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# ISLAMIC FINANCIAL LITERACY AND BEHAVIORAL GAPS IN A RURAL AGRARIAN COMMUNITY

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## ABSTRACT

This study aims to comprehensively analyze the level of Islamic financial literacy in the agrarian community in Modayag II Village, East Bolaang Mongondow Regency, to fill the literacy data gap in rural areas of Eastern Indonesia. Adopting a qualitative approach with a case study method through in-depth interview techniques, this study reveals that the dominant community literacy profile is in the Sufficient-Literate category. Field findings show that cognitively and affectively, people have a solid fundamental understanding of the prohibition of usury and have a very positive attitude and religious belief towards the blessings of the Islamic economic system, which is reflected in compliance with paying zakat. However, a significant gap was identified between spiritual intentions and actual economic behavior, where dependence on conventional banking and informal lending was still high due to pragmatism. Through the analysis of the Theory of Planned Behavior (TPB), this study found that the main obstacle is not in the aspect of value or subjective norms, but in the weak behavior control (Perceived Behavioral Control) caused by the deficit in the accessibility of Sharia service infrastructure in rural areas. This study concludes that literacy improvement strategies must shift from normative education to structural interventions in providing physical and digital access, as well as formalizing local social capital to transform literacy awareness into real, sustainable, and economic inclusion of the people.

**Keywords:** Sharia Financial Literacy, Sufficient-Literate, Theory of Planned Behavior, Rural Accessibility, Sharia Pawnshops.

## INTRODUCTION

In the midst of the rapid growth of the global financial industry, Islamic financial literacy has emerged as an urgent moral and economic imperative. The latest study highlights that while there is a great opportunity from the demographic bonus, the main challenge remains low literacy, which hinders optimal Islamic financial inclusion (Pradini & Faozan, 2023). Globally, there is a paradox where Islamic financial assets continue to grow, but the level of public understanding of its basic principles, such as the prohibition of riba, *gharar* (uncertainty), and *maysir* (gambling), is still lagging. This inequality has the potential to trigger systemic economic injustice, so that literacy is not just an asset management tool, but a manifestation of *hifz al-mal* (property protection).

The urgency of this literacy is firmly rooted in the postulates of naqli. Islamic teachings explicitly encourage careful financial planning and mitigation of future risks (QS Al-Furqan: 67; QS Al-Isra: 26). In contrast to conventional economics, which is based on interest, sharia economics aims to achieve *falah*. Scholarly forums such as the International Conference on Islamic Economics (ICIE) also continue to emphasize that the low understanding of this concept is not only an economic problem, but a deficiency in the practice of religious teachings, which requires a more massive and structured educational approach.

In the national context, Indonesia still faces structural challenges. OJK data (2025) shows that the Sharia Financial Literacy Index is still in the range of 39.11%-43.42%, far below conventional. This figure confirms the findings of Pradini & Faozan (2023) that the literacy and inclusion gap is still a major obstacle, even though Indonesia's Muslim population is very large. The penetration of Islamic economic understanding still requires serious acceleration to catch up with this lagging behind.

This gap is more pronounced at the regional level, especially in Eastern Indonesia. Said et al. (2025) emphasized the importance of innovative strategies to increase Islamic financial inclusion in rural areas and eastern Indonesia. This is very relevant to the condition of Modayag Dua Village, East Bolaang Mongondow, where the potential of the agricultural economy has not been capitalized on through sharia. In accordance with the recommendations of Said et al. (2025), the literacy approach in this region cannot be equated with urbanization, but must be based on local characteristics and strengthening village social infrastructure.

This research is designed to conduct an in-depth analysis to map the level of understanding of the Modayag Dua community. Referring to the urgency presented in previous studies, the results of this research are expected to be a strategic foundation for local governments. The resulting recommendations will be directed to fill the void of literacy strategies at the micro level that often escape national policies.

Terminologically, Islamic financial literacy is a synthesis between knowledge and skills. Suganda (2025) in his research emphasized that knowledge and literacy have a significant influence on people's preferences in choosing Islamic bank services. This means that literacy is not just "knowing", but the ability to process information to make financial decisions, such as saving or investing, in accordance with God's law that governs human relationships with God and others.

To dissect the "gap" between knowledge and action, this study adopted the Theory of Planned Behavior (TPB). The use of this theory is strengthened by the findings of Yusuf et al. (2023) in the journal *Al-Intaj*, which shows that Islamic financial literacy, financial attitude, and financial behavior mutually affect the management of a person's financial behavior. In the context of the SDGs, the decisions of the Modayag Dua community are influenced by three determinants: Attitude (view of blessings), Subjective Norm (social pressure), and Perceived Behavioral Control (ease of access).

Based on the synthesis of these theories, the indicators of this research include: (1) Knowledge, measuring the cognitive understanding of the concepts of riba and contract, which according to Suganda (2025) is the foundation of customer preferences; (2) Attitude, which is adopted from the model of Yusuf et al., (2023) to see the belief in transcendental values; and (3) Behavior, as a manifestation of economic action. This integrative approach is expected to be able to provide a complete picture of why people with high economic potential have not fully switched to the sharia system.

## METHODS

This study applies a type of qualitative research with a case study approach to dissect the phenomenon of financial literacy holistically. Referring to Moleong (2017), this approach was chosen to understand the meaning of human events and interactions in certain situations. Modayag II Village, East Bolaang Mongondow Regency, was chosen purposively as the research location because it represents a unique case: this village has a strong real sector economic base (agriculture/plantation), but there is a paradoxical gap with the lack of implementation of Islamic finance principles in the economic activities of its community. This phenomenon offers a rich natural context to study compared to other villages that may have more homogeneous economic activity.

Data is collected through two sources, namely primary and secondary data. The determination of key informants is carried out using the purposive sampling technique as suggested by Sugiyono (2019), where informants are selected based on certain considerations. The criteria for informants include: (1) Community/religious leaders who are role models; (2) Micro business actors and economically active farmers; and (3) The public who use financial services. Data collection was carried out through participant observation and in-depth interviews to ensure data depth. In addition, documentation studies were conducted on village archives and related literature to complete the primary data.

To ensure the validity of the data, this study applies a credibility test through source triangulation and triangulation techniques, which are used to double-check data obtained from various sources and methods (Sugiyono, 2019). After the data were validated, the analysis was carried out using the interactive model of Miles et al. (2014). The analysis process includes three streams of activities that occur simultaneously: (1) Data Reduction to sort out the main things and remove unnecessary ones; (2) Data Display in the form of a descriptive narrative to understand what is happening; and (3) Conclusion Drawing/Verification to answer the formulation of problems regarding the sharia financial literacy map in Modayag II.

## RESULT AND DISCUSSION

### Profile of Cognitive Understanding and Religious Attitudes of the Modayag Village Community II

Based on research data involving 12 key informants from various professional backgrounds, ranging from village officials, traders, teachers, housewives (IRT), to students, a diverse picture was found about the level of people's cognitive knowledge of Islamic finance. In general, the people of Modayag II Village have a good foundation of basic knowledge, especially related to the fundamental distinction between Islamic and conventional finance. Informants such as Hamdi Mamangkai (Village Apparatus) and Laras Kaharu (Guru) were able to identify that the main difference lies in the principle of interest (*riba*) in conventional banks, while Islamic finance is based on Islamic law, which prohibits the addition of such value.

The understanding of the concept of *Riba* is the most prominent indicator of knowledge mastered by the community. Almost all informants realize that riba is something that is forbidden by religion and considered sinful. For example, Ersita Mamonto defines riba as excess interest that must be avoided, while Hidayat (Student) gives a more technical definition by calling riba an addition to unfair loans. The high collective awareness of the haram of usury shows that religious education in the village is quite successful in instilling the basic values of Islamic economics, although it has not touched the technical aspects of banking operations in depth.

However, the study also found variations in the depth of understanding related to other sharia concepts, such as *Gharar* (ambiguity) and *Maysir* (gambling). Informants like Nindi Aprilia Lasabuda have a very good understanding by being able to contextualize *gharar* in local practices, namely the "*ijon*" system in the buying and selling of cloves that occur in the community, where prices and quantities are determined with uncertain estimates. On the other hand, there are informants such as Yeti Rumambi and Afrizhanjaya Gobel who admit their ignorance of the terms *gharar* and *maysir*, even though they understand the concept of usury.

Another interesting finding is the misconception of a small part of society about transaction law. Afrizhanjaya Gobel, for example, has the view that transactions that contain elements of *riba* can be considered legitimate only if there is an agreement between the seller and the buyer. This view indicates that although the term "*riba*" is known, the understanding of *muamalah fiqh* in depth still needs to be straightened out so that people do not get caught up in justifying the practice of *ribawi* based on the principle of agreement alone. This puts some informants in the category of knowledge that still requires intensive education.

Although there are variations in the aspect of knowledge, the aspects of Attitude and Confidence of the community show a very positive and homogeneous trend. All informants (100%) expressed high confidence that financial management in accordance with religious teachings will bring blessings in life. Statements such as "halal sustenance will grow with blessings" or "manage finances to get *sakinah*" often appear in interviews, as expressed by Eviyanti Mamonto and Hajidin Mamonto.

This positive attitude is also reflected in the high interest of the community to switch to Islamic financial services if these facilities are available in their villages. Informants such as Intan Aulia Karim and Dody Ngapio explicitly expressed their interest in trying Islamic banking products if access is easy to reach. They view the presence of sharia institutions not only as an economic alternative but as a solution to align their financial activities with their religious beliefs.

In addition, the religious attitude of the community is also strongly manifested in the behavior of Islamic philanthropy, namely Zakat, Infaq, and Alms (ZIS). Field data shows that the obligation to pay zakat fitrah and donate has become a social norm that is adhered to by almost all informants. Informants such as Recky Faisal Laoh and Laras Kaharu routinely distribute zakat through the Zakat Collection Unit (UPZ) or the imam of the local mosque every year. In fact, Yeti Rumambi, who is a convert, also showed obedience in paying zakat during the month of Ramadan.

This commitment to zakat proves that sharia social financial literacy in Modayag II Village has actually been running well culturally. People have a high awareness to clean their property through socio-religious mechanisms. However, this awareness has not been fully connected to commercial financial instruments such as savings or sharia investments. This gap shows that people's literacy is still compartmentalized in the aspect of mahdah worship, but has not been fully integrated into muamalah maliyah (financial transactions).

Overall, the cognitive and affective profile of the people of Modayag II Village can be categorized as "Mentally Ready". They have an adequate base of basic knowledge about the prohibition of usury and a strong spiritual motivation to seek blessings. Their literacy category is mostly at the Sufficient-Liturgical level, where they know and want to, but are constrained by technical application aspects.

This potential is a huge social capital for the development of the Sharia economy in the region. The community is not resistant to the concept of sharia; instead, they miss his presence. The main challenge is no longer to convince them of the "why" of having to switch to sharia, but to facilitate the "how" of their way of doing it with a more comprehensive and straightforward understanding of contracts other than riba.

**The Reality of Financial Behavior and Accessibility Barriers in the Field**

Although aspects of knowledge and people's attitudes show positive trends, the results of research on the aspects of Behavior and Skills show contradictory realities. There is a significant gap between people's intentions to behave in sharia and the actual economic actions they carry out daily. Based on the literacy indicator matrix, the majority of informants still show mixed or even informal financial behavior. They understand that riba is haram, but in practice, most still use conventional banking instruments.

The use of conventional banking services is still very dominant among the people of Modayag II Village. Informants such as Laras Kaharu, Intan Aulia Karim, and Recky Faisal Laoh admitted that they still use accounts at conventional banks (such as BRI or Bank SulutGo) for savings and salary transactions. The main reason behind this behavior is not the preference for flowers, but the Accessibility factor. The absence of branch offices or physical services of Islamic banks in Modayag II Village forces people to choose the most pragmatic option, which is close to where they live.

This access barrier was strongly confirmed through Ersita Mamonto's statement. He expressed his interest in using Sharia services in full, but was constrained because the Sharia Pawnshop he used was in the next village (Bongkudai Village), not in Modayag II Village. Physical distance and additional transaction costs to reach Sharia services are the main barriers that hinder the conversion of positive attitudes into active behaviors. Rural communities tend to prioritize convenience in their daily financial activities.

In addition to dependence on conventional banks, people's financial behavior is also still very thick with informal nuances. When faced with an urgent need for funds, many informants prefer to borrow money from "Inner Circles" (family, parents, or neighbors) rather than access formal financial institutions. Yeti Rumambi and Afrizhanjaya Gobel, for example, prefer to borrow from relatives or friends when they need quick money. This pattern shows that the formal financial literacy of the community, both sharia and conventional, is still at the basic level, where they are more comfortable with non-bureaucratic social transactions.

On the other hand, this study found a handful of informants who had shown Active Sharia Behavior. Hidayat, a student, is an ideal example of an informant in the Well-Literate category who has practiced his knowledge by saving at Bank Syariah Indonesia (BSI). Likewise, Eviyanti Mamonto and Ersita Mamonto specifically chose to use the services of Sharia Pawnshops for their gold pawn financing needs, even though they had to travel further distances.

The existence of this small group that actively behaves in sharia proves that access barriers can actually be overcome by individuals who have very strong motivation and literacy. However, for the majority of ordinary people, infrastructure barriers remain the main determinant of behavior. Recky Faisal Laoh, a teacher who has a very good knowledge of sharia concepts (Very Good), remains stuck in the use of conventional banks for the reason of "easy access". Recky's case confirms that high literacy without infrastructure support is not enough to change behavior en masse.

Regarding the skill aspect, most informants are at the 'Basic' level. This means that they do not have technical experience in using the features of Sharia products, such as calculating mudharabah profit sharing or understanding the murabahah contract in detail. Their skills are not honed due to the lack of means to practice them. The literacy indicator table shows that 9 out of 12 informants have basic skills because they do not actively use Sharia services.

This behavioral gap can also be seen from the lack of participation in Sharia investment products. Almost all informants stated that they had "never invested". Their financial behavior is still limited to saving and borrowing, not yet to the investment stage (developing assets). This indicates that Islamic financial literacy in this village still needs to be encouraged to upgrade from simply meeting liquidity needs to long-term welfare planning.

However, there is one aspect of behavior that is consistent with sharia, namely zakat. The behavior of paying zakat through official institutions (UPZ) or directly to beneficiaries is carried out regularly by all informants. This shows that society's "obedience behavior" is actually high. If Islamic banking services can be positioned as part of religious compliance that is as mandatory as zakat, and supported by easy access, the potential for the adoption of Islamic products in this village is very large.

Overall, the reality in Modayag II Village depicts a society that is in a phase of transition that is being held back. They are categorized as Sufficient-Literate because their knowledge and attitudes are adequate, but their behavior is still lagging due to external constraints. The conclusion of the results of this study confirms that to increase literacy to Well-Literate, the intervention needed is no longer just lectures or socialization, but the provision of physical or digital access that brings Islamic financial services closer to the community.

**Analysis of Knowledge and Behavior Gaps in a Theoretical Framework**

The findings of the research in Modayag II Village show the Sufficient-Literate phenomenon, where the community has a good basic understanding of the prohibition of usury, but has stagnated in the adoption of formal Islamic financial products. This phenomenon confirms national macro data released by the Financial Services Authority and the Central Statistics Agency (2024), which recorded the National Sharia Financial Literacy Index at 39.11%, with the inclusion rate far behind at 12.88%. The sharp gap between literacy (knowledge) and inclusion (access/use) that occurs at the national level is micro-portrayed in Modayag II Village. Although 100% of the informants have a positive attitude and firm religious beliefs, the reality of their behavior is still dominated by conventional banking services due to real structural barriers.

From the perspective of the Theory of Planned Behavior (TPB), a strong positive attitude (Attitude) and subjective norm (Subjective Norm) of the Modayag II community turned out to be not enough to give birth to behavior (Behavior) due to weak perceived behavioral control. This is in line with the analysis of Pradini & Faozan (2023) in their Systematic Literature Review, which concluded that the biggest challenge to Islamic financial literacy in rural Indonesia is no longer in the aspect of value acceptance, but in infrastructure and accessibility. In Modayag II, physical obstacles in the form of distance to sharia service offices reduce the control of people's behavior, so that the intention to "emigrate financially" cannot be executed into real action.

**Accessibility Challenges in the Eastern Region of Indonesia**

The location of the study, which is in East Bolaang Mongondow Regency, North Sulawesi, places this study in the specific context of financial inclusion challenges in Eastern Indonesia. Said et al. (2025) in their research emphasized that the financial inclusion strategy in rural Eastern Indonesia cannot be equated with the Java region, whose infrastructure is already established. The absence of a physical branch office in Modayag II forces the community to be pragmatic. These findings validate the argument of Said et al. (2025) that, in the absence of innovative strategies such as officeless financial services or the penetration of highly literate sharia practitioner agents in the Eastern region, it will only become a cognitive discourse without real economic impacts.

**Risk Perception and Rural Banking Adoption**

The tendency of the Modayag II people to continue to use conventional banks or informal loans even though they understand usury can be explained through risk perception. Alamsyah et al. (2025) found that risk perception and ease of use have a significant effect on the adoption of Islamic banking in rural areas. For rural communities, switching to financial institutions whose offices are far away or whose systems are not familiar is considered to have high operational risks. This can be seen from the behavior of informants who feel "safer" and "easier" to borrow from relatives or use conventional banks whose ATMs are available in the village, even though their hearts want the sharia system. Convenience trumps religious idealism when infrastructure does not support it.

**Literacy among Farmers and Agrarian Communities**

Given the demographic profile of Modayag II, which is dominated by the agricultural sector, this finding has serious implications for the village economy. Fadlan (2025) highlights that Islamic financial literacy should be positively correlated with the welfare of farmers through access to fair financing (such as *musharakah* contracts for planting capital). However, in Modayag II, literacy "Quite Literate" has not touched this productive aspect. The community only understands sharia as "avoiding the sin of usury", not yet using it for agricultural economic empowerment. As a result, the potential of the village agrarian economy has not been capitalized on by Islamic financial instruments, which are very suitable for the risk characteristics of the agricultural sector.

**Influence of Education and Employment Factors**

Variations in the understanding of the Modayag II community, where some understand technical terms such as *gharar,* and some are not in line with the findings of Wafa et al. (2024). In their survey of rural Muslim communities, it was found that education level and type of employment had a significant effect on literacy levels. In Modayag II, informants with higher education or formal work backgrounds (such as teachers and students) tend to have a more comprehensive understanding than housewives or farm workers. This indicates that Islamic finance education is currently still elitist or academic, and has not been distributed inclusively to the grassroots community with simpler language.

One of the most optimistic findings in this study is the active behavior of Sharia shown by student groups, such as informant Hidayat, who has become a BSI customer. This phenomenon is supported by the Suganda (2025), which explores students' preferences for Islamic banks. Suganda (2025) found that knowledge has a strong influence on the preferences of the younger generation. Students and youth at Modayag II act as early adopters who are more adaptive to distance challenges because they are more technologically literate. They are a strategic asset that can function as literacy agents to bridge the knowledge gap among the older generation in the village.

Given the difficulty of having a physical branch office in every village, digitalization is an inevitable solution. The Journal of the University of Muhammadiyah Surakarta (2025) states that in the digital era, geographical barriers should be minimized through Islamic Fintech or Mobile Banking. However, findings in the field show that the adoption of sharia digital services in Modayag II is still low. This is in line with Bank Indonesia (2022) in the Sharia Economic and Financial Review, which emphasizes the need to strengthen the digital ecosystem at the rural level. The people of Modayag II need education not only about "contracts", but also about "how to use applications" so that they can access Sharia services without having to leave the village.

The high compliance of the Modayag II community in paying zakat through UPZ shows that the community's trust in religious institutions is very high. Abdillah & Muzaki (2025), in his research, emphasizes the vital role of Islamic boarding schools and religious leaders in improving Islamic financial literacy. In Modayag II, this social capital has not been fully utilized for commercial financial literacy. Religious leaders have succeeded in socializing the obligation of zakat, but they have not maximized in socializing banking products or sharia investments. Synergy between financial institutions and local religious leaders is needed to transfer public trust from the social sector (zakat) to the commercial financial sector.

Overall, the position of the Modayag II people who are at the Sufficient-Literate level indicates that they are in a transition phase. Referring to the (Financial Services Authority (OJK) & Central Statistics Agency (BPS) (2024) framework, the challenge to raise their level to Well-Literate is to turn beliefs into skills. People no longer need to be indoctrinated about the dangers of usury, because they already know. All they need is technical training on product use and access availability. Without intervention on the supply side (financial service providers), the literacy on the demand side (society) will stagnate.

**Local Economic Practices and *the Challenges of Gharar*: A Case Study of the Clove Permit System**

One of the most critical but contextual findings of the research in Modayag II Village was the identification of local economic practices that were substantially contrary to sharia principles, even though the community was religious. Informant Nindi Aprilia Lasabuda (25 years old) specifically revealed the practice of the Ijon System on clove commodities. In this practice, farmers sell cloves that are still on the tree to buyers (middlemen) at an estimated price that is often far below the market price, and the quantity is only estimated based on previous harvests.

Nindi categorized this practice as a tangible form of Gharar (ambiguity), which is prohibited in Islam because it contains elements of high speculation and potential losses for one party. This finding is very interesting because it shows that Islamic financial literacy in rural areas cannot be separated from the local agricultural economic cycle. Farmers in Modayag II, the majority of whom work in the plantation sector (cloves/coffee), are often pressed for liquidity before the harvest period, so they are forced to make non-Sharia ijon transactions to get quick cash.

This analysis enriches Fadlan & Faried (2025) perspective on sharia literacy in the agrarian community. If literacy is only understood as "saving in the bank", then it fails to touch the heart of the village economy. The literacy needed in Modayag II is an understanding of muamalah fiqh that is specific to agricultural contracts (*Muzara'ah* or *Musaqah*) and fair pre-harvest financing solutions (such as *Salam*). The absence of a sharia solution to replace the ijon system causes farmers to remain trapped in structural *Gharar*, even though they are diligent in giving zakat and prayer. Therefore, economic da'wah in this region must enter the realm of commodity trading systems, not just banking products.

**Asset-Based Liquidity Preferences: An Anomaly of Sharia Pawnshop Dominance**

In contrast to Islamic banking products, which have a very low adoption rate, this study found a unique phenomenon where Sharia Pawnshop (*Rahn*) products have a higher acceptance and usage rate. Two housewife informants, Eviyanti Mamonto and Ersita Mamonto, explicitly stated that they were active users of Sharia Pawnshop services. Ersita is even willing to access this service even though it is located in a neighboring village (Bongkudai Village), an effort that they do not make for Islamic bank savings products.

This preference indicates the characteristics of the financial behavior of the village community that prefer asset-based liquidity solutions rather than just saving money. Gold is the mainstay liquid asset of housewives in Modayag II to deal with urgent (emergency) needs. The *Rahn* (pawn) contract is considered more relevant and solvent for them than the *Wadiah* (deposit) or *Mudharabah* contract in the bank. The fast-liquid pawn mechanism ("solve problems without problems") is more in line with the fluctuating cash flow patterns of rural communities than rigid banking procedures.

These findings provide constructive criticism of financial inclusion strategies that have been too bank-centric. Bank Indonesia (2022) and OJK's strategy in increasing literacy in rural areas should give a greater portion to strengthening non-bank financial institutions, such as Sharia Pawnshops or BMT. The case of Eviyanti and Ersita proves that if the product is felt to be useful instantly for emergency needs, the physical distance barrier (accessibility) becomes less significant compared to savings products whose benefits are not felt directly.

**Social Capital as Informal *Qardhul Hasan*: Cultural Substitution of Financial Institutions**

An in-depth analysis of the borrowing behavior of the Modayag II community reveals the existence of a strong social safety net mechanism, which has unconsciously substituted the role of formal financial institutions. Almost all informants, including Hamdi Mamangkai, Laras Kaharu, Yeti Rumambi, and Afrizhanjaya Gobel, stated that when they needed urgent funds, the first step they took was to borrow from parents, relatives, or neighbors. This transaction is carried out without interest (*riba*) and is based on the principle of help-help (*Ta'awun*).

Theoretically, this practice of interest-free borrowing between relatives is a cultural manifestation of the Qardhul Hasan (welfare loan) contract in Islamic economics. The people of Modayag II have practiced the essence of sharia economics, namely, help and anti-usury, in their informal sphere. The existence of this kinship-based "informal financial institution" is one of the reasons why the urgency of the presence of Islamic banks is not felt so urgent for short-term consumptive needs.

However, this dependence on social capital has limited ceilings and sustainability. As revealed by Intan Aulia Karim, she borrowed from her parents because her needs were still small. For larger business capital needs, this informal mechanism is certainly inadequate. Therefore, the challenge for Islamic financial institutions is how to formalize this local wisdom without damaging its social value. The establishment of Sharia Cooperatives or BMT based on village communities can be a middle way solution, where capital is collected from the community (members) and redistributed as *Qardhul Hasan* or cheap financing, institutionalizing the existing spirit of cooperation into a more measurable economic force.

## CONCLUSION

This study concludes that the Sharia financial literacy profile of the people of Modayag II Village is in the Sufficient-Literate category. Cognitively and affectively, the community has a mature readiness, characterized by a strong understanding of the prohibition of usury and a high theological belief that the Islamic economic system brings blessings. However, this mental readiness has not been optimally converted into massive Sharia economic behavior. There is a real gap between intention and action, where most people still rely on conventional banking services and informal lending mechanisms.

Analysis using the Theory of Planned Behavior (TPB) confirms that the main obstacle is not cultural resistance or lack of interest, but rather the weakness of perceived behavioral control due to the absence of physical infrastructure (branch offices) in the village area. Accessibility is a determinant variable; People are pragmatic in choosing conventional services that offer convenience over Sharia services that require higher transaction costs (distance and time).

Specifically, this study found unique behavioral anomalies in the Modayag II agrarian community. First, sharia literacy has not touched the core of agricultural economics, as evidenced by the persistence of the practice of the ijon system (*gharar*) in clove commodities. Second, there is a strong preference for asset-based liquidity products, where Sharia Pawnshops (*Rahn*) are more in demand and adopted by mothers than bank savings products, even though the pawnshop location is outside the village. Third, social capital in the form of interest-free kinship loans is still the main substitute for formal financial institutions for urgent needs.

Therefore, the strategy to increase literacy in Modayag II Village can no longer rely solely on normative socialization methods. The policy implications of this study suggest the need to shift the focus from "*Sadat Halal-Haram*" education to the provision of access infrastructure. Concrete solutions such as the establishment of sharia practitioner agents, digitization of services for the younger generation, and the formalization of social capital through BMT or Village Sharia Cooperatives, are imperative steps to transform the community from just "Quite Literate" to "Well-Literate" and economically empowered.

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