

A FRAMEWORK OF ZAKAT ON DIGITAL ASSETS IN MALAYSIA: PERSPECTIVES OF MILLENNIALS

Hanudin Amin*

Universiti Malaysia Sabah, Malaysia

ABSTRACT

This study examines the key factors influencing the acceptance of *zakat* on digital assets in Malaysia. It employs a modified Attitude-Social Influence-Efficacy (ASE) model and makes use of SmartPLS 4.0 to investigate the acceptance of *zakat* on digital assets among 440 millennial *zakat* payers. All factors derived from the ASE and the perceived *fatwa* legitimacy demonstrate significant relationships with such acceptance. Our findings have practical implications. For example, *zakat* institutions can enhance *zakat* on digital assets and utilization by applying key concepts from the ASE model and considering the importance of *fatwa* legitimacy.

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* **CONTACT** Hanudin Amin: hanudin@ums.edu.my; Universiti Malaysia Sabah, 88400 Kota Kinabalu, Sabah, Malaysia

I. INTRODUCTION

Zakat is one of the five pillars of Islam. It is a required form of almsgiving that upholds social justice and purifies wealth. It is traditionally applied to specified assets such as cash, gold, silver, livestock, agricultural produce and trade goods, that meet the *nisab* and have been held for a lunar year. Al-Faruqi (1992) highlights the role of *zakat* as a moral instrument that encourages moral economic reform by refocusing wealth on serving the *ummah*. Al-Qaradhawi (1994) also emphasises its role in distributing wealth and eliminating poverty in his well-known work *Fiqh al-Zakat*. *Zakat* helps both the payers and recipients by purifying the soul of greed and restoring dignity and independence to the poor. It upholds the Islamic ideals of justice and mercy; promotes community cohesion; and enforces accountability as an act of divine stewardship. *Zakat* has been crucial in poverty eradication and promotes social well-being among disadvantaged groups in Muslim-majority countries such as Malaysia and Indonesia (Ismail & Possumah, 2013; Ascarya, 2022). In contemporary settings, extending *zakat* to encompass new types of wealth guarantees its ongoing influence and applicability in tackling current socioeconomic issues. The development of digital assets provides new *zakat* segmentation that can diversify the existing *zakat* portfolio managed by *zakat* institutions.

This paper focuses on *zakat* on digital assets in Malaysia. Such assets are electronic items that have value and ownership, and are accessible. They exist in a virtual form, enabled by digital platforms or blockchain technology, electronically verifiable in terms of ownership, and with values that are monetizable and transferable (Rosele et al., 2025; Jalal & Abdullah, 2024; Muneeza et al., 2023). Examples include cryptocurrencies (e.g., Bitcoin and Ethereum), digital tokens and non-fungible tokens (NFTs). Digital investment assets are held in e-wallets and digitally stored; for example, in online trading accounts. Unlike digital assets, non-digital assets are tangible, existing in physical forms and having long been recognized in classical *fiqh* as *zakatable* assets. The physical ownership of these is identifiable, stable and well-established in Islamic jurisprudence (Al-Qaradhawi, 1994). They include cash, savings, gold, silver, business inventories, agricultural produce and livestock (Ismail & Possumah, 2013; Ascarya, 2022).

The rapid expansion of digital assets such as tokenised assets and cryptocurrencies has drastically changed financial transactions globally, particularly in Muslim majority nations such as Malaysia. The necessity to investigate the conformity of such assets with Islamic financial principles, particularly *zakat*, is increasing as they gain popularity. A key component of Islam, *zakat* is a system for social redistribution and wealth purification. However, its incorporation of new financial products such as digital assets remains a challenging and little-studied subject. State religious councils oversee the administration of *zakat* in Malaysia; however, their technological advancements have not kept pace with the innovation surrounding digital assets. Consistent *fatwas* and policy frameworks are needed to address issues of legitimacy, public trust and compliance. Furthermore, a significant portion of the labor force constitutes millennials who are active in the digital economy. Their views and behavior could have an impact on *zakat* collection in the future. Understanding how this group perceives and accepts *zakat* on digital assets is crucial for Islamic social finance to continue being inclusive and sustainable.

There is limited empirical evidence concerning *zakat* on digital assets in terms of its acceptance and patronage factors. Most studies emphasize the validity and legality of *zakat* on digital assets, with the focus mainly on the challenges faced (Jalal & Abdullah, 2024); *Shariah* rulings (Rosele et al., 2025); and *maqasid al-Shariah* (Muneeza et al., 2023). This situation warrants the undertaking of this to close the research gap. There is lack of standardized criteria for digital assets in Malaysia and confusion exists among *muzakki* concerning their classification, whether they are commodities or money. This lack of standardized criteria can reduce acceptance by weakening perceived *fatwa* legitimacy. Studies by Jalal & Abdullah (2024) and Rosele et al. (2025) highlight the growing importance of *zakat* on digital assets, primarily focusing on the associated challenges and the development of proposed *zakat* models. In response to this gap, this study explicitly incorporates perceived *fatwa* legitimacy as a key construct and empirically validates its significance in shaping acceptance of *zakat* on digital assets.

To this end, the study employs a modified Attitude–Social Influence–Efficacy (ASE) model. According to the original model, acceptance behavior is influenced by self-efficacy, social norms and individual attitudes. This study builds a new framework named ZODA–ASE (*Zakat* on Digital Assets–ASE) by incorporating perceived *fatwa* legitimacy into the model to increase its applicability to the Islamic social finance context. This integration acknowledges the significance of religion in motivating Muslim millennials to comply with the law. By introducing the ZODA–ASE framework, the study contributes to the discussion on Islamic social financial innovation. It provides helpful insights for *zakat* organizations, lawmakers and religious leaders seeking to reconcile traditional religious obligations with contemporary digital realities. The behavioral patterns of millennials are also clarified, thus enabling more targeted strategies to improve *zakat* knowledge compliance and digital adoption.

From the viewpoint of millennial *zakat* payers, the study investigates the contributing factors that affect Malaysians' acceptance of *zakat* on digital assets, particularly in light of emerging financial technologies and evolving religious rulings. Millennials were born between 1981 and 1996, and constitute a significant proportion of the Malaysian working-age population (Department of Statistics Malaysia, 2025). Overall, the findings generated provide evidence concerning existing *zakat* payers' readiness to embrace a new form of *zakat* portfolio, namely *zakat* on digital assets, which is hypothesized to be influenced by ASE factors and perceived *fatwa* legitimacy.

II. OVERVIEW OF ZAKAT ON DIGITAL ASSETS IN MALAYSIA

It should be noted that Malaysia adopts a decentralized *zakat* governance structure, in which matters that are related to *Shariah* and religions, including *zakat*, are under the jurisdiction of individual states. Under the 9 Schedule, List 2 (State list) of the Federal Constitution, *Shariah* and personal matters of Muslims, including *zakat*, *baitulmal* and Islamic religious revenue, fall under the exclusive right of state governments (Constitution of Malaysia, 1957). Each state has the authority to legislate and administer *zakat*; consequently *zakat* laws, rates and enforcement mechanisms may differ across states. They have the autonomy to decide best policy

concerning *zakat*, *waqf*, *sadaqah* and similar practices for *ummah* development. This leads to the fact that the treatment of *zakat* on digital assets is not uniform across the country.

Some State Islamic Religious Councils and State *Fatwa* Committees have discussed or issued opinions on the zakatability of digital assets, namely cryptocurrencies. These discussions have generally revolved around the classification of digital assets, their *Shariah* permissibility, and appropriate *zakat* estimations. However, not all states have issued explicit *fatwas* on *zakat* on digital assets (Rosele et al., 2025). In many cases, *zakat* institutions rely on *qiyas* by treating digital assets in a similar way to business or investment assets. This has resulted in variation in public understanding and acceptance, mainly among younger Muslims who are more exposed to digital finance.

Three states, together with the Malaysia Federal Territories, allow *zakat* institutions to collect *zakat* from Muslim investors whose digital assets fulfill *nisab* and *hawl*. In Perlis, Mufti Perlis (2020) announced the legitimacy of *zakat* on digital assets in 2019, meaning investors in bitcoin digital assets are subject to *zakat* when *hawl* and conditions are met. In Selangor, *zakat* on digital assets was announced on August 17, 2021, with digital assets including Bitcoin, Ethereum, Ripple, Avalanche, Litecoin, Cardano, Solana, Chainlink, Uniswap and Bitcoin Cash, among others (Zakat Selangor, 2025). In addition, Mufti Pahang (2023) also declared that *zakat* on digital assets was permissible beginning on 28 November 2023, thus requiring *zakat* payers to pay *zakat* on their digital assets.

As for the Federal Territories Islamic Religious Council *Zakat* Collection Centre (PPZ-MAIWP), *zakat* on digital assets is based on a *fatwa* issued on 26-27 October 2021 in Labuan Federal Territory, Malaysia (MuftiWP, 2021). Importantly, on December 18, 2024, PPZ-MAIWP formally launched the collection of *zakat* on digital assets from Muslim investors at the rate of 2.5 per cent, with PPZ-MAIWP appointing Sharlife Sdn Bhd as the first *zakat* collection agent for digital (BuletinTV3, 2024). Statistically, the amount collected increased from RM25,983.91 in 2023 to RM44,991.97 in 2024 (The Star, 2025). It is noteworthy that Malaysian Muslim investors collectively own digital assets valued at RM16 billion. However, not all are fulfilling their *zakat* obligations on these assets, largely due to limited awareness and understanding of the religious permissibility and requirements surrounding procedures. Generally, *fatwa* legitimacy is one of the causes.

A simple calculation pertinent to *zakat* on digital assets is as follows:

$$\text{Zakat} = [(\text{min value of digital assets} \times \text{number of unit}) + \text{gain}] \times 2.5 \text{ per cent}$$

For example, assume Otto Imran has a unit of Bitcoin bought on January 1, 2024 at RM40,000 and whose market value after a year is RM400,000. If the *nisab* is RM30,000, the *zakat* payable is therefore:

$$\text{Zakat} = [(\text{RM}40,000 \times 1) + 0] \times 2.5 \text{ per cent} = \text{RM}1,000$$

III. LITERATURE REVIEW

3.1. Issues in *Zakat* on Digital Assets

Acknowledging regulatory and legal ambiguity is essential for acceptance. As noted earlier, this issue can affect *zakat* payers' behavior when digital assets are inconsistently classified (commodity vs. currency), leading to normative uncertainty (Jalal & Abdullah, 2024). Such issues include whether *zakat* on digital assets is required or not, and the fear of overpaying or paying incorrectly. In a situation of uncertainty, many *zakat* payers delay, avoid or selectively comply with payment on digital assets. Conflicting classification can weaken confidence in published *fatwas*, making payers confused. This issue is also linked to attitude, in which any ambiguities concerning *zakat* on digital assets can affect positive evaluation, and the process is viewed as complicated rather than rewarding, thus leading to *zakat* avoidance. According to Rosele et al. (2025), regulatory ambiguity indirectly reduces acceptance by weakening perceived *fatwa* legitimacy, which can shape attitudes on acceptance.

Furthermore, little has been published on *zakat* on digital assets in the literature. Both consumers and *zakat* officers are likely to lack clarity on how *zakat* applies to digital assets. This gap influences compliance behavior and may affect millennials' perceptions. Reliance on hearsay or social media can directly shape intentional behavior, not just awareness. With such a lack of knowledge, *zakat* on digital assets is perceived as being unclear and burdensome, leading to both neutral and negative attitudes (Paizin, 2021; Bin-Nashwan et al., 2025). Furthermore, knowledge gaps increase reliance on peers and influencers instead of formal institutional guidance. In fact, low self-efficacy and weak attitudes reduce behavioral acceptance.

It should be noted that digital assets are subject to price volatility, which can also affect *zakat* payer behavior (Zubaidi & Abdullah, 2017; Fatarib & Sali, 2020). Volatility introduces financial and moral anxiety; for example, fear of paying too much during price spikes or too little during dips, leading to strategic delay and minimal compliance for marginal acceptance (Rehman et al., 2020). This issue is linked to the constructs examined in this study. First, regarding attitude, price volatility can lead to cost and risk, with the payment of *zakat* on digital assets being financially disadvantageous to *zakat* payers. Second, in relation to self-efficacy, complex valuation rules reduce confidence in accepting *zakat* on digital assets. In fact, if *fatwas* do not clearly address volatility, their relevance may be questioned. In terms of acceptance, high perceived complexity, together with financial risk, lowers acceptance. According to Bin-Nashwan et al. (2024), Muslims may be less inclined to include digital assets as a medium of *zakat* payment if they view them as a highly volatile or risky asset class.

Technology and security are also examined in this study. The digital infrastructure for collecting and managing *zakat* contributions paid in digital assets is still developing, and there remain concerns about cybersecurity, custody of digital *zakat* funds, and interoperability with *zakat* management systems (Hassan et al., 2023). Pious Muslims hesitate to pay *zakat* on digital assets when they feel insecure about payment platforms, if custody of digital *zakat* funds is unclear, and if systems are not integrated with trusted *zakat* institutions. This issue is linked to the variables examined in this research. In terms of attitude, security can create emotional responses of fear and doubt, which hinder acceptance (Bin-Nashwan

et al., 2024). Self-efficacy is occurred in this context when technical complexity lowers the perceived ability to comply. In terms of social influence, negative stories spread quickly and shape groups norms associated with *zakat* on digital assets. Overall, without trusted infrastructure, acceptance remains distant.

3.2. The ASE Model: Significance and Suitability

The ASE model, conceptualized by de Vries et al. (1988), is a widely adopted psychological framework for understanding human behavior across diverse domains, including health promotion, consumer behavior, and more recently, financial technology adoption. The model highlights that human actions are largely driven by three core components: attitude, social influence (the perceived density from noteworthy others to accomplish or abstain from behavior), and self-efficacy (people's belief in their capacity to perform a given task successfully). These components work synergistically to influence behavioral intentions, which in turn predict actual behavior (Conner & Norman, 2005).

In the context of Islamic finance, particularly *zakat* on digital assets, the ASE model offers a strong theoretical lens to capture both individual cognition and the social dynamics that shape behavior. *Zakat*, a religious and socio-economic obligation, requires not only personal commitment, but also trust in religious legitimacy and social acceptance. Therefore, applying the ASE model enables researchers to bridge secular behavioral theories with Islamic socio-religious norms.

Traditional ASE applications may overlook religious authority as a significant determinant. To address this gap, our study proposes the ZODA–ASE framework (*Zakat* on Digital Assets–ASE), which integrates an additional construct—perceived *fatwa* legitimacy. This inclusion acknowledges the decisive role that Islamic legal opinions (*fatwas*) play in shaping Muslim behavior, particularly in novel financial instruments such as cryptocurrencies and tokenized assets. Given the rising ambiguity surrounding the permissibility of digital assets, *fatwas* serve not only as legal pronouncements, but also as mechanisms for trust-building and behavioral regulation (Al-Qaradhawi, 2001).

Therefore, the integration of perceived *fatwa* legitimacy into the ASE model provides a holistic, religion-sensitive approach to examine *zakat* acceptance. This extension is especially pertinent in Malaysia, where millennials represent a digitally literate and religiously observant demographic segment. As digital assets gain traction among youth, understanding how this cohort perceives *zakat* on such assets becomes crucial for inclusive Islamic financial development (Rosele et al., 2025).

3.3. Selection of the ASE over the TPB Model

The study acknowledges that the theory of planned behavior (TPB) is widely used to explain intention and behavior. Both the TPB and the ASE highlight the importance of attitude in shaping behavioral intention and actual actions, showing that both theories have comparable implications for attitude across different settings (de Vries et al., 1988). In our research, however, the ASE was chosen

because it places greater emphasis on social influence and self-efficacy, which help address the gap between intention and behavior (Saygılı et al., 2022; Amin, 2023). While the TPB focuses on subjective norms, or what people considered important think one should do, the ASE broadens this to include direct support or opposition, social pressure and modeling. This makes the ASE more applicable to real-world social dynamics, such as those in Malaysian society, where social approval and modeling often have a stronger impact than subjective norms alone (Amin, 2023). Moreover, the ASE fits specific contexts, such as health and social behavior change, with a focus on practical self-efficacy. Consequently, it fits well the specific context of this study on *zakat* and digital assets (de Vries et al., 1988; Saygılı et al., 2022).

3.4. Hypothesis Development

Attitude: Attitude refers to individuals' evaluative disposition towards a particular behavior. According to Ajzen (1991), attitude significantly predicts intention by influencing how favorably or unfavorably a person assesses the outcomes of displaying certain behaviour. In this study, attitude is defined as the extent to which the respondents believe paying *zakat* on digital assets is a good practice for *muzakki* and investors and is beneficial to *ummah*. In the domain of *zakat* on digital assets, attitude manifests as the extent to which millennial Muslims believe that paying *zakat* on crypto holdings is beneficial, virtuous and necessary. Previous literature affirms that attitude is a critical determinant in e-wallet payment behavior. Amin (2023) demonstrates that individuals with favorable views about e-wallet payment are more likely to make payments post-Covid-19. In other contexts, however, Schellart et al. (2011) show that attitude has no direct influence on intention, possibly due to poor operationalization. In the digital finance setting, we expect that there exists a noteworthy outcome of attitude on reception, in the context of *zakat* on digital assets. Therefore, a stronger positive attitude is associated with higher receptiveness. We consequently propose that:

H₁: Attitude is expected to influence the acceptance of *zakat* on digital assets.

Social influence: Social influence represents the impact of interpersonal relationships and societal expectations on one's behavioral decisions (Fishbein & Ajzen, 1975). In this study, social influence is defined as the extent to which family, friends and Islamic scholars support the idea of *zakat* being imposed on digital assets. It includes normative pressures from these three groups, and broader social networks. In Islam, societal expectations often reinforce religious behavior, making this construct especially relevant for studying *zakat* compliance. Empirical findings support the notion that Muslims are highly responsive to social cues when it comes to religious practices. Schellart et al. (2013) found that colleagues can determine behavioral attention, which in turn shapes the construction of behavioral intention. In the case of digital *zakat*, if peers and influential figures endorse or discuss *zakat* on digital assets, millennials are likely to feel encouraged or obligated to emulate such behavior. Amin et al. (2023) show that peer encouragement is influential in determining acceptance given society's collective nature, in which individuals are interrelated. This notion is likely to help explain the acceptance of *zakat* on digital

assets. Therefore, social influence acts as a motivational anchor, driving behavior beyond individual rationality. In H_2 it is therefore postulated that:

H_2 : Social influence is expected to influence the acceptance of *zakat* on digital assets.

Self-efficacy: According to Bandura (1997), people have self-efficacy if they have the capability to display certain behaviors for their intended goals, supported by their knowledge, skill and ability to support such behavior. In this study, self-efficacy relates to whether the respondents were confident in their ability, and had sufficient knowledge and digital skills to pay *zakat* on digital assets, should they possess them in the future. The ASE model reflects one's confidence in navigating and managing behavioral demands. In the realm of *zakat* on digital assets, self-efficacy is reflected in individuals' belief that they can identify eligible digital assets, calculate *zakat* accurately, and utilize available platforms or institutions to pay *zakat*. We expect that the significant effect of self-efficacy, as found in Amin et al.'s (2023) study, can be extended to *zakat* on digital assets. Previously, Saygili et al. (2022) reported the significance of self-efficacy in the acceptance of Islamic financial products, with one's ability being able to determine their use based on knowledge, financial and skill factors, among others. Given that digital asset *zakat* lacks established procedures in many jurisdictions, self-efficacy becomes even more vital. Enhancing it through education, *fatwa* clarity, or FinTech support can dramatically boost acceptance. Therefore, the following hypothesis is posited:

H_3 : Self-efficacy is expected to influence the acceptance of *zakat* on digital assets.

Perceived Fatwa Legitimacy: Perceived *fatwa* legitimacy refers to the extent to which the respondents believed that *fatwas* on *zakat* on digital assets in Malaysia were issued by credible religious authorities, were aligned with Islamic principles, and were legitimate. The effect of *fatwas* has been documented in various subjects pertaining Muslim behavior towards certain systems, products or compliance. According to Muhamad (2011), a *fatwa* is a mechanism that permits fresh verdicts to be announced under *Shariah* law. In its simplest form, it is an interpretation by experts in Islamic jurisprudence (*fuqaha*) and an adaptation of *Quranic* verses and *Hadiths* on contemporary issues. According to Muhamad Hashim & Mizerski (2010), *fatwas* on economics and social concerns have a recognized influence on how customers behave in the marketplace. In response to this, this study examines the consequence of *fatwas* on the acceptance of *zakat* on digital assets in Malaysia. Further, Muhamad (2011) and Muhamad Hashim & Mizerski (2010) note that Muslim users are likely to be more dedicated to their spiritual views than their peers in other religions. In our case, it is considered whether the legitimacy of a *fatwa* can determine people's behavior on *zakat* on digital assets. If a *fatwa* is valid, more Muslims are likely to conform to the payment of *zakat*. Dusuki & Abdullah (2007) explain that 'legitimacy' can lead to the formation of increased trust, which leads to acceptance when the behaviour is earlier defined as unclear. Therefore, a more positive *fatwa* leads to greater acceptance. Hence, H_4 proposes that:

H₄: Perceived *fatwa* legitimacy is expected to influence the acceptance of *zakat* on digital assets.

The perceived legitimacy of a *fatwa* can also influence attitudes toward a specific act, in addition to directly influencing behavior. Because religious endorsements impact internal value systems, this indirect influence is especially important in Islamic contexts. Muhamad (2011) and Muhamad et al. (2016) claim that Muslims are always aware of contemporary *fatwa* when making decisions. A clear *fatwa* makes their decisions easy, leading to the formation of positive attitudes. Similarly, a *fatwa* that is regarded as genuine in the context of *zakat* on digital assets may encourage more favorable sentiments by allaying worries about *Shariah* compliance. As a result, people are more receptive to religious acts, both behaviorally and emotionally. In this light, it is proposed that:

H₅: Perceived *fatwa* legitimacy is expected to influence attitudes toward *zakat* on digital assets.

Attitude as a Mediator: When internalizing perceptions into motives and intentions, attitude frequently acts as a mediating factor. Ramayah et al. (2011) posit that attitude-based mediation aids in capturing the psychological process by which outside factors such as legitimacy, trust or technological features influence behavior. According to this study, perceived *fatwa* legitimacy may increase positive attitudes, which in turn will lead to acceptance rather than directly influencing behavioral intention. Therefore, the importance of cognitive-emotional alignment in influencing religiously motivated financial behavior is highlighted by the mediating role of attitude. Amin & Shaikh (2025) confirm such a mediating effect of attitude in the context of *zakat al-mustaghallat*. Similarly, Hamadou et al. (2025) also demonstrate the robustness of attitude as a mediator. This study finds that attitude can play a significant role in mediating the relationship between religious motivation and product acceptance. In our research, it is expected that the findings of Amin & Shaikh (2025) and Hamadou et al. (2025) can be extended to the context of *zakat* on asset digitals. This indicates that higher perceived *fatwa* legitimacy will enhance positive attitude, which in turn will increase acceptance. Hence, the following hypothesis is posited:

H₆: The relationship between perceived *fatwa* legitimacy and the acceptance of *zakat* on digital assets is mediated by attitude.

Figure 1 displays the study research model.

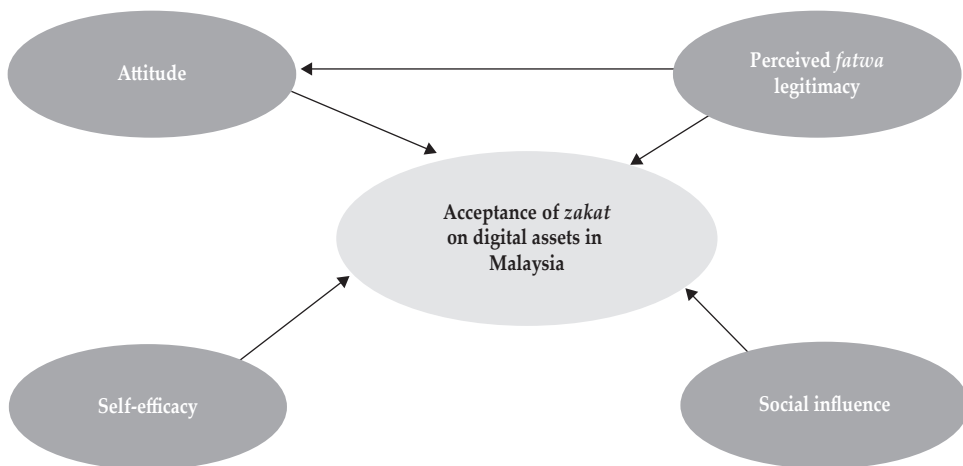


Figure 1.
Conceptual Framework

IV. METHODOLOGY

4.1. Sample

The study respondents were 440 *zakat* payers in Malaysia. Following Faul et al. (2009), we employed G*Power to determine the appropriate sample size. Based on an 80 percent confidence level, an effect size of 0.15, and four predictors deliberated, a minimum sample size of 85 respondents was needed for the study. We also considered Hair et al.'s (2019) 10-times rule, in which the minimum sample size should be at least ten times the maximum number of structural paths directed at any endogenous construct. In this study, the acceptance of *zakat* on digital assets was predicted by four exogenous constructs, indicating a minimum requirement of 250 observations, computed as $10 \times 5 \times 5 = 250$. The sample size of 440 respondents was therefore considered adequate and robust for the application of partial least squares structural equation modeling (PLS-SEM) using SmartPLS 4.0.

Before data collection, a total of 30 respondents were approached for a pilot test to detect confusing, vague or misleading questions for improved clarity of the instructions and questions. The respondents agreed that the items were appropriate in terms of their conceptualization and operationalization. The instrument was further reformatted in terms of layout and presentation. To select the respondents, judgmental sampling was employed, with two criteria. First, respondents should have previously made a *zakat* payment and have experienced the payments. Second, they needed to be willing to pay *zakat* on digital assets if or when they had such assets as part of their wealth portfolios. These criteria were intended to improve the validity and accuracy of the data collected. A request to participate in the online survey was circulated to *zakat* payers, asking for their participation voluntarily. The use of Google Forms facilitated the survey, with the online survey link via Google Forms open for 5 months (July 2024 – November 2024). We received 440 responses, resulting in a sample size of 440. Table 1 presents the profiles of the respondents.

Table 1.
Profiles of the Respondents

Variable	Sample	Rate
<i>Gender</i>		
Male	198	45.0
Female	242	55.0
<i>Marital status</i>		
Single	128	29.1
Married	312	70.9
<i>Education obtained</i>		
STPM/Diploma/STAM	70	15.9
Bachelor	164	37.3
Master	170	38.6
PhD	36	8.2
<i>Age</i>		
<30	29	6.6
30-33	144	32.7
34-37	146	33.2
38-41	92	20.9
Over 41	29	6.6

Source: Authors' elaboration

As shown in Table 1, the sample comprised 440 respondents, with a slight majority being female (55 percent). Most participants were married (70.9 percent), with the educational background being predominantly higher education level, with 38.6 percent holding a Master's degree and 37.3 percent a Bachelor's degree. Only 8.2 per cent had a PhD, and 15.9 percent held STPM/Diploma/STAM qualifications. This suggests a well-educated sample, potentially reflecting specific demographic trends or possible sample bias. The majority of respondents fell within the 30-37 age range, accounting for 65.9 percent of the total sample. This indicates that the study predominantly represents millennials in their early to mid-career stages, a group highly relevant to digital asset use.

4.2. Questionnaire Items

The questionnaire was in English and its construct items were adapted from previous studies (See the Appendix for a full set of questionnaire items). Construct items for attitude, social influence and self-efficacy are adopted from de Vries et al. (1988), Saygılı et al. (2022) and Amin (2023). Three items were developed for each variable. Acceptance items are adapted and modified from de Vries et al. (1988), while items for "perceived *fatwa* legitimacy" were specifically developed and validated by three *Shariah* scholars who possessed first-hand knowledge of Islamic finance, mainly *zakat*, and who had competency in conducting research bridging theory and practice. A 5-Likert scale was employed, ranging from strongly agree (5) to strongly disagree (1).

4.3. Data Analysis

SmartPLS4.0 was employed to analyze the proposed hypotheses. This provides trustworthy bootstrapping methods for evaluating the statistical significance of loadings and pathways. We extended Hair et al.'s (2019) recommendation for generalization. Moreover, SmartPLS4.0 has been shown to be robust in diverse social finance research disciplines. Ramayah et al. (2011) support the flexibility and applicability of the analysis to a social science research setting. This clarifies its vibrant role, making it germane and significant in this study.

V. RESULTS AND ANALYSIS

5.1. Measurement Model

As presented in Table 2, all constructs demonstrated strong convergent validity. Factor loadings exceeded the threshold of 0.7, signifying robust item-construct relationships. Composite reliability (CR) values ranged from 0.836 to 0.936, with Cronbach's α values (0.796–0.916) confirming high internal consistency. The average variance extracted (AVE) for each construct surpassed 0.5, further validating the measurement model (Fornell & Larcker, 1981). These results confirm that the items reliably measured their intended constructs.

Table 2.
Convergent Validity

Construct	Item	Loading	CR	AVE	Cronbach's α
ACCEPT	ACCEPT1	0.862	0.846	0.757	0.840
	ACCEPT2	0.863			
	ACCEPT3	0.886			
AT	AT1	0.892	0.895	0.825	0.894
	AT2	0.930			
	AT3	0.901			
PFL	PFL1	0.950	0.936	0.856	0.916
	PFL2	0.900			
	PFL3	0.926			
SE	SE1	0.916	0.928	0.701	0.796
	SE2	0.812			
	SE3	0.778			
SI	SI1	0.889	0.836	0.751	0.834
	SI2	0.881			
	SI3	0.829			

Notes: ACCEPT=acceptance, AT=attitude, PFL=Perceived fatwa legitimacy, SE=Self efficacy, SI=Social influence

Source: Table by author

The Fornell-Larcker Criterion presented in Table 3 confirms discriminant validity. The diagonal values (square roots of AVE) are higher than the inter-construct correlations (Fornell & Larcker, 1981). As can be seen in Table 3, the square roots of the AVE values exceeded the threshold value of 0.707, indicating appropriate proof of validity and confirming that the constructs employed were distinct.

Table 3.
Fornell–Larcker Criterion

Construct	ACCEPT	AT	PFL	SE	SI
ACCEPT	0.870				
AT	0.731	0.908			
PFL	0.612	0.589	0.925		
SE	0.477	0.422	0.307	0.837	
SI	0.690	0.590	0.655	0.442	0.867

Notes: ACCEPT=acceptance, AT=attitude, PFL=Perceived fatwa legitimacy, SE=Self efficacy, SI=Social influence

Source: Table by author

Furthermore, the HTMT ratios reported in Table 4 also confirm discriminant validity similar to the Fornell-Larcker criterion, with all the HTMT values being below 0.85. This indicates that each construct is distinct and captures unique variance, reinforcing the appropriateness of the structural model.

Table 4.
HTMT Ratio of Correlations

Construct	ACCEPT	AT	PFL	SE	SI
ACCEPT					
AT	0.841				
PFL	0.679	0.641			
SE	0.530	0.428	0.299		
SI	0.814	0.680	0.744	0.484	

Notes: ACCEPT=acceptance, AT=attitude, PFL=Perceived fatwa legitimacy, SE=Self efficacy, SI=Social influence

Source: Table by author

5.2. Structural Equation Modeling

The structural analysis revealed that all pathways were statistically significant, as reported in Table 5. Attitude had the strongest positive effect on acceptance ($\beta = 0.427$, $p < 0.001$). Similarly, perceived *fatwa* legitimacy was significant, albeit with a lower magnitude of effect ($\beta = 0.125$, $p < 0.001$). Moreover, such legitimacy strongly influenced attitude ($\beta = 0.589$, $p < 0.001$), and likewise, social influence and self-efficacy exerted significant effects on acceptance ($\beta = 0.300$ and 0.125 , respectively; $p < 0.001$). These results suggest that acceptance is primarily driven by attitude, which is itself shaped by perceived legitimacy. Social influence and self-efficacy play secondary but meaningful roles.

Table 5.
Results

Pathway	β	<i>t</i> -value	<i>p</i> -value	f^2	VIF	Hypothesis supported?
AT -> ACCEPT	0.427	11.044	0.000	0.292	1.818	Yes, H ₁
PFL -> ACCEPT	0.125	2.942	0.000	0.023	1.973	Yes, H ₄
PFL -> AT	0.589	19.658	0.000	0.532	1.000	Yes, H ₅
SE -> ACCEPT	0.125	4.253	0.000	0.035	1.311	Yes, H ₃
SI -> ACCEPT	0.300	6.802	0.000	0.124	2.110	Yes, H ₂
R ² (DV=IVs)	0.656					
R ² (AT=PFL)	0.347					
Pathway	β	<i>t</i> -value	<i>p</i> -value	Lower bound	Upper bound	Hypothesis Supported?
PFL ->AT-> ACCEPT	0.252	9.704	0.000	0.203	0.306	Yes, H ₆

The results show a significant indirect effect of attitude as a mediator on the relationship between perceived *fatwa* legitimacy and acceptance ($\beta = 0.252$, *t*-statistic = 9.704, $p < 0.05$), thus supporting H₆ (see Table 5). The mediating role between perceived *fatwa* legitimacy and acceptance is termed as complementary partial mediation as the calculated *direct effect x indirect effect* = 0.125×0.252 , generating a positive outcome of +0.0315.

This study also conducts PLSpredict based on Sharma et al.'s (2023) recommendation. As presented in Table 6, the model exhibits predictive relevance, as evidenced by positive Q² predict values for all constructs (e.g., ACCEPT1 = 0.513, AT2 = 0.278). This implies that the model can effectively predict outcomes in new datasets, supporting its practical utility.

Table 6.
Q² Predict

Variable	Q ² predict
<i>Acceptance</i>	
ACCEPT1	0.513
ACCEPT2	0.272
ACCEPT3	0.397
<i>Attitude</i>	
AT1	0.177
AT2	0.278
AT3	0.388

Notes: ACCEPT= acceptance, AT=Attitude

Source: Table by author

5.3. Robustness Test

We examined the robustness of the model using the quadratic effect (Sarstedt et al., 2020). As shown in Table 7, no noteworthy quadratic effects were found (all *p*-values > 0.05) in the interactions, indicating that linear relationships

sufficiently explain the interactions between constructs (See Table 7). For example, the effect of AT on ACCEPT is consistently linear, without curvilinear trends.

Table 7.
Results of the Quadratic Effect

Pathways	B	p-value	Robust
QE (AT) -> ACCEPT	0.078	0.163	Yes
QE (PFL) -> ACCEPT	0.031	0.295	Yes
QE (PFL) -> AT	0.053	0.099	Yes
QE (SE) -> ACCEPT	0.035	0.305	Yes
QE (SI) -> ACCEPT	0.042	0.376	Yes

Notes: ACCEPT=acceptance, AT=attitude, PFL=Perceived fatwa legitimacy, SE=Self efficacy, SI=Social influence

Source: Table by author

Table 8.
Cross-Tabulations

Interaction	χ^2	p-value	Significant
Age * Gender	31.688	.000	Yes
Age * Marital status	79.766	.000	Yes
Age * Education	189.904	.000	Yes

Source: Table by author

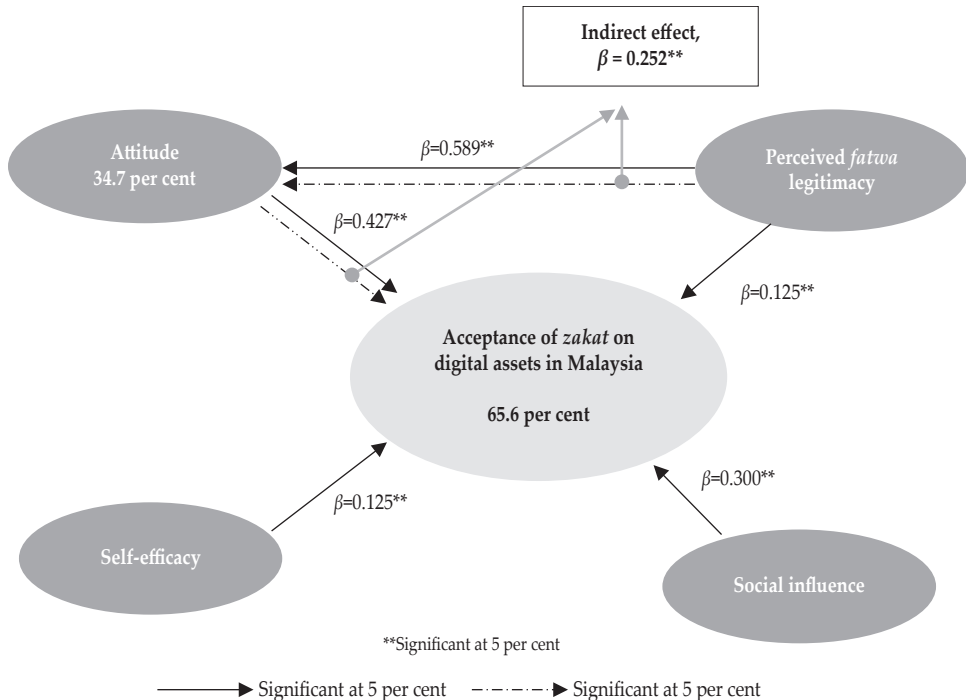


Figure 2.
Analyzed Conceptual Framework

Table 8 shows the results of the cross-tabulation of chi-squared for age against the other selected demographic variables of gender, marital status and education level. The results show that age has a significant relationship with all three variables. As for the age*gender interaction, the Pearson chi-squared value is 31.688 with a p -value <0.001 , indicating a significant difference in the age distribution of the sample across gender. In terms of age*marital status, the relationship is stronger ($\chi^2 = 79.766$, p -value <0.001), indicating that marital status differs significantly across age groups. Regarding the age*education level, the relationship is strongest ($\chi^2 = 189.904$, p -value <0.001) and shows a wide variation in education level across age groups. These findings generally indicate that the age demographics of the sample are not independent of other important demographics. This trend follows the life cycle of the respondents and suggests that their age may play a role in their socioeconomic position, which is important when considering their behavior towards digital asset *zakat*.

VI. DISCUSSION

The results obtained highlight the relevance of attitude in determining the acceptance of *zakat* on digital assets among Muslim millennials. As hypothesized, attitude emerges as the strongest predictor of acceptance, indicating that favorable perceptions, such as viewing *zakat* on digital assets as virtuous, beneficial and aligned with Islamic teachings, are key to fostering compliance. This supports the findings of Azjen (1991) and Amin (2023) that a positive attitude can shape digital payment behaviors. The strength of this relationship highlights the importance of internalizing *zakat* not just as a religious obligation, but as meaningful and rational economic behavior in the digital age.

Furthermore, perceived *fatwa* legitimacy also has a significant, albeit smaller, direct effect on acceptance. This affirms the findings of Muhamad (2011) and Dusuki & Abdullah (2007) that religious endorsements in the form of *fatwas* bolster trust and clarity in ambiguous financial domains. Importantly, perceived *fatwa* legitimacy also has a strong direct effect on attitude, validating its dual role as both a direct and indirect driver of acceptance. These findings validate the proposal that a legitimate and well-communicated *fatwa* can shape not only behavioral outcomes, but also influence individuals' cognitive and emotional alignment with *zakat* duties, particularly in novel financial contexts such as digital assets.

Moreover, the results reveal that both social influence and self-efficacy significantly impact acceptance. The role of social norms, peer influence and religious authority reflect Fishbein & Ajzen's (1975) social construct of behavioral intent, which is particularly resonant in collectivist Muslim societies. As shown by Amin et al. (2023), communal reinforcement strengthens moral and religious practices, including *zakat* acceptance. Likewise, the significant influence of self-efficacy aligns with Bandura's (1997) finding that behavioral confidence grounded in knowledge, skills and technological comfort is crucial in the execution of complex or unfamiliar actions. Given the emerging and often ambiguous nature of *zakat* on digital assets, empowering individuals through education and user-friendly platforms can further enhance self-efficacy and thus increase acceptance.

Importantly, the study demonstrates that attitude mediates the relationship between perceived *fatwa* legitimacy and acceptance, reinforcing the idea that religious guidance does not always translate directly into behavior, but often works by shaping individuals' beliefs and evaluations. This mediating effect echoes Ramayah et al. (2025) and the findings of Amin & Shaikh (2025) and Hamadou et al. (2025) that positive attitude serves as a cognitive bridge between external religious cues and internal behavioral intention. Hence, *fatwa* legitimacy functions not merely as an informational source, but also as a transformative force that redefines how individuals feel and think about their religious duties in the context of modern financial innovation.

In summary, the study illustrates a nuanced mechanism whereby attitude serves as both a direct and a mediator, confirming its primacy in digital *zakat* behavior. Social influence and self-efficacy complement this process, while *fatwa* legitimacy emerges as a foundational factor in shaping both cognition and compliance. These insights provide a strong theoretical and empirical basis for promoting *zakat* on digital assets through a combination of religious, educational and technological strategies.

VII. RESEARCH IMPLICATIONS

7.1. Theoretical Implications

The study makes three points concerning theoretical implications. First, the integration of perceived *fatwa* legitimacy into the ASE model demonstrates that religious authority and legitimacy can meaningfully complement cognitive-social determinants. This adds a valuable dimension to ASE theory in the Islamic finance context. Second, the mediating role of attitude between perceived *fatwa* legitimacy and acceptance supports the ASE model's assumption that personal evaluation is a central pathway between external influences and behavioral intention, the external influences being *fatwas*. Third, the study strengthens the ASE model's applicability in explaining behaviors that are both technologically driven and religiously informed, such as digital *zakat* compliance.

7.2. Practical Implications

As for practical implications, attention could be paid to at least three points. First, *zakat* institutions should invest in transparent and widely disseminated *fatwa* rulings that explain the basis for *zakat* on digital assets in order to increase perceived legitimacy and indirectly influence acceptance through attitude formation. Second, campaigns or workshops that educate the public on how to calculate and pay *zakat* on digital assets could boost self-efficacy, making it easier for Muslims to comply confidently with this obligation. Third, mobilizing religious influencers, scholars and FinTech educators to promote *zakat* on digital assets could harness the power of social influence, specifically among young or tech-savvy Muslims who value peer and authority approval.

7.3. Methodological Implications

Several methodological implications arise. First, the study adds perceived *fatwa* legitimacy as a construct, which has yet to be examined in relevant research. Our study shows that constructs such as perceived *fatwa* legitimacy can and should be integrated into behavioral intention models in Islamic social finance contexts, enriching their explanatory power. Second, the study enhances and modifies the existing ASE model to reflect the research context of *zakat* on digital assets. This could help future studies to consider item refinement or sub-dimensions for constructs such as acceptance and attitude, as responses may vary between types of digital assets (e.g. crypto vs. e-money). Finally, the study enhances the role of attitude as a mediator in the context of *zakat* on digital assets and therefore extends its generalizability. The significant mediating effect of attitude should encourage researchers to explore more mediation pathways, especially in models where religious trust or institution credibility play a role in shaping ethical behavior.

VIII. CONCLUSION AND RECOMMENDATIONS

The study employed the ASE theoretical framework to investigate the factors influencing 440 millennial *zakat* payers' acceptance of *zakat* on digital assets, taking into account perceived *fatwa* legitimacy as a significant religious factor. Evidently, the acceptance of *zakat* on digital assets is significantly shaped by attitude, social influence, self-efficacy and the perception of the legitimacy of *fatwas*. Notably, attitude mediates the relationship between such perceived legitimacy and acceptance, indicating that people are more likely to accept the *zakat* obligation on digital assets when they believe any *fatwa* to be legitimate, and when their attitude is positively influenced by this belief.

This study reports significant effects of attitude, social influence, self-efficacy, and perceived *fatwa* legitimacy on acceptance. The results obtained provide empirical inputs to improve *zakat* institutions' and policymakers' initiatives to cultivate positive perceptions through the design of awareness programs that emphasize the religious, ethical and socio-economic benefits of *zakat* on digital assets. In terms of social influence, engaging religious leaders, *zakat* officials and Islamic finance practitioners as opinion leaders could promote the acceptance of *zakat* on digital assets. Having community-based digital platforms to normalize discussions about *zakat* on digital assets could promote the engagement and participation of prospective payers. In terms of self-efficacy, *zakat* institutions must provide clear guidance on the *zakat* calculation and payment procedures associated with digital assets. Developing user-friendly digital tools embedded in their websites could reduce perceived complexity, resulting in improved self-efficacy that would ensure a positive attitude being translated into practical engagement. Concerning *fatwa* legitimacy, a collaborative program by all *zakat* institutions in different states could help to develop clarity, consistency and confidence in *fatwas* on *zakat* on digital assets.

Furthermore, the significant mediating role of attitude in the relationship between perceived *fatwa* legitimacy and acceptance of *zakat* on digital assets implies that such legitimacy not only influences acceptance directly, but also indirectly. In its simpler forms, *fatwas* are effective only when they succeed to cultivate a

positive attitude towards *zakat* on digital assets. As such, *zakat* institutions should develop *zakat* literacy programs. To do so, *zakat* officers should be equipped with communication skills to explain *fatwas* convincingly, enabling them to clarify to potential *zakat* payers why digital assets are *zakatable* through the use of simple language and practical testimonies relevant to digital asset holders. This action plan could ensure that *fatwa* legitimacy translates into positive attitudes, which in turn will drive acceptance.

The findings show that *zakat* on digital assets could be supported in Indonesia if Bank Indonesia used a behavior-informed approach. This would involve encouraging positive attitudes, using social influence, improving digital infrastructure, and ensuring that regulations matched authoritative *fatwas*. Introducing *zakat* on digital assets gradually, as part of the national Islamic social finance plan, would help ensure the process was careful, legitimate, and had a positive social impact.

Although this study has added fresh perspectives pertinent to the acceptance of *zakat* on digital assets, some limitations need to be noted. Although the ASE model is effective at forecasting behavioral intention, it ignores morality and religious commitments or reasoning, which are essential to Islamic financial behavior. Therefore the model's comprehensiveness in a religious context may be limited by the exclusion of constructs such as religious obligation, fear of non-compliance with *Shariah*, or moral obligation to purify wealth. Moreover, risk attitude and technology fluency are also essential for the formation of willingness to accept *zakat* on digital assets. Individuals with a higher tolerance for risk are more likely to accept *zakat* obligations. Technological fluency also enables individuals to understand digital asset ownership, valuation, and calculation processes. Therefore, acceptance of *zakat* on digital assets is driven not only by religious reasoning, but also by individuals' comfort with financial risk and their ability to navigate digital technologies. Future studies should consider these variables in order to extend the research findings.

It is acknowledged that the results obtained are confined to the specific Malaysian context. Therefore, the results might not apply to Muslims in other countries where *zakat* is optional or where laws governing digital assets differ. Therefore, researchers could consider other neighboring countries such as Indonesia or Brunei, or even perform comparative studies in which *zakat* payer behavior is brought into play.

In addition, the study uses the term 'digital assets' in a broad sense, without making a distinction between varieties such as e-money, digital gold, non-fungible tokens (NFTs) or cryptocurrencies. This may have caused respondents to interpret the results differently, thus reducing the accuracy of the findings. Depending on the type of digital asset, its risk and its *zakat* rulings, acceptance may vary greatly. Future studies should address this issue by examining different types of digital assets for *zakat* payment among future *muzakki*.

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APPENDIX

Attitude

1. I believe paying *zakat* on digital assets is a good practice for *muzakki* who have digital assets.
2. I believe paying *zakat* on digital assets is a positive practice, helping investors to purify their digital wealth.
3. I believe paying *zakat* on digital assets is beneficial for *ummah* benefits, eradicating poverty using the multidimensional approach of *zakat*.

Social Influence

1. My family supports the idea of *zakat* being imposed on digital assets.
2. My friends support the idea of *zakat* being imposed on digital assets.
3. My respected Islamic scholars support the idea of *zakat* being imposed on digital assets.

Self-efficacy

1. I am confident in my ability to pay *zakat* on digital assets, should I have the digital assets in the future.
2. I have sufficient knowledge to pay *zakat* on digital assets, should I have the digital assets in the future.
3. I have the digital skills to pay *zakat* on digital assets, should I have the digital assets in the future.

Perceived *Fatwa* Legitimacy

1. I believe the *fatwa* on *zakat* on digital assets in Malaysia is issued by credible religious authorities.
2. I believe the *fatwa* on *zakat* on digital assets in Malaysia is aligned with Islamic principles.
3. I believe the *fatwa* on *zakat* on digital assets is legitimate.

Acceptance

1. If I have digital assets, surely I will pay *zakat* on them in the near future.
2. If I have digital assets, don't ask me, I will support the payment of *zakat* on them.
3. If I have digital assets, I will likely accept *zakat* payment on them.

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