conceptual and empirical distinctiveness (Hair et al., 2021).

3) Composite Reliability and Cronbach's Alpha

Internal consistency and reliability were assessed using Cronbach's Alpha and Composite Reliability metrics (rho_a and rho_c). Constructs are considered reliable when both indices exceed 0.700 (Hair et al., 2017).

Table 6. Construct Reliability Analysis

Item	Cronbach's Alpha	Composite Reliability (rhoa)	Composite Reliability (rhoc)	Remark
Consumptive Behavior (M)	0.839	0.838	0.892	Reliable
Islamic Financial Literacy (X)	0.867	0.869	0.904	Reliable
Interest in Usurious Online Loans (Y)	0.701	0.759	0.825	Reliable

Source: Author (2026)

All variables demonstrate high internal consistency, with Cronbach's Alpha and Composite Reliability (rho_a, rho_c) values exceeding 0.700. Islamic Financial Literacy (X) exhibits the highest rho_c (0.904), followed by Consumptive Behavior (M) (0.892) and Interest in Usurious Online Loans (Y) (0.825), confirming the instrument's robustness for structural testing (Chin, 1998).

4) Average Variance Extracted (AVE)

The Average Variance Extracted (AVE) evaluation supplements construct validity assessment. An AVE benchmark of ≥ 0.500 indicates that a latent variable explains over 50% of its indicators' variance (Fornell & Larcker, 1981).

Table 7. Average Variance Extracted (AVE) Results

Item	AVE	Remark
Consumptive Behavior (M)	0.675	Valid
Islamic Financial Literacy (X)	0.655	Valid
Interest in Usurious Online Loans (Y)	0.615	Valid

Source: Author (2026)

As shown in Table 7, all AVE scores exceed the 0.500 criterion: Consumptive Behavior (M) at 0.675, Islamic Financial Literacy (X) at 0.655, and Interest in Usurious Online Loans (Y) at 0.615. These results confirm ideal convergent validity at the construct level (Hair et al., 2021).

5) Goodness of Fit of PLS Model (Inner Model)

Evaluating the structural model (*inner model*) involves examining predictive capabilities and relationships among latent constructs. Model fit in PLS-SEM is assessed via the Coefficient of Determination (R^2) for endogenous variables.

Table 8. Coefficient of Determination (R^2) and Adjusted R^2

Endogenous Variable	R2	R2 Adjusted
Consumptive Behavior (M)	0.527	0.524
Interest in Usurious Online Loans (Y)	0.562	0.557

Consumptive Behavior (M) yields an R-squared of 0.527, indicating that Islamic Financial Literacy explains 52.7% of its variance, while the remaining 47.3% is attributable to unmodeled factors. Meanwhile, Interest in Usurious Online Loans (Y) achieves a cap R-squared of 0.562, showing that Islamic Financial Literacy and Consumptive Behavior jointly explain 56.2% of its variance. Based on Chin (1998) and Hair et al. (2021), R^2 values above 0.500 indicate moderate-to-strong predictive capacity, supporting high accuracy for the structural model.

Structural Model Hypothesis Testing (Inner Model)

Structural model testing evaluates the hypothesized relationships among latent variables, encompassing both direct and indirect (mediated) effects.

The structural hypotheses proposed in this study are as follows:

- **Hypothesis 1 (H_1):** Islamic Financial Literacy (X) has a positive and significant effect on Consumptive Behavior (M).
- **Hypothesis 2 (H_2):** Consumptive Behavior (M) has a negative and significant effect on Interest in Usurious Online Loans (Y).
- **Hypothesis 3 (H_3):** Islamic Financial Literacy (X) has a positive and significant effect on Interest in Usurious Online Loans (Y).
- **Hypothesis 4 (H_4):** Islamic Financial Literacy (X) significantly affects Interest in Usurious Online Loans (Y) through Consumptive Behavior (M) as a mediating variable.

Hypotheses were empirically tested via the SmartPLS bootstrapping procedure to obtain path coefficients, t-statistics, and p-values. A hypothesis is accepted if the t-statistic exceeds 1.96 and the p-value is below 0.050 (Hair et al., 2021).

1) Direct Effect Hypothesis Testing

Table 9 summarizes the path coefficient estimates and significance levels for the direct relationships:

Table 9. Direct Effect Test Results

Relationship Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Remark
M → Y	-0.071	-0.070	0.068	1.042	0.298	Not Significant
X → M	0.726	0.727	0.033	21.796	0.000	Significant
X → Y	0.799	0.801	0.056	14.197	0.000	Significant

Source: Author (2026)

a. Hypothesis 1 Testing (X → M)

The path from Islamic Financial Literacy (X) to Consumptive Behavior (M) yields an original sample coefficient of 0.726 ($t = 21.796, p = 0.000$). Because the t-statistic exceeds 1.96 and $p < 0.050$, **Hypothesis 1 (H_1) is accepted**. Higher Islamic financial knowledge positively and significantly drives students' consumptive tendencies. Enhanced financial insights appear to increase confidence in managing purchases, aligning with Lusardi and Mitchell (2014), who argue that financial literacy fosters personal confidence in executing buying decisions.

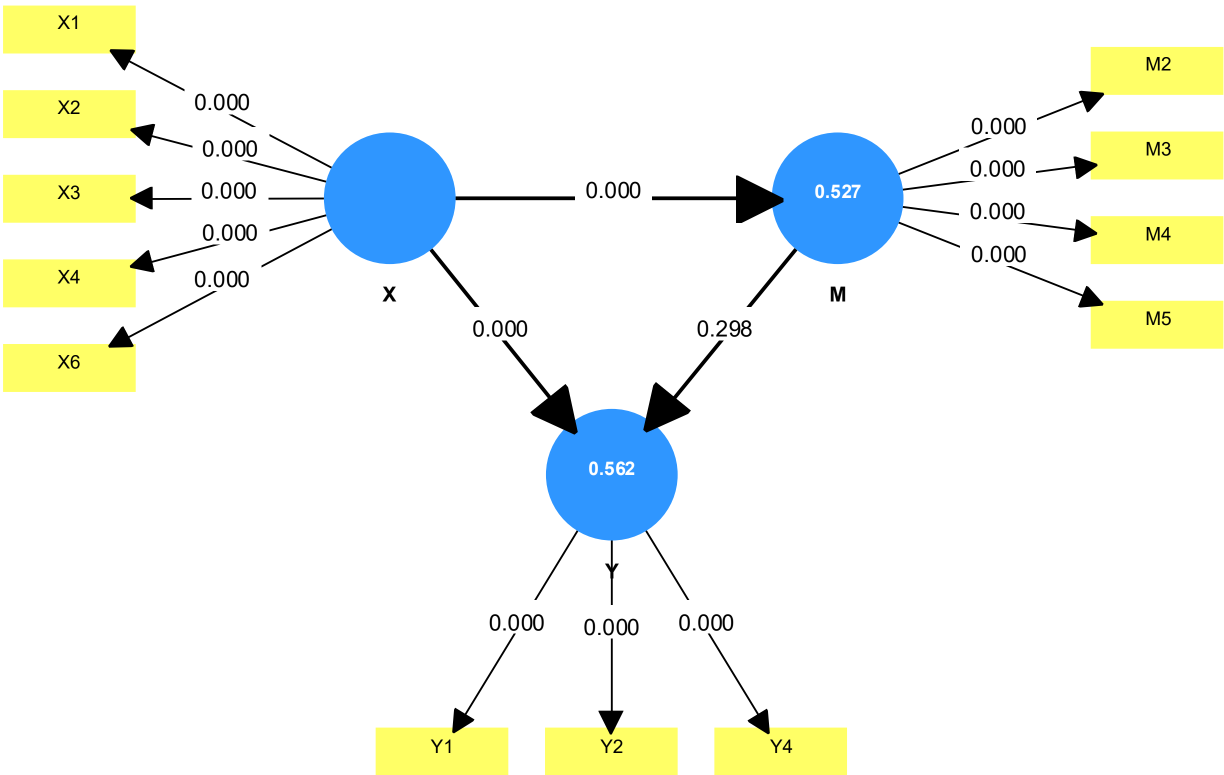

Figure 2. Inner Model

b. Hypothesis 2 Testing (M → Y)

The link between Consumptive Behavior (M) and Interest in Usurious Online Loans (Y) shows an original sample coefficient of -0.071 ($t = 1.042, p = 0.298$). As the t-statistic falls below 1.96 and $p > 0.050$, **Hypothesis 2 (H_2) is rejected**. Daily consumptive lifestyle choices do not statistically compel STIT Al-Azami Cianjur students to seek high-risk, non-Islamic loans. This aligns with Khan (2007), who argues that urgent financial needs, rather than general lifestyle consumption, primarily drive high-risk borrowing decisions.

c. Hypothesis 3 Testing (X → Y)

Islamic Financial Literacy (X) directly affects Interest in Usurious Online Loans (Y) with a path coefficient of 0.799 ($t = 14.197, p = 0.000$). Meeting all cutoff metrics, **Hypothesis 3 (H_3) is accepted**. This reveals a "literacy paradox," where greater Islamic financial knowledge heightens awareness of fintech operational mechanisms, thereby increasing intention to utilize them. This phenomenon supports Ajzen's (1991) Theory of

Planned Behavior, which asserts that perceived behavioral control and information ease derived from literacy can strengthen behavioral intention.

2) Specific Indirect Effect Hypothesis Testing (Mediation)

The mediating role of Consumptive Behavior (M) in the relationship between Islamic Financial Literacy (X) and Interest in Usurious Online Loans (Y) was evaluated through specific indirect effect analysis.

Table 10. Specific Indirect Effect Test Results

Relationship Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Remark
X → M → Y	-0.051	-0.051	0.050	1.033	0.302	Not Significant

Source: Author (2026)

Hypothesis 4 Testing (X → M → Y)

The indirect path yields an original sample coefficient of -0.051 ($t = 1.033, p = 0.302$). Because the t-statistic is under 1.96 and $p > 0.050$, **Hypothesis 4 (H_4) is rejected**. Consumptive Behavior does not significantly mediate the relationship between Islamic Financial Literacy and interest in usurious online loans. The effect of literacy on borrowing interest operates purely as a direct pathway. As Henseler et al. (2015) note, dominant direct paths coupled with insignificant indirect paths indicate a state of "no mediation," leaving loan adoption decisions driven primarily by direct personal perceptions of financial knowledge.

Discussion

Effect of Islamic Financial Literacy on Consumer Behavior

Statistical testing of the first hypothesis confirms that Islamic Financial Literacy exerts a positive and significant effect on students' Consumer Behavior. This positive direction demonstrates that an increase in knowledge regarding Islamic financial concepts and products runs parallel to higher consumption activities at the individual level. Theoretically, financial literacy serves as a human capital development instrument that forms the foundation of students' financial understanding (Lusardi & Mitchell, 2014). However, mastering theoretical material in lectures frequently induces excessive financial confidence, leading students to feel equipped to execute various purchasing decisions beyond their primary needs.

This empirical condition clarifies that financial literacy comprehension acts as an initial cognitive foundation shaping the orientation and behavioral patterns of the youth (Kirana Khiba et al., 2023). The knowledge students gain regarding modern transaction flexibility is instead utilized to explore lifestyle consumption options. This phenomenon confirms that theoretical knowledge, if unaccompanied by strict self-control interventions and routine daily budgeting practices, fails to curb consumer drives or digital entertainment needs (Bu et al., 2022). Consequently, mastering Islamic insights strictly at the cognitive level does not shield students from a consumptive lifestyle.

Effect of Consumer Behavior on Interest in Usurious Online Loans

Testing the second hypothesis reveals that Consumer Behavior does not exert a significant effect on Interest in Usurious Online Loans. This finding indicates that students' tendencies to shop impulsively, follow peer group trends, or pursue social status are not the primary determinants driving them to secure interest-based digital loans. The choice to access high-risk financing is dictated far more by urgent purchasing motives than by hedonistic lifestyle pressures alone (Khan, 2007).

The absence of a significant effect reinforces the reality that among university students, decisions to utilize online loans are predominantly triggered by financial fragility and emergency funding needs required to sustain academic life (Bhuvaneshwari & K., 2025). Lacking social safety nets or urgent financial support, students resort to intuitively rational actions. In this context, daily consumptive tendencies do not automatically transform into intentions to secure usurious loans, as students still weigh the consequences of penalty fees and future financial risks.

Effect of Islamic Financial Literacy on Interest in Usurious Online Loans

Results for the third hypothesis demonstrate that Islamic Financial Literacy exerts a direct positive and significant effect on Interest in Usurious Online Loans. Revealing a literacy paradox, this finding can be explained through the Theory of Planned Behavior (Ajzen, 1991). High financial literacy enhances students' perceived behavioral control and information ease, wherein technical understanding of digital loan mechanisms provides a sense of familiarity that strengthens their intention to utilize these facilities during critical situations.

The rapid acceleration of the financial technology landscape makes information concerning digital financing products readily accessible to educated student groups (Adam & Marliyah, 2023). Students' Islamic knowledge interacts complexly with the perceived usefulness of loan application convenience (Aji et al., 2019). Well-literate students map the operations, application requirements, and disbursement schemes of online loan platforms much faster than the general public, indirectly facilitating their calculations to use non-Islamic digital platforms when facing pressing financial needs.

Mediating Role of Consumer Behavior in the Relationship Between Islamic Financial Literacy and Interest in Online Loans

Testing the fourth hypothesis establishes that Consumer Behavior does not mediate the relationship between Islamic Financial Literacy and Interest in Usurious Online Loans, yielding a no-mediation model. The influence of literacy on digital borrowing interest operates purely as a direct effect without traversing changes in student consumption patterns. This scientific evidence reinforces prior empirical findings indicating that lifestyle and consumer behavior variables fail to mediate the path between financial literacy and digital borrowing choices (Feryana et al., 2025).

The absence of a mediating role underscores that risk evaluation processes and financial decision controls operate through a direct cognitive pathway (Respati et al., 2023). An individual's level of Islamic understanding independently shapes direct perceptions and responses toward digital financing offers. Formulating an intention to use usurious loans occurs as a direct response to information calculations and immediate economic circumstances, uninfluenced by daily consumptive tendencies.

Contribution of the Study

The findings of this study offer two primary contributions, spanning both theoretical and practical domains:

1) Theoretical Contribution

This study enriches the Islamic economics and consumer behavior literature by uncovering the literacy paradox phenomenon within digital financial instruments. The research shows that expanding Islamic financial knowledge does not always correlate linearly with preventive actions against non-Islamic debt; instead, it can increase perceived behavioral control, making financial technology adoption easier. Furthermore, establishing a no-mediation model for consumer behavior sets a new theoretical boundary: cognitive knowledge pathways operate directly without requiring transmission through lifestyle modifications.

2) Practical and Policy Contribution

Practically, these results offer strategic insights for administrators of Islamic higher education institutions and financial regulators such as the Financial Services Authority (OJK). Educational strategies for Islamic financial literacy on campus must shift from theoretical cognitive knowledge transfer toward applied training that instills self-control and emergency budget management. For academic institutions, these findings highlight the need of establish internal emergency financial support ecosystems or Islamic-based financing schemes (such as qardhul hasan benevolent funds) to reduce students' reliance on high-risk online loans during times of financial fragility.

CONCLUSION AND RECOMMENDATION

This study concludes that the relational mechanism among Islamic Financial Literacy, Consumer Behavior, and Interest in Usurious Online Loans among university students exhibits a unique structural dynamic. The primary findings demonstrate that Islamic Financial Literacy exerts a direct, positive, and significant effect on both Consumer Behavior and Interest in Usurious Online Loans. These results confirm the existence of a literacy paradox, wherein high mastery of Islamic knowledge at the cognitive level increases students' perceived accessibility and confidence when mapping and exploring digital financing services. Meanwhile, Consumer Behavior does not significantly affect Interest in Usurious Online Loans and fails to function as a mediating variable, yielding a no-mediation model. The formation of students' intention to borrow from non-Islamic platforms operates directly through cognitive calculations based on their knowledge, without traversing daily consumption pattern changes.

As additional findings, the explanatory power (R^2) of the structural model proves to be highly solid. Islamic Financial Literacy explains 52.7% of the variance in Consumer Behavior, whereas the combination of Islamic Financial Literacy and Consumer Behavior accounts for 56.2% of the variance in Interest in Usurious Online Loans. The lack of a significant effect from the consumer behavior variable indicates that students' decisions to access non-Islamic digital loans are not driven by wasteful habits or hedonistic lifestyles, but are instead triggered by financial fragility and the pressure to meet urgent academic funding requirements.

Based on these empirical findings, several concrete, realistic, and actionable recommendations are formulated for relevant stakeholders. Administrators of Islamic higher education institutions need to reorient their curricula and educational approaches regarding Islamic financial literacy. On-campus financial instruction should transcend theoretical legal knowledge transfer by integrating practical training on self-control, daily budgeting simulations, and digital debt risk management. Furthermore, university leaders are advised to establish internal emergency financial support ecosystems rooted in Islamic principles, such as *qardhul hasan* financing schemes or the optimization of campus zakat, infak, and sedekah funds, to prevent students from turning to risky loan platforms during financial crises.

The Financial Services Authority, alongside relevant regulatory bodies, is advised to enforce stricter oversight on the governance and marketing transparency of digital financing platforms targeting students. Regulators should mandate digital financial providers to feature prominent risk simulations and integrate rigorous financial capability verification mechanisms. Additionally, government financial literacy campaigns should pivot from merely raising inclusion index figures toward strengthening consumer protection and providing personalized financial risk mitigation guidance.

Future researchers are encouraged to expand the sample scope and geographical coverage to enhance the generalizability of the findings. Given that borrowing interest in this study is not driven by consumer behavior, subsequent research should incorporate other predictors closely aligned with students' real economic conditions, such as financial distress or fragility, urgent economic needs, financial self-efficacy, and perceived technological risks within a comprehensive structural framework.

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