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Financial Habits and Their Impact on Consumer Financing Quality in Islamic Banking Institutions

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ABSTRACT

Introduction: This study examines the impact of financial habits on the quality of consumer financing in Islamic banking institutions in Banjarmasin, Indonesia. This topic is crucial as customer financial behavior directly influences the health and stability of an Islamic bank's financing portfolio. Despite its importance, the specific mechanisms through which financial habits influence financing quality, particularly with the involvement of product selection, remain underexplored.
Methodology: A quantitative approach was employed, collecting data through a survey of 332 consumer financing customers in Banjarmasin. Data analysis was conducted using Partial Least Squares - Structural Equation Modeling (PLS-SEM), encompassing the evaluation of the outer model, inner model, and mediation analysis.
Result: The empirical findings indicate that financial management habits significantly influence financing product selection, which in turn significantly impacts financing quality. Importantly, product selection mediates the relationship between financial management habits and financing quality. Furthermore, both installment payment habits and saving habits directly and significantly influence the quality of consumer financing.
Conclusion: This research concludes that customers' financial habits, particularly financial management, installment payment, and saving, are critical determinants of consumer financing quality in Islamic banking, with financing product selection playing a significant mediating role. The main take-home message is that Islamic banks should integrate comprehensive assessments of customers' financial behaviors into their financing selection processes to strategically improve portfolio quality and effectively minimize default risks.

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INTRODUCTION

Indonesia witnessed a significant structural transformation in its Islamic banking sector with the 2021 merger of three major state-owned Islamic banks into a unified entity, supported by regulatory approval from the Financial Services Authority (Otoritas Jasa Keuangan/OJK). Since then, the consumer financing portfolio within Islamic financial institutions has shown notable growth. However, this positive trend has been accompanied by a rising share of non-performing financing (NPF), which reached 2.90% nationally, raising concerns about portfolio quality and credit risk management.

Similar dynamics have been observed in various regional branches of Islamic financial institutions, particularly in Banjarmasin, where consumer financing continues to expand monthly. Nevertheless, early 2023 data shows elevated delinquency rates (Kol 2) and NPF, indicating deteriorating credit performance. Some branches even reported NPF levels exceeding 10% of their total financing portfolio, signaling the urgent need for improved risk mitigation strategies.

Fluctuations in daily delinquency and NPF trends often reflect customers' underlying financial habits—such as budgeting discipline, saving behavior, and consistency in installment payments. Inconsistent repayment patterns may stem from poor financial planning, reliance on unstable income sources, or the lack of financial literacy.

This study aims to examine the impact of financial habits on the quality of consumer financing in Islamic financial institutions. It addresses five key research questions: (1) Do financial management habits significantly affect financing product selection? (2) Does product selection influence financing quality? (3) Does product selection mediate the relationship between financial habits and financing quality? (4) Do installment payment habits significantly affect financing quality? (5) Do saving habits and fund management behaviors positively impact financing quality?

Adopting a quantitative approach, this research utilizes a survey of Islamic banking customers and applies Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze the relationships. The findings are expected to provide insights for Islamic financial institutions to better integrate customers' financial behavior assessments in financing decisions, ultimately supporting more sustainable portfolio quality. The remainder of the paper is structured as follows: literature review, research methodology, results and discussion, and conclusions including theoretical and managerial implications.

The Theory of Planned Behavior (TPB), as proposed by Conner (2020), suggest that the key proximal determinant of action/ behavior is one's behavioral intention to engage in that behavior. According to TPB, individual behavior is influenced by three determinants: attitude toward the behavior, subjective norms, and perceived behavioral control. In the context of personal finance, these determinants help explain why individuals save, budget, or repay debts based on internal intentions shaped by beliefs, social expectations, and perceived ability to manage finances. This framework has been widely applied in studies of consumer credit, savings, and financial product selection within both conventional and Islamic financial contexts. The emergence of behavioral finance challenges traditional assumptions of rational economic agents. Egidi & Sillari (2018) argue cognitive biases, including overconfidence, mental accounting, and loss aversion, significantly influence financial decision-making by distorting individuals' perceptions of risk and reward. These biases contribute to behaviors such as loan defaults or the selection of financial products misaligned with long-term objectives, thereby undermining overall financial well-being. Incorporating the understanding of these biases into behavioral finance frameworks is essential for developing interventions and policies that promote more rational and goal-consistent financial choices. Ranjan (2025) further discusses how behavioral finance has developed as a significant lens through which banking and management operations are reviewed and refined. By integrating concepts from psychology, sociology, and economics, it provides a greater understanding of how human behavior drives financial decision-making, which can also be applied to consumer behavior in credit repayment and saving.

Attribution theory offers a framework for understanding how individuals interpret the causes of events, particularly in distinguishing between internal and external factors influencing outcomes. In financial behavior research, this perspective helps explain variations in decision-making and risk perception based on how individuals assign responsibility for success or failure (Malle, 2022). Applied to financial behavior, Mithila & Kabishka (2025) positive psychological attributes, including hope, efficacy, and resilience, play a pivotal role in sustaining consistent financial discipline by reinforcing commitment to long-term financial goals. These traits not only encourage adaptive coping strategies during economic challenges but also promote habits such as timely installment payments and routine saving. Embedding these psychological dimensions within financial behavior models can provide deeper insights into the mechanisms that drive sustainable personal financial management.

Meanwhile, Akkaya (2021) summarize about utility theory . It provides a foundational framework for understanding decision-making by modeling how individuals evaluate alternatives to maximize satisfaction or minimize risk. The distinction between cardinal and ordinal utility, along with the integration of expected utility models, allows for the formal analysis of preferences under certainty and uncertainty. However, empirical evidence and behavioral finance perspectives reveal that real-world decision-making often deviates from the rational assumptions of utility maximization, necessitating models that incorporate psychological and cognitive factors. In consumer finance, especially within Islamic banking, this translates into selecting products that optimize benefits within ethical and financial constraints.

Financial behavior is not solely the result of individual cognition but also social learning. Boto-García et al (2022) demonstrated that early financial socialization and self-control significantly affect individuals' saving behaviors in adulthood. These findings are particularly relevant for Islamic finance clients, where family norms, community expectations, and religious values contribute to financial choices. This socialized learning, combined with behavioral self-regulation, plays a pivotal role in financial outcomes like savings accumulation and creditworthiness.

Several empirical works have examined financial behavior in diverse contexts. Sadalia et al (2017) studied small and medium enterprises (SMEs) in coastal Medan and found that financial behavior significantly influences performance. Their findings emphasized budgeting discipline, debt management, and financial planning as predictors of SME success. Similarly, (Susanto & Sirnawati, 2023) analyzed sustainable financial behavior and concluded that social and environmental investments shape long-term financial practices and responsible financial consumption values consistent with Islamic finance principles.

Suriani (2022) and Indonesian-based studies provide localized insights into financial behavior, but the scope remains limited in global comparative perspectives, particularly within Islamic banking environments. Moreover, while numerous studies have explored financial habits, few have empirically tested the relationship between financial behavior and financing quality through product selection and repayment patterns in a syariah banking context. Therefore, this research seeks to bridge this gap by (1) Testing the influence of financial socialization, self-control, and financial planning on installment repayment and saving behaviors. (2) Investigating how these behavioral variables affect financing quality through the mediating role of product selection(3).

Contextualizing the analysis within Islamic banking in Banjarmasin, where empirical evidence remains scarce.

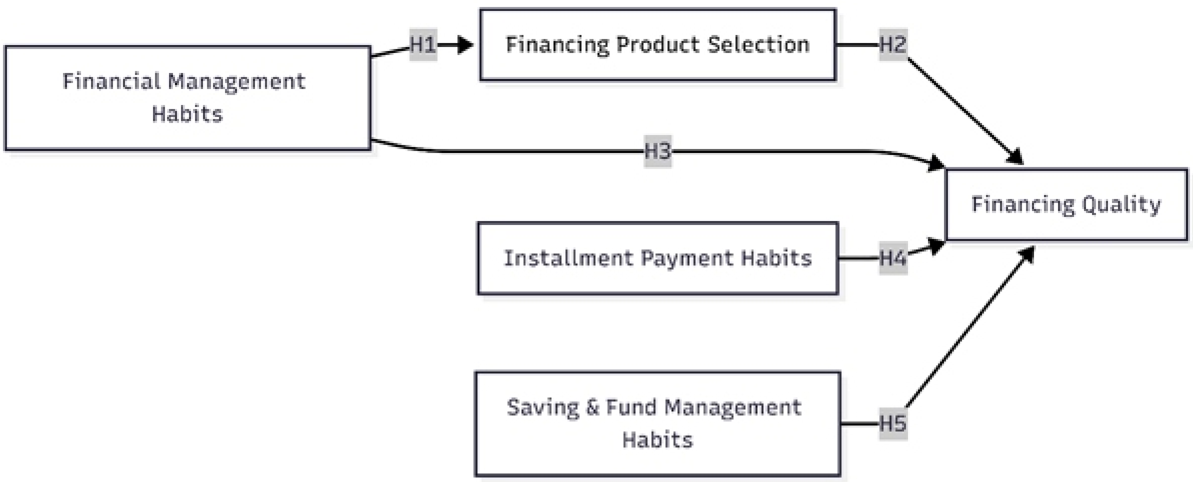

Figure 1. Conceptual Framework

Hypotheses

Figure 1 illustrates the conceptual framework outlining the relationships between various financial behavior constructs and financing quality. It highlights how financial management habits, financing product selection, installment payment habits, and saving & fund management habits collectively influence the overall quality of financing. Each pathway is denoted by hypotheses H1 through H5, representing the directional impact among the variables.

Financial management behavior reflects an individual's habitual actions in planning, controlling, saving, and allocating financial resources Suriani (2022). According to the Theory of Planned Behavior Conner (2020), behavior is guided by intention, which in turn is influenced by attitudes, social norms, and perceived behavioral control. In the context of consumer financing, individuals with sound financial management habits are more likely to make informed decisions about financing products that align with their income stability and risk preferences. This is supported by empirical studies showing that financial literacy and self-control significantly influence saving and spending behavior Boto-García et al (2022); Kaiser & Menkhoff (2017). Therefore, it is hypothesized that:

H1: Financial management behavior has a positive and significant effect on the selection of financing products in the consumer segment in Banjarmasin.

Financing product selection entails a consumer's decision-making process in choosing credit schemes that match their financial conditions and repayment ability. The quality of financing, often measured by timely repayment and non-performing financing rates, is influenced by how well the chosen financing structure suits the borrower's capacity. Nugroho & Malik (2020) demonstrated that financing sources and selection impact housing loan quality, suggesting that well-matched products lead to better repayment performance. This is consistent with behavioral finance underscores that fostering informed financial choices can serve as an effective mechanism to mitigate financial stress by aligning decisions with individual goals and capacities (Egidi & Sillari, 2018). Thus:

H2: Financing product selection has a positive and significant effect on the quality of financing in the consumer segment in Banjarmasin.

Building on the preceding hypotheses, it can be reasoned that financial management behavior not only influences financing product selection directly but also affects financing quality indirectly through this selection. Individuals with good financial habits are more likely to assess loan terms carefully, consider long-term repayment capabilities, and avoid over-indebtedness. Fhatimasari Ansar et al (2022) found that income and financial literacy shape financial satisfaction and behavior, which further contributes to sound financial outcomes. Hence:

H3: Financial management behavior has a positive and significant indirect effect on the quality of financing in the consumer segment in Banjarmasin, mediated by financing product selection.

Timeliness and consistency in installment repayment are fundamental in determining financing quality. According to, Mithila & Kabishka (2025) self-discipline and psychological strengths, such as conscientiousness and self-efficacy, serve as foundational drivers of consistent financial behavior by enabling individuals to regulate impulses and maintain goal-oriented actions. These traits facilitate prudent decision-making under uncertainty, fostering habits like budgeting, timely payments, and disciplined savings.. Harena & Camdzic (2024) empirically found that member character and guarantees influence repayment performance in murabahah contracts. Thus:

H4: Installment payment habit has a positive and significant effect on the quality of financing in the consumer segment in Banjarmasin.

Saving behavior reflects a proactive financial strategy that strengthens an individual's resilience against unexpected income fluctuations. This practice not only provides a financial safety net but also enhances the capacity to meet repayment obligations consistently. Akkaya (2021) expected utility theory suggests that saving increases one's utility by reducing future uncertainty. Furthermore, Safryani et al (2020) showed that financial literacy and financial behavior significantly influence investment decision-making, reinforcing the value of saving habits in financial stability. Therefore:

H5: Saving habit and fund management have a positive and significant effect on the quality of financing in the consumer segment in Banjarmasin.

METHODHOLOGY, DATA, AND ANALYSIS

This study employs a quantitative descriptive approach to examine the influence of financial habits on the quality of consumer financing in a selected Islamic bank in Banjarmasin, Indonesia. The use of a quantitative method allows for systematic, objective analysis of relationships among the observed variables Sugiyono (2017).

The unit of analysis in this study is individual customers who have accessed consumer financing products from an Islamic bank operating in Banjarmasin during the period 2021–2024. The total population of consumer financing customers within this period amounts to 1,941 individuals. The sample was determined using purposive sampling, with inclusion criteria defined as follows: (1) Individuals who are active consumer financing customers. (2) Residing in the city of Banjarmasin. (3) Having held active financing contracts between 2021 and 2024. This technique allows targeted data collection but limits the generalizability of the findings. To provide transparency, respondent demographics such as gender, age, education, and income are reported in the results section. To determine the minimum required sample size, the Yamane formula was applied with a 5% margin of error:

$$n = \frac{N}{1 + N\,(e^2)} \qquad [1]$$

Where:

n = sample size,

N = total population (1,941),

e = margin of error (0.05).

$$n = \frac{1941}{1 + 1941\,(0.05^2)} = 332 \qquad [2]$$

Thus, the final sample consists of 332 respondents. The data for this study were collected using two main techniques. First, questionnaires were administered to gather primary data related to the respondents' financial habits, financing product selection, installment payment behavior, and saving practices. Second, documentation was employed to obtain secondary data, including internal statistical reports and regulatory documents from relevant supervisory authorities, which provided contextual information on the performance of consumer financing.

To measure the constructs in this study, a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) was used. The variable of Financial Management Habits (X1) was measured using indicators such as the preparation of a personal budget, expense tracking, and overall financial control, based on previous works by Rahman et al (2020) and Suriani (2022). Installment Payment Behavior (X2) was evaluated through indicators including the timeliness of payments, frequency of late payments, and adherence to repayment schedules, referring to Harena & Camdzic (2024). Saving and Fund Management Habits (X3) were assessed through the frequency of saving, the proportion of income allocated to savings, and readiness in preparing emergency funds, with measurement indicators adapted from Safryani et al (2020) and Fhatimasari Ansar et al (2022). The variable of Financing Product Selection (M) was measured by assessing the respondent's understanding of Islamic financing contracts, the suitability of the product to their needs, and the sources of information they used in the decision-making process, drawing from Nugroho & Malik (2020). The dependent variable, Financing Quality (Y), was evaluated using the standard financing collectibility classification issued by the Financial Services Authority (OJK, 2013), consisting of five categories: Current, Special Mention, Substandard, Doubtful, and Loss.

As summarized in **Table 1**, all variables in this study—ranging from financial management habits to financing quality—demonstrate strong construct validity and reliability, with AVE values exceeding 0.50 and both CR and Cronbach's alpha coefficients above 0.70. These results affirm the robustness of the measurement instruments and support their suitability for further structural analysis.

Table 1. Summary of Variables

Variable	Indicators	Source	Validity & Reliability Results
Financial Management Habits (X1)	Budget preparation, expense tracking, financial control	Rahman et al. (2020); Suriani (2022)	AVE > 0.50, CR > 0.70, α > 0.70
Installment Payment Behavior (X2)	Payment timeliness, late payment frequency, schedule adherence	Frida (2023)	AVE > 0.50, CR > 0.70, α > 0.70

Saving and Fund Management Habits (X3)	Saving frequency, income proportion allocated to savings, emergency fund readiness	Safryani et al. (2020); Ansar et al. (2022)	AVE > 0.50, CR > 0.70, α > 0.70
Financing Product Selection (M)	Understanding of Islamic contracts, suitability to needs, information sources	Nugroho & Malik (2020)	AVE > 0.50, CR > 0.70, α > 0.70
Financing Quality (Y)	Financing collectibility classification (Current, Special Mention, Substandard, Doubtful, Loss)	OJK (2013); Pradipta (2022)	AVE > 0.50, CR > 0.70, α > 0.70

The use of Partial Least Squares–Structural Equation Modeling (PLS-SEM) in this study is justified for several reasons. First, the research model is exploratory and involves multiple latent variables with reflective indicators. Second, the primary objective is prediction and explanation of variance rather than theory confirmation, which aligns with the strengths of PLS-SEM. Third, the data characteristics, including a tendency toward non-normal distribution, make PLS-SEM more robust compared to covariance-based SEM (CB-SEM) in producing reliable estimates following the guidelines of Hair et al (2021). Second, the inner model evaluation assessed the structural relationships among the latent variables and examined the predictive relevance of the model. Third, path analysis was performed to identify the direct and indirect effects among variables and to assess the mediation role of financing product selection. Finally, hypothesis testing was carried out using the bootstrapping method to determine the statistical significance of the path coefficients, based on t-statistics and p-values. To minimize the risk of common method bias, Harman's single-factor test was performed. The analysis showed that the first factor accounted for less than 50% of the total variance, indicating that common method bias is not a serious concern in this study.

RESULT AND DISCUSSION

This study investigated the influence of financial habits on the quality of consumer financing using a quantitative approach and Partial Least Squares–Structural Equation Modeling (PLS-SEM). The findings reveal significant relationships between financial management habits, installment payment behavior, saving and fund management, and financing product selection with the quality of consumer financing.

Among the 332 respondents involved in the study, the majority demonstrated sound financial behavior. This is reflected in the high average scores recorded for financial management habits (mean= 3.918), installment payment behavior (mean= 4.032), and saving and fund management habits (mean= 3.982). Notably, the financing quality variable recorded the highest average score (mean= 4.723), suggesting that most respondents maintained good payment performance. Meanwhile, the mean score for financing product selection was 3.396, indicating a relatively strong but slightly lower average compared to the other financial behavior variables.

Further analysis using regression techniques confirms that all proposed hypotheses were supported with statistically significant results (p-values < 0.05). These results suggest robust causal relationships between various dimensions of financial habits and the overall quality of financing. Specifically, individuals who exhibit disciplined financial management, timely installment payments, consistent saving practices, and informed product selection decisions tend to have better financing outcomes. These findings reinforce the importance of promoting sound financial behaviors to enhance financing sustainability and reduce credit risk in consumer segments.

As presented in **Table 2**, all proposed hypotheses are statistically supported, with T-statistics exceeding the critical value of 1.96 and P-values below 0.05. These findings confirm the significant influence of financial management habits, financing product selection, installment payment behavior, and saving & fund management habits on financing quality, thereby validating the structural relationships within the research model.

Table 2. Structural Model Assessment

Hypotesis	Original Sample	T Statistics	P Values
Financial Management Habits (X1) → Financing Product Selection (M)	0.368	5.796	0
Financing Product Selection (M) → Financing Quality (Y)	0.251	3.947	0
Financial Management Habits (X1) → Financing Quality (Y)	0.173	2.95	0.003
Installment Payment Behavior (X2) → Financing Quality (Y)	0.181	3.396	0.001
Saving and Fund Management Habits (X3) → Financing Quality (Y)	0.152	2.383	0.018

Source: Primary Data Processing, 2025

The hypothesis testing results reveal several significant relationships among the studied variables. Financial management habits have a strong positive influence on financing product selection, as indicated by a path coefficient of 0.368, a t-statistic of 5.796, and a p-value of 0.000. This finding suggests that individuals with disciplined financial behaviors are more likely to make appropriate and informed financing choices. Furthermore, financing product selection significantly affects financing quality, with a path coefficient of 0.251, a t-statistic of 3.947, and a p-value of 0.000, indicating that the accuracy in choosing financial products contributes to better repayment performance and reduced credit risk. Financial management habits also directly impact financing quality, as shown by a path coefficient of 0.173, a t-statistic of 2.950, and a p-value of 0.003, suggesting that those who manage their finances well tend to maintain high-quality financing. In addition, installment payment behavior shows a significant positive effect on financing quality, with a path coefficient of 0.181, a t-statistic of 3.396, and a p-value of 0.001, confirming the importance of timely and consistent repayment. Lastly, saving and fund management habits also play a significant role in determining financing quality, as indicated by a path coefficient of 0.152, a t-statistic of 2.383, and a p-value of 0.018. Collectively, these results support all the proposed hypotheses and underscore the critical role of financial habits in influencing the quality of consumer financing.

Figure 2 provides a comprehensive visualization of the measurement model, illustrating the strength of relationships between observed indicators and their respective latent constructs. All indicator loadings exceed the recommended threshold of 0.60, confirming convergent validity across dimensions such as financial management quality, financing product assessment, installment behavior, and overall financing quality. This structural coherence reinforces the reliability of the model in capturing the dynamics of financing behavior.

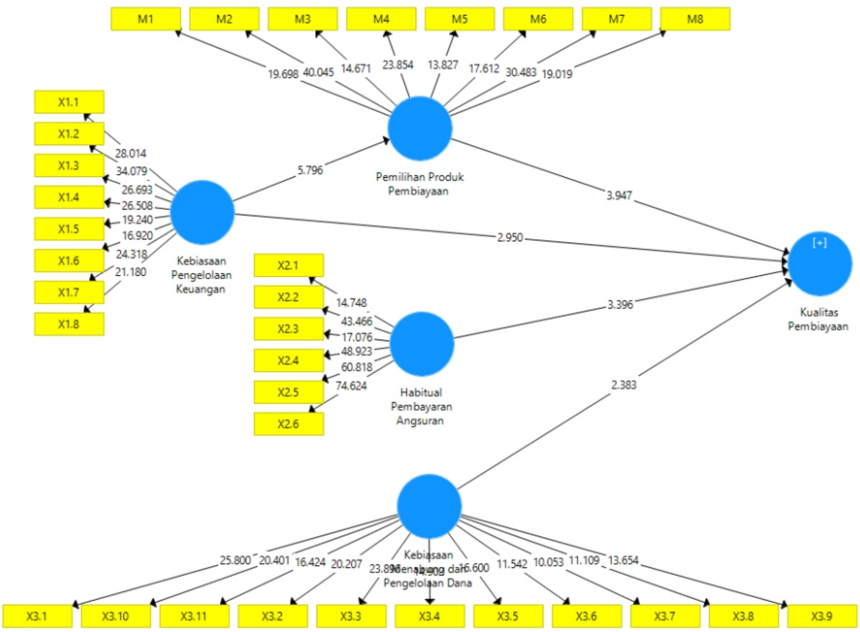

Figure 2. Structural Model

All hypotheses proposed in this study were statistically supported, as indicated by p-values of 0.000, which are well below the 0.05 significance threshold. This implies that all hypothesized relationships are significant. First, financial management habits positively and significantly influenced financing product selection (path coefficient = 0.368, t-statistic = 5.796, p-value = 0.000). This finding aligns with previous studies by Rahman et al. (2020) and Suriani (2022), suggesting that individuals with disciplined financial behaviors are more meticulous in selecting financing products that match their financial capacity, thus reducing the risk of mismatched financing and potential defaults. Second, financing product selection significantly affected financing quality (path coefficient = 0.251, t-statistic = 3.947, p-value = 0.000), confirming that appropriate product choices contribute to smoother loan repayments. This is consistent with Nugroho and Malik (2020), emphasizing the importance of matching financing products to clients' financial conditions. Third, financial management habits also had a direct impact on financing quality (path coefficient = 0.173, t-statistic = 2.950, p-value = 0.003), reinforcing findings from Ansar et al. (2022) that good financial planning enhances repayment ability and prevents loans from falling into delinquency categories.

Fourth, installment payment behavior significantly influenced financing quality (path coefficient = 0.181, t-statistic = 3.396, p-value = 0.001). Clients with consistent and timely payment habits are less likely to become non-performing, supporting Frida's (2023) findings on the role of payment discipline in strengthening borrower credibility and maintaining collectibility status. Fifth, saving and fund management habits also played a significant role in financing quality (path coefficient = 0.152, t-statistic = 2.383, p-value = 0.018), suggesting that clients with emergency savings are better equipped to handle financial shocks and maintain timely repayments. This supports the work of Safryani et al. (2020) and Ansar et al. (2022), who emphasize the role of financial buffers in loan sustainability.

Lastly, this study confirmed the mediating role of financing product selection in the relationship between financial management habits and financing quality (indirect effect coefficient = 0.092, t-statistic = 3.175, p-value = 0.002). This indicates that clients with sound financial habits are more likely to make informed product choices, which in turn leads to improved financing outcomes. These findings highlight the critical role of financial education, product suitability, and disciplined financial behavior in enhancing the overall quality of consumer financing.

Table 3. **Indirect Influence Test**

Hypotesis	Original Sample	T Statistics	P Values
Financial Management Habits (X1) -> Financing Product Selection (M) -> Financing Quality (Y)	0.092	3.175	0.002

Source: Primary Data Processing, 2025

The results presented in **Table 3** show a significant indirect relationship between financial management habits and financing quality through financing product selection. The path coefficient of 0.092, with a t-statistic of 3.175 and a p-value of 0.002, indicates that this mediating effect is statistically significant. This finding strengthens the argument that initial decisions regarding financing product choices have long-term effects on the overall quality of financing. It also highlights the essential role of financial education in helping clients make informed decisions that match their financial capacity and needs.

The study confirms that strong financial habits, including effective financial management, consistent installment payments, and regular saving practices, play a key role in ensuring smooth financing outcomes. Financing product selection serves as an important intermediary in this relationship. Clients who demonstrate sound financial management are more likely to choose suitable financing products, which in turn leads to better financing performance. Therefore, financial institutions should not only offer diverse and flexible products but also provide guidance and educational support to empower clients in making responsible and informed financing decisions.

In addition to the main hypothesis testing, further analysis was carried out to explore potential differences in the relationships among variables across demographic segments. The subgroup comparison was based on key respondent characteristics such as gender, income level, and education. This exploratory step aimed to identify possible moderating effects or variations in responses that could provide deeper insights into how financial habits and perceptions of financing quality may differ among groups. While no formal multi-group statistical testing was performed, descriptive comparisons suggested patterns worth noting. For instance, respondents with higher income levels tended to report stronger financial management habits and more positive perceptions of financing quality compared to lower-income respondents. Such observations indicate that demographic factors may play a role in shaping financial behavior and attitudes, highlighting the importance for Islamic banking institutions to consider these aspects when developing customer engagement and risk assessment strategies.

CONCLUSION AND SUGGESTION

This study draws several key conclusions addressing the five research aspects related to financial habits and the quality of consumer financing in Banjarmasin.

First, financial management habits have a positive and significant effect on financing product selection. Customers who consistently create budgets, record expenses, and manage their finances well tend to be more prudent in choosing financing products that align with their needs and financial capacity. Strong financial understanding helps them avoid high-risk products and supports better decision-making.

Second, financing product selection directly influences financing quality. Customers who choose financing products appropriate to their financial ability are more likely to maintain smooth installment payments, reduce delinquency risk, and sustain a favorable collectibility status. Therefore, the accuracy of product choice plays a crucial role in improving financing outcomes.

Third, financing product selection serves as a mediating variable between financial management habits and financing quality. Customers with strong financial habits tend to be more selective in their product choices, which in turn contributes to better financing performance. This indicates that good financial habits affect financing quality both directly and indirectly through informed product decisions. Fourth, installment payment behavior has a significant impact on financing quality. Customers who consistently pay their installments on time demonstrate lower credit risk and are more likely to maintain a "Current" collectibility status. Thus, disciplined payment behavior plays a vital role in ensuring financial stability and preventing non-performing financing.

Finally, saving and fund management habits positively influence financing quality. Customers with regular saving habits and disciplined fund management are better prepared to face financial uncertainties. This enables them to meet their installment obligations even during economic changes or personal cash flow disruptions, thereby strengthening financial resilience and enhancing the overall quality of financing.

This study confirms that financial management habits, installment payment behavior, and saving and fund management habits play a significant role in improving financing quality, both directly and indirectly through financing product selection. These results strengthen the theoretical understanding that responsible financial behavior supports better repayment performance in Islamic banking.

Despite these contributions, the study has several limitations. First, the research was conducted only in Banjarmasin, which limits the generalizability of the findings to other regions. Second, the use of purposive sampling restricts the representativeness of the sample. Third, the model did not include other potentially relevant variables, such as religiosity, risk preferences, or macroeconomic conditions, which may also influence financing quality.

From a practical perspective, the findings offer important implications for Islamic banks. Institutions can use customer financial behavior profiles as an early warning indicator for potential financing risk. Strategies such as targeted financial literacy programs, personalized product offerings, and proactive engagement with customers showing weaker financial habits may help mitigate the risk of non-performing financing.

Future research is encouraged to expand the geographical scope to include multiple regions, apply probability sampling techniques to improve representativeness, and incorporate additional variables such as religiosity and financial literacy as potential moderators or mediators. Such efforts would provide a more comprehensive understanding of the factors affecting financing quality in Islamic banking and enhance the applicability of the findings for practitioners and policymakers. These enhancements would provide a more comprehensive understanding of the determinants of financing quality and support the development of more effective risk management strategies in Islamic banking.

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