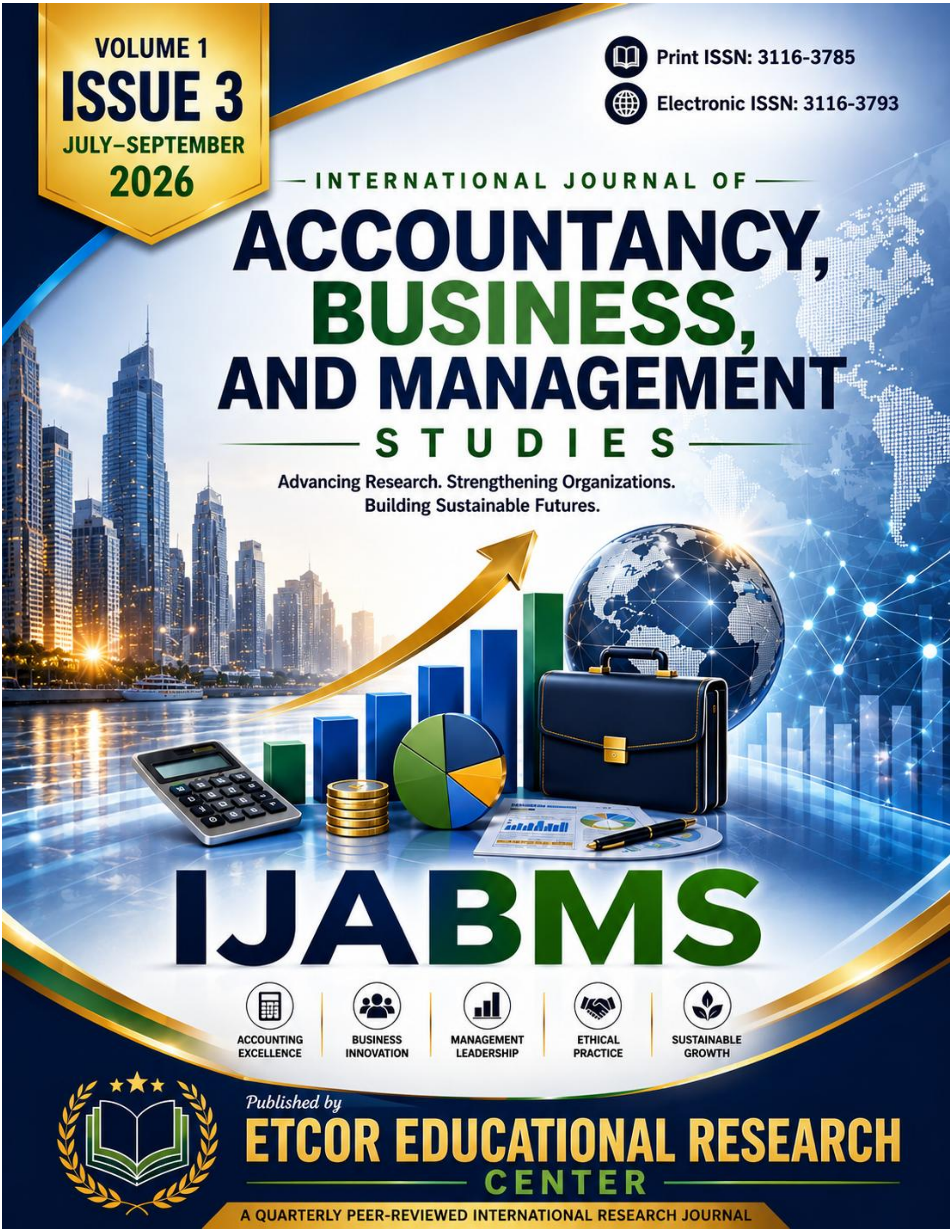

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Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits as predictors of MSMEs' intention to adopt Islamic financing in Marawi City

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Abstract
Aim: This study examined the influence of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits on the intention of micro, small, and medium enterprises (MSMEs) in Marawi City to adopt Islamic financing. Specifically, it sought to identify the key determinants influencing MSMEs' financing decisions and their implications for strengthening Islamic financial inclusion.
Methodology: The study employed a quantitative descriptive-predictive research design anchored on the Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM). Data were collected from 250 MSME owners and managers in Marawi City using a structured survey questionnaire. Multiple regression analysis was conducted to determine the predictive influence of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits on MSMEs' intention to adopt Islamic financing.
Results: The findings revealed that Shariah compliance awareness ($\beta = 0.42$, $p < 0.01$), financial literacy ($\beta = 0.35$, $p < 0.01$), and perceived economic benefits ($\beta = 0.38$, $p < 0.01$) were significant and positive predictors of MSMEs' intention to adopt Islamic financing. Trust in Islamic financial institutions was a positive but statistically non-significant predictor ($\beta = 0.11$, $p = 0.12$). The regression model explained 62% of the variance in MSMEs' intention to adopt Islamic financing ($R^2 = 0.62$), indicating substantial explanatory power.
Conclusion: The study concludes that strengthening MSMEs' awareness of Shariah-compliant financing principles, enhancing financial literacy, and effectively communicating the economic benefits of Islamic financing are essential strategies for increasing adoption intentions. The findings provide valuable insights for financial institutions, business managers, and policymakers in developing educational initiatives, capacity-building programs, and accessible Islamic financial products that promote financial inclusion, informed business decision-making, and sustainable MSME development in Muslim-majority communities.
Keywords: *Financial literacy; Islamic financing; micro, small, and medium enterprises (MSMEs); perceived economic benefits; Shariah compliance awareness*

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are widely recognized as engines of economic growth, employment generation, and poverty reduction. Globally, MSMEs account for over 90% of businesses and contribute significantly to economic development; however, limited access to financing continues to constrain their growth and sustainability, particularly in developing economies (World Bank, 2023). In response to these challenges, Islamic finance has emerged as an alternative financing system that promotes ethical investment, risk-sharing, and financial inclusion. The global Islamic financial services industry has continued to expand, with total assets reaching approximately USD 3.38 trillion in 2023, reflecting continued growth and resilience across the industry (Islamic Financial Services Board [IFSB], 2024).

Despite this expansion, the adoption of Islamic financing among MSMEs remains relatively low in many emerging markets. Previous studies have identified Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits as important determinants of adoption intentions. However,

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business owners often face challenges in understanding Islamic financial products, evaluating their economic advantages, and developing confidence in financial institutions, which may limit adoption.

In the Philippines, recent regulatory developments led by the Bangko Sentral ng Pilipinas (BSP) have strengthened the foundation for Islamic banking and finance, creating opportunities to enhance financial inclusion among Muslim entrepreneurs. The BSP has adopted regulatory measures that facilitate the establishment of Islamic banks and Islamic banking units, thereby promoting wider access to Shariah-compliant financial products and services and supporting the expansion of financial inclusion in the country (Bangko Sentral ng Pilipinas [BSP], 2024).

Although prior research has examined Islamic financing adoption, important gaps remain. Most studies have been conducted in countries with well-established Islamic financial systems and have focused primarily on individual consumers rather than MSME owners. Moreover, limited empirical evidence exists regarding the combined predictive contributions of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits within the Philippine context, particularly in Marawi City. Consequently, the factors that significantly predict MSMEs' intention to adopt Islamic financing remain insufficiently understood.

Globally, emerging trends such as digital Islamic banking, fintech-enabled Islamic finance, ESG-oriented financing, and initiatives supporting MSME resilience following the COVID-19 pandemic have expanded the role of Islamic finance in promoting inclusive and sustainable economic development (Islamic Development Bank [IsDB], 2024; Islamic Financial Services Board [IFSB], 2024). In this context, the present study addresses existing research gaps by proposing an integrated behavioral-economic model that examines the predictive contributions of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits to MSMEs' intention to adopt Islamic financing in Marawi City. The findings are expected to provide empirical evidence on the factors that significantly predict MSMEs' adoption intention and to offer practical insights for strategic financing policies, the development of customer-centered Islamic financial products, and the design of financial education and awareness initiatives. In doing so, the study may contribute to efforts aimed at strengthening financial inclusion and supporting sustainable MSME development in Muslim-majority communities.

Review of Related Literature and Studies

Micro, small, and medium enterprises (MSMEs) continue to play a critical role in global and national economic development, particularly in emerging economies where they contribute substantially to employment, innovation, and poverty reduction. However, access to appropriate finance remains a persistent constraint limiting MSME growth and competitiveness. In recent years, Islamic financing has gained attention as an alternative financing approach that incorporates Shariah principles, ethical considerations, and risk-sharing mechanisms while contributing to broader financial inclusion efforts (Islamic Financial Services Board [IFSB], 2024; Islamic Development Bank Institute [IsDBI], 2024).

Islamic Financing and MSME Development

Islamic financing is structured on Shariah principles that prohibit interest (riba) and emphasize risk-sharing, asset-backed transactions, and ethical investment. Recent studies highlight its growing relevance in supporting MSME sustainability and financial inclusion in Muslim-majority economies. Recent evidence from Islamic microfinance institutions suggests that financing-related factors are relevant to MSME financing decisions and business sustainability (Nugraheni et al., 2026).

Similarly, Islamic banking continues to provide Shariah-compliant financing alternatives for MSMEs, although access to such financing may be constrained by institutional and operational barriers (Siregar et al., 2025). Recent developments in digital Islamic banking and fintech-enabled Islamic finance have further improved access to financing through mobile banking, digital payment systems, and online financing platforms, particularly for underserved MSMEs (Islamic Financial Services Board [IFSB], 2024). Moreover, Islamic finance is increasingly aligned with sustainable finance and ESG (Environmental, Social, and Governance) principles, reinforcing its role in promoting responsible investment, financial resilience, and inclusive economic growth (Islamic Development Bank [IsDB], 2024). These findings suggest that while Islamic financing has strong developmental potential, its effectiveness depends on user awareness, institutional trust, and perceived value.

Shariah Compliance Awareness

Shariah compliance awareness is a key determinant of Islamic financial product adoption. MSME owners who understand Islamic finance principles such as the prohibition of riba and the concept of profit-and-loss sharing are more likely to perceive Islamic financing as legitimate and acceptable. Empirical studies show that awareness significantly shapes decision-making and increases intention to adopt Islamic banking services (Habriyanto et al., 2022).

Recent behavioral studies also confirm that awareness enhances positive attitudes toward Islamic financial

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systems, particularly when combined with religiosity and financial knowledge (Andani et al., 2025). This suggests that awareness functions as a foundational cognitive factor influencing MSMEs' financing preferences.

Financial Literacy and Islamic Finance Adoption

Financial literacy has consistently been identified as a strong predictor of financial decision-making among MSME owners. It enables entrepreneurs to evaluate financial risks, understand financing structures, and compare alternative funding sources. Recent research indicates that Islamic financial literacy significantly influences MSME decisions to adopt Shariah-compliant financing products (Habriyanto et al., 2022).

Moreover, Islamic financial literacy has been linked to improved MSME performance and access to financing, especially when combined with digital literacy and financial inclusion initiatives (Bahri et al., 2025). However, some studies note that financial literacy alone may not always translate into adoption unless supported by institutional trust and perceived benefits (Habriyanto et al., 2022). Recent evidence also suggests that digital financial literacy enhances the adoption of digital Islamic banking services and fintech applications by enabling MSMEs to effectively utilize online financial platforms and digital payment ecosystems, thereby strengthening financial inclusion (World Bank, 2023).

Trust in Islamic Financial Institutions

Trust is a central element in financial decision-making, particularly in Islamic finance where ethical compliance and transparency are critical. MSMEs are more likely to engage with Islamic financial institutions when they perceive them as reliable, transparent, and compliant with Shariah governance standards. Trust also reduces perceived risk and uncertainty in financial transactions.

Recent research on Islamic banking adoption has also highlighted trust as an important factor in understanding customers' behavioral intentions, particularly in digital Islamic banking contexts (Iqbal et al., 2022). The increasing digitalization of Islamic banking further underscores the importance of trust in ensuring cybersecurity, data privacy, and service reliability, all of which significantly influence MSMEs' willingness to adopt digital financial services. However, the present study found that trust was not a statistically significant independent predictor when the other variables were considered simultaneously.

Perceived Economic Benefits

Perceived economic benefits refer to MSME owners' beliefs that Islamic financing will improve profitability, reduce financial risk, and support business expansion. According to behavioral intention models, perceived usefulness is a key driver of adoption behavior, particularly in financial technology and banking systems.

Recent studies confirm that MSMEs are more likely to adopt Islamic financing when they perceive clear economic advantages such as lower financial burden, business sustainability, and improved cash flow management. This aligns with the Technology Acceptance Model (TAM), which emphasizes perceived usefulness as a major predictor of adoption intention (Davis, 1989). Furthermore, ESG-oriented Islamic financial services and sustainable financing initiatives have increased the perceived value of Islamic financing by promoting ethical entrepreneurship, environmental sustainability, and long-term business resilience among MSMEs (Islamic Development Bank [IsDB], 2024).

Synthesis and Research Gap

The reviewed literature consistently demonstrates that Shariah compliance awareness, financial literacy, trust, and perceived economic benefits are important determinants of Islamic financing adoption among MSMEs. Recent literature also highlights the growing influence of Islamic fintech, digital banking, digital financial inclusion, sustainable finance, and ESG-oriented financial services in expanding access to Shariah-compliant financing and improving MSME resilience. Nevertheless, several gaps remain evident.

First, most existing studies have been conducted in countries with well-established Islamic financial systems such as Indonesia, Malaysia, and Bangladesh, limiting their applicability to emerging Islamic finance contexts like the Philippines. Second, many studies focus on consumers or general banking clients rather than MSME owners, despite MSMEs being critical drivers of economic growth and financial inclusion. Third, limited research has simultaneously examined all four variables within a single integrated model using TPB and TAM frameworks in post-conflict and Muslim-majority local economies such as Marawi City.

Therefore, there is a need for localized empirical evidence that integrates cognitive (financial literacy, awareness), institutional (trust), and economic (perceived benefits) factors to better explain MSMEs' financing intentions. This study addresses these gaps by providing a comprehensive model that explains MSMEs' intention to adopt Islamic financing in Marawi City, thereby contributing to both academic literature and practical policy development in Islamic finance and MSME development.

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Theoretical Framework

The theoretical framework for this study integrates the Theory of Planned Behavior (TPB) as a behavioral decision-making perspective and the Technology Acceptance Model (TAM) as an adoption and perceived usefulness perspective to explain MSMEs' intention to adopt Islamic financing. This integration extends prior Islamic finance research by examining religious, cognitive, institutional, and economic factors as potential predictors of adoption intention among MSMEs in a post-conflict business environment.

The Theory of Planned Behavior posits that behavioral intention is the most immediate antecedent of actual behavior and that intention is shaped by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). In the context of Islamic financing, MSME owners and managers may develop stronger intentions to adopt Islamic financial products when they possess adequate knowledge of Shariah principles, understand the potential benefits of Islamic financing, and perceive themselves as capable of making informed financing decisions. Accordingly, Shariah compliance awareness and financial literacy may contribute to favorable attitudes and perceived behavioral control, while trust in Islamic financial institutions may strengthen confidence in the financing decision. In this study, these constructs are examined as potential predictors of MSMEs' intention to adopt Islamic financing.

The Technology Acceptance Model complements TPB by explaining how perceived usefulness contributes to an individual's intention to adopt a product, service, or technology. In this study, perceived economic benefits are conceptually related to the perceived usefulness dimension of TAM. When MSME owners perceive Islamic financing as economically advantageous, supportive of business operations, and potentially beneficial to business growth, they may develop stronger intentions to adopt Islamic financing.

The integration of TPB and TAM is appropriate because intention to adopt Islamic financing may involve both behavioral and economic considerations. MSMEs may evaluate financing options based not only on religious and ethical considerations but also on expected economic benefits and perceptions of institutional trust. Therefore, the integration of these theories provides a suitable theoretical lens for examining the predictive contributions of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits to MSMEs' intention to adopt Islamic financing in Marawi City.

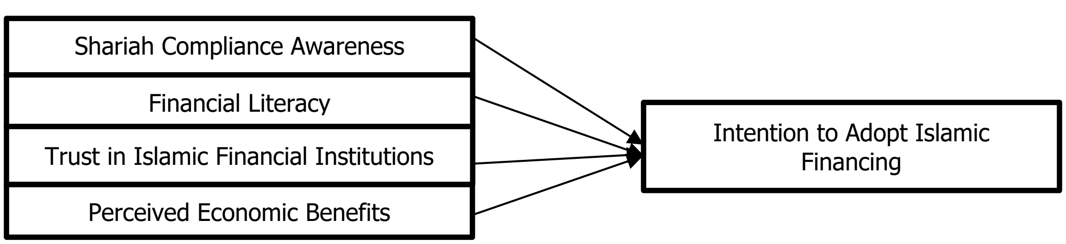
Although other theoretical perspectives, such as the Diffusion of Innovation Theory (Rogers, 2003), Institutional Theory (Scott, 2014), and the Resource-Based View (Barney, 1991), have been widely applied in business and management research, they primarily emphasize organizational innovation, institutional influences, or firm resources. In contrast, this study focuses on MSME owners' behavioral intention and perceptions regarding the adoption of Islamic financing. Therefore, the integration of TPB and TAM provides a suitable framework for examining the cognitive, behavioral, institutional, and economic factors that may predict MSMEs' intention to adopt Islamic financing.

The Theory of Planned Behavior and the Technology Acceptance Model are relevant to this study because they provide complementary explanations for behavioral intention and perceived usefulness. TPB provides the behavioral foundation for understanding how attitudes and perceived behavioral control may contribute to adoption intention, while TAM provides a basis for understanding how perceived usefulness may contribute to intention to adopt. Within this framework, Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits are examined as potential predictors of MSMEs' intention to adopt Islamic financing.

These theoretical foundations guided the identification of the study variables, formulation of the hypotheses, development of the survey instrument, and interpretation of the findings. Specifically, the theories provided the basis for examining whether the identified independent variables significantly predict the dependent variable, MSMEs' intention to adopt Islamic financing.

Conceptual Framework

Figure 1. Conceptual Framework of the Study



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The conceptual framework illustrates the hypothesized relationships between the independent variables and the dependent variable. The framework proposes that Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits are associated with MSMEs' intention to adopt Islamic financing. It further assumes that higher levels of these factors may correspond to a greater intention among MSMEs to adopt Islamic financing. The hypothesized predictive contributions of these independent variables to MSMEs' intention to adopt Islamic financing were empirically examined through multiple regression analysis.

Statement of the Problem

Access to appropriate financing remains one of the most significant challenges confronting micro, small, and medium enterprises (MSMEs), particularly in developing economies where financial constraints hinder business growth, competitiveness, innovation, and long-term sustainability. Although Islamic financing has emerged as a Shariah-compliant alternative that promotes ethical financial practices, risk-sharing, and financial inclusion, its adoption among MSMEs remains relatively limited despite its potential contribution to business development and economic resilience.

Previous studies have identified Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits as important factors associated with the adoption of Islamic financial products. However, much of the existing literature has focused on countries with mature Islamic financial systems or on individual consumers rather than MSME owners and managers. Consequently, empirical evidence remains limited regarding the predictive contributions of these factors within the Philippine business environment, particularly in the socio-economic and post-conflict context of Marawi City.

This research gap represents an important business and management concern because understanding the factors that significantly predict MSMEs' intention to adopt Islamic financing is essential for financial institutions, business leaders, entrepreneurs, and policymakers in developing effective financing strategies, strengthening financial inclusion, improving organizational decision-making, and promoting sustainable MSME development. Therefore, this study examines whether Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits significantly predict MSMEs' intention to adopt Islamic financing in Marawi City.

Research Objectives

General Objective:

To determine the predictive influence of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits on MSMEs' intention to adopt Islamic financing in Marawi City.

Specific Objectives:

1. To assess the level of Shariah compliance awareness among MSME owners and managers in Marawi City.
2. To assess the level of financial literacy among MSME owners and managers in Marawi City.
3. To determine the level of trust in Islamic financial institutions among MSME owners and managers in Marawi City.
4. To assess the perceived economic benefits of Islamic financing among MSME owners and managers in Marawi City.
5. To determine the level of MSMEs' intention to adopt Islamic financing.
6. To determine the significant predictors of MSMEs' intention to adopt Islamic financing in Marawi City.

Research Questions

1. What is the level of Shariah compliance awareness among MSME owners and managers in Marawi City?
2. What is the level of financial literacy among MSME owners and managers in Marawi City?
3. What is the level of trust in Islamic financial institutions among MSME owners and managers in Marawi City?
4. What is the level of perceived economic benefits of Islamic financing among MSME owners and managers in Marawi City?
5. What is the level of MSMEs' intention to adopt Islamic financing?

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6. Which of the identified factors significantly predicts MSMEs' intention to adopt Islamic financing in Marawi City?

Null Hypotheses (H_0)

Based on the conceptual framework and the objectives of the study, the following null hypotheses were formulated to examine the relationships between the independent variables and MSMEs' intention to adopt Islamic financing, as well as to determine the combined predictive influence of these variables.

H_{01}: Shariah compliance awareness does not significantly predict MSMEs' intention to adopt Islamic financing in Marawi City.

H_{02}: Financial literacy does not significantly predict MSMEs' intention to adopt Islamic financing in Marawi City.

H_{03}: Trust in Islamic financial institutions does not significantly predict MSMEs' intention to adopt Islamic financing in Marawi City.

H_{04}: Perceived economic benefits do not significantly predict MSMEs' intention to adopt Islamic financing in Marawi City.

H_{05}: Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits, taken collectively, do not significantly predict MSMEs' intention to adopt Islamic financing in Marawi City.

METHODS

Research Design

The study employed a quantitative descriptive-predictive research design to examine the predictive influence of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits on the intention of micro, small, and medium enterprises (MSMEs) in Marawi City to adopt Islamic financing. The descriptive-predictive design was considered appropriate because it enables researchers to describe the levels of the study variables and determine the extent to which the identified factors significantly predict MSMEs' intention to adopt Islamic financing without manipulating the research setting or participants.

The descriptive component was used to determine the levels of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, perceived economic benefits, and MSMEs' intention to adopt Islamic financing. The predictive component was used to determine whether Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits significantly predict MSMEs' intention to adopt Islamic financing through multiple regression analysis.

This research design was appropriate because the study sought to describe the study variables and determine their predictive contributions to MSMEs' intention to adopt Islamic financing based on naturally occurring data rather than establish causal effects through experimental manipulation. The quantitative approach allowed the collection of standardized data from a relatively large sample of MSME owners and managers, thereby providing statistical evidence regarding the factors that significantly predict the intention to adopt Islamic financing in Marawi City.

Population and Sampling

A purposive sampling technique was employed to identify MSMEs with potential exposure to Islamic financing products. Purposive sampling was appropriate because it enabled the researcher to select participants who met specific criteria relevant to the study objectives, such as knowledge of Shariah-compliant financial products and involvement in business financing decisions. Based on the sample size determination guidelines of Krejcie and Morgan (1970), a population exceeding 1,000 MSMEs would ideally require approximately 278 respondents at a 95% confidence level and a 5% margin of error. However, the final sample consisted of 250 MSME owners and managers due to practical limitations encountered during the data collection process. These limitations included the limited accessibility of some business owners, the unavailability of entrepreneurs during repeated field visits because of business operations, and the inability of some eligible participants to complete the survey within the data collection period. In addition, several initially identified MSMEs did not satisfy the study's inclusion criteria, particularly the requirement that owners or managers be directly involved in financial decision-making and possess awareness of Islamic financial products. Despite these constraints, the achieved sample represents approximately 90% of the recommended sample size and exceeds the minimum sample requirements commonly suggested for multiple regression analysis. According to Hair et al. (2022), a sample of this size provides adequate statistical power and reliable parameter estimates for examining the

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predictive contributions of the independent variables to MSMEs' intention to adopt Islamic financing. Therefore, the final sample of 250 respondents was considered sufficient to achieve the objectives of the study while maintaining acceptable methodological rigor.

Businesses that were inactive or whose owners or managers were not involved in financing decisions were excluded from the study.

Research Instrument

Data were collected using a structured questionnaire designed to obtain comprehensive information from MSME owners and managers regarding their engagement with Islamic financing. The instrument consisted of six sections: demographic profile, Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, perceived economic benefits, and intention to adopt Islamic financing. Items measuring awareness, financial literacy, trust, perceived benefits, and adoption intention were assessed using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), enabling the measurement of the intensity of respondents' perceptions and attitudes. The questionnaire items were adapted from previously validated instruments used in Islamic finance and MSME adoption studies to ensure content validity and alignment with established measurement constructs.

Content and face validity of the instrument were established through expert evaluation involving faculty members in finance, Islamic banking practitioners, and business development specialists. The experts assessed the clarity, relevance, and cultural appropriateness of each item. Revisions were made based on their recommendations, including refinement of item wording, simplification of technical terms, and contextual adjustments to enhance respondent understanding.

A pilot test involving 30 MSME owners and managers, who were not included in the final sample, was conducted to assess the reliability of the instrument. Internal consistency was measured using Cronbach's alpha. According to Nunnally and Bernstein (1994), a reliability coefficient of 0.70 or higher is considered acceptable.

The reliability analysis of the measurement instrument revealed strong internal consistency across all constructs used in the study. Shariah Compliance Awareness obtained a Cronbach's alpha coefficient of 0.88, indicating high reliability in measuring respondents' understanding of Shariah principles. Financial Literacy yielded an alpha value of 0.84, reflecting a satisfactory level of consistency in assessing MSME owners' financial knowledge and capability. Trust in Islamic Financial Institutions recorded a Cronbach's alpha of 0.87, demonstrating strong reliability in capturing respondents' perceptions of institutional credibility and confidence. Perceived Economic Benefits achieved the highest reliability coefficient at 0.90, suggesting excellent internal consistency in measuring respondents' perceived financial advantages of Islamic financing. Lastly, Intention to Adopt Islamic Financing obtained an alpha value of 0.86, indicating reliable measurement of MSMEs' behavioral intention toward Islamic financial adoption. Overall, all constructs exceeded the recommended threshold of 0.70 as suggested by Nunnally and Bernstein (1994), confirming that the instrument possesses satisfactory internal consistency and is suitable for further statistical analysis.

Data Collection

Data were collected through a structured and systematic process designed to ensure accuracy, ethical compliance, and accessibility of respondents. The researcher coordinated with local business associations, chambers of commerce, and Islamic financial institutions in Marawi City to identify eligible MSME owners and managers who met the study's inclusion criteria. Prior to data gathering, participants were fully briefed on the objectives of the study, the research procedures, confidentiality measures, and their right to voluntary participation. Informed consent was obtained from all respondents to ensure ethical compliance and understanding of their involvement in the study.

Data collection was conducted from January to April 2026, allowing sufficient time for the distribution and retrieval of questionnaires. The study was carried out within Marawi City, Lanao del Sur, Philippines, focusing on MSME establishments across various sectors such as retail, services, and small-scale manufacturing.

Survey questionnaires were administered using a combination of in-person distribution and online platforms (such as Google Forms) to accommodate the availability and convenience of respondents. This approach enhanced response rates and ensured broader participation across different business locations.

Overall, the data collection procedure ensured systematic coverage of the target population while maintaining ethical standards, data integrity, and respondent confidentiality throughout the research process.

Data Analysis

Quantitative data obtained from the Likert-type items were analyzed using descriptive and inferential statistics. Descriptive statistics, specifically the mean and standard deviation, were used to summarize the central tendency and variability of respondents' perceptions. Multiple regression analysis was conducted to determine the predictive influence

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of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits on MSMEs' intention to adopt Islamic financing. All statistical analyses were performed using the Statistical Package for the Social Sciences (SPSS) version 29.0, with statistical significance evaluated at $\alpha = .05$. Prior to inferential analysis, the assumptions of normality, linearity, homoscedasticity, and multicollinearity were assessed to ensure the suitability of the multiple regression analysis.

Ethical Considerations

The study strictly adhered to established ethical standards governing research involving human participants. Prior to data collection, ethical approval was obtained from the College of Business Administration and Accountancy Research Ethics Committee (CBAA-REC), Mindanao State University-Marawi City, under Ethics Approval No. MSUM 2026 059, ensuring compliance with institutional research ethics protocols. Participants were fully informed about the purpose of the study, research procedures, potential risks and benefits, the voluntary nature of their participation, and their right to withdraw from the study at any time without penalty.

Informed consent was obtained from all respondents before their inclusion in the study, ensuring that participation was based on full understanding and voluntary agreement. To protect confidentiality, all identifying information was removed during data processing. Data were securely stored and accessed only by the researcher for academic purposes. Furthermore, all findings were reported in aggregate form to ensure that individual responses could not be traced to any participant or organization. The study also complied with the ethical principles of respect for persons, beneficence, and justice, as well as applicable institutional guidelines and national regulations governing social science research, ensuring that all procedures were conducted with integrity, transparency, and respect for participants' rights.

RESULTS AND DISCUSSION

Profile of the Respondents

Table 1

Demographic Profile of the Respondents (N = 250)

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	150	60.0
	Female	100	40.0
Age	25–34 years	88	35.2
	35–44 years	100	40.0
	45 years and above	62	24.8
Educational Attainment	High School	75	30.0
	Bachelor's Degree	125	50.0
	Postgraduate Degree	50	20.0
Business Experience	Less than 5 years	100	40.0
	6–10 years	88	35.2
	More than 10 years	62	24.8
Business Sector	Services	163	65.2
	Retail	50	20.0
	Manufacturing	37	14.8

The demographic characteristics of the 250 MSME owners and managers who participated in the study are presented in Table 1. The results indicate that male respondents comprised the majority of the sample (60.0%), while female respondents accounted for 40.0%. Regarding age, most respondents were between 35 and 44 years old (40.0%), followed by those aged 25–34 years (35.2%), whereas respondents aged 45 years and above represented 24.8% of the sample. This distribution suggests that the respondents consisted of both relatively young entrepreneurs and experienced business operators.

In terms of educational attainment, half of the respondents (50.0%) held a bachelor's degree, 30.0% had completed high school, and 20.0% possessed postgraduate qualifications. The relatively high educational background

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of the respondents may contribute to their capacity to understand financial concepts and evaluate Shariah-compliant financing alternatives, as education has been consistently associated with improved financial literacy and decision-making (Lusardi & Mitchell, 2014).

With respect to business experience, 40.0% of the respondents had operated their businesses for fewer than five years, 35.2% had six to ten years of experience, and 24.8% had been managing their enterprises for more than ten years. This variation reflects a combination of emerging and established entrepreneurs, whose differing levels of business experience may influence their familiarity with financing alternatives, risk perceptions, and willingness to adopt innovative financial products.

Finally, the distribution of business sectors shows that most respondents were engaged in the service sector (65.2%), followed by retail (20.0%) and manufacturing (14.8%). This sectoral composition reflects the predominant economic activities among MSMEs in Marawi City. Overall, the demographic profile presented in Table 1 indicates that the respondents constitute a diverse and moderately experienced entrepreneurial population, providing an appropriate basis for examining the relationships among Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, perceived economic benefits, and the intention to adopt Islamic financing.

Level of Shariah Compliance Awareness

Table 2

Level of Shariah Compliance Awareness among MSME Owners and Managers (N = 250)

Statement	Mean	SD	Interpretation
1. I understand that Islamic financing prohibits riba (interest).	4.25	0.58	Very High
2. I am aware that Islamic financial transactions should avoid gharar (excessive uncertainty).	4.15	0.61	High
3. I understand the importance of conducting business transactions in accordance with Shariah principles.	4.12	0.65	High
4. I can distinguish between Shariah-compliant and conventional financial products.	3.98	0.68	High
5. I believe it is important for my business to comply with Islamic financial principles.	4.00	0.57	High
Overall Mean	**4.10**	**0.62**	**High**

The level of Shariah compliance awareness among MSME owners and managers is presented in Table 2. The findings indicate that respondents exhibited a high level of Shariah compliance awareness, with an overall mean score of 4.10 (SD = 0.62). This result suggests that the respondents generally possess a strong understanding of the ethical and religious principles governing Islamic financial transactions.

The high level of awareness indicates that most respondents are knowledgeable about fundamental Shariah principles, including the prohibition of riba (interest), gharar (excessive uncertainty), and other non-compliant financial practices. Such awareness reflects an appreciation of the importance of conducting financial activities in accordance with Islamic teachings and demonstrates a favorable disposition toward Shariah-compliant business practices. Nevertheless, the observed variability in responses, as reflected by the standard deviation, suggests that while many respondents demonstrated strong awareness, some may still require additional education and practical exposure to strengthen their understanding of Islamic finance principles.

These findings are consistent with previous studies showing that awareness of Shariah principles is an important factor in entrepreneurs' willingness to adopt Islamic financial products (Habriyanto et al., 2022; Andani et al., 2025). Entrepreneurs who possess a better understanding of Islamic financial principles are more likely to recognize the ethical advantages of Shariah-compliant financing and to make financial decisions consistent with their religious values.

The findings further imply that higher levels of education and longer business experience may contribute to greater awareness of Shariah compliance, as these factors often enhance entrepreneurs' exposure to financial management practices and opportunities for continuous learning. Increased awareness also promotes confidence in engaging with Islamic financial institutions, strengthens the ability to evaluate available financing alternatives, and supports informed decision-making regarding Shariah-compliant financial products.

Overall, the results underscore the importance of strengthening educational and capacity-building initiatives that promote Shariah financial literacy among MSMEs. Expanding access to training programs, seminars, and awareness campaigns can further enhance entrepreneurs' understanding of Islamic financing principles and encourage the wider adoption of Shariah-compliant financing among MSMEs in Marawi City.

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Financial Literacy
Table 3
Level of Financial Literacy among MSME Owners and Managers (N = 250)

Statement	Mean	SD	Interpretation
1. I understand basic financial concepts such as budgeting and cash flow management.	3.92	0.69	High
2. I am able to prepare and interpret basic financial statements for my business.	3.75	0.74	High
3. I can evaluate different financing options before making financial decisions.	3.81	0.71	High
4. I understand the financial risks associated with business investments and borrowing.	3.70	0.76	High
5. I regularly apply financial planning to achieve my business goals.	3.82	0.65	High
Overall Mean	**3.80**	**0.71**	**High**

The level of financial literacy among MSME owners and managers is presented in Table 3. The findings indicate that respondents demonstrated a high level of financial literacy, with an overall mean score of 3.80 (SD = 0.71). This result suggests that the respondents generally possess adequate knowledge and skills related to financial management, enabling them to make informed decisions regarding the operation and sustainability of their businesses.

The individual indicators further reveal that respondents generally understood essential financial concepts, including budgeting, cash flow management, financial planning, and the evaluation of financing alternatives. They also demonstrated the ability to interpret financial information and recognize financial risks associated with business operations. Although the responses indicate a relatively strong level of financial literacy, the variability in scores suggests that some entrepreneurs may still require additional support to enhance their financial management competencies.

These findings are consistent with the work of Lusardi and Mitchell (2014), who emphasized that financial literacy equips individuals with the knowledge and skills necessary to process financial information, evaluate financial alternatives, and make sound economic decisions. For MSME owners, financial literacy contributes to improved financial planning, prudent resource allocation, effective risk management, and sustainable business growth. Moreover, financially literate entrepreneurs are better positioned to evaluate financing alternatives, including Shariah-compliant financial products, based on both economic and ethical considerations.

Overall, the findings highlight the importance of strengthening financial literacy through financial education programs, capacity-building initiatives, and mentorship opportunities. Enhancing entrepreneurs' financial competencies can improve decision-making, increase business resilience, and support the sustainable adoption of Islamic financing among MSMEs in Marawi City.

Trust in Islamic Financial Institutions
Table 4
Level of Trust in Islamic Financial Institutions among MSME Owners and Managers (N = 250)

Statement	Mean	SD	Interpretation
1. I believe Islamic financial institutions operate in accordance with Shariah principles.	3.72	0.65	High
2. I trust Islamic financial institutions to provide transparent financial products and services.	3.61	0.70	High
3. I believe Islamic financial institutions conduct their operations ethically and fairly.	3.58	0.69	High
4. I have confidence in the reliability of Islamic financial institutions in meeting my business financing needs.	3.49	0.72	High
5. I am confident that Islamic financial institutions consistently comply with Shariah requirements.	3.60	0.64	High
Overall Mean	**3.60**	**0.68**	**High**

The level of trust in Islamic financial institutions among MSME owners and managers is presented in Table 4. The findings indicate that respondents demonstrated a high level of trust in Islamic financial institutions, with an overall

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mean score of 3.60 (SD = 0.68). This result suggests that the respondents generally perceive Islamic financial institutions as credible organizations that operate in accordance with ethical and Shariah-compliant principles.

The individual indicators show that respondents expressed confidence in the adherence of Islamic financial institutions to Shariah principles, the transparency of their financial products and services, and their commitment to ethical business practices. Respondents also generally agreed that these institutions are reliable in addressing the financing needs of MSMEs and maintaining compliance with Islamic financial principles. Nevertheless, the variation in responses indicates that some entrepreneurs remain uncertain about the consistency of institutional practices and the practical implementation of Shariah compliance.

These findings are consistent with previous studies emphasizing that trust is an important factor in financial decision-making and the adoption of Islamic financial services. Trust can reduce perceived uncertainty and strengthen users' confidence in financial institutions and their products. In the context of Islamic finance, higher levels of trust may encourage individuals to consider Islamic financial products when they perceive the institution and its services as reliable and trustworthy (Ali et al., 2021). Previous research among SME owner-managers has likewise demonstrated that individual and firm-level factors influence decisions to adopt Islamic finance (Al Balushi et al., 2019).

Overall, the findings suggest that strengthening institutional trust requires continuous efforts to enhance transparency, maintain ethical business practices, improve customer communication, and consistently demonstrate compliance with Shariah principles. These initiatives can reinforce the credibility of Islamic financial institutions, increase entrepreneurs' confidence, and create an environment that supports the sustainable growth of Islamic financing among MSMEs in Marawi City.

Perceived Economic Benefits

Table 5

Level of Perceived Economic Benefits of Islamic Financing among MSME Owners and Managers (N = 250)

Statement	Mean	SD	Interpretation
1. Islamic financing can improve the financial performance of my business.	4.05	0.62	High
2. Islamic financing provides fair and equitable risk-sharing arrangements.	4.02	0.66	High
3. Islamic financing supports the long-term sustainability of my business.	3.98	0.67	High
4. Islamic financing offers economic advantages compared with conventional financing.	3.97	0.69	High
5. Adopting Islamic financing can contribute to the growth and stability of my business.	3.98	0.61	High
Overall Mean	**4.00**	**0.65**	**High**

The level of perceived economic benefits of Islamic financing among MSME owners and managers is presented in Table 5. The findings indicate that respondents exhibited a high level of perceived economic benefits, with an overall mean score of 4.00 (SD = 0.65). This result suggests that the respondents generally recognized Islamic financing as a financially beneficial alternative that can contribute to business performance while adhering to Shariah principles.

The individual indicators demonstrate that respondents perceived Islamic financing as capable of improving business performance, promoting equitable risk-sharing, supporting long-term business sustainability, and providing economic advantages over conventional financing. They also believed that adopting Shariah-compliant financing could contribute to business growth and financial stability. These findings indicate that respondents evaluate Islamic financing not only from a religious perspective but also in terms of its practical value in enhancing business operations and long-term competitiveness.

The findings are consistent with the Technology Acceptance Model (TAM), which identifies perceived usefulness as a major determinant of individuals' behavioral intentions (Davis, 1989). Similarly, recent empirical evidence has shown that entrepreneurs are more likely to adopt Islamic financing when they perceive it as providing tangible economic value, improving business sustainability, and supporting sound financial decision-making (Habriyanto et al., 2022; Nugraheni et al., 2026).

Overall, the results suggest that MSME owners recognize the tangible value of Islamic financing in supporting business growth and resilience. Financial institutions and policymakers should therefore continue to emphasize the economic advantages of Shariah-compliant financing through awareness programs, financial education initiatives, and the development of customer-centered financial products. Strengthening entrepreneurs' understanding of these benefits may further encourage the adoption of Islamic financing among MSMEs in Marawi City.

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Intention to Adopt Islamic Financing

Table 6

Level of Intention to Adopt Islamic Financing among MSME Owners and Managers (N = 250)

Statement	Mean	SD	Interpretation
1. I intend to use Islamic financing for my business in the future.	3.95	0.68	High
2. I am willing to consider Islamic financing when my business requires external funding.	3.88	0.72	High
3. I plan to obtain financing from Islamic financial institutions whenever possible.	3.86	0.71	High
4. I would recommend Islamic financing to other entrepreneurs.	3.92	0.69	High
5. I am committed to adopting Shariah-compliant financing for future business expansion.	3.89	0.70	High
Overall Mean	**3.90**	**0.70**	**High**

The level of intention to adopt Islamic financing among MSME owners and managers is presented in Table 6. The findings indicate that respondents exhibited a high level of intention to adopt Islamic financing, with an overall mean score of 3.90 (SD = 0.70). This result suggests that the respondents generally expressed a favorable willingness to utilize Shariah-compliant financing as an alternative source of business capital.

The individual indicators reveal that respondents were generally willing to consider Islamic financing for future business needs, obtain financing from Islamic financial institutions, recommend Shariah-compliant financing to other entrepreneurs, and adopt Islamic financing to support business growth and expansion. These findings indicate a positive behavioral intention toward Islamic financing and reflect the increasing recognition of its potential to provide both ethical and economic advantages.

The results are consistent with the Technology Acceptance Model (Davis, 1989), which posits that individuals are more likely to adopt an innovation when they perceive it as useful and beneficial. Previous studies have shown that behavioral intentions toward Islamic financing are associated with cognitive and behavioral factors such as awareness, financial literacy, attitudes, subjective norms, and perceived behavioral control (Andani et al., 2025; Usman et al., 2022).

Overall, the findings suggest that MSME owners in Marawi City are generally receptive to adopting Islamic financing. Continued efforts to improve awareness, strengthen financial literacy, and demonstrate the practical advantages of Shariah-compliant financial products may further enhance entrepreneurs' willingness to adopt Islamic financing in the future.

Table 7

Multiple Regression Analysis of the Predictors of Intention to Adopt Islamic Financing among MSME Owners and Managers (N = 250)

Predictor	Unstandardized Coefficient (B)	Standard Error (SE)	Standardized Coefficient (β)	*t*	*p*	Decision
Shariah Compliance Awareness	0.41	0.05	.42	8.20	< .001	Significant
Financial Literacy	0.33	0.05	.35	6.45	< .001	Significant
Trust in Islamic Financial Institutions	0.09	0.06	.11	1.56	.120	Not Significant
Perceived Economic Benefits	0.37	0.05	.38	7.38	< .001	Significant

Model Summary	
Multiple R	**.787**
R^2	**.620**
Adjusted R^2	**.610**
F(4, 245)	**99.93**

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Model Summary	
Significance	**p < .001**

Note. Dependent variable: **Intention to Adopt Islamic Financing**. B = unstandardized regression coefficient; SE = standard error; β = standardized regression coefficient. Statistical significance was evaluated at α = .05.

The results of the multiple regression analysis are presented in Table 7. The regression model was statistically significant, $F(4, 245) = 99.93$, $p < .001$, indicating that the independent variables collectively explained a substantial proportion of the variance in MSMEs' intention to adopt Islamic financing. The model yielded a Multiple R of .787, with an R^2 of .620, indicating that approximately 62% of the variance in adoption intention was explained by Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits. After adjusting for the number of predictors included in the model, the adjusted R^2 remained high at .610, demonstrating the model's strong explanatory power.

Among the predictors, Shariah compliance awareness emerged as the strongest predictor of MSMEs' intention to adopt Islamic financing ($\beta = .42$, $t = 8.20$, $p < .001$). This finding indicates that higher levels of Shariah compliance awareness were associated with stronger intention to adopt Islamic financing within the regression model. The result underscores the importance of ethical and religious knowledge in understanding MSMEs' financing intentions.

Perceived economic benefits emerged as the second strongest predictor ($\beta = .38$, $t = 7.38$, $p < .001$), suggesting that respondents who recognized the practical and financial advantages of Islamic financing tended to report stronger intentions to adopt Shariah-compliant financial products. This finding supports the proposition of the Technology Acceptance Model (Davis, 1989), which emphasizes the role of perceived usefulness in shaping behavioral intentions.

Financial literacy also significantly predicted the intention to adopt Islamic financing ($\beta = .35$, $t = 6.45$, $p < .001$). This result indicates that higher levels of financial knowledge and decision-making capability were associated with stronger intention to adopt Islamic financing within the regression model. Entrepreneurs with greater financial knowledge may be better equipped to evaluate financing alternatives and understand the potential benefits of Islamic financial products.

In contrast, trust in Islamic financial institutions was a positive but statistically non-significant predictor of adoption intention ($\beta = .11$, $t = 1.56$, $p = .120$). Although respondents generally perceived Islamic financial institutions as trustworthy, trust did not independently predict adoption intention when Shariah compliance awareness, financial literacy, and perceived economic benefits were considered simultaneously in the regression model. This finding suggests that, within the present model, MSMEs' intention to adopt Islamic financing was more strongly predicted by Shariah compliance awareness, financial literacy, and perceived economic benefits than by institutional trust alone.

Overall, the findings demonstrate that Shariah compliance awareness, financial literacy, and perceived economic benefits were significant positive predictors of MSMEs' intention to adopt Islamic financing in Marawi City, whereas trust in Islamic financial institutions was not a statistically significant predictor. These results highlight the potential importance of strengthening educational initiatives on Shariah-compliant finance, enhancing financial literacy programs, and effectively communicating the economic advantages of Islamic financing to support MSMEs' informed consideration of Islamic financing options.

The findings indicate that Shariah compliance awareness, financial literacy, and perceived economic benefits are significant positive predictors of MSMEs' intention to adopt Islamic financing in Marawi City. Higher levels of Shariah compliance awareness were associated with stronger intention to adopt Islamic financing, suggesting that entrepreneurs' understanding of Shariah principles is an important factor in explaining their financing intentions. Similarly, financial literacy significantly predicted adoption intention, indicating that MSME owners with greater financial knowledge and decision-making capability may be better positioned to evaluate financing alternatives and understand the potential benefits of Islamic financial products. Perceived economic benefits also emerged as a significant predictor, highlighting the relevance of practical considerations such as risk-sharing, ethical business practices, and potential support for sustainable business growth in explaining MSMEs' intention to adopt Islamic financing.

These findings are consistent with previous studies demonstrating that Islamic financial literacy, behavioral beliefs, and perceived benefits are associated with stronger intentions to adopt Islamic financial products among entrepreneurs and MSMEs (Habriyanto et al., 2022; Usman et al., 2022). The results further suggest that strengthening awareness and financial capability among entrepreneurs may support more informed consideration of Islamic financial products. Consequently, financial institutions and policymakers may invest in educational programs, financial literacy initiatives, and awareness campaigns that emphasize both the religious and economic value of Islamic financing.

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The regression model explained 62% of the variance in adoption intention ($R^2 = .62$; adjusted $R^2 = .61$), indicating substantial explanatory power. This result suggests that the significant predictors represent three complementary dimensions relevant to MSMEs' financing intentions: Shariah compliance awareness reflects an ethical and religious dimension, financial literacy represents a cognitive and decision-making dimension, and perceived economic benefits capture an economic dimension. Collectively, these factors provided substantial explanatory power for MSMEs' intention to adopt Islamic financing within the context of Marawi City.

In contrast, trust in Islamic financial institutions was a positive but statistically non-significant predictor of adoption intention ($\beta = .11$, $p = .12$). Although trust may remain relevant to entrepreneurs' perceptions of Islamic financial institutions, it did not independently predict adoption intention when Shariah compliance awareness, financial literacy, and perceived economic benefits were considered simultaneously in the regression model. This finding may be related to the limited visibility and market presence of Islamic financial institutions in the area. It is also possible that Shariah compliance awareness and perceived economic benefits accounted for more of the variation in adoption intention within the present model. However, the possible role of trust as an indirect or mediated factor would require further empirical investigation and should not be inferred from the present analysis alone.

The findings are generally consistent with the Theory of Planned Behavior and the Technology Acceptance Model. Shariah compliance awareness and perceived economic benefits may be conceptually linked to favorable attitudes toward Islamic financing, while financial literacy may support entrepreneurs' confidence in understanding and evaluating financial products. Likewise, perceived economic benefits are conceptually consistent with perceived usefulness. Collectively, the results support the relevance of ethical, cognitive, and economic factors in explaining MSMEs' intention to adopt Islamic financing in Marawi City.

Conclusions

This study examined the predictive influence of Shariah compliance awareness, financial literacy, trust in Islamic financial institutions, and perceived economic benefits on MSMEs' intention to adopt Islamic financing in Marawi City. The findings provide empirical evidence that the regression model had substantial explanatory power, with the four predictors collectively accounting for 62% of the variance in adoption intention ($R^2 = .62$; adjusted $R^2 = .61$). The overall regression model was statistically significant, indicating that the selected variables, when considered collectively, significantly predicted MSMEs' intention to adopt Islamic financing in the study context.

Among the predictors, Shariah compliance awareness emerged as the strongest significant predictor of adoption intention, indicating the importance of religious and ethical considerations in explaining MSMEs' financing intentions. Perceived economic benefits also emerged as a significant positive predictor, suggesting that the perceived practical and financial advantages of Islamic financing are important in understanding adoption intention. Financial literacy likewise significantly and positively predicted adoption intention, highlighting the relevance of financial knowledge and capability in evaluating Shariah-compliant financing alternatives.

In contrast, trust in Islamic financial institutions was not a statistically significant predictor of adoption intention when the other variables were considered simultaneously in the regression model. This result suggests that, within the present model, trust did not make a statistically significant independent contribution to explaining adoption intention beyond Shariah compliance awareness, financial literacy, and perceived economic benefits.

Overall, the findings indicate that Shariah compliance awareness, financial literacy, and perceived economic benefits were the significant positive predictors of MSMEs' intention to adopt Islamic financing in Marawi City. The study contributes to the fields of business and management by providing evidence on the relevance of ethical, financial, and economic factors in explaining entrepreneurial financing intentions within a Muslim-majority business environment.

The findings also offer practical implications for financial institutions and policymakers. Educational initiatives that strengthen Shariah compliance awareness, programs that enhance financial literacy, and communication strategies that clearly present the potential economic benefits of Islamic financing may support MSMEs' informed consideration of Islamic financing options. The results may also inform the development of customer-centered Islamic financial products, financial education programs, and strategies aimed at supporting financial inclusion and sustainable MSME development in Marawi City and similar contexts.

Recommendations

Based on the findings of the study, the following recommendations are offered to support informed consideration and potential adoption of Islamic financing among MSMEs in Marawi City:

Strengthening Shariah Compliance Education. Financial institutions and relevant government agencies may prioritize structured educational programs that enhance MSMEs' understanding of Shariah-compliant financing

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principles. Since Shariah compliance awareness emerged as the strongest significant predictor of adoption intention, continuous awareness campaigns, workshops, and simplified informational materials may be implemented to strengthen entrepreneurs' understanding of Islamic financial concepts, including the prohibition of riba and profit-and-loss sharing.

Enhancing Communication of Economic Benefits. Islamic financial institutions may develop clear and targeted communication strategies that explain the potential economic advantages and features of Islamic financing products. These strategies may highlight aspects such as cost considerations, ethical investment structures, risk-sharing mechanisms, and potential contributions to long-term business sustainability. This recommendation is supported by the finding that perceived economic benefits significantly predicted MSMEs' intention to adopt Islamic financing.

Expanding Financial Literacy Programs. Sustained financial literacy initiatives may be implemented to strengthen MSMEs' financial capability in evaluating financing options. Training programs may focus on budgeting, financial planning, and financial decision-making skills that enable entrepreneurs to assess the suitability and implications of Islamic financing. Given that financial literacy was a significant positive predictor of adoption intention, it may be considered an important long-term capacity-building priority.

Integrating Trust-Building Strategies. Although trust in Islamic financial institutions was not a statistically significant predictor in this study, it remains relevant to institutional credibility and customer engagement. Financial institutions may therefore integrate trust-building initiatives into broader stakeholder engagement strategies. These initiatives may include improving transparency, clearly communicating Shariah-compliance practices, and strengthening customer engagement through community-based outreach and educational activities.

Strengthening Entrepreneurial Financing Strategies. Islamic financial institutions and policymakers may consider developing financing strategies that address the factors identified as significant predictors in the study, particularly Shariah compliance awareness, financial literacy, and perceived economic benefits. Aligning financial products and communication strategies with the operational needs of MSMEs may support informed financing decisions and contribute to the development of more accessible and responsive Islamic financing services.

For Future Researchers. Future studies may further examine the potential mediating and moderating relationships among the identified variables, particularly whether trust in Islamic financial institutions has an indirect relationship with adoption intention through perceived economic benefits or attitudes toward Islamic financing. Researchers may also consider employing Structural Equation Modeling (SEM) to examine more complex relationships among the study variables. Such analyses should be supported by appropriate research designs and statistical procedures.

In addition, future research may extend the geographical scope by comparing MSMEs in Marawi City with those in other regions of the Philippines or in Muslim-minority and Muslim-majority economies. Such comparative studies may help determine whether the observed predictive patterns are context-specific or applicable across different institutional and cultural settings.

Future investigations may also incorporate additional explanatory variables, including digital financial inclusion, fintech adoption readiness, government support programs, entrepreneurial orientation, and religiosity. These variables may provide a broader understanding of the factors associated with MSMEs' financing intentions within evolving Islamic financial ecosystems.

Moreover, future researchers may employ longitudinal research designs to examine changes in MSMEs' financing intentions over time and obtain deeper insights into financing decision-making processes. Longitudinal studies may be particularly valuable for examining how continued exposure to Islamic financial services is associated with changes in financing intentions and behavior.

Finally, future studies may explore sector-specific differences by examining how the predictive patterns vary across industries such as retail, manufacturing, agriculture, and services. Such analyses may provide valuable evidence for developing more targeted policy interventions and customer-oriented Islamic financing products tailored to the needs of different MSME sectors.

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