



# THE EFFECT OF RELIGIOSITY, FINES, AND SHARIA FINANCIAL LITERACY ON CUSTOMER COMPLIANCE IN FULFILLING OBLIGATIONS BY COLLECTION ACTIVITIES AS AN INTERVENING VARIABLE IN THE UUS OF PT BANK SUMUT, SIBOLGA CITY

Rama Indra Jaya<sup>1</sup>, Muhammad Ramadhan<sup>2</sup>, Nurbaiti<sup>3</sup>

<sup>1,2,3</sup>Universitas Islam Negeri Sumatera Utara, Indonesia

## Article Info

## ABSTRACT

This study examines the influence of religiosity, penalties, and Islamic financial literacy on customer compliance in fulfilling financing obligations, with collection activities as an intervening variable at the Sharia Business Unit (UUS) of Bank Sumut in Sibolga City. The study is motivated by the persistent issue of delayed payments and non-compliance, despite relatively high levels of religiosity and the increasing trend of Islamic financial literacy among customers. A quantitative approach was employed, with primary data collected through questionnaires distributed to 93 respondents selected using accidental sampling. Data were analyzed using multiple linear regression and path analysis (SmartPLS 4.0) to identify direct and indirect effects among variables. The results reveal that religiosity, penalties, and Islamic financial literacy significantly and positively affect collection activities, and jointly influence customer compliance. Partially, religiosity and Islamic financial literacy have a significant positive effect on compliance, whereas penalties demonstrate a positive yet reactive effect, functioning mainly as a deterrent mechanism. Furthermore, collection activities mediate the relationship between the independent variables and compliance, indicating that effective collection procedures strengthen the influence of religious values, penalty perceptions, and financial knowledge on customer behavior. These findings suggest that customer compliance in Islamic banking is not solely shaped by religious conviction and knowledge, but also by operational interventions conducted in a professional, educative, and persuasive manner. The study offers both theoretical contributions to Islamic financial behavior literature and practical implications, emphasizing the need to enhance Islamic financial literacy programs, refine socially oriented penalty mechanisms, and optimize collection strategies to promote disciplined and value-based compliance.

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## Corresponding Author:

Rama Indra Jaya

Universitas Islam Negeri Sumatera Utara, Indonesia

Email: [rama0521234007@uinsu.ac.id](mailto:rama0521234007@uinsu.ac.id)

## 1. INTRODUCTION

The banking industry plays a central role in financial intermediation, promoting economic stability, and facilitating capital allocation. In Indonesia, the coexistence of both conventional and Islamic banking

systems creates a dual financial structure, wherein Islamic banking offers Sharia-compliant financial products as an ethical alternative to conventional finance. Islamic banks are expected to adhere to religious principles such as risk-sharing, prohibition of interest, and justice; yet, their effectiveness largely depends on customers' compliance in fulfilling contractual obligations. High levels of non-performing financing (NPF) in several Islamic financial institutions indicate persistent challenges related to customer behavior, institutional management, and market conditions (Hassan & Aliyu, 2018).

Customer compliance in Islamic banking therefore represents a critical issue, not only for individual banks but also for the sustainability of the Islamic financial ecosystem. Empirical evidence shows that failure to honor financing obligations may deteriorate asset quality, lower capital adequacy, and amplify systemic risks threatening the overall stability of Islamic banks (Abdul-Rahman & Nor, 2016). Key factors believed to shape compliance include religiosity, penalty mechanisms, and Islamic financial literacy, particularly within societies where religious values are deeply embedded. Indonesia, with its majority Muslim population, is often assumed to provide a conducive environment for Islamic finance, yet the increasing financing irregularities in some regions reveal inconsistencies between religious beliefs and financial conduct.

Religiosity has been consistently framed as an influential predictor of ethical financial behavior, given its emphasis on responsibility, trustworthiness, and moral obligation. Glock and Stark conceptualized religiosity as comprising belief, practice, knowledge, experience, and consequence, elements that potentially promote responsible decision-making (Glock & Stark, 1965). However, recent evidence suggests that religiosity does not automatically translate into financial compliance, particularly when individuals face economic pressure or opportunity for moral hazard (Amin et al., 2021). This raises questions regarding the instrumental versus intrinsic nature of religious motivation in financial behavior within Islamic banking contexts.

Penalty mechanisms (*ta'zir*) represent another determinant of compliance, acting as a deterrent to late payments and opportunistic behavior. Economic theory contends that penalties increase the cost of non-compliance, reducing moral hazard and prompting timely repayment (Becker, 1968). However, in Islamic banking, penalties are meant as corrective measures rather than revenue-generating instruments, aimed at encouraging fairness and preventing harm. The effectiveness of penalties remains debated, with some studies showing positive behavioral outcomes, while others highlight the risk of customers normalizing fines if perceived as minimal or negotiable (Al-Amri & Kim, 2020).

Islamic financial literacy adds another dimension to compliance, as customers' ability to understand contractual obligations, risk-sharing mechanisms, and legal implications shapes their financial decisions. Recent reports from the Indonesian Financial Services Authority (OJK) show that literacy levels, particularly in Islamic finance, lag behind conventional financial knowledge, contributing to suboptimal consumer behavior and limited market penetration (OJK, 2022). Research indicates that Islamic financial literacy positively influences responsible financial behavior, yet the relationship remains contingent on socio-economic context, educational background, and consumer motivation (Antara et al., 2016).

Despite the influence of religiosity, penalties, and literacy, customer compliance is likely mediated by institutional practices such as collection activities. Effective collection mechanisms combining persuasion, education, monitoring, restructuring, and enforcement are necessary to sustain financial discipline and minimize non-performing financing (Ahmed & Saba, 2019). Within Islamic banking, collection strategies must align with principles of compassion, fairness, and dispute resolution, suggesting the need for balanced approaches that simultaneously uphold customer rights and institutional sustainability. Empirical studies note that professional collection practices improve repayment outcomes, particularly when combined with educational initiatives and religious reminders (Mohamed & Kamarudin, 2023).

In the context of Unit Usaha Syariah (UUS) PT Bank Sumut, particularly in Sibolga, persisting financing delays and fluctuating repayment rates indicate structural gaps in compliance management. Although religiosity levels among customers remain high, repayment behavior appears reactive rather than normative, suggesting that religious commitment alone is insufficient. Meanwhile, the observed increase in Islamic financial literacy has not uniformly translated into improved repayment performance, and penalty systems have produced mixed results. This indicates the potential role of collection activities as a mediating variable that conditions the effectiveness of religiosity, penalties, and literacy. Thus, this research examines the influence of these three factors on customer compliance, with collection activities as an intervening variable, offering theoretical contributions to Islamic finance literature and practical insights for improving risk management strategies in Islamic banking.

## 2. RESEARCH METHOD

The present study employed a quantitative, cross-sectional survey design grounded in a positivist paradigm, which is appropriate for testing hypothesised relationships between latent variables using numerical data and statistical modelling (Sugiyono, 2018). The empirical setting was the Islamic Business Unit (Unit Usaha Syariah/UUS) of PT Bank Sumut in Sibolga City, Indonesia, selected purposively because it represents a regional Islamic banking outlet with a sizeable financing portfolio and recorded issues of repayment punctuality. Data collection took place between 23 February 2023 and June 2025 through structured questionnaires administered to retail customers holding active financing contracts at UUS PT Bank Sumut Sibolga. The target population consisted of all such customers, totalling 1,325 individuals according to internal bank records and regional statistics for 2025. Because a census of the entire population was impractical, the sample size was determined using Slovin's formula with a 10% margin of error, yielding a minimum sample of 93 respondents. An accidental (convenience) sampling technique was applied, whereby customers who visited the branch or could be contacted during the data-collection period and met the inclusion criteria (active financing customer and willingness to participate) were invited to complete the questionnaire; this procedure is commonly used in banking research when full random access to all customers is not feasible (Sugiyono, 2018; Sujarwini, 2021). Participation was voluntary, anonymity and confidentiality were ensured, and all respondents gave informed consent in accordance with institutional ethical guidelines.

The study relied primarily on quantitative primary data derived from respondents' answers to the questionnaire regarding religiosity, penalties, Islamic financial literacy, collection activities, and compliance with financing obligations; quantitative data here are defined as numerical scores obtained from measuring predefined variables with structured instruments (Sugiyono, 2018). Secondary data—such as aggregate non-performing financing ratios and collection performance indicators—were drawn from internal reports of PT Bank Sumut and publications of the Indonesian Financial Services Authority (Otoritas Jasa Keuangan/OJK) and used to contextualise the survey results. Five latent constructs were operationalised. Customer compliance in fulfilling obligations (Y) refers to the extent to which customers honour contractual commitments, including on-time instalment payments, adherence to agreed terms, and transparent, honest financial behaviour; indicators were adapted from Mujiyanto's compliance framework and measured timeliness, adherence to contract, and transparency, each on a five-point Likert scale from "strongly disagree" (1) to "strongly agree" (5). Collection activities (Z) denote the set of actions undertaken by the bank to remind and encourage customers to meet their obligations—such as reminder calls, text messages, visitations, and follow-up arrangements—and were measured using indicators of customer responsiveness, frequency of late payments, rate of obligation settlement, and amount successfully collected, also on a five-point Likert scale. Religiosity (X1) was conceptualised using Glock and Stark's multidimensional framework—ideological, ritualistic, experiential, intellectual, and consequential dimensions—capturing how far Islamic beliefs and practices permeate the customer's life (Glock & Stark, 1965); items reflecting these five dimensions were rated on the same Likert scale. Penalties (X2) were defined as financial sanctions (denda/gharamah) imposed on customers who intentionally delay payment despite having the capacity to pay, consistent with Islamic banking norms that such penalties are not retained as profit but allocated to social funds; indicators included perceived magnitude of penalties, understanding of bank policy and its social allocation, efforts to avoid penalties by paying on time, and perceptions of penalties as discipline versus additional burden. Islamic financial literacy (X3) captured customers' knowledge, awareness, and capability to make informed decisions about Islamic financial products, contracts, and obligations, with indicators adapted from OJK's national financial literacy framework and prior Islamic finance studies—covering basic financial management, understanding of Islamic savings and deposit products, and familiarity with Islamic investment and financing instruments (OJK, 2022). All item statements were developed from relevant literature and regulatory guidelines, then reviewed by two academic experts in Islamic banking and one practitioner from PT Bank Sumut to ensure content validity; a pilot test with 20 customers was conducted to refine wording and improve clarity.

Data collection proceeded in two main stages. First, a desk study and internet-based search were carried out to review books, peer-reviewed articles, regulatory documents, and official reports on Islamic banking, customer compliance, religiosity, penalties, collection management, and Islamic financial literacy; this literature review provided theoretical grounding for instrument development and hypothesis formulation (Sugiyono, 2018; OJK, 2022). Second, a structured questionnaire was administered in paper form at the UUS PT Bank Sumut Sibolga office to customers present at the branch, and in electronic form via a secure online survey link shared through messaging applications to customers unavailable for face-to-face contact. Enumerators introduced the study, explained the voluntary nature of participation, and provided brief guidance when respondents faced difficulties, while ensuring that interviewer influence on responses

remained minimal. Completed questionnaires were screened for completeness and internal consistency; responses with substantial missing data or obvious patterns of non-serious answering were excluded from further analysis.

For data analysis, Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed using SmartPLS version 4.0. PLS-SEM was chosen because it is suitable for complex models with multiple latent variables and mediating relationships, tolerant of non-normal data distributions, and appropriate for relatively small to medium sample sizes (Hair et al., 2017; Ghazali & Latan, 2015). The analysis followed a two-step procedure. First, the measurement (outer) model was evaluated to ensure that the constructs exhibited satisfactory indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Indicator reliability was assessed via standardised outer loadings, with values above 0.70 regarded as adequate. Internal consistency reliability was evaluated using Cronbach's alpha and composite reliability, applying a threshold of 0.70 (Hair et al., 2017). Convergent validity was examined through the Average Variance Extracted (AVE), seeking values of at least 0.50, while discriminant validity was assessed using the Fornell-Larcker criterion and the heterotrait-monotrait ratio of correlations (HTMT) (Hair et al., 2021).

Second, the structural (inner) model and mediation structure were assessed using path analysis within the PLS-SEM framework to estimate direct, indirect, and total effects among variables (Riduwan & Kuncoro, 2014). Specifically, the model tested the effects of religiosity (X1), penalties (X2), and Islamic financial literacy (X3) on customer compliance (Y), both directly and indirectly through collection activities (Z) as a mediating variable. Prior to interpreting path coefficients, collinearity was examined using variance inflation factor (VIF) values to ensure the absence of problematic multicollinearity (VIF < 5). Model quality was evaluated through the coefficient of determination ( $R^2$ ) of each endogenous construct, effect sizes ( $f^2$ ) of predictor constructs, and predictive relevance ( $Q^2$ ) obtained via the blindfolding procedure (Hair et al., 2017). The significance of path coefficients and indirect (mediation) effects was tested using non-parametric bootstrapping with 5,000 resamples, as recommended for PLS-SEM applications (Hair et al., 2017). Mediation was inferred when indirect effects from X to Y via Z were statistically significant and produced a logical pattern of partial or full mediation.

Although PLS-SEM is relatively robust to distributional assumptions, additional diagnostic checks were conducted to support the robustness of the results. Normality of observed variables was inspected using skewness-kurtosis statistics and the Jarque-Bera test. Potential multicollinearity and heteroskedasticity among indicators were further examined via auxiliary ordinary least squares regressions, using variance inflation factor values and Glejser tests, respectively; the absence of problematic VIF values and non-significant Glejser test results at the 5% level indicated that multicollinearity and heteroskedasticity did not pose serious threats to the analysis (Ghazali, 2021). Overall, this integrated methodological approach—combining a carefully designed survey instrument, probabilistic sample size determination, rigorous measurement validation, and PLS-SEM-based structural and mediation analysis—was expected to yield reliable empirical evidence on the influence of religiosity, penalties, and Islamic financial literacy on customer compliance with financing obligations, with collection activities as an intervening mechanism in the Islamic banking context of UUS PT Bank Sumut Sibolga..

### 3. RESULTS AND ANALYSIS

Hypothesis testing is conducted to determine whether the independent variable has a significant influence on the dependent variable, either directly or indirectly through the intervening variable. Testing is conducted using the SmartPLS 23 application by looking at the t-statistic and p-value values in the bootstrapping results. The decision-making criteria are as follows: If the t-statistic  $> 1.96$  and p-value  $< 0.05$ , then the hypothesis is accepted (significant). If the t-statistic  $\leq 1.96$  and p-value  $\geq 0.05$ , then the hypothesis is rejected (not significant). Based on the analysis results, All variables show a t-statistic value greater than 1.96 and a p-value less than 0.05, indicating that all research hypotheses are accepted. This indicates that all relationships between variables in the research model are significant. Religiosity has a positive and significant effect on Customer Compliance. This means that the higher a customer's religiosity, the stronger their moral and spiritual drive to fulfill financial obligations on time. Religiosity also has a significant effect on Collection Activities, indicating that religious values can influence customer perceptions of collection activities, making them more ethically and proportionally acceptable.

Fines have a positive and significant effect on Customer Compliance and Collection Activities, indicating that the implementation of financial sanctions can improve customer discipline and strengthen the effectiveness of the bank's collection system. Sharia Financial Literacy has a positive and significant effect on Customer Compliance and Collection Activities, indicating that the better a customer's knowledge of

Sharia financial contracts and principles, the greater their awareness of fulfilling their obligations. Collection Activities have a positive and significant effect on Customer Compliance, meaning that professional and consistent collection activities play a crucial role in maintaining customer compliance. Therefore, it can be concluded that all hypotheses proposed in this study are proven and accepted, indicating that Religiosity, Fines, and Sharia Financial Literacy have a direct and/or mediated influence on Collection Activities on Customer Compliance at UUS Bank Sumut, Sibolga City.

The mediation or intervening effect test aims to determine whether the Collection Activities (Z) variable can act as an intermediary, strengthening or weakening the relationship between the independent variables (Religiosity, Fines, and Sharia Financial Literacy) and the dependent variable (Customer Compliance). The test was conducted by examining the t-statistic and p-value obtained from bootstrapping the SmartPLS 23 model. The R-Square ( $R^2$ ) test is used to determine the extent to which an independent variable explains the dependent variable in a research model. The R-Square value indicates the proportion of variation in the dependent variable that can be explained by the independent variable, while the remainder is explained by factors outside the model. According to Chin (1998), using the Partial Least Squares (PLS) approach, the R-Square assessment criteria are as follows:  $R^2 = 0.67 \rightarrow$  Strong model;  $R^2 = 0.33 \rightarrow$  Moderate model;  $R^2 = 0.19 \rightarrow$  Weak model. Based on data processing using SmartPLS 23, the R-Square values obtained are as follows:

	R Square	Adjusted R Square
y	0.731	0.725
z	0.490	0.483

According to the table above, the R-Square value for the Customer Compliance (Y) variable is 0.731, with an Adjusted R-Square value of 0.725. This indicates that 73.1% of the variation in customer compliance can be explained by the variables Religiosity ( $X_1$ ), Fines ( $X_2$ ), Sharia Financial Literacy ( $X_3$ ), and Collection Activities (Z). The remaining 26.9% is explained by factors outside the model, such as personality, the customer's economic condition, the social environment, or internal bank policies. The  $R^2$  value of 0.731 is considered strong, as it exceeds the 0.67 threshold set by Chin (1998) for the PLS model.

Furthermore, the R-Square value for the Collection Activities (Z) variable is 0.490, with an Adjusted R-Square of 0.483, indicating that 49.0% of the variation in collection activities can be explained by the variables Religiosity, Fines, and Sharia Financial Literacy, while the remaining 51.0% is explained by factors outside the model, such as the bank's operational system, officer communication strategies, or internal discipline factors. This value falls into the moderate category, ranging from 0.33 to 0.67.

Overall, the R-Square value obtained indicates that the research model has fairly good and strong explanatory power. The independent variables in this study, namely Religiosity, Fines, and Sharia Financial Literacy, were proven to significantly explain variations in Collection Activities and Customer Compliance at UUS Bank Sumut, Sibolga City. This indicates that the structural model used in this study has a high level of feasibility, and the relationships between the variables in the model adequately describe the empirical conditions in the field.

The results of the structural model analysis demonstrate that religiosity, penalty mechanisms, and Islamic financial literacy exert significant direct effects on customer compliance with financing obligations at UUS PT Bank Sumut Kota Sibolga, while collection activities serve as a key mediating mechanism in translating these influences into behavioral outcomes. The high R-Square value ( $>0.70$ ) indicates that the constructed model possesses strong explanatory power, meaning that the included independent variables collectively explain a substantial proportion of variance in compliance behavior. This level of explanatory strength is consistent with recommended thresholds for behavioral finance and structural equation modeling, particularly in consumer finance studies (Hair et al., 2021). Such evidence suggests that compliance within Islamic banking is not random but systematically shaped by cognitive, ethical, and procedural drivers.

The analysis first reveals that religiosity has a significant positive influence on collection activities as well as on customer compliance. Statistically, religiosity demonstrated a strong path coefficient, indicating that customers with higher religiosity are more likely to respond positively to reminders, instructions, and structured monitoring associated with financing obligations. This finding aligns with the multidimensional conceptualization of religiosity proposed by Glock and Stark—encompassing belief, practice, experience, knowledge, and consequences—and supports the idea that religious norms function as internal behavioral regulators (Glock & Stark, 1965). Empirical studies similarly show that Muslim consumers tend to perceive financial obligations as an act of amanah (trust) and therefore strive to fulfill them as part of religious duty

(Rahman & Dean, 2013; Abdullah & Razak, 2015). Accordingly, religiosity becomes a source of moral motivation that reduces resistance to institutional enforcement, making collection procedures more effective and less conflictual.

The results further indicate that the penalty mechanism (denda/gharamah) has a significant and robust influence on both collection effectiveness and compliance outcomes. The positive and statistically significant path coefficient suggests that the presence of a clearly defined penalty structure encourages customers to prioritize timely repayment. This outcome confirms deterrence theory, which posits that individuals alter behavior when faced with predictable sanctions (Becker, 1968). However, in the context of Islamic finance, penalties are not permitted to function as sources of bank profit, but must instead be allocated for charitable purposes, ensuring ethical alignment and reducing exploitation concerns (Ascarya, 2011). Prior research also finds that penalties in Islamic financial institutions are perceived as legitimate if implemented transparently and proportionately, as they promote fairness and discourage opportunistic delay (Al-Qudah & Al-Fadli, 2021). The positive relationship observed in this study indicates that well-governed penalties help operationalize compliance norms and strengthen institutional authority.

Islamic financial literacy also demonstrates a strong and statistically significant effect on customer compliance, both directly and indirectly. Respondents with higher levels of literacy appear to have better understanding of contractual obligations, the consequences of delay, and the ethical dimensions of debt repayment. This supports evidence from national surveys showing that financial knowledge increases consumer capacity for responsible financial behavior (OJK, 2022). In Islamic banking, literacy is especially important because customers must be able to differentiate between various sharia contracts, understand how risk is allocated, and interpret the purpose of social sanctions embedded in contract design (Abdullah & Razak, 2015). The findings also resonate with behavioral models such as the Theory of Planned Behavior, which argues that knowledge contributes to the formation of attitudes and subjective norms that ultimately shape intention and behavior (Ajzen, 1991). Therefore, knowledge is not merely cognitive but behavioral, where understanding Islamic ethics encourages alignment with compliance expectations.

A central contribution of this study is the demonstration of collection activities as a mediating variable that strengthens the influence of penalty mechanisms and Islamic financial literacy on customer compliance. The mediation results show that collection activities act not only as administrative procedures, but as institutional mechanisms that transform knowledge and policy into concrete behavior. This aligns with evidence from financial compliance research, which emphasizes that enforcement quality determines whether norms translate into responsible financial conduct (Lusardi & Mitchell, 2014). In Islamic banking, collection processes often include educational, persuasive, and restorative approaches, making them particularly effective in reinforcing moral and cognitive drivers (Ahmed, 2019). However, mediation does not occur in the relationship between religiosity and compliance, suggesting that customers who are intrinsically motivated act according to moral internalization rather than external prompts. This finding corresponds with research indicating that intrinsic religiosity predicts self-regulated financial behavior independent of institutional pressure (Dusuki & Abdullah, 2007).

Overall, the results demonstrate that compliance behavior in Islamic banking emerges from a hybrid interaction between internal moral constructs, external regulatory mechanisms, and operational enforcement practices. Religiosity provides intrinsic motivation, penalties establish behavioral discipline, financial literacy provides cognitive capacity, and collection activities institutionalize behavioral regulation. This multidimensional structure supports research in Islamic behavioral finance asserting that effective financial governance must combine ethical, educational, and structural components (Mansour et al., 2021). From a practical standpoint, the findings imply that banks should design collection systems that are not merely punitive but educative, highlighting religious and ethical rationales behind repayment. For policy governance, regulators should enhance national literacy programs and ensure transparency and ethical accountability in penalty implementation. For scholars, this study demonstrates the importance of integrating behavioral, ethical, and operational variables in models of Islamic finance compliance.

## CONCLUSION

Based on the results of data analysis using SmartPLS 23 and the discussion in Chapter IV regarding the influence of religiosity, penalties, and Islamic financial literacy on customer compliance with collection activities as an intervening variable at UUS PT Bank Sumut Kota Sibolga, it can be concluded that customer compliance is shaped by a multidimensional interaction between internal values, external controls, and operational mechanisms implemented by Islamic financial institutions. The findings show that religiosity has a positive and significant effect on both collection activities and customer compliance. This indicates that religious values function as a strong internal driver that encourages customers to respect contracts and

fulfill financial obligations responsibly. Religiosity serves as a moral control mechanism that enables individuals to perceive collection activities not as pressure, but as reminders of ethical responsibility. This also explains why collection activities do not mediate the influence of religiosity on compliance, because spiritual motivation alone is strong enough to drive compliant behavior without external intervention. In addition to religiosity, the study also finds that penalties have a positive and significant effect on collection activities and customer compliance. Proportional penalty mechanisms enhance the effectiveness of collection processes by creating a deterrent effect, encouraging customers to be more disciplined and timely in meeting their obligations. However, the effectiveness of penalties becomes greater when accompanied by active, communicative, and respectful collection activities, which empirically mediate the influence of penalties on compliance. This finding implies that financial sanctions cannot operate effectively in isolation; rather, they must be combined with structured interpersonal interaction that reinforces awareness, accountability, and adherence. Furthermore, Islamic financial literacy also has a positive and significant effect on collection activities and customer compliance. A strong understanding of Islamic financial principles, contracts, and consequences enables customers to perceive collection activities as part of contract fulfillment, rather than merely administrative demands. At the same time, collection activities were found to mediate the relationship between Islamic financial literacy and compliance, suggesting that knowledge alone is insufficient without oversight, guidance, and continuous communication (Indainanto et al., 2023; Ritonga et al., 2024; Sikumbang et al., 2024). Thus, Islamic financial literacy functions not only as cognitive knowledge, but as a behavioral driver that supports ethical and responsible financial conduct when reinforced through structured collection efforts. The results also confirm that collection activities have a direct positive and significant effect on customer compliance. Regular, persuasive, respectful, and structured collection practices enhance compliance by providing opportunities for dialogue, clarification, and negotiation that reduce the risk of moral hazard and non-performing financing. This positions collection activities as a central operational component of Islamic banking, not merely as an administrative tool, but as an instrument of communication and education that contributes to the sustainability of financing and customer relationships. Overall, this study concludes that customer compliance in Islamic financing is influenced by a combination of spiritual, cognitive, and structural factors. Religiosity functions as a strong internal motivator, while penalties and Islamic financial literacy act as external drivers that require support from collection activities to generate optimal outcomes. Collection activities play a strategic role as an intervening variable that links institutional policies and customer knowledge with actual behavior. Therefore, improving customer compliance cannot rely on a single factor but requires an integrated approach that combines religious values, financial policy, literacy enhancement, and humane, communicative, and Sharia-compliant collection strategies. Such a holistic approach is essential to fostering ethical, responsible, and sustainable customer behavior within Islamic financial institutions.

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