

The Influence of Understanding of Islamic Contracts, Social Environment, Promotion, and Islamic Financial Literacy on Students' Interest in Using Islamic Banking Products

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Received : 01 August - 2026

Accepted : 09 September - 2026

Published online : 21 September - 2026

Abstract

Indonesia's Islamic banking sector continues to grow, yet this growth has not translated into strong interest among students, particularly Muslim students, in using Islamic banking products. This study examines the influence of understanding of Islamic contracts, social environment, promotion, and Islamic financial literacy on students' interest in using Islamic banking products, using the Theory of Planned Behavior (TPB) framework. This study avails itself of a quantitative approach, specifically an explanatory quantitative design, and employs a survey methodology with 111 college students serving as research respondents. Data were amassed via a questionnaire crafted in accordance with the indicators germane to each research variable. Data scrutiny was executed through Structural Equation Modeling Partial Least Squares (SEM-PLS) by means of SmartPLS 4 software, so as to appraise the measurement model (outer model) and the structural model (inner model), as well as to adjudicate the research hypotheses. The findings intimate that understanding of contracts (t-statistic (2.208), p-values (0.027)), social environment (t-statistic (2.742), p-values (0.006)), and Islamic financial literacy (t-statistic (4.036), p-values (0.000)) wield a positive and consequential effect upon students' interest in using Islamic banking products. Islamic financial literacy proves the most formidable determinant of usage interest. Conversely, promotion (t-statistic (1.068), p-values (0.286)) fails to exert an appreciable effect upon students' interest in using Islamic banking products. These revelations suggest that cognitive and social determinants assume a more preponderant role than promotional undertakings in molding students' inclination toward Islamic banking products.

Keywords: Islamic Banking, Islamic Financial Literacy, Promotion, Sharia Contract, Social Environment.

1. Introduction

Across the preceding two decennia, the Islamic finance industry has undergone unremitting proliferation, fortifying its standing as a pivotal constituent of the global financial architecture (Jayanti et al., 2026). This growth is reflected not only in the increasing asset values but also in product innovation and the digitization of financial services. It also has attracted growing attention from international regulators regarding the stability and sustainability of the Islamic financial system (Lutfi et al., 2023). In the Islamic Financial Services Industry Stability Report, the IFSB (2026) emphasizes that the Islamic financial services industry continues to demonstrate resilience amid global economic dynamics through



strengthened governance, risk management, and service or product innovations that align with Sharia principles.

Amid the manifold sectors constituting the Islamic finance industry, Islamic banking stands as one of the most substantial contributors to the world's aggregate Islamic financial assets. Technological advancements, vicissitudes in consumer behavior, and the burgeoning demand for Islamic financial services have impelled Islamic banks toward perpetual adaptation. This adaptation manifests in the digital metamorphosis of banking services, amelioration of customer experience, and the cultivation of more competitive product offerings (Timur, 2022; Timur et al., 2024). These conditions indicate that the competitiveness of Islamic banking today is determined not only by compliance with Sharia principles but also by the institutions' ability to build public trust, financial literacy, and interest in the products they offer (Timur, Ridlwan, et al., 2025).

As a nation harboring a Muslim-majority populace, Indonesia possesses formidable potential for the burgeoning of the Islamic banking industry (Monoarfa et al., 2024). Regulators have continued to strengthen the Islamic financial ecosystem through various strategic policies. These initiatives include strengthening the Islamic banking industry, improving financial literacy and inclusion, and accelerating the digitalization of financial services (Timur, Masrizal, et al., 2025). Data from the OJK (2024) shows that the performance of the Islamic banking industry continues to show positive growth in terms of asset value, financing, and third-party fund mobilization. This situation indicates an increasing capacity to provide Islamic financial services to the public. However, this does not align with the level of utilization of Islamic banking products across all segments of society, particularly among the younger generation and college students, who represent a key segment for the future growth of Islamic banks (Timur & Herianingrum, 2022).

College students are a group with a high rate of technology adoption, making them likely to understand the importance of such products and become key future users (Joshi, 2025). College students also have relatively easy access to information about financial products, whether through online networks or their academic environment. Hence, apprehending the determinants that sway students' interest in using Islamic banking products assumes considerable import, not solely for the advancement of consumer behavior theory but likewise for the formulation of strategies aimed at augmenting Islamic financial inclusion within Indonesia

An apprehension of the behavioral determinants that sway interest in using Islamic banking products is requisite, particularly cognitive, social, and psychological factors. Hence, this study fixates upon four cardinal variables, understanding of Islamic banking contracts, social environment, promotions, and Islamic financial literacy, as determinants anticipated to sway students' interest in using Islamic banking products.

Sundry antecedent studies have evinced that intention to use is a behavior swayed by a confluence of cognitive, social, psychological, and marketing determinants within the context of Islamic banking. In this vein, the Theory of Planned Behavior (TPB) constitutes one of the theoretical frameworks frequently invoked to elucidate the formation of intention to use. TPB posits that intention to use is swayed by attitude, subjective norm, and perceived behavioral control (Ajzen, 1991). Subsequent studies have expanded this model by adding variables considered relevant to the characteristics of Islamic banking.

Sundry inquiries have taken Islamic financial literacy as the paramount variable in gauging interest in using Islamic banking products, while antecedent research has likewise frequently linked social environment variables to the public's interest in such products. A considerable body of research exists on promotional variables too, though results here have

proven inconsistent, much as with Islamic financial literacy and the social environment. As for understanding of contracts, however, few studies have probed it in depth, since prior research has often folded this understanding into the indicators of Islamic financial literacy rather than treating it as its own variable.

Moreover, the bulk of earlier studies have concentrated chiefly on the general public, whereas research directed specifically at Muslim college students remains comparatively sparse. This gap underscores the need for research capable of weaving various variables into a single, cohesive conceptual model to explain college students' interest in using Islamic banking products.

Building on this, the present study offers a conceptual contribution by extending the application of TPB within the context of Islamic banking product usage. This study frames understanding of *akad* as contractual knowledge that shapes behavioral beliefs and influences attitudes toward interest in using Islamic banking products. Meanwhile, Islamic financial literacy is positioned as a financial capability that bolsters an individual's capacity to evaluate Islamic financial decisions. The social environment variable embodies subjective norms, while promotion functions as an external stimulus expected to reinforce the formation of interest in using these products.

In this manner, the study broadens TPB by integrating Islamic contract understanding, Islamic financial literacy, social environment, and promotion as determinants of students' interest. Accordingly, this study seeks to examine and determine the influence of understanding of Islamic contracts, the social environment, promotions, and Islamic financial literacy on students' interest in using Islamic banking products.

2. Literature Review

2.1. Theory of Planned Behavior

Theory of Planned Behavior ranks among the behavioral theories most often invoked to elucidate how a person's intention takes shape across various decision-making contexts, including interest in using Islamic banking products. It constitutes an extension of the Theory of Reasoned Action developed by Ajzen (1991), incorporating the Perceived Behavioral Control construct to account for situations wherein individuals lack full command over their intended behavior. Per TPB, a behavior is preceded by the formation of behavioral intention, itself swayed by three principal constructs: Attitude, Subjective Norm, and Perceived Behavioral Control (Ajzen, 1991). From a TPB vantage, attitude mirrors an individual's appraisal of the benefits and consequences attending a behavior.

A favorable attitude coalesces when an individual believes the behavior confers more benefits than risks. Second, subjective norm denotes an individual's perception of the support, pressure, or expectations emanating from their social environment, such as family, peers, or groups deemed consequential. Lastly, perceived behavioral control depicts an individual's perception of their abilities, resources, knowledge, and opportunities to engage in a particular behavior. These three constructs can mold a person's behavioral intention and culminate in actual behavior (Ajzen, 1991).

2.2. Understanding of Islamic Contracts

According to the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), an *akad* refers to a contractual relationship that binds the parties involved and establishes their respective rights and obligations in accordance with Sharia principles. Islamic banking products operate through various Sharia contracts, including

murabahah, *mudharabah*, *musyarakah*, *ijarah*, *wadiah*, and *qardh*, each of which establishes a specific contractual mechanism governing the relationship between the bank and its customers (Islam, 2024). In this study, understanding of Islamic contracts refers specifically to an individual's knowledge and comprehension of the contractual mechanisms underlying Islamic banking products, including the nature of the contract, the roles and obligations of the parties, the transaction mechanism, and the contractual consequences associated with the product. Such understanding enables prospective customers to recognize how a particular Islamic banking product operates and how its contractual arrangement differs from other financial products.

This construct is conceptually distinct from Islamic financial literacy. Understanding of Islamic contracts represents contract-specific knowledge concerning the operational and contractual mechanisms of Islamic banking products, whereas Islamic financial literacy represents a broader financial capability that encompasses knowledge and understanding of Islamic financial principles, products, risks, and financial decision-making. Thus, an individual may possess general Islamic financial literacy while having limited knowledge of how a specific *akad*, such as *murabahah* or *mudharabah*, operates in practice. Conversely, familiarity with a particular Islamic contract does not necessarily indicate a comprehensive level of Islamic financial literacy. Treating these constructs separately therefore allows this study to examine whether specific contractual knowledge contributes to students' interest in Islamic banking beyond their broader Islamic financial literacy.

Consumer knowledge of product mechanisms can reduce uncertainty and facilitate product evaluation. In the context of Islamic banking, greater understanding of the contracts underlying banking products may enable students to better evaluate how these products operate, the obligations attached to them, and their conformity with Sharia principles. Consequently, students with a stronger understanding of Islamic contracts are expected to demonstrate greater interest in using Islamic banking products. Therefore, this study proposes the following hypothesis:

H1: Understanding of Islamic Contracts has a positive and significant effect on Students' Interest in Using Islamic Banking Products.

2.3. Social Environment

The social environment denotes the sway exerted by individuals or clusters surrounding a person that can mold their attitudes, decisions, and convictions so as to determine their behavior. Within the Theory of Planned Behavior (TPB), the social environment coincides with the construct of subjective norm, namely an individual's perception of social pressure or support from persons they deem consequential regarding a particular behavior (Ajzen, 1991). Beyond personal considerations, individuals likewise weigh the approval and expectations of their social environment when rendering decisions. A study by Sulistiowati et al. (2023) found that subjective norm exerts a positive and significant effect upon Indonesians' intention to save at Islamic banks. These findings intimate that support from family, friends, and the surrounding community can heighten individuals' propensity to opt for Islamic banking services. Predicated upon this theoretical framework, the more robust the support an individual garners from their social environment, the greater their interest in using Islamic banking products. This study proffers the following hypothesis.

H2: Social Environment has a positive and significant effect on Students' Interest in Using Islamic Banking Products.

2.4. Promotion

Promotion is one of the elements of the marketing mix that serves to convey information, shape perceptions, and influence consumer decisions regarding products or services. Through promotional activities, a company seeks to highlight a product's features, explain the benefits it offers, and build a positive image to encourage consumers to purchase or use the product. The quality of information received by individuals plays a crucial role in shaping behavioral beliefs, which in turn can influence the intention to act. Therefore, in the context of this study, promotional materials that are informative, credible, and tailored to the needs of the target market (in this study, college students) are expected to increase interest in using Islamic banking products. Based on this theoretical framework, effective promotional activities are expected to increase students' interest, the greater their interest in using Islamic banking products.

H3: Promotion has a positive and significant effect on Students' Interest in Using Islamic Banking Products.

2.5. Islamic Financial Literacy

According to the OECD (2023), financial literacy denotes a confluence of knowledge, attitudes, and behaviors that equips individuals to render sound financial decisions so as to enhance their financial well-being. The OJK (2024) similarly defines Islamic financial literacy as the degree of knowledge, skills, confidence, and capacity the public possesses to comprehend and employ Islamic financial products and services in fitting fashion. This definition suggests that Islamic financial literacy transcends mere knowledge to encompass the capacity to apply that knowledge in everyday financial decision-making. This study distinguishes between an understanding of Islamic contracts and Islamic financial literacy. An understanding of Islamic contracts places greater emphasis on contractual knowledge that is, an individual's ability to understand the characteristics, mechanisms, and implementation of Islamic contracts in Islamic banking products. In contrast, Islamic financial literacy reflects Islamic financial capability, that is, a broader ability to understand financial information, evaluate product alternatives, and make financial decisions based on Sharia principles. Based on this theoretical framework, the higher students' level of Islamic financial literacy, the greater their interest in using Islamic banking products.

H4 : Islamic Financial Literacy has a positive and significant effect on Students' Interest in Using Islamic Banking Products.

3. Methods

The data employed in this study consist of quantitative data, namely numerical data. This approach permits precise testing of causal relationships. The research design adopted is an explanatory design. This coheres with the study's objective to analyze the influence of the independent variables (understanding of Islamic contracts, social environment, promotion, and Islamic financial literacy) upon the dependent variable (interest in using Islamic banking products). The rationale for employing a quantitative approach is that it permits the empirical testing of cause-and-effect relationships among constructs through structural equation modeling (Hair et al., 2025).

The study population comprised active college students in Surabaya who satisfied the criteria as prospective users or current users of Islamic banking products. The sampling technique used was purposive sampling, a non-probability method in which respondents are selected based on specific criteria matching the research objectives, rather than being drawn at random. Active college Muslim students in Surabaya formed the criteria for eligible

respondents, a choice made so that those taking part would genuinely fit the research context and, in turn, yield information more relevant to the study's aims. In total, 111 respondents made up the sample. The sample size was determined based on the ten-times rule, which stipulates that the sample size ought to be at least ten times the number of the largest structural path leading to the endogenous construct (Hair et al., 2025).

A questionnaire assembled from indicators for each variable, culled from prior studies whose validity and reliability had already been established, constituted the research instrument. Each indicator was gauged upon a 5-point Likert scale, spanning 1 (strongly disagree) through 5 (strongly agree). Primary data were amassed by disseminating this questionnaire online via Google Forms, which target respondents completed over the course of the study period.

For data analysis, the PLS-SEM (Partial Least Squares Structural Equation Modeling) method was applied using SMART-PLS 4.0 statistical software. This approach suited the study well, given its aptness for relatively small sample sizes and its congruence with the aim of developing a predictive model while testing relationships among latent constructs, all without requiring stringent assumptions of multivariate normality (Hair et al., 2025). The analysis then proceeded sequentially, first appraising the measurement model (outer model) and thereafter the structural model (inner model). A model is deemed to possess good predictive power once it satisfies the predetermined criteria (significance value = 5%).

4. Results and Discussion

4.1. Research Results

4.1.1. Demographic Respondents

This study drew on 111 respondents in total, with demographic characteristics covering gender, age, usage of Islamic banking products, and awareness of Islamic banking products. The findings are set out in Table 1 below.

Table 1. Demographic Characteristics of Respondents

Demographic Characteristics	Category	Frequency	Rate (%)
Gender	Male	49	44.1
	Female	62	55.9
Age	< 20 years	32	28.8
	20–24 years	78	70.3
	> 24 years	1	0.9
Current Use of Islamic Banking Products	Yes	32	28.8
	No	79	71.2
Knowledge of Islamic Banking Products	Yes	105	94.6
	No	6	5.4
Total Respondents	-	111	100.0

Predicated upon Table 1, the respondents were sorted by gender thus: 49 men and 62 women. It may likewise be discerned that the preponderance of respondents fell within the ≤ 20–≤ 24 years bracket, signifying that they are college students within their productive years or constituents of Generation Z. Gen Z is known as a group that is highly adaptable to new developments, including advancements in financial products. Furthermore, we can see that some students are already using Islamic banking products, specifically, 32 out of 111 respondents. Meanwhile, 105 out of 111 respondents are aware of Islamic banking products.

These findings indicate that simply knowing that Islamic banking products exist does not necessarily encourage someone to use them.

4.1.2. Validity and Reliability Tests

Before testing hypotheses or examining relationships between variables, it is necessary to conduct a model evaluation test to ensure that each construct meets the criteria for validity and reliability. The results of outer loadings are summarized in table 2 below.

Table 2. Outer Loadings Outcomes

Indicators	INT	IFL	PR	SE	UIC	Result
INT1	0.769					Valid
INT2	0.976					Valid
INT3	0.841					Valid
INT4	0.833					Valid
INT5	0.821					Valid
INT6	0.874					Valid
IFL1		0.851				Valid
IFL2		0.902				Valid
IFL3		0.882				Valid
IFL4		0.836				Valid
PR1			0.787			Valid
PR2			0.855			Valid
PR3			0.825			Valid
PR4			0.869			Valid
SE1				0.794		Valid
SE2				0.840		Valid
SE3				0.735		Valid
SE4				0.770		Valid
UIC1					0.936	Valid
UIC2					0.934	Valid
UIC3					0.887	Valid
UIC4					0.943	Valid

Source: Output from SMART-PLS

Per Hair et al. (2025), indicators boasting an outer loading value exceeding 0.70 may be deemed valid. Nonetheless, should the outer loading value fall betwixt 0.60 and 0.70, it may yet be deemed valid or acceptable contingent upon the AVE value and construct reliability, provided these criteria are satisfied. As evinced by the validity test results in Table 3, all indicators satisfied the criteria, namely possessing an outer loading value > 0.70. Furthermore, each construct garnered an AVE value > 0.50, whereupon all constructs were deemed to have met the validity criteria and were cleared to proceed to the subsequent stage of testing.

Table 3. Validity and Reliability Tests Results

Construct	Cronbach's Alpha	AVE
INT	0.914	0.699
IFL	0.891	0.754
PR	0.859	0.697
SE	0.760	0.584
UIC	0.944	0.856

Source: Output from SMART-PLS

Subsequently, construct reliability was gauged via Cronbach's Alpha, with a criterion of exceeding 0.70, signifying commendable internal consistency (Hair et al. 2022). The results in Table 3 evince that all constructs satisfied the reliability criteria with a Cronbach's Alpha value > 0.70, signifying that each indicator was capable of gauging the research construct with consistency.

4.1.3. Discriminant Validity

Discriminant validity testing was conducted employing the Heterotrait-Monotrait Ratio approach and the Fornell-Larcker criterion.

Table 4. Heterotrait-Monotrait Ratio

Construct	INT	IFL	PR	SE	UIC
INT					
IFL	0.779				
PR	0.649	0.747			
SE	0.620	0.543	0.538		
UIC	0.689	0.772	0.706	0.498	

Source: Output from SMART-PLS

Table 4 evinces that all HTMT values for the constructs fall < 0.90. This signifies that each construct possesses a commendable degree of discrimination and is capable of embodying concepts distinct from one another. Furthermore, the results of the Fornell-Larcker test in Table 5 evince that the root-mean-square AVE for each construct exceeds its correlation coefficient with other constructs.

Table 5. Fornell Larcker criterion

Construct	INT	IFL	PR	SE	UIC
INT	0.863				
IFL	0.712	0.868			
PR	0.591	0.662	0.835		
SE	0.539	0.477	0.448	0.764	
UIC	0.647	0.710	0.645	0.435	0.925

Source: Output from SMART-PLS

Overall, the testing of the evaluation measurement model yielded commendable results, and all indicators satisfied the criteria for validity and reliability; therefore, the measurement model is fitting for appraising the structural relationships among the variables.

4.1.4. Coefficient Determination

After appraising the measurement model, testing moved on to the structural model, aimed at gauging its ability to explain the endogenous variables and to test the causal relationships between them.

Table 6. Coefficient Determination

Construct	R-Square	R ² Adjusted
INT	0.591	0.576
Explained Variance	59.1%	57.6%

Source: Output from SMART-PLS

The test result (R²) in Table 6 shows a value of 0.591, or 59.1% when converted to a percentage. This value means that 59.1% of the variation in students' interest in using Islamic

banking products can be explained by the combination of variables in this study (understanding of islamic contracts, social environment, promotion, and Islamic financial literacy). Meanwhile, the remaining 40.9% can be explained by other variables not included in this study.

4.1.5. Path Coefficient

Path coefficients and hypothesis testing were executed via the bootstrapping procedure within the SMART-PLS 4 statistical software. The decision to accept a hypothesis rested upon a t-statistic value < 1.96 or a p-value < 0.05 at a 5% significance level (Hair et al. 2022). The findings are exhibited in Figure 1 and Table 7 below:

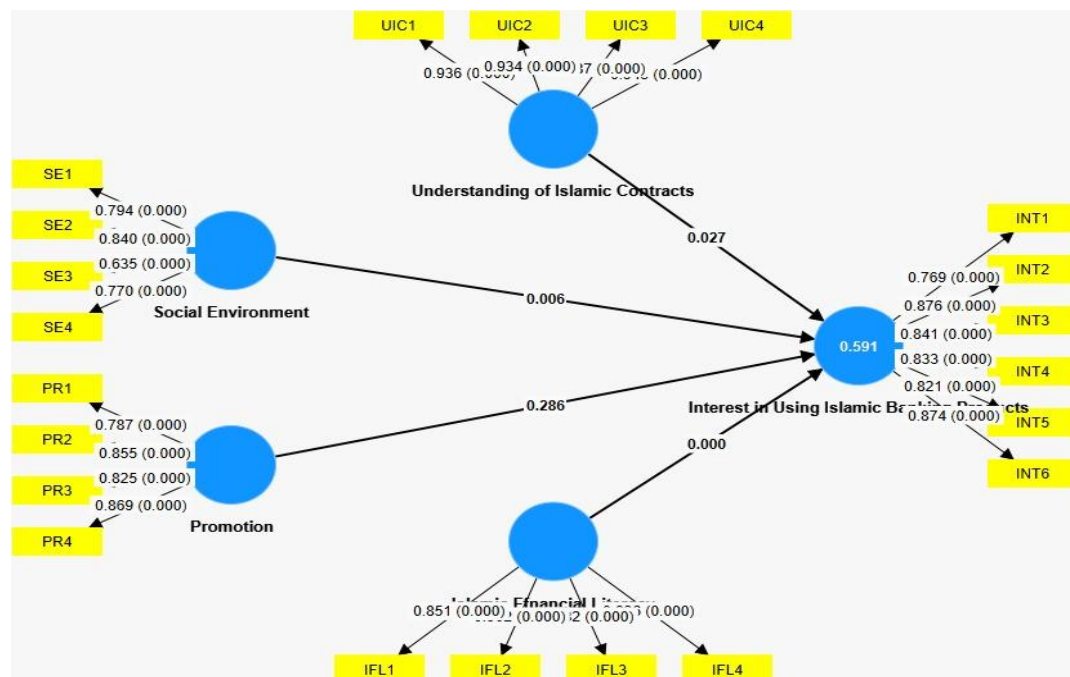


Figure 1. Bootstrapping Result

Table 7. Path Coefficient

Construct	t-statistic	p-values	Result
IFL->INT	4.036	0.000	Supported
PR->INT	1.068	0.286	Not Supported
SE->INT	2.742	0.006	Supported
UIC->INT	2.208	0.027	Supported

Source: Output from SMART-PLS

Predicated upon the results of the bootstrapping test at a 5% significance level, the ensuing hypothesis testing outcomes were procured: the variable “understanding of Islamic contracts” bears upon students’ interest in using Islamic banking products, with a p-value of $0.027 < 0.05$; hence, H_0 is spurned and H_1 is upheld, denoting an effect. Furthermore, the social environment variable sways students’ interest in using Islamic banking products, with a p-value of $(0.006) < 0.05$; hence, H_0 is spurned and H_1 is upheld, denoting a consequential effect. In the third outcome, the promotion variable exerted no bearing upon students’ interest in using Islamic banking products, with a p-value of $(0.286) > 0.05$; hence, H_0 was upheld and H_1 was spurned, denoting no effect. Lastly, the variable of Islamic financial literacy bears upon students’ interest in using Islamic banking products, with a p-value of $(0.000) < 0.05$; hence, H_0 is spurned and H_1 is upheld, denoting a consequential effect.

4.2. Discussion

This study seeks to ascertain the sway exerted by understanding of Islamic banking contracts, the social environment, promotions, and Islamic financial literacy upon college students' interest in using Islamic banking products. A total of 111 respondents bearing diverse demographic characteristics partook in the study. The preliminary findings indicate that 94.6% of respondents were already aware of Islamic banking products. Nonetheless, it was likewise discerned that a mere 28.8% of respondents presently avail themselves of Islamic banking products. These findings betoken a chasm between the level of knowledge regarding Islamic banking products (94.6%) and the actual rate of usage of such products (28.8%). This intimates that awareness alone fails to translate into usage; a deeper understanding and literacy are requisite. Islamic financial literacy programs ought to be prioritized so as to augment student adoption of Islamic banking products.

4.2.1. Understanding the Islamic Contracts Affects Interest in Using

Predicated upon the findings, it may be concluded that the variable "Understanding of Contracts" sways students' interest in using Islamic banking products. With a p-value of 0.027 (less than 0.05) and a t-statistic of 2.208 (exceeding 1.96), H_0 is rejected and H_1 is accepted. These findings betoken that the more thoroughly students comprehend the Islamic contracts underpinning Islamic banking products, the higher their level of interest in using Islamic banking products. From the TPB vantage, understanding of contracts is regarded as a shaper of behavioral beliefs that sway attitudes toward usage behavior. Individuals who apprehend that every Islamic banking product rests upon Sharia-compliant contracts tend to harbor a favorable appraisal of those products, which in turn can heighten their interest in using Islamic banking products. These results buttress the argument that cognitive factors play a consequential role in molding behavioral intentions, as elucidated by the TPB. Research by Fathoni et al. (2025) evinces that Indonesians' intention to partake in Islamic banking is shaped by factors that sway attitudes toward Islamic banks; thus, an understanding of the characteristics of the Islamic banking system serves as a vital foundation for forming the intention to use such services. Meanwhile, research by Moon and Hasan (2026) evinces that understanding of Sharia compliance sways the intention to use Islamic banks through the TPB mechanism.

4.2.2. Social Environment Affects Interest in Using

Predicated upon the findings, it may be adduced that the Social Environment variable sways students' interest in using Islamic banking products. With a p-value of 0.006 ($p < 0.05$) and a t-statistic of 2.742 ($t > 1.96$), H_0 is spurned and H_1 is upheld. These results betoken that students' interest in using Islamic banking products stems not solely from individual appraisals but is likewise swayed by their surrounding environment, such as family, peers, the university, and the community. From a TPB vantage, this finding buttresses the role of Subjective Norm as one of the paramount determinants of behavioral intention. Ajzen (1991) explains that Subjective Norm shapes an individual's perception of support from others deemed important regarding a particular behavior. In this study, students who received encouragement from family, friends, or the university environment would believe that using Islamic banking products is a socially accepted behavior. Consequently, this perception drives students' interest in using Islamic banking products. Research by Sulistiowati et al. (2023) found that the subjective norm significantly influences Indonesians' intention to save at Islamic banks through the TPB framework. Additionally, research by Pebrianti and Syarief (2025) indicates that the social environment has a positive influence on the interest in using Islamic banking products, particularly among the younger generation.

4.2.3. Promotion Affects Interest in Using

Predicated upon the findings, it may be adduced that the Promotion variable exerts no discernible sway upon students' interest in using Islamic banking products. With a p-value ($0.286 > 0.05$) and a t-statistic ($1.068 < 1.96$), this bespeaks that H_0 is upheld and H_1 is spurned. The positive yet inconsequential result betokens that the promotions undertaken by Islamic banks have not yet proven adequate to buoy students' interest in using Islamic banking products. This is particularly noteworthy given that the average age of respondents falls within 20–24, situating them within the Gen Z demographic. Gen Z is known for its high level of social media usage and access to digital information. This exposes them to a massive volume of marketing information, thereby diminishing the effectiveness of promotional messages. Consequently, students no longer lean upon promotions as the chief determinant in their decision-making but instead turn toward more trustworthy wellsprings such as personal experiences, recommendations from close friends and family, or knowledge concerning the products themselves. This betokens that students place greater reliance upon peer influence and literacy than upon marketing. These findings diverge from those of antecedent studies; for example, research by Musyaffa and Iqbal (2022) indicated that promotions have a positive effect on interest in saving at Islamic banks. A similar finding was reported in Pradesyah (2020) study, which showed that promotions influence the public's interest in conducting transactions at Islamic banks.

4.2.4. Islamic Financial Literacy Affects Interest in Using

Predicated upon the findings, it was concluded that the variable "Sharia Financial Literacy" bears upon students' interest in using Sharia banking products. With a p-value of 0.000 and a t-statistic of 4.036 (surpassing 1.96), this denotes that H_0 is spurned and H_1 is upheld. This study further disclosed that the Sharia financial literacy variable wielded the most pronounced influence amid the other variables under scrutiny. These findings betoken that students' capacity to grasp Islamic finance concepts, product characteristics, benefits, and risks stands as a preeminent factor in molding their interest in using such products. These results dovetail with the study by Pebrianti and Syarief (2025), which found that Islamic financial literacy bears upon the public's interest in using Islamic banking products. A further finding is buttressed by research by Annisa and Rozikin (2025), which evinces that the level of Islamic financial literacy bears a positive correlation with interest in saving at Islamic banks. In this study, understanding of contracts and Islamic financial literacy were segregated into two discrete independent variables. This finding can broaden the application of the TPB by demonstrating that behavioral beliefs in the context of Islamic banking are shaped by two distinct cognitive dimensions: contractual knowledge (understanding of contracts) and financial capability (Islamic financial literacy). This also represents a novelty compared to previous research, which treated understanding of contracts as part of financial literacy. However, in this study, even though both were tested within a single model, they still yielded equally positive results and were found to have a significant effect.

5. Conclusion

The present study set out to dissect and ascertain the sway exerted by understanding of Islamic contracts, social environment, promotion, and Islamic financial literacy upon students' interest in using Islamic banking products, drawing upon the Theory of Planned Behavior (TPB) as its theoretical scaffold. What emerged from the analysis is that understanding of contracts, social environment, and Islamic financial literacy each bear

meaningfully upon students' interest, with literacy standing out as the most potent driver, whereas promotion registers no appreciable sway.

These outcomes betoken that the cultivation of students' interest owes more to cognitive and social underpinnings than to marketing endeavors. When students grasp Sharia contracts more thoroughly and can comprehensively apprehend the concepts underlying Sharia finance, this fosters confidence and cultivates a favorable disposition toward using Sharia banking products. Support drawn from the social environment, moreover, serves to bolster students' interest in such products, whereas promotional efforts have thus far proven insufficiently potent to meaningfully shape the formation of that interest.

From a theoretical vantage, this study extends the reach of the Theory of Planned Behavior (TPB) within the Islamic banking domain by demarcating understanding of *akad*, construed as a species of contractual knowledge, from Islamic financial literacy, construed as Islamic financial capability. Disentangling these two constructs affords a more thoroughgoing lens through which to explain the emergence of interest in using Islamic banking products, particularly among college students. On a practical plane, the findings suggest that strategies aimed at boosting the uptake of Islamic banking products ought not to hinge solely upon promotional undertakings but should instead also attend to fortifying Islamic financial literacy, deepening understanding of Islamic contracts, and cultivating a supportive social environment through concerted collaboration among Islamic banks, regulators, and universities.

This study has limitations regarding the research sample because it involved only college students as respondents and employed an explanatory design; consequently, the findings cannot yet be generalized to a broader population or explain behavioral changes over time. Therefore, future research is recommended to include a more diverse group of respondents, employ a longitudinal approach or mixed methods, and develop a research model that incorporates other relevant variables such as religiosity, beliefs, risk perception, service quality, and other psychological factors to gain a more comprehensive understanding of the behavior related to the use of Islamic banking products. The study is limited to Surabaya college students; future research should expand to other regions and include moderating variables such as trust or digital banking experience.

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