

-RESEARCH ARTICLE-

THE ROLE OF ISLAMIC BANKING LITERACY AND EASE OF USE ON ACHIEVING SUSTAINABLE DEVELOPMENT GOALS AND MAQASHID AL-SHARIAH IN INDONESIA

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—Abstract—

The achievement of Sustainable Development Goals (SDGs) is a global priority, emphasizing the need for research in this area. This study investigates the impact of Islamic finance literacy and the ease of using Islamic banking on the realization of Maqashid al-Shariah in Indonesia. Additionally, the study explores how Maqashid al-Shariah acts as a mediator between Islamic finance literacy, the ease of using Islamic banking, and the attainment of SDGs. Furthermore, it examines the moderating role of institutional support in the relationship between Maqashid al-Shariah and SDGs. Primary data was collected from Islamic banks, and Smart-PLS was used to analyze the relationships between the variables. The results revealed a positive relationship between

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Islamic finance literacy, ease of using Islamic banking, and the achievement of Maqashid al-Shariah, which in turn positively impacts the realization of SDGs. Moreover, Maqashid al-Shariah significantly mediates the effects of Islamic finance literacy and ease of using Islamic banking on SDGs. Institutional support was found to significantly moderate the link between Maqashid al-Shariah and SDGs. The findings offer valuable insights for policymakers in formulating strategies that leverage Islamic finance literacy and user-friendly Islamic banking practices to promote both Maqashid al-Shariah and SDG attainment.

Keywords: Islamic Finance Literacy, Ease of using Islamic Banking, Achieving Maqashid al-Shariah, achieving SDGs

INTRODUCTION

The banking sector today, comprises an important branch within the Islamic financial system that is based on religious ethic and social benefits. Indonesia as a largest Muslim country in the world is bestowed with a chance to use Islamic banking for sustainable development. This paper discusses how the principles of the Islamic finance supports the concept of SDGs in order to solve the social issues that affect the society today such as poverty, inequality and environmental issues. There is much effort put into categorizing the Maqashid al-Shariah as the higher objectives of Shariah in efforts to maintaining religion, life, footprint, lineage, and wealth and upholding justice and the general welfare of the people. This research examines the relationship between Islamic banking literacy and the convenience of accessing Islamic banking services for attaining the SDGs, mediated by Maqashid al-Shariah, with institutional support as a moderator variable. In doing so, the study reveals how Islamic banking can be used to advance sustainable as well as inclusive development. This paper states that Islamic banking literacy is an essential component in attaining the Maqashid al-Shariah. As [Mohamed \(2020\)](#) says, awareness of Islamic financial principles empowers those who need to make sound financial decisions and those companies and individuals with appropriate Islamic financial knowledge and practice.

By sharing knowledge and education, the people will be in a position to seize the Shariah-based finance to foster social justice, minimize consumption of inequality and encourage economic development. For instance, concepts such as zakat, mudarabah, and sukuk make stakeholders operate within the best practices of financial systems that pursue the goal of Maqashid al-Shariah ([Alhammadi et al., 2022](#)). Past researches like [Thomas and Gupta \(2021\)](#) inform the understanding that the extent of financial literacy has a considerable impact on the capacity of people to practice ethical financial behaviours that promote fairness and the general well-being of the society. Therefore, Islamic banking literacy should enhance the achievement of Maqashid al-Shariah in Indonesia through a direct significant positive relationship. In the same regard, the level

of convenience in the use of the services of the Islamic banking industry has been seen to have a central role of fulfilling the objectives of Maqashid al-Shariah that deepens accessibility and involvement. Since it is easier to comprehend visuals, the friendly interfaces, intuitive steps, and technologies contribute to accessibility for the unserved communities in Shariah compliant banking (Alam et al., 2019).

That way those other individuals not privileged to part of the chosen few are able to pursue certain financial activities in a manner that reflects justice, equity and welfare. Earlier studies like Law (2024) suggest that the ease of use promotes trust and convenience which is critical for financial products adoption. When operational risks and limitations are demystified, Islamic banking becomes functional in achieving Maqashid al-Shariah goals. Thus, it can have assumed that ease of use also has a direct and significant impact on the achievement of Maqashid al-Shariah in Indonesia. Maqashid al-Shariah also works as a mediator between the Islamic banking sector and the wide range of the SDGs. The principles of Maqashid al-Shariah are binding on all Islamic nations and seem to fit the bill of achieving the goals put forward by the United Nations sustainable development goals such as eradicating poverty, promoting education and conserving the environment. Islamic finance as directed by these principles fosters equity across people producing a virtuous cycle of investment that leads to sustainable development (Hidayat et al., 2021).

For instance, investment based on Shariah is not only interested in the financial aspect but also the societal returns, which are in a way, economic value does not negatively affect people or the natural world. Scholarly research for the application of Islamic ethical norms in financial systems contributes to the possible achievement of sustainable worldwide development goals. As such, Maqashid al-Shariah is supposed to possess a direct and causal link with the realization of the SDGs in Indonesia. It also applies to the mediating relationships between Islamic banking literacy, ease of use, and SDGs through Maqashid al-Shariah. According to Alziyadat and Ahmed (2019), Islamic banking knowledge empowers people to appreciate methods of enhanced Shariah compliance that also help create progress in pursuance of the SDGs. For example, a person who is familiar with Islamic finance will want to invest in social purposes, for example, in poverty alleviation and thus economic justice. In the same manner, the possibility offered by Islamic banks for easier access to the services boosts the availability of instruments that are compliant with ethical values for funding goals pertaining to SDGs like financially inclusive environment as well as sustainable development (Abdalla et al., 2024).

This way, Maqashid al-Shariah acts as a mediator to create the right positive impact of literacy and ease of use on financial behaviour to contribute positively to the sustainable development. Institutional support works as moderator in this framework, enhancing the relationship between Maqashid al-Shariah and SDGs. The general structure coming

from the governments and the financial institutions in terms of their policies and regulation further to the ethical or moral financial practices intensifies its positive effect on the sustainable results. For instance, [Harahap et al. \(2023\)](#) says, the offer of policies that support and encourage the Shariah-compliant investment or the creation of Islamic financial literacy programs can enhance a link between Maqashid al-Shariah and the SDGs. Prior research like [Khan et al. \(2020\)](#) emphasizes that support from institutions does more than encourage the practice of ethical finance; it also guarantees the expansion and impact of those practices to achieve development objectives. In Indonesia where the Islamic banking sector has a very solid institutional framework that supports the superiority of this moderation effect emerges as more robust linking the Maqashid al-Shariah pathway of Islamic banks to SDGs.

The purpose of this research is to explore the role of Islamic banking literacy and ease of use in realizing the SDGs for the Indonesian population, by investigate the mediating role of Maqashid al-Shariah in these relationships, considering the moderating role of institutional support between Maqashid al-Shariah and the achievement of SDGs. Consequently, this research also seeks to fill the gaps evident in the current literature on Islamic banking and sustainable development. Although previous literature has examined the connection between Islamic finance and economic growth, there is currently inadequate knowledge about the role played by Islamic banking literacy and ease of use in the SDG process. Additionally, the mediating influence that Maqashid al-Shariah exerts between Islamic banking and SDG performance is also not analysed. These studies primarily concentrate on Islamic finance's influence on the developmental process but ignore its feature of intermediary principles of Maqashid al-Shariah. Moreover, while institutional support is known to play a role in the current context, the available literature has not investigated its role in moderating the relationship between Maqashid al-Shariah and SDGs. Yet, this study addresses all these gaps by proposing a conceptual framework that links Islamic banking literacy, availability, Maqashid al-Shariah, and institutional support to the discussed sustainable and inclusive development perspective in Indonesia. In the next section of this study, we will look into the relevant literature review along with proposed hypotheses and provide a research methodology and the father section shows the research findings, discussions, policy implications and limitations.

LITERATURE REVIEW

Financial understanding is essential for the achievement of Maqashid al-Shariah because a person needs to possess the knowledge and skills to avoid indulging in practices that are prohibited in Shariah laws ([Khan et al., 2024](#)). By extending the understanding of the above mentioned Islamic finance concepts like zakat, halal investment, profit motives and interest free business, the compliance with the five key objectives of Maqashid al-Shariah of safeguarding of the faith, life, mind, lineage and

property are achieved. Thus, raising the level of financial literacy in Islamic banking motivates people to perform actions that lead to justice, fairness and benefits of the society and therefore helps conserve wealth and protect the welfare of the community. Also, research like [Hamidi and Worthington \(2021\)](#) has shown that when members of the public have high Islamic finance literacy, they exercise more resource responsibility, give to charity and avoid exploitation, all of which align with Maqashid al-Shariah. In addition, awareness of Islamic finance enables people to know the various social and economic effects of whatever they do financially or economically in order to support good and agreeable values and principles including equity, sustainability, and justice ([El Melki & Ben Salah Saidi, 2023](#)). This enhancing the stability and advancement within human society and is in furtherance of the objectives of Maqashid al-Shariah. In Indonesia, where the Islamic banking system is rapidly developing, more attention should be paid to creating effective mechanisms for raising financial literacy that would allow for the further and more responsible development of the banking sector in accordance with the Maqashid al-Shariah ([Syahrhani et al., 2023](#)). This in turn, is aimed at the sustainable economic and social welfare of individuals, and the satisfaction of the needs of society as a whole. Therefore, we propose that,

H1: *Islamic finance literacy has a significant direct relation with achieving Maqashid al-Shariah*

Convenience of Islamic banking exhibits a strong positive relationship with realisation of Maqashid al-Shariah as ease ensures increased accessibility and usability of Shariah compliant services. Reduced hassles in banking and the use of easy to understand online interfaces together with lower complication in undertakings promote broader involvement in Islamic banking particularly to marginalized clients ([Law, 2024](#)). When there is increased uptake of banking services that are easy to understand and avail, in turn, there will be compliance with financial product that is according to the Maqashid al-Shariah. This is in measures like profit sharing initiatives, interest free loan products and services and societies' responsible investment products ([Chatzitheodorou et al., 2019](#)). Finally, the draw of this ease of use fosters improved financial literacy empowering users with the essential resources by which they may effectively make the right and just financial decisions that will lead to justice, equity and welfare. In addition, [Khan et al. \(2024\)](#) states that convenient banking services lead to enhancing chances of people opting for ethical financial products that help in attaining Maqashid Al-Shariah objectives of conserving wealth. It has greatest relevance in societies with expanded access to Islamic banking as people resort to utilizing banking services that contain no elements of exploitative transactions. The premise of this research is that, as financial services become more user-friendly, using them becomes a regular part of life, allowing individuals to make ethical financial choices across the board. Notably, in Indonesia specifically where Islamic banking is rapidly expanding, operationalisation of banking systems can directly enhance the objectives of Maqashid al-Shariah and the general

developmental interests of society. Therefore, we say that,

H2: *Ease of using Islamic banking has a significant direct relation with achieving Maqashid al-Shariah*

According to [Isman et al. \(2024\)](#), Maqashid al Shariah has a strong link to the SDGs as it is directly mapped to the appropriate values that are needed in the achievement of sustainable development. Maqashid al-Shariah are the five main aims of Shariah including Hoquq Allah and Hoquq al-Ibad. The five objectives relate well with the SDGs such as poverty eradication, gender equality, economic and social development, and inclusive globalization. For instance, [Hidayat et al. \(2021\)](#) says, the approach of Maqashid al-Shariah in the preservation of wealth relates to some level of SDGs on economic growth, access to funds and financial assistance and eradication of poverty. Through the advocacy of practices like the prohibition of usury and the encouragement of profit sharing, Maqashid al-Shariah aims at Irrationality for common good so as to produce economic environment that is fair and which has few people getting highly wealthy. The intent to maintain life and intellect helps SDGs associated with health, education, and the reduction of inequality by directing its funding toward methods that improve human beings ([Ahmed & Byker Shanks, 2020](#)). In furtherance, the preservation of lineage and family values enhances the societal frame and supports unity, order, and coherence which constitutes part of peace justice and secular institution. The on-click integration of Maqashid al-Shariah in Islamic finance to eradicate the negate impacts of the dominant finance on societies, can help attain the goals of SDGs by directing the financial systems to follow the legal frameworks of Shariah for the overall welfare of the society and preservation of the earth ([Isman et al., 2024](#)). Therefore, we make a hypothesis that,

H3: *Maqashid al-Shariah has a significant direct relation with achieving SDGs*

Maqashid al-Shariah mediates the relationship between Islamic finance literacy and achieving Sustainable Development Goals among individuals by ensuring that the knowledge of Islamic finance enables the right popular financial practice for sustainable development. Papers like [Aracil \(2019\)](#) show that Islamic finance literacy enables people to freely take the right action in ethical and legitimate areas based on the general principles of Maqashid al-Shariah, including avoiding Riba and tools associated with it, supporting bona fide trade, and investing in social causes. Such understanding engenders behaviours that maintain and enhance wealth, ensure justice and safeguard the common good especially which is a basic tenet of both Maqashid al-Shariah and SDGs. With the increase in knowledge in Islamic finance, people make decisions that reflect on the Maqashid al-Shariah contributing to the public interest ([Mergaliyev et al., 2021](#)). For instance, a well-informed Islamic finance consumer would prefer development propositions that seek to address poverty, education and gender equality while at the same time conforming to the Maqashid al-Shariah principles. Therefore,

Maqashid al-Shariah acts as a roadmap that directs maximized Islamic finance literacy knowledge into actions providing tangible contributions to the pursuance of SDGs. Maqashid al-Shariah acts as a preventive check which also makes Islamic finance practices not only knowledge based but also ethical/societal objectives that are paramount in sustainable development (Mohd Zain et al., 2024). Therefore, we say that,

H4: *Achieving Maqashid al-Shariah mediates the relation between Islamic finance literacy and achieving SDGs*

Maqashid al-Shariah serves to balance between making Islamic banking easy to use and contributing to the achievement of the SDGs in such a way that easy to access and use Islamic financial instruments enhances positive and responsible ethical performance. According to Tahiri Jouti (2019), if Islamic banking services are convenient they are thus more open, and available to people who would otherwise, be locked out of this form of banking. This accessibility can explain why people will be able to participate in some financial practices within their modes of actions conforming to the Maqashid al-Shariah principles of commensurate, justice and shelter of the wealth. As Mishra et al. (2024) demonstrated, easier to use Islamic banking services narrows down user participation to the financial systems that emphasizes on the welfare of society and equitable economic growth and development, both of which are aligned with Maqashid al-Shariah and SDGs. For instance, Halal investment products, products within but not limited to the Islamic financial instruments such as investment through profit and loss sharing, the result is sustained. When people embrace these habits, the underlying goals of Maqashid al-Shariah like the protection of wealth and equity will make these financial decisions helpful to the general concept of sustainable development (Harahap et al., 2024). In this way, Maqashid al-Shariah therefore becomes a connector in both facilitating the provision of ease for the usage of shariah-compliant banking while achieving the global goals of SDGs by providing solutions based on the concept of serving the common good, working towards the idea of the facilitation of sustainable and beneficial development. Therefore, we propose that,

H5: *Achieving Maqashid al-Shariah mediates the relation between ease of using Islamic banking and achieving SDGs*

According to Prasetyo (2022), the level of institutional support spearheads Maqashid al-Shariah by improving the efficiency of ethical financial solutions to societal and developmental goals with regard to sustainability goals by increasing the intensity of the possible achievement of the sustainable development goals. However, Maqashid al-Shariah model offers a way and possibility to achieving justice, equity, and public interest through financial and economic relationship, but how far it will be implemented or acted upon will greatly depend with the strength and presence of these supporting institutions. Cooperation from the institutions like right governance, proper implementing laws, and sound financial systems, check how the principles of Maqashid

al-Shariah are transformed into the strategic plans that correspond to the goals of SDGs (Amiruddin, 2024). For example, institutions may develop policies for Shariah compliant investment in infrastructural development for sustainable environment, eradicating extreme poverty and improving education standards for enhanced quality education and economic growth for the SDGs such as reduced inequalities. Further, Mergaliyev et al. (2021) says that strong institutions allow for accountability and transparency in affairs in the financial sector to guarantee that measures consistent with Maqashid al-Shariah indeed deliver value in the society while supporting the durability causes. IIS also includes enhancing institutional support that ensures Maqashid al-Shariah implementation into national development strategies so that participants in the cause gain partnership in dealing with issues such as climate change and social justice (Syahriani et al., 2023). In other words, institutions make the Maqashid al-Shariah more effective by supplying the appropriate instruments, assets as well as legal frameworks and compliance powers to propagate the sustainable advancement of the SDGs consistently.

H6: *Institutional support moderates the relation between Maqashid al-Shariah and SDGs*

RESEARCH METHODS

The study examines the impact of Islamic finance literacy and ease of using Islamic banking on achieving Maqashid al-Shariah and also examines the achieving Maqashid al-Shariah as mediator among Islamic finance literacy, ease of using Islamic banking and achieving SDGs while also checks moderating role of institutional support among achieving Maqashid al-Shariah and achieving SDGs in Indonesia. The study gathered the primary data form Islamic banks using survey questionnaires and these surveys are taken from past literature such as Islamic finance literacy has five questions (Ahmad et al., 2020), ease of using Islamic banking has four questions (Usman et al., 2022), achieving Maqashid al-Shariah has six questions (Faisal & Sudiby, 2020), institutional support has four questions (Gorski & Parekh, 2020) and achieving SDGs also has four questions (Ho et al., 2022).

In addition, the study selected the employees of the Islamic banks as the respondents. These respondents have been selected using simple random sampling. The surveys were distributed by personal visits to the banks. The researchers have distributed 598 surveys but only 357 valid responses were received that have 59.70 percent response rate. Moreover, the study also used smart-PLS to check the association among variables. It gives best outcomes using primary data with large data sets (Hair Jr et al., 2020). Finally, two predictors were used Islamic finance literacy (IFL) and ease of using Islamic baking (EUIB), while the one mediating variable is used such as achieving Maqashid al-Shariah (AMS), one moderating variable is used such as institutional support (IS) and one dependent variable is used named achieving SDGs (ASDG). These

are given in Figure 1.

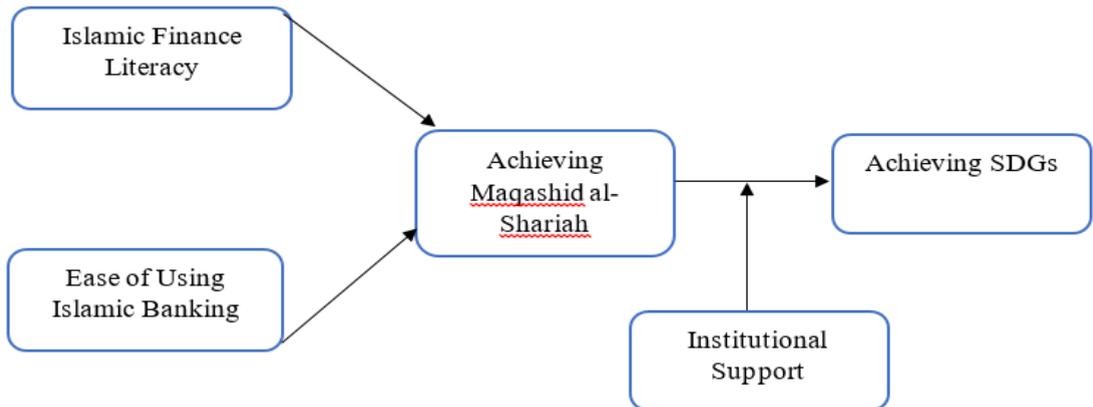


Figure 1: Theoretical Model

RESEARCH FINDINGS

The study outcomes show the correlation among items called convergent validity. The outcomes indicated that the Alpha and composite reliability (CR) values are not less than 0.70. These outcomes are mentioned in Table 1 and Figure 2. In addition, the results also exposed that average variance extracted (AVE) and factor loadings are not less than 0.50. These values exposed a high correlation among items.

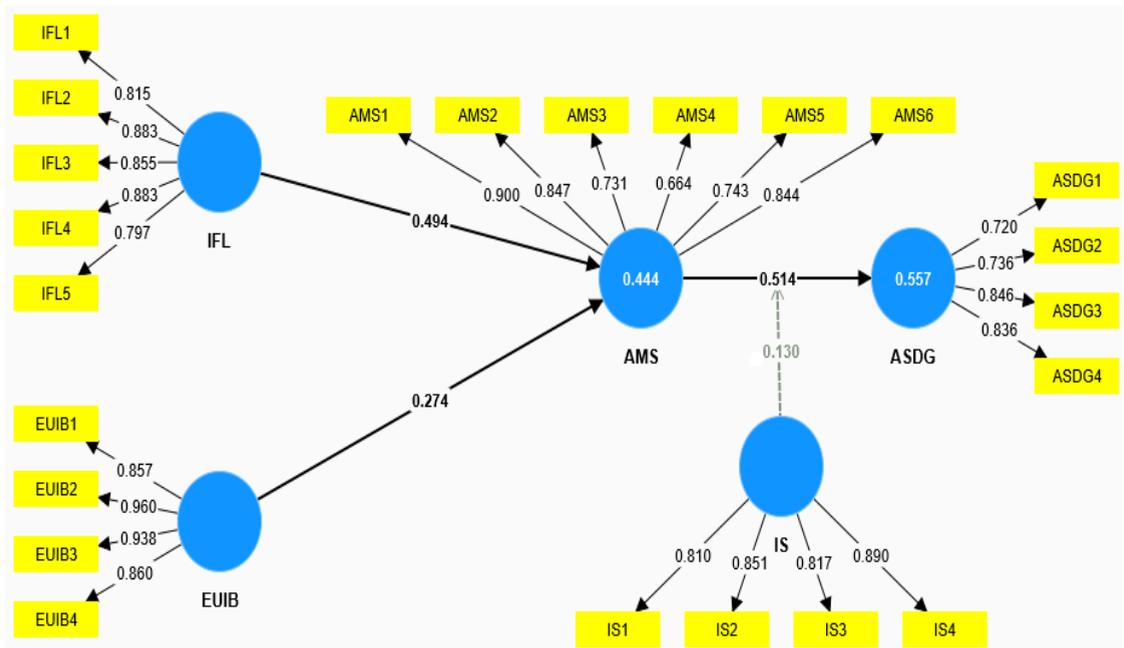


Figure 2: Measurement Model Assessment

Table 1: Convergent Validity

Constructs	Items	Loadings	Alpha	CR	AVE
Achieving Maqashid al-Shariah	AMS1	0.900	0.879	0.909	0.628
	AMS2	0.847			
	AMS3	0.731			
	AMS4	0.664			
	AMS5	0.743			
	AMS6	0.844			
Achieving SDGs	ASDG1	0.720	0.794	0.866	0.618
	ASDG2	0.736			
	ASDG3	0.846			
	ASDG4	0.836			
Ease of Use Islamic Banking	EUIB1	0.857	0.925	0.947	0.819
	EUIB2	0.960			
	EUIB3	0.938			
	EUIB4	0.860			
Islamic Finance Literacy	IFL1	0.815	0.901	0.927	0.718
	IFL2	0.883			
	IFL3	0.855			
	IFL4	0.883			
	IFL5	0.797			
Institutional Support	IS1	0.810	0.864	0.907	0.710
	IS2	0.851			
	IS3	0.817			
	IS4	0.890			

The study outcomes show the correlation among variables called discriminant validity. The outcomes of cross-loadings and Fornell Larcker indicated that the figures that show the correlation with construct itself are not less than the figures that indicated the correlation with other constructs. These values exposed a low correlation among variables. These outcomes are mentioned in [Table 2](#) and [Table 3](#).

Table 2: Fornell Larcker

	AMS	ASDG	EUIB	IFL	IS
AMS	0.792				
ASDG	0.660	0.786			
EUIB	0.501	0.532	0.905		
IFL	0.620	0.637	0.459	0.847	
IS	0.403	0.554	0.515	0.487	0.843

Table 3: Cross-Loadings

	AMS	ASDG	EUIB	IFL	IS
AMS1	0.900	0.595	0.430	0.601	0.322
AMS2	0.847	0.534	0.409	0.513	0.304
AMS3	0.731	0.441	0.383	0.379	0.334
AMS4	0.664	0.458	0.396	0.385	0.374
AMS5	0.743	0.580	0.387	0.505	0.370
AMS6	0.844	0.507	0.378	0.524	0.228
ASDG1	0.529	0.720	0.325	0.541	0.343
ASDG2	0.433	0.736	0.368	0.538	0.372
ASDG3	0.554	0.846	0.462	0.460	0.526
ASDG4	0.552	0.836	0.501	0.488	0.479
EUIB1	0.438	0.445	0.857	0.431	0.502
EUIB2	0.474	0.482	0.960	0.432	0.466
EUIB3	0.441	0.451	0.938	0.399	0.423
EUIB4	0.456	0.544	0.860	0.396	0.473
IFL1	0.509	0.463	0.364	0.815	0.404
IFL2	0.553	0.556	0.358	0.883	0.431
IFL3	0.550	0.592	0.409	0.855	0.442
IFL4	0.532	0.558	0.448	0.883	0.455
IFL5	0.478	0.526	0.363	0.797	0.322
IS1	0.273	0.405	0.393	0.303	0.810
IS2	0.347	0.413	0.445	0.382	0.851
IS3	0.294	0.447	0.373	0.399	0.817
IS4	0.423	0.570	0.509	0.521	0.890

The study outcomes show the correlation among variables called discriminant validity. The outcomes of Heterotrait Monotrait (HTMT) ratio indicated that the figures are not bigger than 0.90. These values exposed a low correlation among variables. These outcomes are mentioned in Table 4 and Figure 3.

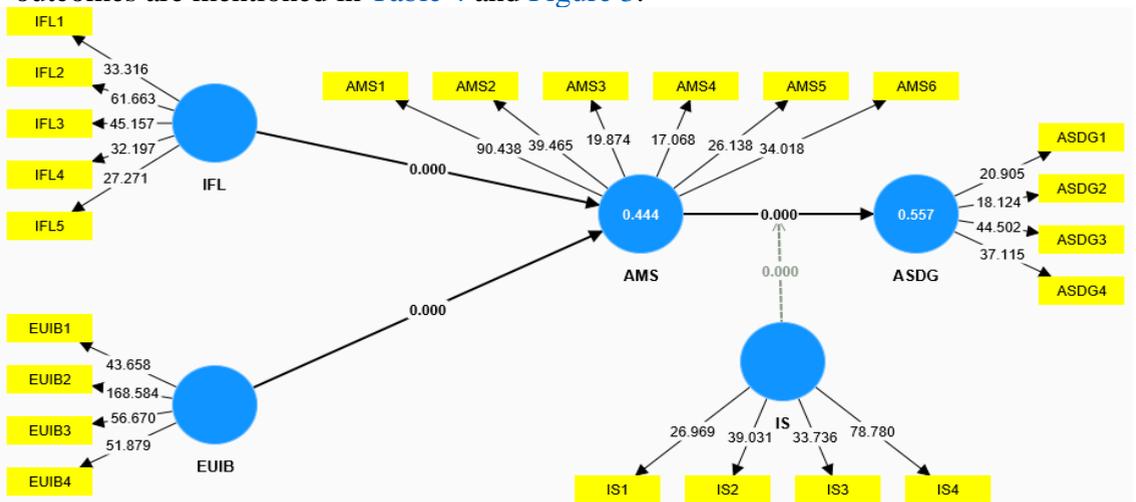


Figure 3: Structural Model Assessment

Table 4: Heterotrait Monotrait Ratio

	AMS	ASDG	EUIB	IFL	IS
AMS					
ASDG	0.783				
EUIB	0.558	0.614			
IFL	0.689	0.761	0.503		
IS	0.460	0.648	0.571	0.537	

The outcomes indicated that the Islamic finance literacy and ease of using Islamic banking has a positive association with achieving Maqashid al-Shariah and accept H1 and H2. The outcomes also exposed that the achieving Maqashid al-Shariah has a positive association with achieving SDGs and accept H3. In addition, the results also exposed that the Maqashid al-Shariah significantly mediates among Islamic finance literacy, ease of using Islamic banking and achieving SDGs and accept H4 and H5. Finally, the results also exposed that the institutional support significantly moderates among achieving Maqashid al-Shariah and achieving SDGs and accept H6. These associations are mentioned in [Table 5](#).

Table 5: Path Analysis

Relationships	Beta	Standard Deviation	T Statistics	P Values
AMS -> ASDG	0.514	0.039	13.246	0.000
EUIB -> AMS	0.274	0.050	5.491	0.000
IFL -> AMS	0.494	0.049	10.076	0.000
IS -> ASDG	0.333	0.037	8.992	0.000
IS x AMS -> ASDG	0.130	0.029	4.428	0.000
EUIB -> AMS -> ASDG	0.141	0.026	5.323	0.000
IFL -> AMS -> ASDG	0.254	0.037	6.949	0.000

DISCUSSION

The paper looks at Islamic banking literacy and the ease of using Islamic banking services on the realization of SDGs in Indonesia with Maqashid al-Shariah as a mediator and institutional support as the moderator. The study finds that education in Islamic banking is central to the success of the Maqashid al-Shariah which defines the better and moral, religious aims of Shariah. As [Aman \(2020\)](#) tells, Islamic financial principles provide knowledge to individuals and institutions to work in a way that is compliant with Islamic ethical values, justice, equity, and welfare. It promotes compliance with Shariah, supports ethical investment and monetary accessibility and thus, aligns with the objectives of the Maqashid al-Shariah of safeguarding religion, life, intellect, offspring and property. As the analysis confirms, the level of Islamic financial literacy is positively related to the overall portfolio and respective behaviours that reflect the objectives of Islamic finance, such as social welfare and ethical approaches to financing.

Convenience as an experience in referencing Islamic banking also contributes significantly to the achievement of Maqashid al-Shariah in as much as it removes barriers to the provision of banking services. According to [Chong \(2021\)](#), this is achieved through the promotion of easy to understand standard operating procedures, easy to use systems, and developments that promote the use of digital banking solutions in Islamic banking to a wider population. This inclusion guarantees that the ASIC values of distributing wealth and maintaining social justice, financial integrity and equity as espoused by Maqashid al-Shariah profession-expand. Past works like [Shankar and Rishi \(2020\)](#) reveal that increased access and convenience of banking facilities positively build confidence and utilization, especially for such sections as the BMM with even a multiplied result as a by-product of Maqashid al-Shariah. The convenience in utilizing the Islamic banking services in this manner therefore acts as the basic enabler of users being able to practice these principles in their daily financial affairs.

Here we find that Maqashid al-Shariah is quite in tune with the concepts behind the SDGs, from social equity to the elimination of poverty to sustainability. Both frameworks played part in main policy objectives of addressing equity for resources, and economic as well as financial activities are based on ethical theories. As [Hidayat et al. \(2021\)](#) reveals that when Islamic finance is in compliance with Maqashid al-Shariah, the outcome reveals that it exercises a positive impact on poverty decrease, creating equal development opportunities for all and sustainable environmental investment. This alignment situates Maqashid al-Shariah as a critical driver for the achievement of the SDGs and organizes a link between Islamic moral compass and development goals. Through mediating Maqashid al-Shariah on Islamic banking literacy and SDGs, this finding emphasizes the effects of financial knowledge on sustainable development. Knowledge of finance enhances people's ability to use Islamic banks and make right choices with compliance to the tenets of Shariah. Also [Taufik et al. \(2023\)](#) states, this literacy in financial practice rotates in support of Maqashid al-Shariah objectives as they relate to equitable sharing of resources, societal welfare and thus SDGs.

This work further supports empirical research that asserts that financial literacy, especially in Islamic finance, strengthens the individual and organizational prospects for engaging the affluent and sustainable economy, propounding the symbiosis of literacy, Maqashid al-Shariah and development impacts. Likewise, we found that ease of use of services affect SDGs through the moderation of Maqashid al-Shariah in the Islamic banking context. Easy and efficient solutions facilitate the involvement of a large number of people, especially those who do not have opportunities to use classic financial services ([Sarhan & Ab Aziz, 2024](#)). This reality makes it possible to put into practice the Maqashid al-Shariah since the practice of Shariah is allowed because it provides for ways that are ethical in the field of finance like interest-free dealings, giving of charity and socially responsible practices of investment. As previous studies

like [Sukmana et al. \(2023\)](#) find, complex and transactional barriers should be decreased because anything that stops people from active participation is counterproductive to the primary aims stated in the Maqashid al-Shariah while also contributing to sustainable development.

By playing the role of a mediator, Maqashid al-Shariah guarantees that these Shariah accessible practices are directed towards the achievement of the SDGs. In this study, Institutional support is a vital moderation variable linking Maqashid al-Shariah to SDGs, offering the physical structure and guidelines for sustainable solutions. That is why the efforts of governments, regulatory bodies, and financial institutions determine how well Maqashid al-Shariah principles are implemented in development objectives. According to the studies like [Gangi et al. \(2019\)](#), effective institutional environments, including public support, incentives, and protection, enhance the effectiveness of ethical approaches to financial management at the community's expense and sustainable development. This moderating role is critically helpful in the Indonesian context in which the institutional support for the Islamic banking has been on the rise. Through institutional support, there is a firm connection between Maqashid al-Shariah and SDGs such that besides adoption there is implementation of ethical principles within financial system ([Hidayat et al., 2021](#)). It increases the reach and performance capabilities of Maqashid al-Shariah and promotes a clearer line of sight to development objectives that are sustainable and therefore, inclusive.

CONCLUSION

Based on the findings of the present study, it is found that Islamic banking literacy and the easiness of obtaining access to Islamic banking services have significant effects on SDGs through the moderation of Maqashid al-Shariah. Islamic banking literacy provides people with the knowledge to implement financial services in accordance to moral and profitable purposes, and ease employs general principles so it can be more accommodating. Maqashid al-Shariah therefore serves the purpose of creating a link and affirm that positive impacts of these drivers are not hindering SDGs realization. Besides, institutional support strengthens this relationship to provide structural and policy support in regulating the effect of Maqashid al-Shariah on SDGs. Altogether, these elements point to the fact that by aligning Islamic ethical values to the real and institutional systems, it is possible to promote sustainability and inclusive development not only in Indonesia but also in other countries.

STUDY IMPLICATIONS

This research has a number of important policy implications for policy makers, financial institutions and development practitioners. It underlines that there should be more focus on raising awareness related to Islamic banking literacies that establish the necessity of educational activities concerning Shariah compliant banking. Reducing the banking

system and making it more easily accessible to users can help towards financial inclusion of those people who have very little access to the banking services. The use of Maqashid al-Shariah work as a mediator giving credence to the concept of making finance and its practices to be in unison with the modern ethical consideration with the goal of attaining sustainable results. In addition, institutional support comes out as a significant factor and consequently policy-makers and other regulating authorities should enhance the polices and framework which would ensure the role of Islamic banking for SDGs. Altogether, the opinions expressed in the paper support the application of diffusing ethical, practical and structural measure for the improvement of sustainable development.

LIMITATIONS

There are also some limitations in this study that need to be mentioned. First, they are limited by relevance to the Indonesian experience only which makes it difficult to extend the same findings to other countries, particularly those with different Islamic banking environments or cultural setting. Second, the method of data collection is based on self-report, which can also create certain distorted picture of reality due to social desirability, or give incorrect answers. Third, the model has no provision for the impact of such external variables like economic changes or technological disruptors on either the probability of adopting Islamic banking or the performance of the SDGs. The next studies should analyse these variables and assess this framework in other geographical and economical contexts.

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