
**THE ROLE OF SHARIA FINANCIAL LITERACY, AND WORD OF MOUTH BY
EMPLOYEES ON THE INTEREST OF GOLD INSTALLMENT FINANCING
CUSTOMERS OF BANK SYARIAH INDONESIA**



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Abstract

The expansion of Islamic banking in Indonesia has catalyzed diverse financing innovations, including gold installment products offered by Bank Syariah Indonesia (BSI). However, customer adoption remains heterogeneous, necessitating examination of determinant factors. This study investigates how Islamic financial literacy and employee word of mouth (WOM) shape customer interest in gold installment financing through the lens of Theory of Planned Behavior and Information Asymmetry Theory. Employing a qualitative phenomenological approach, in-depth interviews were conducted with ten informants—five customers representing diverse literacy levels and five BSI employees from KCP Sidoarjo Ahmad Yani. Thematic analysis revealed that highly literate customers engage in critical contract evaluation, while those with limited understanding rely predominantly on employee guidance. Employee WOM functions as an educational bridge through storytelling, simulation techniques, and personalized communication. The interaction between literacy and WOM creates synergistic effects: optimal adoption emerges when high literacy combines with effective employee communication. This research contributes a dual-process framework explaining heterogeneous decision pathways in Islamic finance adoption and underscores the strategic integration of financial education with interpersonal communication in enhancing product penetration.

Keywords: Islamic Financial Literacy; Employee Recommendations; Customer Interest; Gold Financing, Bank Syariah Indonesia

INTRODUCTION

The banking sector plays a strategic role in supporting national economic growth through provision of accessible and sustainable financial services across societal segments. In Indonesia, Islamic banking has contributed substantially to economic development through product schemes grounded in Islamic values. Bank Syariah Indonesia (BSI), as the nation's largest Islamic banking institution, drives the domestic Islamic finance industry forward (Taufiqur Rahman, 2023).

Over the past two decades, Islamic banking development has demonstrated positive trajectories reflected in asset growth, financing expansion, and product diversification. Among these innovations is BSI's gold installment financing product, offering a sharia-compliant financial solution enabling gradual gold ownership through structured payment schemes adhering to Islamic principles. Beyond facilitating gold acquisition, this product provides economic benefits including inflation protection and long-term investment opportunities (Ahmad Makhtum, 2024); (Bengi et al., 2025).

Nevertheless, this product's potential remains underutilized. Public interest in gold installment financing exhibits considerable variation, influenced by multiple internal and external factors including Islamic financial literacy levels and informal marketing communication through word of mouth (WOM) recommendations. Islamic financial literacy constitutes a foundational cognitive factor affecting comprehension, trust formation, and financial decision-making processes. Low literacy levels can trigger misperceptions regarding contracts, margin mechanisms, and procedural aspects, ultimately impeding product adoption (Wanda Astuti, 2025). Conversely, informal communication through WOM from customers and bank employees represents an influential information channel shaping public perception and interest. In contemporary digital and social contexts where direct testimonials command greater trust than formal advertising, WOM assumes strategic significance in influencing Islamic financial product utilization decision (Yuli Sahara Nst, 2023).

Previous research has demonstrated Islamic financial literacy and WOM's significant influence on customer interest. Pakpahan et al. (2023) emphasized sharia literacy's role in shaping investment lifestyles for gold products, while Nafisa & Mu (2025) found WOM and quality perception simultaneously enhance gold installment purchasing interest. Ula & Susilo (2025) proved promotions emphasizing Islamic values, including WOM, significantly affect customer interest. However, most studies focused on student cohorts or general clientele. Research specifically positioning bank employees as WOM agents actively educating and shaping customer interest remains limited.

The central problem this research addresses is that BSI gold installment product potential remains underutilized due to low Islamic financial literacy among communities and insufficient understanding of employee WOM's role in education and interest formation. The gap between product potential and realized public interest reveals disconnection between theoretical concepts regarding literacy and WOM importance and practical field implementation.

This study's objectives are threefold: first, to analyze Islamic financial literacy's role in customer interest in gold installment products; second, to examine employee WOM's role in customer interest formation; third, to explain how interactions between sharia literacy and direct employee WOM shape customer interest in BSI gold installment products.

This research's novelty lies in specifically positioning bank employees as active WOM agents in customer education and persuasion processes, contrasting previous research highlighting general Islamic promotion or specific customer contexts. Additionally, this study contributes theoretically by enriching literature on factors affecting Islamic financial product interest while offering practical contributions enabling BSI to formulate more effective literacy and communication strategies for enhancing gold installment product penetration.

REVIEW OF LITERATURE

Sharia Financial Literacy

Islamic financial literacy refers to individuals' capacity to comprehend Islamic finance fundamentals, applied contracts, and benefits and risks of Islamic products, subsequently affecting financial decisions. Wanda Astuti (2025) demonstrated positive, significant relationships between Islamic financial literacy levels and students' willingness to invest through staged gold financing programs. Higher sharia economic knowledge correlates with greater enthusiasm for gold financing product involvement.

In BSI practice, Islamic finance understanding interconnects with customer perceptions of product safety and Islamic teaching conformity. Zeny (2023) explained BSI's gold financing scheme implements murabahah contracts requiring down payments and periodic installments. Public understanding levels of murabahah contract mechanisms crucially shape product acceptance and perspectives.

Pakpahan et al. (2023) revealed Islamic financial literacy significantly impacts BSI gold financing customer lifestyles, shaping daily financial decisions including sharia investment product selection such as installment gold financing. Pratiwi, A. I., Indriani, E., & Kartikasari (2023) demonstrated financial literacy and behavior collectively influence gold savings investment interest, with adequate literacy constituting important investment decision-making foundations. Hascaryani (2024) further proved Islamic financial literacy, alongside herding behavior and religiosity, shapes Islamic capital market investment interest among Generation Z and millennials, indicating literacy importance not only in conventional but also sharia based investment decisions among younger demographics.

These findings align with international research demonstrating literacy's critical role in Islamic finance adoption. Al-Tamimi, H. A. H., & Kalli, (2021) confirmed that financial literacy significantly affects investment decision-making processes in Islamic finance contexts, with higher literacy levels correlating with more sophisticated portfolio choices and better risk assessment capabilities.

Word of Mouth by Employees

Word of Mouth (WOM) constitutes informal communication between individuals possessing trusted information dissemination capabilities. When conducted by bank staff, WOM simultaneously functions as educational media and credible testimonials. Although literature specifically distinguishing employee-sourced WOM from social environment sources (friends, family) remains limited, several studies provide robust evidence of WOM influence on customer decisions.

Tsabitah Nada Amirah & Muhammad Iqbal Fasa (2023) underscored WOM as a marketing strategy component capable of influencing customers in Islamic banking product selection. While not identifying specific WOM sources, findings indicate WOM effectiveness as influential external factors. Rozza & Salsabila (2022) regarding BSI Mobile services demonstrated digital promotion and WOM combinations positively impact customer

decisions utilizing BSI digital banking services. Though not focused on gold financing, results remain relevant, showing WOM as an influential variable in BSI contexts.

International evidence further confirms employee communication's strategic importance in Islamic banking contexts. Amin, M., Isa, Z., & Fontaine (2022) demonstrated that employees combining technical knowledge with empathetic communication generate stronger customer advocacy and organic referrals in Islamic banking, emphasizing that employee service quality and communication effectiveness directly impact customer satisfaction and subsequent word-of-mouth recommendations. (Hassan, M. K., Rabbani, M. R., & Ali, 2020) emphasized that interpersonal communication from banking staff becomes particularly critical in uncertain economic environments, where employees who effectively explain product benefits and risk mitigation strategies significantly influence customer confidence and adoption decisions in Islamic financial services.

Customer Interest in Gold Installment Products

Customer interest represents individuals' intentions or tendencies to utilize specific financial services. For staged gold financing products, customer interest typically depends on product understanding (literacy), recommendations or testimonials (WOM), procedural transparency, and benefit-risk evaluations.

Bellia Belinda Anggun sari (2024) regarding murabahah contract implementation in gold installment products found customer interest increased after understanding murabahah contract operations, demonstrating education's importance in product adoption enhancement. Zeny (2023) showed BSI gold financing products in Situbondo are perceived as safe, sharia-compliant investment alternatives, successfully attracting public attention. Factors including financing procedure ease, down payments, and installment schemes constitute primary prospective customer considerations.

Pakpahan et al. (2023) proved Islamic financial literacy, risk perception, and income influence customer lifestyles correlating with gold financing product interest. Afifah, A., & Ardyansyah (2023) utilizing Theory of Planned Behavior approaches analyzing public interest in gold investment through BSI gold installment financing found attitude factors, subjective norms, and perceived behavioral control affected investment interest.

Supporting TPB application in Islamic finance contexts, Usman, H., Tjiptoherijanto, P., Balqiah, T. E., & Agung (2020) demonstrated how religious values interact with product attributes and information sources to shape customer selection of Islamic banking products, confirming that trust built through employee communication and perceived Shariah compliance are critical factors in customer interest formation. Their research emphasized that subjective norms derived from trusted sources significantly influence behavioral intentions in Islamic financial product adoption.

Gold Installment Products at Bank Syariah Indonesia (BSI)

Gold financing products represent BSI facilities utilizing contracts such as murabahah, typically accompanied by down payment requirements and periodic installment repayments. These products constitute attractive sharia investment options given gold's stability against inflationary pressures (Zeny, 2023).

Kalyca Damayanti & Suharmiati (2025) regarding financing procedures with murabahah and rahn contracts at BSI Pomad Branch comprehensively discussed procedures, contracts, challenges, and implementation solutions. Procedural transparency importantly increases product literacy and builds customer trust.

Marketing strategy constitutes an essential element in BSI gold financing product success. Setiawan & Elwardah (2024) evaluating gold installment product marketing strategies at BSI Bengkulu Panorama using Business Model Canvas approaches showed BSI utilizing various channels, including social media, direct socialization, personal selling, and market segmentation to enhance gold financing product attractiveness.

Bengi et al. (2025) regarding gold installment financing procedures at Bank Syariah Indonesia emphasized that despite significant product potential, public understanding of sharia financing concepts remains limited, potentially causing sharia installment system misperceptions. Enhancing Islamic financial literacy represents the key to optimizing product utilization.

THEORETICAL FRAMEWORK

This research is grounded in three complementary theoretical perspectives that collectively explain how cognitive and social factors shape customer interest in Islamic financial products.

Theory of Planned Behavior (TPB)

Ajzen's (1991) Theory of Planned Behavior posits that behavioral intentions are determined by three factors: attitudes toward behavior, subjective norms, and perceived behavioral control. In this research context, TPB explains that Islamic financial literacy shapes attitudes toward gold installment products through rational evaluation of sharia compliance, contract fairness, and economic benefits. Employee WOM functions as subjective norms, social pressure, and recommendations from credible sources, influencing customer decisions. Perceived behavioral control relates to customers' confidence in understanding murabahah contracts and their ability to manage installment commitments. The theory predicts that positive attitudes, favorable subjective norms, and high perceived control collectively enhance intention to utilize gold installment financing.

Information Asymmetry Theory

Akerlof (1970) Information Asymmetry Theory addresses knowledge gaps between service providers and consumers, particularly relevant in complex financial products. Islamic banking products involve intricate contract structures, margin calculations, and sharia compliance mechanisms that create information advantages for institutions over customers. This asymmetry generates uncertainty and reduces product adoption. Employee WOM serves as an asymmetry-reduction mechanism, translating complex Islamic finance concepts into accessible explanations. This research examines how employees bridge informational gaps through educational communication, thereby reducing perceived uncertainty and building trust essential for customer interest formation.

Social Influence Theory

Cialdini (2001) Social Influence Theory explains how interpersonal communication affects attitudes and behaviors through various mechanisms, including credibility, liking, and social proof. In Islamic banking contexts, employee WOM represents a form of expert influence where banking personnel leverage professional credibility to educate and persuade customers. Unlike formal advertising, interpersonal communication from employees creates relational dynamics that enhance message receptivity. This theory illuminates why testimonials from bank staff who possess both product expertise and direct customer

relationships prove more effective than impersonal marketing in shaping interest, particularly for customers with limited financial literacy.

Integrated Theoretical Framework

These three theories converge to explain heterogeneous decision-making processes in Islamic finance adoption. TPB provides the overarching behavioral intention framework, Information Asymmetry Theory explains the knowledge gap problem requiring mediation, and Social Influence Theory elucidates the mechanism through which employee WOM operates effectively. Together, they form a comprehensive lens for understanding how Islamic financial literacy (cognitive route) and employee WOM (social route) independently and interactively influence customer interest in gold installment financing. This integrated framework guides both research design and data interpretation, enabling theoretical contributions to Islamic finance adoption literature.

RESEARCH METHOD

This study employs a qualitative method with phenomenological approaches to examine in-depth individual experiences and subjective interpretations regarding gold installment financing phenomena at Bank Syariah Indonesia (Sugiyono, 2020). The phenomenological approach provides space for understanding how phenomena are directly experienced and interpreted by involved actors. Research focus directs toward customer and employee experiences in interpreting Islamic financial literacy and employee word of mouth communication shaping gold installment financing interest. Through this approach, research aims to reveal informant experience essences comprehensively and contextually (Marta, F., Sukirman, S., & Sari, 2024).

Research Context and Setting

Research was conducted at Bank Syariah Indonesia Sub-Branch Office (KCP) Sidoarjo Ahmad Yani, East Java, between September and November 2025. This location was selected based on several considerations: first, the branch demonstrates active gold installment product marketing; second, customer demographic diversity enables varied literacy level representation; third, management accessibility facilitates comprehensive data collection.

Informant Selection

Informant determination was conducted purposively considering experience suitability and informant involvement with research focus (Sugiyono, 2020). Total informants numbered ten people consisting of five gold installment financing customers and five BSI employees. Customer selection criteria included: (1) new customers (product users under six months) providing fresh adoption experiences; (2) diverse Islamic financial understanding backgrounds enabling literacy variation capture; (3) customers who experienced initial hesitation revealing decision-making processes; (4) minimum one completed installment payment ensuring substantive product experience; (5) willingness to participate in in-depth interviews.

Employee informant criteria comprised: (1) direct involvement in gold installment product services or marketing; (2) minimum one-year BSI work experience ensuring adequate organizational understanding; (3) demonstrated customer communication experience; (4) willingness to share communication strategies and customer interaction observations; (5) variation in positions (customer service, marketing officers, branch

managers) enabling multiple perspective capture. Informant numbers and characteristics were considered adequate for obtaining rich data and achieving information saturation (Nuralim, N., Rizky, M. S., 2023).

Data Collection Procedures

In-depth semi-structured interviews constituted primary data collection methods complemented by field observations. Each interview lasted 45-90 minutes and was audio-recorded with participant consent following ethical protocols. Interview guides consisted of three main sections:

For Customer Informants:

1. Understanding of Islamic finance concepts (murabahah contracts, rahn, margin mechanisms)
2. Information sources influencing product awareness and interest
3. Roles of employee communication in decision-making processes
4. Evaluations of product benefits, risks, and sharia compliance perceptions
5. Comparison with conventional financing or other Islamic products

For Employee Informants:

1. Communication strategies employed with diverse customer segments
2. Challenges in explaining Islamic finance concepts to varied literacy levels
3. Perceived effectiveness of different educational approaches
4. Observations of customer literacy levels, concerns, and objection patterns
5. Personal experiences and success stories in customer education

Probing questions were utilized to explore deeper meanings and experiences beyond surface responses. Field notes were recorded during and after each interview capturing non-verbal cues, emotional responses, and contextual details. Observations were conducted during fifteen customer-employee interactions in branch settings to triangulate interview data, observing actual communication dynamics, educational techniques employed, and customer response patterns.

Data Analysis Process

Analysis followed Braun, V., & Clarke (2006) six-phase thematic analysis ensuring systematic and rigorous interpretation (Sugiyono, 2020):

Phase 1 - Familiarization: All interviews were transcribed verbatim in Bahasa Indonesia within 24 hours of recording. Transcripts were read multiple times with initial observations noted regarding recurring patterns, surprising statements, and potential themes.

Phase 2 - Initial Coding: Data were coded line-by-line manually. Transcripts were printed and color-coded using highlighters and margin notes. Initial codes included "contract understanding depth," "trust in employee explanations," "margin fairness concerns," "storytelling effectiveness," "simulation clarity," "peer recommendation influence," "theological interpretation variations," and "post-purchase satisfaction." Each meaningful data segment was assigned relevant codes and organized in a coding matrix.

Phase 3 - Theme Development: Codes were grouped into potential themes through iterative analysis and constant comparison. Preliminary themes identified: literacy levels and decision pathways, WOM mechanisms and functions, interaction effects between literacy and communication, barriers to adoption.

Phase 4 - Theme Review: Themes were refined by checking coherence with coded data extracts and ensuring distinct boundaries between themes. Some initial themes were merged while others were subdivided for clarity. Patterns within and across cases were examined.

Phase 5 - Theme Definition: Final themes were named and defined with clear scope:

1. Theme 1: Islamic Financial Literacy as Cognitive Foundation for Decision-Making
2. Theme 2: Employee WOM as Educational Bridge and Trust Builder
3. Theme 3: Synergistic Interaction of Literacy and Communication in Interest Formation

Phase 6 - Report Writing: Themes were illustrated with representative quotes translated carefully to English while preserving meaning. Findings were connected to theoretical framework and existing literature. Data saturation was achieved after eight interviews, with two additional interviews conducted for confirmation, yielding no substantially new information.

Research Quality and Trustworthiness

Following Lincoln and Guba (1985), trustworthiness was ensured through four criteria:

Credibility:

1. Prolonged engagement at BSI KCP Sidoarjo Ahmad Yani (three months) building rapport and understanding context
2. Triangulation of data sources (customers, employees, observations) and methods (interviews, field notes)
3. Member checking: Preliminary findings were shared with three informants for verification and feedback
4. Peer debriefing with research supervisors discussing interpretations and alternative explanations

Transferability:

1. Thick description of research context, informant characteristics, and phenomena
2. Detailed account of research processes enabling replication assessment by other researchers
3. Clear presentation of findings with contextual information

Dependability:

1. Audit trail maintained including interview recordings, transcripts, coding processes, and analytical memos
2. Documentation of all methodological decisions and their rationales
3. Regular supervision meetings discussing research progress and methodological rigor

Confirmability:

1. Reflexive journal documenting researcher assumptions, biases, and reactions throughout research
2. Clear distinction between participant data and researcher interpretations
3. Actively seeking disconfirming evidence and alternative explanations

Researcher Reflexivity

As researchers affiliated with a state Islamic university, we acknowledge potential biases favoring Islamic financial products and institutions. To mitigate these biases, we actively sought disconfirming evidence, including informants expressing dissatisfaction or rejection of products, maintained a critical analytical stance toward the assumed benefits of

Islamic finance, and recognized that customer decisions involve complex theological, economic, and social considerations beyond institutional perspectives. We approached data with openness to findings challenging conventional assumptions about Islamic finance adoption.

Ethical Considerations

Research received ethical approval from the university's research ethics committee. All participants provided informed consent after receiving detailed explanations about research purposes, procedures, confidentiality measures, and voluntary participation rights. Participant identities were anonymized using codes (C1-C5 for customers, E1-E5 for employees). Data were stored securely and accessible only to research team members. Participants were informed of their right to withdraw at any time without consequences.

RESULTS AND DISCUSSION

The Role of Islamic Financial Literacy in Shaping Gold Installment Customer Interest

This study's findings confirm Islamic financial literacy as the primary cognitive factor shaping customer interest in BSI gold installment financing products. Based on in-depth interview findings, customers with high literacy levels demonstrated a comprehensive understanding of murabahah contracts, fixed margin determination mechanisms, and staged gold ownership structures. This understanding enables customers to conduct rational evaluations before decision-making, including comparing cost structures with similar products at other Islamic financial institutions.

One highly literate customer informant (C1) stated:

"I studied the murabahah contract carefully. I compared the margin with other banks and even calculated whether buying gold directly would be more economical. I appreciate the transparency, but I also critically assessed whether the margin truly reflects fair profit or includes hidden costs."

This finding aligns with Adiba (2021), who stated Islamic financial literacy increases individual capacity to assess contract suitability and Islamic financial product risks. However, this research also found high literacy levels do not always directly correlate with customer satisfaction. Informants with high literacy tend to be more critical regarding margin fairness perceptions, transparency of gold custody fees, and implementation of Islamic justice principles ('adl) in pricing structures.

Customer C3, despite possessing strong Islamic finance backgrounds, expressed reservations:

"Even though I understand murabahah is halal according to DSN-MUI, I question whether the margin rate truly reflects *maslahah* for both parties. Sometimes I feel the cost structure isn't fully transparent."

This demonstrates that literacy not only increases interest but also forms higher expectations for the implementation of fairness and transparency in Islamic banking practices. These findings reinforce Hascaryani (2024) research, confirming Islamic financial literacy forms evaluative behavior and critical attitudes toward product sharia compliance.

Conversely, customers with low literacy levels tend to base decisions on product *halalness* perceptions and trust in bank employees. They do not conduct technical analyses related to margins or contract mechanisms but rely on information provided by employees. Customer C5, representing low literacy segments, explained:

"Honestly, I don't fully understand how murabahah works. What's important to me is that the bank is sharia-compliant, and the employee explained that this product is halal. I trust their explanation."

This trust-based decision pattern is consistent with international findings. Azmat, S., Skully, M., & Brown (2021) found that customer perceptions of Shariah compliance often depend on trust in institutional legitimacy rather than technical contract understanding, revealing gaps between Islamic banking principles and customer comprehension. Their critical analysis aligns with this study's observation that low-literacy customers rely on employee assurances of halalness and institutional credibility rather than conducting independent contract evaluations.

This condition creates information asymmetry, positioning employees as key actors in customer decision-making processes. This finding aligns with Bunga Aulia Khafifa Muhamad Maimun (2025), who stated that low literacy encourages trust-based decision-making behavior rather than analytical evaluation.

Qualitative data also show that Islamic financial literacy for new customers is primarily formed through direct education provided by employees. Education is not merely transactional but introduces the Islamic financial system's fundamental values. Employee E2 explained their educational approach:

"When new customers come, I don't immediately offer products. I first explain the difference between conventional and sharia systems, how murabahah contracts work, and why margins are set. Education is our priority."

Meanwhile, loyal customers demonstrate cumulative literacy development through product use experience and even transform into informal educators within their social environments. Customer C2, who has used gold installments for two years, shared: "Initially, I didn't understand much. But after experiencing the installation process and seeing how transparent the costs are, I now recommend this product to friends and can explain how it works."

These findings support experiential learning concepts in Islamic finance (Wanda Astuti, 2025);(Pakpahan et al., 2023), where direct experience becomes an effective literacy formation mechanism.

Theoretical Implications:

This finding has important implications for the Theory of Planned Behavior. While TPB posits attitudes influence behavioral intentions, this research reveals literacy's effect is non-linear and context-dependent. High literacy strengthens attitudes through rational evaluation but simultaneously raises standards for perceived behavioral control, particularly regarding contract fairness concerns. Thus, literacy does not simply increase intention linearly; it transforms the nature from faith-based trust to evidence-based evaluation.

Furthermore, this finding extends Information Asymmetry Theory by demonstrating that asymmetry reduction through literacy enhancement does not automatically guarantee adoption. For some highly literate customers, a deep understanding actually leads to rejection when their theological interpretations differ from dominant institutional perspectives, despite DSN-MUI legitimacy. This suggests information asymmetry problems in Islamic finance are not purely technical but also theological, requiring approaches beyond mere information provision.

The Role of Employee Word of Mouth in Encouraging Customer Interest

Research findings indicate employee word of mouth (WOM) plays a strategic role in shaping customer interest in gold installment products. Based on employee and customer interviews, WOM functions not only as a technical information delivery means but also as a sharia education media and a perceptual risk mitigation mechanism. Employees employ adaptive communication approaches through storytelling, installment simulations, and product comparisons to explain gold installment benefit values.

Employee E1 explained their communication strategy:

"I don't use formal scripts. I adjust my language to each customer's background. For educated customers, I discuss contract details. For those less familiar, I use simple stories about other customers who successfully invested in gold through installments."

This finding aligns with Bunga Aulia Khafifa Muhamad Maimun (2025) and Rozza & Salsabila (2022), who affirm that interpersonal communication between bank employees significantly affects customer interest in sharia products.

Customer-centric communication approaches prove effective, especially for customers with low literacy levels. Employees do not utilize standard scripts but adjust communication styles to customer characteristics and needs. Employee E3 described their technique:

"I often simulate installment calculations directly in front of customers. I show how much they need to pay monthly, total costs compared to direct gold purchases, and potential gold price increases. This visualization helps them understand clearly."

This strategy reflects relational marketing concepts, positioning communication as efforts to build long-term relationships, not merely encourage transactions (Tsabitah Nada Amirah, Muhammad Iqbal Fasa, 2023). Mutambara, S., Bayat, M. S., & Mohamed (2023) systematic review of Islamic banking service quality confirms that employee communication constitutes a critical service quality dimension influencing customer interest and loyalty, synthesizing evidence that personalized service and Shariah compliance explanations significantly affect customer behavior and satisfaction levels. Customer C4 confirmed this approach's effectiveness:

"The employee's explanation was very clear. They didn't just offer products but truly educated me about Islamic finance. That made me trust and interested in trying."

Beyond employee WOM, this research found WOM between customers contributes greatly to expanding market penetration. Customers experiencing product benefits are more likely to recommend gold installments to families, colleagues, and social communities. This experience-based WOM is considered more credible because it lacks direct commercial motives. Customer C2 shared their WOM experience:

"After feeling the benefits gold prices rose and I could own gold without large capital I recommended this to my office colleagues. Three of them eventually opened gold installments too."

These findings corroborate Lia Hanisa Rahmawati and Umi Latifa (2025) and Afifah, A. and Ardyansyah (2023) research stating social influences and subjective norms play important roles in sharia based investment decisions.

However, this research also revealed WOM quality varies depending on employee expertise levels. Two customer informants reported receiving incomplete explanations regarding margin calculation details and gold custody fee structures. Customer C3 noted:

"The employee was friendly and convincing, but when I asked specific questions about margin composition, they couldn't explain in detail. That made me doubt."

This suggests WOM effectiveness depends not only on communication techniques but also employee substantive knowledge depth regarding Islamic finance products. This finding emphasizes the importance of continuous training for bank employees to ensure they can function as credible educators, not merely product sellers.

Theoretical Implications:

These findings enrich Social Influence Theory by demonstrating that in Islamic finance contexts, influence effectiveness depends not only on source credibility (employee status) but also on message content quality (explanation depth and accuracy). Employees function as expert influencers, but their influence is moderated by their actual expertise. When expertise gaps emerge during interactions, credibility decreases and influence weakens.

Furthermore, this research extends WOM literature by identifying three distinct employee WOM roles in Islamic financial product contexts: (1) Educator building foundational literacy; (2) Translator simplifying complex sharia finance concepts into accessible language; (3) Guarantor signaling trustworthiness and legitimacy through institutional affiliation. These three roles operate simultaneously in employee customer interactions, creating multidimensional influence distinguishing employee WOM from general peer-to-peer WOM.

Interaction Between Islamic Financial Literacy and WOM in Interest Formation

This research demonstrates that Islamic financial literacy and WOM do not operate separately but complement each other in shaping customer interests. For customers with high literacy, WOM functions as an information amplifier, while final decisions still rely on rational contract, margin, and Sharia compliance evaluations. Customer C1 explained:

"Employee explanations helped me understand product details, but I also conducted my own research. I compared several Islamic banks, read DSN-MUI fatwas, and consulted friends knowledgeable about Islamic finance. Employee communication was important, but my final decision was based on my own analysis."

These findings support Nafisa and Mu (2025) and Hascaryani (2024) research affirming literacy strengthens consumer analytical capacity. In this context, WOM from employees serves confirmation functions rather than primary decision determinants.

Conversely, for customers with low literacy, WOM is the dominant factor replacing technical understanding limitations. In this condition, employee credibility and other customer testimonials become primary decision determinants. Customer C5 illustrated this dynamic:

"I don't understand finance intricacies. What's important is that employees I trust recommend this, and my friends are also satisfied. That's enough for me to decide."

This phenomenon reflects information asymmetry theory in financial services, where consumers heavily depend on recommendations from parties considered more competent (Pratiwi, A. I., Indriani, E., & Kartikasari, 2023). However, this heavy reliance also creates vulnerability if employees provide incomplete or biased information.

The most optimal interaction is found in loyal customers with high literacy levels and positive experiences. This group not only becomes users but also acts as informal product

ambassadors producing the most credible organic WOM. Customer C2, who transitioned from low to high literacy through product use experience, became an active WOM agent: "Now I can explain to friends how murabahah works, what benefits gold installments offer, and how to calculate whether this product suits their needs. I feel like an informal ambassador for this product."

This transformation reflects experiential learning processes where product use experience becomes effective literacy formation mechanisms, subsequently producing authentic and credible WOM (Wanda Astuti, 2025);(Pakpahan et al., 2023).

However, this research also found customer groups rejecting gold installment products due to conservative fiqh muamalah interpretations despite receiving education and DSN-MUI legitimacy. One prospective customer who ultimately declined stated:

"Even though employees explained this is halal according to MUI, I personally am still uncomfortable with murabahah concepts involving predetermined margins. I prefer rahn (pawn) or qard (benevolent loan) which I feel are more in line with my understanding of Islamic economics."

These findings confirm Islamic financial product adoption is influenced not only by economic and technical aspects but also theological factors and religious interpretations(Ervanda Revonnarta, 2021);(Zeny, 2023). This reveals adoption barriers extending beyond information asymmetry or literacy limitations into realms of religious belief diversity that cannot be fully addressed through education or persuasive communication alone.

Integrated Theoretical Framework:

Based on these findings, this research proposes a dual-process model explaining heterogeneous decision-making in Islamic finance adoption:

1. **Central Route (High Literacy Path):** Customers with high Islamic financial literacy process information analytically, evaluating contracts, margins, and sharia compliance critically. In this pathway, WOM functions as information supplementation and confirmation rather than primary determinants. Decisions are evidence-based with high perceived behavioral control.
2. **Peripheral Route (Low Literacy Path):** Customers with low literacy rely on heuristics and social cues—employee credibility, peer testimonials, and general halal perceptions. WOM becomes primary decision determinants substituting for technical understanding limitations. Decisions are trust-based with lower perceived behavioral control.

This dual-process model extends Elaboration Likelihood Model (Petty & Cacioppo, 1986) to Islamic finance contexts, explaining why literacy and WOM have differential effects across customer segments. Understanding these pathways enables more targeted marketing strategies and educational interventions.

Furthermore, this research proposes a 2x2 synergistic interaction framework:

1. **Low Literacy + Low WOM = Non-Adoption:** Customers lack both technical understanding and social encouragement, resulting in no interest.
2. **Low Literacy + High WOM = Trust-Based Adoption:** Employees bridge knowledge gaps through credible communication, generating interest primarily through trust.

3. **High Literacy + Low WOM = Analytical Evaluation:** Customers conduct independent analysis; adoption depends on rational assessment outcomes.
4. **High Literacy + High WOM = Optimal Informed Adoption:** A combination of analytical understanding and social reinforcement produces the strongest, most sustainable interest and satisfaction.

This framework provides predictive models for customer segmentation and targeted interventions, suggesting that different strategies are needed for different literacy-WOM combinations.

Visual Representation of Findings

The following framework illustrates the integrated model emerging from this research:

[Theoretical Framework Diagram]

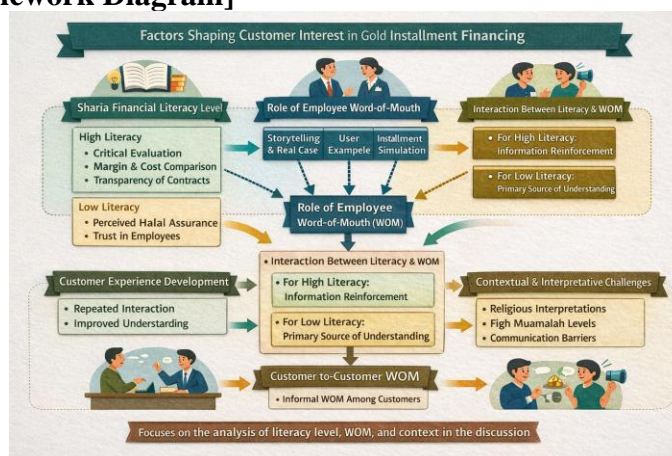


Figure 1. Integrated Framework of Islamic Financial Literacy and Employee WOM Effects on Customer Interest in Gold Installment Financing

Note: The framework illustrates dual-process models where Islamic financial literacy (cognitive route) and employee WOM (social route) independently and interactively influence customer interest. Solid arrows indicate direct effects; dashed arrows represent moderating interactions. Customers with high literacy engage in analytical evaluation (central processing), while those with low literacy rely on employee credibility and peer testimonials (peripheral processing). Optimal adoption pathways combine high literacy with effective WOM, creating informed trust-based decisions. The framework also acknowledges theological interpretation as a moderating factor affecting adoption despite literacy and WOM.

CONCLUSION

Based on field data analysis, this study yields three principal conclusions with theoretical and practical implications for Islamic banking product adoption.

First, Islamic financial literacy constitutes a foundational cognitive factor significantly shaping gold installment financing utilization. Highly knowledgeable customers conduct critical evaluations of murabahah contracts and margin mechanisms, often comparing multiple Islamic financial institutions before deciding. These customers demand transparency and fairness implementation in pricing structures, reflecting elevated expectations formed through literacy. Conversely, customers with limited understanding rely

predominantly on information from bank employees without conducting in-depth verification, creating information asymmetry positioning employees as key decision influencers. This finding extends Theory of Planned Behavior by demonstrating literacy's effect is non-linear: it strengthens attitudes but simultaneously raises perceived behavioral control standards, transforming intention nature from faith-based trust to evidence-based evaluation.

Second, direct communication from bank staff plays a vital role in shaping customer interest through multidimensional functions. Employees do not merely convey product specifications but actively educate sharia concepts through storytelling techniques, real customer experience sharing, and personalized installment simulations. This adaptive, customer-centric approach proves effective in reducing doubt, particularly for potential users with minimal financial literacy. Additionally, voluntary testimonials from satisfied customers produce organic WOM considered more credible due to the absence of direct commercial motives. However, WOM effectiveness depends on employee expertise depth; incomplete or inaccurate explanations can undermine credibility and reduce influence. This finding enriches Social Influence Theory by identifying three distinct employee WOM roles: educator (building literacy), translator (simplifying concepts), and guarantor (signaling trustworthiness).

Third, interaction between Islamic financial literacy and employee WOM creates complex synergies, producing heterogeneous decision pathways. For highly knowledgeable individuals, employee explanations serve confirmatory functions while final decisions remain analytically based. For those with minimal literacy, employee communication becomes the primary information source, driving trust-based decisions. The most optimal adoption pathway emerges when high literacy combines with effective employee WOM, producing informed trust-based decisions with sustainable satisfaction. Notably, loyal customers with accumulated experience transform into informal product ambassadors, generating authentic organic WOM within their social networks. However, this research also identifies adoption barriers extending beyond information factors: some prospective customers reject products due to conservative theological interpretations despite education and official religious legitimacy, revealing that adoption involves a complex interplay of economic, informational, and religious belief dimensions.

Theoretical Contributions:

This research makes three significant theoretical contributions to Islamic finance adoption literature. First, it proposes a dual-process model adapting the Elaboration Likelihood Model to Islamic finance contexts, explaining how high-literacy customers follow central routes involving analytical evaluation while low-literacy customers follow peripheral routes relying on social cues and heuristics. Second, it extends Information Asymmetry Theory by demonstrating employee WOM functions through three distinct mechanisms—educator, translator, and guarantor roles—rather than simple information transfer. Third, it develops a 2x2 synergistic interaction framework predicting adoption outcomes based on literacy-WOM combinations, providing segmentation tools for targeted interventions.

Practical Implications:

For Bank Syariah Indonesia and Islamic banking practitioners, findings suggest several strategic recommendations. First, implement systematic Islamic financial literacy

programs through collaborations with educational institutions, religious organizations, and community groups, targeting diverse demographic segments with tailored educational content. Second, invest in continuous employee training programs focusing not only on product knowledge but also on adaptive communication techniques, storytelling skills, and deep Islamic finance conceptual understanding to enhance WOM effectiveness. Third, develop referral programs incentivizing satisfied customers to share experiences within social networks, leveraging organic WOM's superior credibility compared to formal advertising. Fourth, enhance transparency in margin calculations and cost structures to satisfy critical evaluations from highly literate customer segments. Fifth, recognize that theological diversity requires respectful engagement rather than uniform persuasion; alternative products aligned with conservative interpretations (such as rahn-based schemes) could expand market reach to currently underserved segments.

Research Limitations:

This study acknowledges several limitations affecting findings' interpretation and generalizability. First, geographic specificity: data collected exclusively from BSI KCP Sidoarjo Ahmad Yani limits generalizability to other branches or Islamic banks with different customer demographics and organizational cultures. Second, temporal cross-section: single-point data collection cannot capture evolving literacy or changing WOM effects across customer lifecycles, from initial awareness through long-term product use. Third, self-report bias: reliance on interviews may be influenced by social desirability, particularly regarding religious compliance claims and satisfaction expressions. Fourth, employee selection: informants represent successful WOM practitioners; fewer effective communicators were not included, potentially overestimating WOM impact systematically. Fifth, literacy measurement: qualitative assessment of literacy levels, while providing rich contextual understanding, lacks standardized metrics enabling comparison across studies or precise effect quantification.

Future Research Directions:

Based on limitations and findings, several future research avenues merit investigation. First, quantitative validation studies could employ survey-based designs measuring literacy and WOM effects using validated scales across multiple branches and Islamic banking institutions, enabling statistical generalization and effect size estimation. Second, longitudinal designs could track literacy development and WOM influence from initial product awareness through adoption, use experience, and potential disengagement, revealing temporal dynamics and causal mechanisms. Third, comparative analyses could examine literacy-WOM dynamics across different Islamic financial products (musharakah, mudharabah, ijarah) to test framework generalizability beyond gold installment contexts. Fourth, experimental intervention studies could test structured employee training programs' effects on customer adoption rates, providing causal evidence of WOM enhancement strategies. Fifth, digital WOM investigations could explore how social media, online reviews, and mobile banking interfaces interact with traditional face-to-face employee communication in contemporary multi-channel banking environments. Sixth, theological moderator studies could conduct deeper examinations of fiqh interpretation differences affecting product acceptance despite literacy, exploring how diverse Islamic legal schools and contemporary scholarly debates shape customer perceptions and decisions.

Additionally, following Rabbani, M. R., Khan, S., & Thalassinos (2020) identification of digitalization trends in Islamic finance, future research should examine how digital platforms and FinTech innovations complement or substitute traditional face-to-face employee WOM in Islamic financial product adoption. The intersection of financial technology, blockchain applications, and Islamic finance presents opportunities to explore hybrid communication models combining digital efficiency with personal trust-building, particularly in post-pandemic contexts where digital banking has become increasingly prevalent.

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