

**THE INFLUENCE OF SHARIA MARKETING AND PRODUCT LITERACY  
ON PUBLIC INTEREST IN MAKING TRANSACTIONS AT ISLAMIC  
BANKS (CASE STUDY OF INDONESIAN ISLAMIC BANK CUSTOMERS)**



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**Abstract**

Islamic banking is one of the instruments seen in determining the development of Islamic economics in Indonesia. Along with the development of Islamic banking, of course, it must continue to strive to strengthen public confidence to continue using Islamic bank products. This study aims to examine the variables of Sharia marketing and product literacy on public interest in using Indonesian Islamic bank products, in the city of Medan. This research uses a quantitative research approach, with the SmartPLS analysis tool. The results obtained show that there is no significant influence between Sharia marketing variables on public interest in making transactions at Indonesian Islamic banks. While the product literacy variable has an influence on public interest in making transactions in Islamic banks. The effect is 7.581%, and the model obtained is  $\eta_1 = 0,874 \xi_1 + 7,581 \xi_2 + \zeta$ . Further research can use other models or add moderating or intervening variables in conducting research, in order to find out which is an obstacle in conducting transactions at Islamic banks.

**Keywords:** Islamic Marketing, Product Literacy, Islamic Bank Transactions

## INTRODUCTION

Indonesia is known as the country with the largest Muslim population in the world. Based on data from the Central Statistics Agency (BPS) in 2018, around 207.2 million Indonesians (87.18%) embraced Islam. This potential provides an opportunity to develop Islamic banks, in addition to conventional banks that have grown rapidly in this Muslim-majority country. Islamic banks are present as an alternative for Muslims who want to use the services of financial institutions without worrying about the sin of usury. In terms of the growth of Islamic banks, Indonesia has a large market share as the majority of its population is Muslim. This creates a great opportunity for Islamic banks to offer financial products and services in accordance with Islamic Sharia principles, such as the prohibition of usury, *maysir* (gambling), and other religiously forbidden activities. Islamic banks are therefore an attractive option for the Muslim community who want to fulfill their financial needs in a way that is in line with their religious beliefs.

Islamic banks are financial institutions whose operations use Sharia principles, both in the operation of the contract and in the services provided to the community (Ismail et al., 2023). Islamic banks are also companies that try their best to provide services to customers in a sharia manner, so their reputation has an important impact on business continuity. It is important for people to always have confidence and satisfaction with Islamic financial products and services provided by Islamic banks. In the context of Islamic banking, customers should feel confident that any services received reflect a positive image and provide flexibility that meets their needs. (Sari & Pradesyah, 2023). Therefore, Islamic financial institutions currently continue to strive to provide the best service, be it in providing financing, or other services related to Islamic banks. To continue to introduce Sharia banking products, of course, Islamic financial institutions carry out marketing of products in these financial institutions, and the marketing system carried out uses or applies Sharia marketing principles.

Sharia marketing in Islamic banks is based on Sharia principles that govern all aspects of life in Islam. Some of these principles include the prohibition against *riba* (interest), *maysir* (gambling), *gharar* (uncertainty), and products or services that are forbidden by Islam such as alcohol or pork (Pradesyah et al., 2023). In Islamic marketing, banks should offer appropriate products and services. Islamic banks should educate the

public about the principles of Islamic marketing and its benefits to the economy and society as a whole. Islamic marketing also includes efforts to raise awareness about the Islamic products and services offered by banks, as well as explaining how Islamic principles are applied in their business practices. This education is important so that consumers can make smart financial decisions that are in line with religious principles (Holtfreter et al., 2008). Islamic marketing also includes a commitment to sustainability and social responsibility. Islamic banks must identify the needs of society and provide financial solutions that are in accordance with sharia principles to improve general welfare. In conducting marketing, Islamic banks should also be mindful of the social and environmental impacts of their business activities. They should invest in projects that are sustainable and beneficial to society, and support social initiatives that are in line with Islamic values.

Islamic financial literacy refers to the ability of individuals to use financial knowledge, skills and attitudes to manage their financial resources in accordance with the principles of Islamic teachings. Islamic financial literacy includes a clear understanding of Islamic financial products and services, the ability to differentiate between Islamic and conventional banks, and its influence on individual attitudes in making economic decisions that are in line with Sharia (Aziza et al., 2020) (Wahyuni et al., 2016). The importance of financial literacy, particularly in the context of Islamic finance, lies in the need to understand Islamic financial products and services in depth. In addition, Islamic financial literacy also helps individuals understand the differences between Islamic banks and conventional banks in order to make choices that are in line with their religious beliefs. Despite the widespread presence of Islamic banks in Indonesia and its large Muslim population, it is not certain that many Muslims are customers of Islamic banks. This can be seen, among others, from the data on Islamic financial assets in Indonesia, which ranks the country in the last two of the top ten Muslim-majority countries. The total Islamic financial assets in Indonesia in 2019 only reached USD 47.645 trillion. Indonesian people's interest in Islamic banks can also be indicated from the market share of Islamic banks. Although it has increased, the market share is still at around 5%, indicating that the interest of Indonesians to become customers of Islamic banks is still low, even though the country has the largest Muslim population in the world (Pradesyah, 2020).

Factors influencing the low interest could include the lack of marketing strategies in Islamic banks in socializing the understanding of Islamic financial products and services, unfavorable perceptions towards Islamic banks, as well as the tendency of the public to prefer conventional banking services. Therefore, an educational approach and better understanding of the advantages and benefits of Islamic banks may be an important step to increase public interest and participation in utilizing Islamic financial services in Indonesia. Based on the problem of the difficulty of increasing public awareness in using Islamic bank product services, researchers will test two variables that are the focus of this study, namely Islamic bank marketing and financial literacy. These two variables are familiar in everyday life and are important instruments in finding consumers, but the application of both requires a lot of consideration. Therefore, the researchers decided to conduct a study involving these two variables as the main object of the study.

## **REVIEW OF LITERATURE**

### **Islamic Bank Marketing**

Islamic bank marketing is a process where a strategy is carried out by banking companies in communicating and introducing their products to the public. In society, there are several ways of marketing strategies that are commonly used, one of which is promotion. Marketing activities carried out by Islamic banking companies are such as advertising, face-to-face sales, sales promotion, public relations, and direct marketing strategies, all of which are used by companies to achieve their product marketing objectives (Radiman et al., 2018). In marketing, the effectiveness of marketing strategies is often used to increase public interest in a product or service. In the context of Islamic banking, the purpose of marketing is to make it easier for people to recognize and get to know the various financial products and services offered. A good Islamic banking marketing strategy will help increase the level of awareness among the public about the existence of Islamic banking and the unique products they offer, the more aware the public is of the existence of Islamic banks and the better the public knows the products of Islamic banks, it can increase the public to use the services and products of Islamic banks (Puluhulawa, S., 2018).

## **Financial Literacy**

Financial literacy as knowledge and understanding of financial concepts and risks, along with the skills, motivation and confidence to apply that knowledge and understanding in order to make effective decisions. Financial Literacy consists of a number of abilities and knowledge about finance possessed by a person to be able to manage or use a certain amount of money to improve their standard of living. Financial literacy is closely related to behavior, habits and the influence of external factors (Dahrani et al., 2022). Sharia general knowledge, namely about finance which includes personal knowledge, namely how to manage financial income and expenses where every individual must have uncertainty in financial life so that they must have an awareness of the importance of financial planning just in case there is an urgent need, one of the alternatives is to have savings. the better the public literacy of Islamic banking products, it can increase public interest in being interested in using services and products from Islamic banking (Rimadhani, 2018).

## **Customer Interest**

According to the Law of the Republic of Indonesia No. 10 of 1998 on banking, article 1 point 17 states that “the definition of a customer is a party that uses bank services”, and the banking dictionary states that a customer is a person or entity that has a deposit or loan account with a bank. From this definition, it can be concluded that a “customer” is a person who is in regular contact with or becomes a customer of a bank (in certain cases). According to (Fernandes & Marlius, 2018), people who are insurance dependents know that every customer expects satisfaction from any bank they make transactions with; customer satisfaction is one of the important factors for companies to pay attention to, because banks have a direct relationship with customers and consumers.

## **RESEARCH METHOD**

This research uses a quantitative approach, using SmartPLS software. The data obtained comes from distributing questionnaires, using a Likert scale. The sample in this study was 30, this sample was obtained from the number of variables multiplied by ten, so in this study the number of research variables was  $3 \times 10 = 30$ . For the hypothesis offered in this study are as follows:

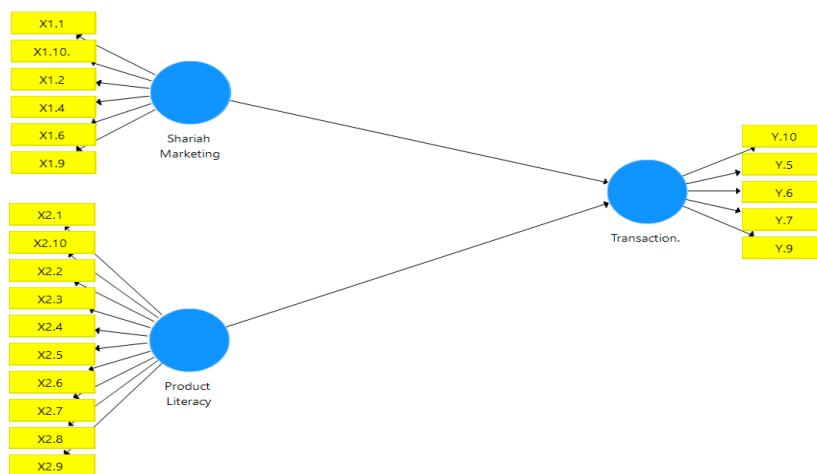
1 H1 There is an influence of sharia marketing on public interest in making

transactions at Indonesian Islamic banks.

- Ha There is no effect of sharia marketing on public interest in making transactions at Bank Syariah Indonesia
- 2 H2 There is an effect of product literacy on public interest in making transactions at Indonesian Islamic banks.
  - Ha There is no effect of product literacy on public interest in making transactions at Indonesian Islamic banks.

## RESULTS AND DISCUSSION

This research was conducted in the city of Medan, with a sample of people who have accounts at Bank Syariah Indonesia. The questionnaire was distributed to 30 respondents, with a total of 30 statements, from three variables. That is, each variable has 10 statements, and the statement has an answer scale, the scale used is a Likert scale. After the questionnaire was returned, the researchers tabulated the answers from the respondents into XL form and then managed it using SmartPLS, out of 30 statements there were 21 statements that met the requirements to be continued back in management, the statements that were declared valid were as follows in the form of a picture:



**Figure 1**  
**Validity and Reliability Test**

The figure above explains that in the first variable there are several statements that are considered valid or meet the requirements, namely statements at numbers 1,2,4,6,9,10. While the second variable all statements meet the requirements or are considered valid.

Then in the third variable, the valid statements are number 5,6,7,9,10. The information on outer loading value or validity test is as follows:

**Table 1**  
**Validity Test (Outer Loading)**

	<b>Product Literacy</b>	<b>Sharia Marketing</b>	<b>Transaction</b>
<b>X1.1</b>		<b>0,856</b>	
<b>X1.10.</b>		<b>0,808</b>	
<b>X1.2</b>		<b>0,782</b>	
<b>X1.4</b>		<b>0,747</b>	
<b>X1.6</b>		<b>0,832</b>	
<b>X1.9</b>		<b>0,859</b>	
<b>X2.1</b>	<b>0,748</b>		
<b>X2.10</b>	<b>0,827</b>		
<b>X2.2</b>	<b>0,741</b>		
<b>X2.3</b>	<b>0,802</b>		
<b>X2.4</b>	<b>0,789</b>		
<b>X2.5</b>	<b>0,726</b>		
<b>X2.6</b>	<b>0,719</b>		
<b>X2.7</b>	<b>0,837</b>		
<b>X2.8</b>	<b>0,773</b>		
<b>X2.9</b>	<b>0,836</b>		
<b>Y.10</b>			<b>0,861</b>
<b>Y.5</b>			<b>0,721</b>
<b>Y.6</b>			<b>0,878</b>
<b>Y.7</b>			<b>0,879</b>
<b>Y.9</b>			<b>0,926</b>

The validity test is used to measure whether a questionnaire is valid or not. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that is measured by the questionnaire. (Sugiyono, 2019). In this case, a number of statements are applied that are able to correctly use the variable being measured. To measure the construct, it can be done by correlating the statement item score with the construct or variable score, using SmartPLS 4.0. According to Hair et al. (2019), the outer loadings value > 0.7 means that the data used is valid.

Reliability is a series of measurements or a series of measuring instruments that have consistency when measurements made with the measuring instrument are repeated. Test reliability is the level of constancy (consistency) of a test, namely the extent to which a test can be trusted to produce a good score, relatively unchanged even though it is tested in

different situations. A Herwin et al., (2021). Reliability tests are carried out in order to prove the accuracy, consistency and accuracy of the instrument in measuring constructs. In PLS-SEM and using the Smart PLS 4.0 program, in order to calculate the reliability of a construct with reflexive indicators, it can be done in two ways, namely with Cronbach's Alpha and Composite Reliability. The construct is declared reliable if the composite reliability or Cronbach alpha value is above 0.70 (Fajri et al., 2022).

**Table 2**  
**Construct Reliability**

	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>Product Literacy</b>	<b>0,931</b>	<b>0,944</b>	<b>0,940</b>	<b>0,610</b>
<b>Shariah Marketing</b>	<b>0,899</b>	<b>0,902</b>	<b>0,922</b>	<b>0,664</b>
<b>Transaction.</b>	<b>0,906</b>	<b>0,910</b>	<b>0,931</b>	<b>0,732</b>

Based on the results of the reliability test on the Product Literacy, Shariah Marketing, and Transaction variables, the value of  $\alpha_1$  is 0.932,  $\alpha_2$  is 0.899, the variable decision to use Islamic bank products is obtained an  $\alpha$  value of 0.906. These results are declared reliable because  $\alpha > 0.7$ .

In SEM-PLS analysis, a construct will be declared reliable if it has a composite reliability value  $> 0.6$  and is reinforced by a Cronbach's Alpha value  $> 0.7$ . The composite reliability value of 0.6 - 0.7 and also the Cronbach's alpha value of  $> 0.7$  are recognized as having good reliability. (Hair et al., 2019). Based on the table above, all constructs have a composite reliability value and Cronbach's alpha  $> 0.7$  so it is concluded that they are reliable.

All latent constructs must have an AVE value  $> 0.5$  to describe a good measurement model. Based on the table above, it is known that each indicator of the latent construct is able to explain 50% or more of its variance (Wong, 2013; Hair et al., 2019).

Hypothesis submission is based on the results of testing the inner model (structural model) which includes the r- forecourt affair, parameter coefficients and t-statistics. To see whether a hypothesis can be accepted or rejected, namely by paying attention to the significant value between constructs, t-statistic and p-value. This hypothesis submission

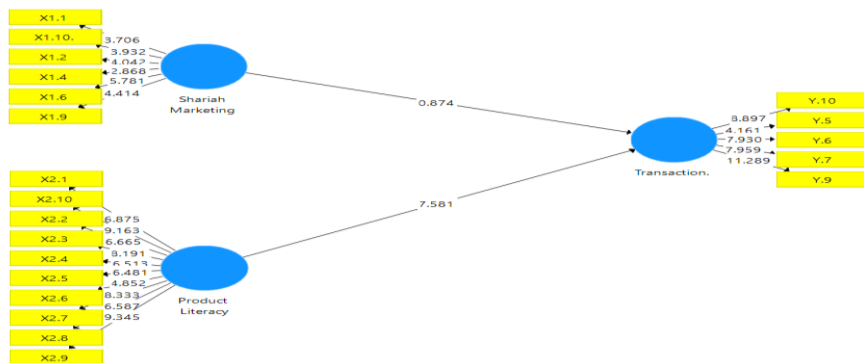
was carried out with the help of SmartPLS (Partial Least Forecourt) 4.0 software. The value of these values can be seen from the boots tapping results. The rules of numb used in this study are t-statistic > 1.96 with a significance level of p-value 0.05 (5%) and a positive coefficient.

**Table 3**  
**Path Coefficient Results**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
<b>Product Literacy -&gt; Transaction.</b>	0,842	0,851	0,111	7,581	<b>0,000</b>
<b>Shariah Marketing -&gt; Transaction.</b>	0,120	0,102	0,137	0,874	<b>0,383</b>

Based on the results of the analysis, it can be concluded that the results of the hypothesis submission in this study are as follows: 1) The effect value of variable X1 (Product Literacy) on Y (Transaction) is 0.842 with a p-value of 0.000 (<0.05). Thus, H1 is accepted, namely Product Literacy has a positive and significant effect on the decision to use Indonesian Islamic bank products; 2) The effect value of variable X2 (Shariah Marketing) on Y (Transaction) is 0.120 with a p-value of 0.383 (>0.05). Thus, H2 is rejected, meaning that Shariah Marketing does not have a positive and significant effect on the decision to use Indonesian Islamic bank products.

Then the test results obtained can be evaluated by looking at the model obtained from the results of data processing using SmartPLS, the model obtained is as follows  $\eta_1 = 0.874 \xi_1 + 7.581 \xi_2 + \zeta$ . The confirmation of the inner model obtained is as follows:



**Figure 2**  
**Results of Inner Model**

## CONCLUSION

Based on the discussion above, it can be concluded that partially product literacy affects customer decisions to make transactions in Indonesian Islamic banks, amounting to 7.581. Then shariah marketing has no significant effect. The model obtained from the results of data management using the smart PLS application is  $\eta_1 = 0.874 \xi_1 + 7.581 \xi_2 + \zeta$ . Further research can use other models or add moderating or intervening variables in conducting research, in order to find out which is an obstacle in conducting transactions at Islamic banks.

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