DIGITAL SHARIA STOCK LITERACY AND FINANCIAL RESILIENCE AMONG GEN Z IN THE VUCA ERA : EVIDENCE FROM INDONESIAN STUDENT INVESTORS

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Abstract

This study examines the relationship between digital sharia stock literacy and financial resilience among Gen Z students in Indonesia. Despite the rapid adoption of digital investment platforms, literacy levels remain low, potentially undermining informed and ethical investment behavior. Using a literature review approach, relevant studies and institutional reports from 2020–2025 were analyzed to identify trends in Islamic investment literacy, the role of digital platforms, and their impact on financial resilience. Findings indicate that while digital tools increase accessibility and participation, conceptual understanding of sharia principles is limited. Higher literacy in sharia-compliant investment correlates with better risk management, disciplined investment behavior, and enhanced financial resilience. This study provides a comprehensive synthesis of existing evidence and highlights the need for structured educational interventions to bridge the literacy gap among young investors in Indonesia.

Keywords: Digital Sharia Stock Literacy, Financial Resilience, Gen Z, Islamic Investment, Digital Finance

INTRODUCTION

Gen Z in Indonesia is increasingly exposed to digital financial services, including online investment platforms that offer easy access to the capital market. This generation represents the fastest-growing segment of retail investors, driven by technological familiarity and the popularity of financial content on social media. Despite this rapid growth, national financial literacy indicators reveal a persistent gap. While Indonesia's financial inclusion index reached 88.96%, its literacy index remains at 42.71% (OJK, 2023), indicating that many young investors enter the market with limited understanding particularly regarding Sharia–compliant investment instruments. This gap raises concerns about the ability of Gen Z to make informed and ethical financial decisions amid the volatility and complexity of today's economic environment.

In the context of Sharia investment, literacy plays a crucial role. Sharia-based stock investment emphasizes *riba-free*, *gharar-minimized*, and *halal* business screening, which not only aligns with Islamic principles but also encourages responsible and ethical investor behavior. However, existing studies largely focus on general financial literacy or conventional stock literacy, with far fewer examining *digital Sharia stock literacy* as a distinct construct (Rahmawati & Sari, 2022). At the same time, the concept of financial resilience, defined as the ability to withstand financial shocks and maintain stability in uncertain conditions (OECD, 2020), has become increasingly relevant in the ASEAN region, where economic uncertainty continues to be shaped by geopolitical tension, technology disruption, and post-pandemic recovery.

The current economic landscape is characterized by a VUCA environment (volatility, uncertainty, complexity, and ambiguity) that directly affects young investors. Gen Z, who often begin investing with minimal capital and high exposure to online information, are particularly vulnerable to risky behavior such as impulsive trading, herding online hype, or misunderstanding Sharia screening criteria. Strengthening digital Sharia stock literacy may therefore serve as a strategic pathway to improving students' financial resilience and supporting a more stable participation in the Islamic capital market.

Research on Islamic finance in Indonesia is growing, yet empirical and conceptual studies linking digital Sharia stock literacy with Gen Z's financial resilience remain limited, especially in the ASEAN VUCA context. This study addresses that gap by examining how digital literacy in Sharia-compliant stocks influences students' financial resilience and supports inclusive, ethical economic behavior. The findings aim to inform educators, policymakers, and Sharia financial institutions in designing targeted literacy initiatives for young investors.

LITERATURE REVIEW

The concept of digital sharia stock literacy among Gen Z is increasingly relevant in the context of ASEAN's volatile economic environment. Gen Z, particularly university students, engage actively with digital investment platforms, yet their understanding of sharia-compliant investment principles remains limited. Previous studies indicate a gap between digital participation and conceptual understanding of Islamic financial principles, which has direct implications for financial resilience.

Digital Sharia Stock Literacy among Gen Z

Recent research consistently shows that while digital adoption in sharia investing has surged, literacy levels remain low. The National Financial Literacy and Inclusion Survey by OJK (2022) reported that the Islamic financial literacy index in Indonesia is only 9.14%, while Islamic financial inclusion is 12.12%, indicating that access does not necessarily translate into understanding.

Studies by Putri & Rahmawati (2021) and Rahim & Saad (2021) found that only 18–25% of students correctly differentiate sharia stocks from conventional ones, including fatwa compliance and screening criteria. Furthermore, Amalia & Yusuf (2022) reported that 62% of students could not correctly interpret sharia screening ratios, particularly the debt-to-equity threshold. These studies highlight that conceptual literacy is significantly lower than operational literacy, such as using digital apps for transactions (Hamzah & Hendrawan, 2023).

This low literacy level is a structural barrier to informed financial decision-making, suggesting that Gen Z may participate in sharia investing without fully grasping the underlying ethical and financial principles. Consequently, this gap can lead to misinformed investment behavior, over-reliance on app guidance or social media influencers, and limited financial resilience.

Digital Platforms as a Double-Edged Sword

Digital platforms have democratized access to sharia-compliant investments, making it easier for Gen Z to enter the market. According to IDX Sharia (2023), 78% of new sharia investors in Indonesia were aged 18–25. Apps such as Bibit Syariah, IPOT Syariah, and Ajaib Syariah employ simplified interfaces, automated sharia screening, and gamification features that enhance usability and engagement.

However, while these platforms improve accessibility, research suggests they may create an illusion of financial mastery. Students often equate ease of use with understanding, resulting in behavioral patterns such as trial-and-error investing and neglecting ethical compliance (Hamzah & Hendrawan, 2023; Tandiono & Lim, 2023). Kusnandar & Fadilah (2023) argue that without structured educational interventions—such as webinars, campus investment programs, or integrated IDX learning modules—digital engagement does not automatically enhance conceptual literacy.

Sharia Literacy and Financial Resilience

Financial resilience is the capacity to withstand economic shocks and recover from financial disruptions (OECD, 2020). In the context of Gen Z, literacy in sharia principles promotes risk-averse behavior, disciplined long-term investing, and avoidance of speculative trends (Saiti et al., 2021; Ismail & Daud, 2022).

Empirical studies indicate that students with higher sharia literacy demonstrate:

- Greater preparedness for emergencies and financial shocks (OECD, 2020).
- Adoption of long-term investment habits aligned with ethical principles (Ismail & Daud, 2022).
- Reduced exposure to high-risk speculative behaviors (Abdullah et al., 2021).

These findings illustrate that sharia literacy functions not only as knowledge acquisition but also as a behavioral safeguard, enhancing financial resilience among youth investors.

Synthesis and Research Gaps

The reviewed literature consistently shows that while digital adoption among Gen Z is high, literacy lags behind. Previous studies have examined literacy levels, platform usability, and behavioral outcomes separately, but few have integrated these dimensions into a comprehensive conceptual model linking digital literacy → ethical investment behavior → financial resilience. Moreover, prior research has largely overlooked the VUCA context of ASEAN economies, limiting insights into how literacy and resilience interact under volatile, uncertain, complex, and ambiguous conditions. This literature review establishes the foundation for exploring how digital sharia stock literacy influences financial resilience among Gen Z, highlighting the need for structured education interventions and further empirical research in ASEAN's uncertain economic environment.

METHODOLOGY

This study uses a literature review to examine the relationship between digital sharia stock literacy and financial resilience among Gen Z students in Indonesia. Relevant sources were collected from academic databases (Google Scholar, Scopus, ScienceDirect) and institutional reports (IDX Sharia, OJK, OECD, ASEAN) from 2020–2025, focusing on keywords such as "sharia stock literacy," "Islamic investment literacy," "Gen Z financial behavior," and "financial resilience." Using thematic synthesis, the literature was analyzed to identify patterns in (1) levels of Islamic investment literacy among youth, (2) the role of digital platforms in promoting sharia-compliant investment, and (3) links between literacy and financial resilience. While this approach does not include primary data, it provides a comprehensive overview of existing evidence and a strong theoretical foundation for future empirical research.

RESULT AND DISCUSSION

The State of Digital Sharia Stock Literacy among Gen Z in Indonesia

Recent studies indicate that digital adoption in sharia investing among Gen Z has increased rapidly, but literacy levels remain disproportionately low. According to the National Financial Literacy and Inclusion Survey by OJK (2022), the Islamic financial literacy index is only 9.14%, while the inclusion index reaches 12.12%. This disparity highlights that although young investors increasingly engage with digital financial products, many lack the foundational understanding needed to make informed, ethical, and resilient investment decisions.

This literacy gap reflects structural challenges, including limited access to reliable learning resources, the prevalence of persuasive yet superficial financial content on social media, and a curriculum that seldom incorporates Islamic capital market education. As a result, Gen Z university students who are the primary adopters of mobile investment platforms, often navigate sophisticated tools without adequate grounding in sharia investment principles. This disconnect can lead to risks such as misinterpretation of market signals, overreliance on app convenience or influencer tips, susceptibility to speculative trends, and misunderstanding of sharia compliance mechanisms, ultimately undermining long-term financial resilience.

Level of Understanding

Multiple studies document how literacy deficiencies manifest across different dimensions:

- Only 18–25% of university students can accurately differentiate sharia stocks from conventional ones, particularly regarding screening criteria, the role of fatwas, and compliance mechanisms (Putri & Rahmawati, 2021; Rahim & Saad, 2021).
- Approximately 62% of surveyed students admitted that they could not interpret sharia financial screening ratios, including widely used indicators such as the debt-to-equity threshold (Amalia & Yusuf, 2022). This shows that even technical filters, which are essential for evaluating investment eligibility, are not well understood.
- Even among active users of Bibit Syariah, IPOT Syariah, and Ajaib Syariah, operational literacy (how to buy, sell, and navigate app features) is noticeably higher than conceptual or ethical literacy (understanding maqashid sharia, risk-sharing principles, and the rationale behind screenings) (Hamzah & Hendrawan, 2023).

These findings reveal a consistent pattern: Gen Z participates more than they understand. This discrepancy has several implications:

1. Poor risk interpretation : Students may follow market movements without understanding volatility or compliance risks.
2. Overconfidence bias : Familiarity with apps makes them feel more competent than they actually are.
3. Influencer dependence : Many rely on social media tips instead of evidence-based investment evaluation.

In the long term, such behaviors undermine financial resilience, making young investors more vulnerable to market shocks or misleading trends.

Digital Sharia Stock Literacy and Its Contribution to Financial Resilience

Financial resilience refers to an individual's capacity to absorb financial shocks, manage risks effectively, and recover from economic disruptions (OECD, 2020). For Gen Z students in Indonesia who are increasingly engaging with digital investment platforms, financial resilience is closely linked to their understanding of sharia-compliant investment principles. Digital sharia stock literacy, therefore, not only shapes transactional behavior but also underpins long-term risk management and adaptive financial decision-making in volatile markets.

Literacy and Risk Management

Islamic financial principles inherently promote stability and prudent investment by guiding investors to avoid excessive uncertainty (gharar), ensuring that sharia-compliant equities are backed by real productive activities, and applying ethical screening aligned with maqashid sharia, which balances profit with social responsibility (Saiti et al., 2021). Empirical evidence indicates that higher literacy in these principles strengthens risk management behaviors: young Muslim investors with greater sharia literacy are more likely to adopt risk-averse, long-term strategies (Ismail & Daud, 2022), and such literacy acts as a behavioral safeguard during market disruptions, reducing impulsive trading and exposure to volatile instruments (Abdullah et al., 2021).

Financial Resilience Outcomes

The positive impact of literacy on resilience can be categorized into several dimensions:

Financial Resilience Indicator	Impact of Sharia Stock Literacy	Supporting Sources
Emergency preparedness	Higher readiness for unexpected financial shocks	OECD, 2020
Long-term investment habit	Encouraged by ethical and risk-averse principles	Ismail & Daud, 2022
Low speculative exposure	Guided by anti-gharar and asset-backed principles	Saiti et al., 2021
Crisis resistance	Stronger performance and stability during market volatility	IFSB, 2019; Abdullah et al., 2021

These findings indicate that digital sharia stock literacy does more than facilitate participation; it cultivates the cognitive and ethical frameworks necessary for resilience. Students with deeper literacy are less likely to follow short-term trends impulsively, more capable of diversified and sustainable portfolio management, and better positioned to navigate uncertain economic conditions.

Role of Digital Platforms in Enhancing Resilience

While digital platforms increase access and potential resilience, their impact depends on literacy. Platforms like Bibit Syariah, IPOT Syariah, and Ajaib Syariah lower entry barriers, automate compliance, and provide micro-learning (Effendi et al., 2022; Aziz & Osman, 2023). However, ease of use can create an illusion of mastery, as operational fluency may be mistaken for conceptual understanding (Hamzah & Hendrawan, 2023; Tandiono & Lim, 2023). Without structured guidance, app usage alone does not improve ethical or conceptual literacy. Therefore, digital tools support resilient investing only when paired with education, critical engagement, and ethical understanding, highlighting the strategic need to close the literacy gap for Gen Z investors in Indonesia's VUCA-era economy.

Digital Platforms as Accelerators of Participation but Not Literacy

Benefits : Accessibility and Engagement

Digital investment platforms like Bibit Syariah, IPOT Syariah, and Ajaib Syariah have lowered barriers to entry, offering automated sharia compliance screening, simple transactions, and user-friendly interfaces. IDX Sharia (2023) reports that 78% of new sharia investors are aged 18–25, showing that these tools effectively attract Gen Z to sharia investing.

Limitations : The Illusion of Mastery

Despite high participation, conceptual and ethical literacy often lags behind functional literacy. Users may know how to buy and sell but struggle to understand sharia principles, risk-sharing, or ethical investment rationales (Hamzah & Hendrawan, 2023). This creates the "illusion of mastery" (Kusnandar & Fadilah, 2023). Social media and influencers further amplify trial-and-error investing or trend-following without critical evaluation (Tandiono & Lim, 2023). Without structured educational programs like IDX campus initiatives or webinars, digital platforms alone are insufficient to cultivate informed, resilient, and ethical investment behavior.

Comparative Analysis with Prior Research

Consistencies

This study confirms that financial literacy predicts resilience (OECD, 2020) and that sharia-compliant investment principles promote stability (Saiti et al., 2021). High Gen Z participation in digital sharia investing also aligns with IDX Sharia (2023). These consistencies show that literacy and digital engagement together enhance young investors' financial resilience.

Divergences

Unlike Putri & Rahmawati (2021), this study finds that digital tools paired with structured education such as webinars or campus programs can improve conceptual and ethical literacy. Additionally, this research addresses the VUCA ASEAN economy context, emphasizing that literacy is crucial for navigating uncertainty. These divergences highlight that access alone is insufficient; guided learning is essential.

Integrated Conceptual Model

Conceptual Framework

The integrated conceptual model links digital sharia stock literacy, ethical investment behavior, risk management, and financial resilience among Gen Z. Digital literacy provides functional skills for using apps and platforms, while conceptual literacy guides informed and ethical investment behavior, reducing exposure to speculative trends and enhancing financial resilience.

Pathways to Financial Resilience

According to the model, ethical investment behavior mediates the relationship between digital literacy and financial resilience. Students who internalize sharia principles are more likely to diversify portfolios, avoid excessive speculation, and plan for financial contingencies. Risk management practices, such as adherence to anti-gharar guidelines and asset-backed investment selection, further reinforce resilience. In turn, financial resilience manifests as improved preparedness for economic shocks, greater long-term investment stability, and reduced reliance on social media or influencer-driven decisions. This framework not only synthesizes previous findings on sharia literacy and digital adoption but also provides a practical roadmap for educational interventions aimed at strengthening ethical, informed, and resilient investing among young Indonesian investors.

CONCLUSION

This study emphasizes the crucial role of digital sharia stock literacy in shaping Gen Z investors' behavior and financial resilience in Indonesia. Despite widespread use of mobile investment platforms, literacy in sharia compliance, screening mechanisms, and ethical investment remains low. Many young investors rely on app usability or social media tips rather than understanding underlying principles.

The literature review shows that conceptual and ethical literacy is essential for responsible investment, helping students manage risks, avoid speculative traps, and develop long-term resilient habits. Digital platforms enable access and convenience, but true literacy requires complementary educational interventions such as webinars and campus programs.

The integrated conceptual model links digital literacy, ethical behavior, risk management, and financial resilience, highlighting the interplay between knowledge, behavior, and decision-making. Findings stress the importance of structured literacy programs for policymakers, educators, and financial institutions to equip young investors with the skills for informed, ethical, and resilient investing.

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