
**THE ROLE OF ISLAMIC BANKING IN INCREASING THE AWARENESS OF
ISLAMIC BOARDING SCHOOL STUDENTS IN BANGKALAN REGENCY
REGARDING ISLAMIC FINANCIAL LITERACY**



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Abstract

Sharia financial literacy is very important for santri because they are the young generation who will become economic leaders based on Islamic values, although there are still many challenges such as limited access to information. The main problem is the low understanding of Islamic financial institutions among the students. The research aims to analyze the role of Islamic banking in increasing students' awareness of Islamic financial literacy, focusing on knowledge, beliefs, and activities. The method used is a qualitative approach thru interviews, observation, and documentation at three Islamic boarding schools in Bangkalan Regency and Bangkalan Sharia Banking. The results show that students face limited access and an unsupportive curriculum, leading to low awareness of using sharia products. Additionally, there is a lack of socialization and education about Bank Syariah Indonesia KCP Bangkalan in Islamic boarding schools to support increased awareness among students.

Keywords: Islamic Financial Literacy, Student Awareness, Islamic Banking

INTRODUCTION

Islamic banking plays an important role in supporting Indonesia's economic stability. Islamic Banks operate based on the principles of justice and virtue, and reject the practice of usury that is common in conventional banking. The profit-sharing and real asset-based financing model makes Islamic banking more resistant to market volatility, thereby strengthening the stability of the national financial system, especially during global economic crises. This role is important in maintaining an inclusive and fair economic sustainability. (Ismail, 2021)

The main function of Islamic banking is to act as an investment manager, collecting funds from the public through Islamic contracts such as *mudharabah* and *musyarakah*, then channeling these funds to productive sectors without involving interest. Thus, Islamic banking not only functions as a provider of financial services but also as an active investor that contributes to economic development. In addition, Islamic banking performs a social function by collecting and distributing *zakat*, *infaq*, and *sadaqah* funds, which strengthen the humanitarian and welfare aspects of society. (Huda, 2023)

More broadly, Islamic banking makes a real contribution to national economic development by focusing on financing micro, small, and medium enterprises (MSMEs). With the principles of interest-free financing and risk sharing, Islamic banks provide broader financial access to business owners who were previously difficult to reach by conventional banks. This not only supports bottom-up economic growth but also helps reduce social inequality and create new job opportunities, thereby contributing to the equitable distribution of welfare among the community. (Sakti, 2022)

In addition, Islamic banking plays a strategic role in community economic development through financial products that comply with Islamic principles and are oriented towards the common good. Islamic banks also promote financial inclusion by providing services that are friendly and accessible to all levels of society, including those in remote areas. Sustainability and sustainable development are core commitments of Islamic banking, which provides financing that takes social and environmental aspects into consideration.

Historically, Islamic banking in Indonesia has shown significant growth in terms of assets and profits, and has become increasingly accepted by the public. The main advantage of the Islamic banking system is the fair distribution of risk between banks and customers through profit-sharing mechanisms, which makes the Islamic financial sector more stable and resistant to global economic fluctuations. This makes Islamic banking not only a *halal* financial alternative but also a driver of inclusive economic growth in Indonesia. (Hassan, 2020)

In Indonesia, Islamic banking has experienced significant growth, with a market share reaching 10% of the total national banking sector in 2022, as reported by the Financial Services Authority (OJK, 2022). However, public awareness of this system, especially among *santri* (Islamic boarding school students) as the younger generation in Islamic boarding schools, is still relatively low. *Santri* have great potential to become agents of change in the Islamic economy, but empirical data shows a striking gap in understanding. The 2022 National Survey of Financial Literacy and Inclusion (SNLIK) by OJK revealed that national financial literacy only reached 49.7%, with lower figures in rural areas such as East Java, at 42%. More specifically, data from Bank Indonesia (2021) shows that only 30% of Indonesian Muslims truly understand the basic concepts of Islamic banking.

Sharia financial literacy includes in-depth knowledge of instruments such as sharia savings, halal investments, and takaful insurance. A study by (Sari, 2020) in East Java found that santri often place more emphasis on religious education than on developing economic skills, resulting in low levels of financial literacy. Meanwhile, local research by (Kusuma, 2021) in Bangkalan revealed that only 25% of santri have ever used Islamic banking services, with the main reason being a lack of understanding of its principles. These findings emphasize the need for educational interventions to raise awareness among santri, in order to support more inclusive Islamic economic growth in Indonesia.

Previous research by (Rini, 2020) shows that Islamic financial literacy education programs can significantly improve students' understanding and ability to manage their personal finances more effectively. Through a practical and relevant educational approach, this program instills awareness of the importance of responsible financial management in accordance with Islamic law. In addition, Islamic financial literacy also provides opportunities for students to understand Islamic financial products, such as mudharabah-based savings, musyarakah-based financing, and takaful-based insurance, all of which are designed to promote fairness and sustainability in economic transactions.

Sharia financial literacy is a deep understanding of the financial system based on Islamic principles, such as avoiding riba (interest), gharar (excessive uncertainty), and maysir (haram speculation). This concept not only involves halal personal financial management, but also encourages ethical investment and transaction practices, with the aim of achieving social welfare through elements such as zakat and waqf. In this context, literacy helps individuals recognize Islamic financial products, such as profit-sharing savings, takaful insurance, and halal investments, so that they can make decisions that are in line with religious values and avoid moral and financial risks.

The importance of Islamic financial literacy is increasingly felt in the era of globalization, where the Islamic economy is growing rapidly, estimated to reach a value of USD 3.8 trillion by 2023. This literacy increases financial inclusion for Muslim communities, reduces hidden usury practices, and supports sustainable development. (Dinda Sukma, 2023). Without adequate understanding, individuals risk getting caught up in unlawful transactions that can cause long-term losses, both economically and spiritually. Therefore, literacy education is key to building a more resilient and ethical society in managing wealth. (Melina Fichta et al., 2025)

The main components of Islamic financial literacy include basic principles such as riba, which is replaced by a profit-sharing system (mudharabah) or sale and purchase (murabahah), as well as gharar and maysir, which require transparency and real assets in investments. Zakat, as an obligation to pay 2.5% of certain assets, and waqf, as the management of assets for social purposes, are important pillars. Products such as Islamic deposits, sukuk (Islamic bonds), and financing through ijara or musyarakah contracts must also be thoroughly understood, including practical skills such as reading contracts, calculating zakat, and conducting sharia screening to avoid shares of companies involved in haram businesses. (Hidayah et al., 2024)

Sharia financial literacy in Islamic boarding schools serves as an important instrument in supporting the economic empowerment of the community. Students who are educated in Sharia financial literacy have the potential to become agents of change who can introduce and promote Sharia-based economic systems in their communities. This also

strengthens the role of Islamic boarding schools as institutions that not only focus on religious education but also contribute to the socio-economic development of the community. Another study by (Hasanah, 2021) found that students who received training in Islamic financial literacy were more likely to be able to make wise financial decisions, including in the use and management of their economic resources.

Low literacy regarding Islamic financial institutions among Islamic boarding school students in Bangkalan Regency can be an obstacle to the development of the Islamic economy. Therefore, financial literacy education programs for Islamic boarding school students are very important to bridge this gap. With a good understanding of the financial system, santri will not only be able to manage their personal finances wisely but also become agents of change in introducing Islamic financial principles to the wider community. Adequate financial literacy can also help santri understand the important role of Islamic economics as one of the pillars of equitable and sustainable community development.

This study discusses the level of Islamic financial literacy in three Islamic boarding schools, namely Syaichona Moh. Cholil Islamic Boarding School, Asshomadiyah Islamic Boarding School, and Darul Hikmah Islamic Boarding School. The Islamic financial literacy discussed in this study focuses more on the students' knowledge of Islamic financial institutions and the use of products at Islamic financial institutions. Through this study, it is hoped that deeper insights will be found on how Islamic banking plays a role in increasing students' awareness of Islamic financial literacy.

REVIEW OF LITERATURE

The Role of Islamic Banking in Improving Customer Understanding

Islamic banking plays an important role in providing a comprehensive understanding to students regarding Islamic economic principles. The interview results show that the education provided by banks is the most easily understood source of knowledge for students. Before the education was provided, most students only understood the terms *riba*, *gharar*, and *maysir* in terms of *fiqh* theory.

Islamic banking has a strategic role that is not only limited to being a financial intermediary institution, but also as an agent of public education in understanding and internalizing the principles of Islamic economics. This educational function is increasingly important given the low level of Islamic financial literacy among some communities, including *santri*, who are normatively familiar with the basic concepts of Islamic economics but do not yet fully understand their implementation in modern banking practices (OJK, 2022).

Sharia financial literacy is a key factor in improving customer understanding and awareness of Sharia banking products and services. (Safitri R. W., 2025) emphasizes that Islamic financial literacy not only covers knowledge about banking products and services, but also an understanding of the fundamental values of Islamic economics, such as fairness, transparency, balance, and the principle of risk sharing. Comprehensive literacy enables customers to relate normative concepts such as *riba*, *gharar*, and *maysir* to the operational practices of Islamic banks, so that the understanding formed is not partial or merely symbolic.

A number of studies show that Islamic financial literacy programs are more effective when implemented directly by Islamic banking institutions. (Mustofa, 2021) states that education organized by banks is perceived as more credible, applicable, and contextual by

customers because it is accompanied by technical explanations of product mechanisms, contracts, and inherent risks. This approach is considered capable of bridging the gap between the normative theory of muamalah fiqh and the empirical and institutional practices of Islamic banking (Ascaraya, 2018).

Furthermore, socialization of contracts is a crucial element in the Islamic banking education process. Explanations of key contracts such as murabahah, mudharabah, musyarakah, and ijarah help customers understand that every Islamic banking product is based on a clear contract that is valid under Islamic law and has certain legal and economic implications. (Nesneri, 2023) emphasizes that understanding contracts can change the public's perception of Islamic banks as merely “banks without interest” to financial institutions that have a fundamentally different economic system and philosophy from conventional banks. This understanding contributes to the formation of a deeper, more contextual, and rational awareness of Islamic economics.

Improved customer understanding of Islamic banking is significantly influenced by the quality of information and clarity of explanations provided by banks regarding contracts. Education that emphasizes contract transparency, product compliance with Islamic principles, and clarity regarding profit and risk mechanisms has been proven to improve customer understanding and positive perceptions of Islamic banks (Hidayat, 2021). Other studies show that a good understanding of contracts contributes to perceptions of sharia compliance, which is an important factor in shaping customer confidence in the legitimacy of Islamic banks' operations (Rizky, 2022). In addition, the quality of communication and education provided by Islamic banks also influences the improvement of contextual understanding of Islamic economic values, so that customers not only understand the products technically, but also the ethical and social objectives of Islamic banking (Rahmawati, 2023). Thus, the educational role of Islamic banking through the delivery of clear information in accordance with Sharia principles is an important element in increasing customer understanding and awareness of the Islamic financial system.

The Urgency of Sharia Financial Literacy

Sharia financial literacy equips students with the essential knowledge and skills to make financial decisions that are in line with Islamic principles. This understanding covers several fundamental aspects:

- a. **Basic Principles of Islamic Economics:** Students need to have a deep understanding of core concepts such as halal, haram, riba, gharar (uncertainty), and maysir (gambling), as well as the values of justice, transparency, and social responsibility that form the basis of Islamic economics. This understanding is a prerequisite for distinguishing sharia-compliant financial products.
- b. **Sharia Banking Products and Services:** Financial literacy enables santri to recognize and understand various sharia banking products, such as sharia savings, murabahah (sale and purchase) financing, mudharabah (profit sharing), musyarakah (partnership), ijarah (lease), and sukuk (sharia bonds). They must also understand the fundamental differences between Islamic and conventional banking (Hidayat, 2019).
- c. **Holistic Benefits of Islamic Banking:** Students must realize that Islamic banking not only offers material benefits, but also blessings because it operates in accordance with Islamic law. This includes avoiding usury, supporting the real sector, and contributing to the welfare of the people through the instruments of zakat, infaq, and sadaqah.

- d. Risk Management and Financial Planning: Financial literacy also includes understanding the inherent risks in Islamic investments and wise financial management strategies, including personal financial planning and sustainable long-term investments.

With adequate Islamic financial literacy, santri can transform into smart consumers, able to choose banking products that are in line with their beliefs, and even become agents for promoting Islamic banking in their social environment.

The santri view Islamic financial literacy as very important for avoiding practices that are contrary to Sharia law. They realize that ignorance of basic concepts such as *riba* and *gharar* can cause someone to engage in transactions that are not *halal*.

This understanding is in line with the opinion of Wardani and Maksum (2023) that Islamic financial literacy serves as a tool to prevent risky transactions that are not in accordance with Islamic principles.

Students also consider financial literacy as preparation for the future, especially for those who want to start a business or continue their studies in Islamic economics. This finding reinforces the research by Amani and Masrukhan (2025), which states that financial literacy improves the financial planning abilities of the younger generation.

Factors Affecting Islamic Banking Awareness Among Islamic Boarding School Students

- a. Sharia Financial Literacy and Knowledge

Sharia financial literacy is an individual's ability to understand the basic concepts, principles, and operational mechanisms of Islamic banking. Knowledge of the prohibition of usury, the concept of profit sharing, and types of sharia contracts form the basis of awareness. Research shows that the higher the level of Islamic financial literacy, the higher the awareness and positive attitude of individuals towards Islamic banking. Good literacy helps santri understand the fundamental differences between Islamic banks and conventional banks, thereby increasing their interest in and trust in the Islamic banking system (Safitri R. W., 2025).

- b. Religiousness

Religiousness reflects a person's level of commitment to the teachings and values of Islam. In the context of Islamic banking, religiousness acts as a moral incentive that influences individuals' awareness of the importance of using financial services that are in accordance with Sharia. Students who have a high level of religiousness tend to be more sensitive and aware of the existence of Islamic banking because the system is seen as a form of implementing Islamic values in economic activities. Recent studies show that religiosity contributes positively to Muslim consumers' awareness and attitudes towards Islamic banking (La Ode Alimusa, 2024).

- c. Social Norms and the Pesantren Environment

The social environment plays an important role in shaping individual awareness. For santri, the influence of the pesantren environment, such as the role of the *kyai*, *ustaz*, and fellow santri, is very dominant in shaping economic mindsets and behavior. Social norms that emphasize the importance of compliance with Sharia principles will encourage santri to become more familiar with and understand Islamic banking. Based on the Theory of Planned Behavior, subjective norms from the social

environment can influence individual awareness and intentions in using certain services, including Islamic banking (Safitri R. W., 2025).

d. Access to Information and Socialization

Access to information and socialization activities are important factors in increasing santri awareness. Information obtained through the media, seminars, financial education, or cooperation between Islamic boarding schools and Islamic banking institutions can broaden students' knowledge about Islamic products and services. The lack of socialization is often the cause of low public awareness of Islamic banking. Therefore, providing information that is easy to understand and relevant to students' needs can significantly increase their awareness (Meisha, 2024).

e. Perception of Risk and Benefits

Students' perception of the risks and benefits of Islamic banking also influences their level of awareness. If Islamic banking is perceived to have clear benefits, such as conformity with religious principles and fairness in transactions, awareness will increase. Conversely, perceptions of risk, such as a lack of understanding of contracts or doubts about the bank's performance, can hinder the awareness process. Recent research shows that a perception of benefits that is more dominant than the perception of risk has a positive effect on awareness and interest in Islamic banking (La Ode Alimusa, 2024).

The Strategic Role of Financial Literacy in Raising Awareness

Financial literacy plays a central role in overcoming these challenges and significantly increasing santri awareness of Islamic banking through the following approaches:

- a. Comprehensive and Structured Education: Development of financial literacy programs specifically designed for santri, covering modules on the basics of Islamic economics, Islamic banking products, benefits, and mechanisms for their use. This education can be integrated into the Islamic boarding school curriculum or delivered through interactive seminars and workshops (OJK, 2021).
- b. Case Study Approach and Empirical Examples: The use of case studies and real-life examples of Islamic banking success, both at the local and national levels, can make the material more relevant and interesting for students, demonstrating the practical application of the theory being studied.
- c. Active Involvement of Islamic Banking Practitioners: Inviting Islamic banking practitioners to share their experiences, knowledge, and industry insights can provide valuable practical perspectives and motivate students to delve deeper into this field.
- d. Optimizing the Use of Digital Technology: The use of digital media, such as educational videos, interactive mobile applications, or e-learning platforms, can expand the reach of education and increase the effectiveness of delivering material to students.
- e. Strategic Collaboration between Islamic Boarding Schools and Sharia Banks: Building strategic partnerships between Islamic boarding schools and sharia banking institutions to create a supportive ecosystem. This can be achieved through programs such as opening special sharia accounts for students, internship programs, or sharia entrepreneurship training.

- f. Establishment of Sharia Financial Literacy Ambassadors: Training selected students as Sharia financial literacy ambassadors who have the ability to disseminate information and educate their peers in the Islamic boarding school environment, creating a snowball effect in raising awareness. (Triwibowo, 2020)

Several initiatives have proven effective in improving Sharia financial literacy among students. The “Santri Cakap Keuangan Syariah” (Islamic Finance Competent Students) program, initiated by the Financial Services Authority (OJK) in collaboration with various Islamic financial institutions and Islamic boarding schools throughout Indonesia, is a concrete example. This program aims to provide a basic understanding of Islamic financial products and services and encourage students to become agents of change in the development of the Islamic economy (OJK, 2021).

Financial literacy plays a strategic role in shaping the financial awareness of Islamic boarding school students. With the right understanding, students begin to develop habits of saving, managing their pocket money, and understanding the structure of Islamic financing. This behavior change is an indicator of the success of education.

Theoretically, Islamic financial literacy does indeed function as a catalyst for financial behavior change (Tedy & Yusuf, 2022). This awareness not only shapes healthier financial attitudes but also strengthens Islamic identity in daily financial management.

RESEARCH METHOD

This study uses a qualitative descriptive method to comprehensively understand various phenomena experienced by subjects, such as behavior, perceptions, motivations, and actions. This understanding is obtained through verbal descriptions and language in a natural context, utilizing various scientific methods. In short, qualitative research aims to find answers to a phenomenon or question through systematic scientific procedures. (Moleong, January 2007)

The data collection techniques used in this study were interviews, observation, and documentation. Interviews were conducted at three Islamic boarding schools, namely Syaichona Moh. Cholil Islamic Boarding School, Asshomadiyah Islamic Boarding School, and Darul Hikmah Islamic Boarding School, as well as Islamic financial institutions in Bangkalan Regency. The interview results were used to provide facts in the writing that santri still minimally use Islamic banking products. The author conducted observations by visiting the Islamic boarding schools directly. The author also used the observation results as factual findings in the field related to the condition of Islamic financial literacy among Islamic boarding school administrators in Bangkalan. The results of the observation can reinforce the results of interviews with several administrators.

Data analysis in this qualitative study consists of data reduction, data presentation, and conclusion drawing. (Prof. Sugiyono, 2022) The data reduction stage involves the process of selecting, focusing, simplifying, and transforming raw data from interviews, observations, and documentation into a more concise and relevant form. At this stage, researchers summarize the data obtained, eliminate non-essential information, identify main themes such as low Islamic financial literacy among students and administrators, and look for patterns or relationships between data to obtain a clearer picture of the phenomenon being studied. Data reduction is carried out repeatedly throughout the data collection process so that researchers can focus on important aspects without losing sight of the overall picture.

After that, the data presentation stage is carried out by compiling the reduction results in an easy-to-understand descriptive narrative form, such as a summary of findings from interviews and observations presented in structured paragraphs or thematic tables. This presentation aims to facilitate interpretation and draw in-depth conclusions about Islamic financial literacy at the Bangkalan Islamic boarding school.

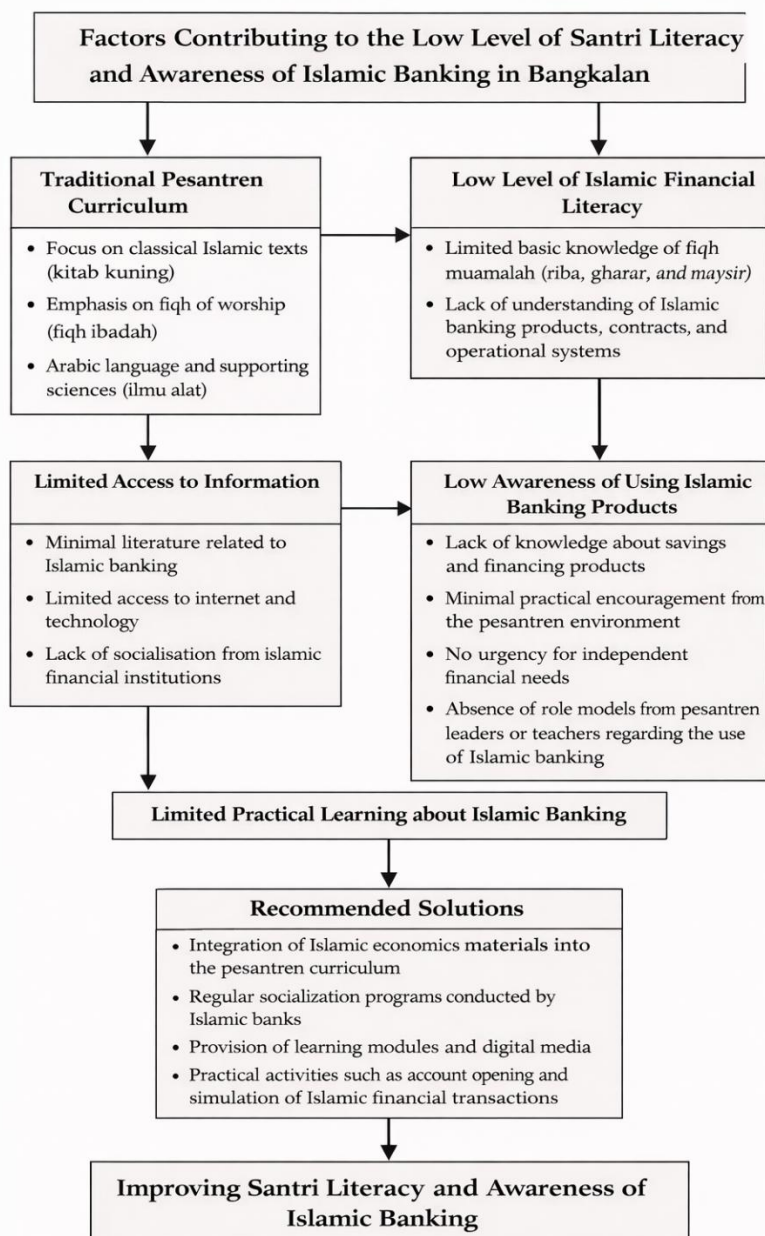
To ensure data validity, this study used source triangulation and technique triangulation. Source triangulation was conducted by comparing data from various informants, such as administrators of the Syaichona Moh. Cholil, Asshomadiyah, and Darul Hikmah Islamic boarding schools, as well as representatives of Islamic financial institutions in Bangkalan Regency, to verify consistency and reduce the subjective influence of a single source. Meanwhile, technique triangulation involves the use of various data collection methods (interviews, observations, and documentation) to mutually confirm findings. For example, the results of interviews regarding the minimal use of Islamic banking products are reinforced by direct observations of economic activities and fund account management in the field. This approach enhances the credibility and reliability of the data, making the research conclusions more scientifically accountable. (Sugiyono, 2019)

RESULTS AND DISCUSSION

The level of Islamic financial literacy among Islamic boarding school students in Bangkalan Regency is still low and has not developed optimally. Basic knowledge of muamalah fiqh is understood by most students, such as the prohibition of usury, gharar transactions, and the principles of valid buying and selling. However, this knowledge is still normative and has not developed into a practical understanding of the implementation of the Islamic financial system in modern financial institutions.

This phenomenon shows a gap between the students' theoretical understanding and its application in economic reality. This gap arises because students do not have adequate learning resources on modern Islamic banking. Islamic economics material taught in Islamic boarding schools is often limited to the discussion of classical texts, so that learning about the operational mechanisms of Islamic banks, such as murabahah, mudharabah, musyarakah, and ijarah contracts, is not conveyed in detail or in terms of its technical application.

In addition, observations show that Islamic boarding schools do not yet have integrated Islamic financial literacy facilities, such as learning modules, multimedia learning tools, or adequate internet access. As a result, santri face obstacles in accessing new information, especially developments in the national and global Islamic economy.



Limited Access to Information as a Dominant Factor in Low Literacy

The results of the study explain that limited access to information is the most dominant factor causing low Islamic financial literacy among santri. These barriers to access to information cover several aspects:

a. Limited sources of literature and learning media

Pesantren in Bangkalan do not yet provide sufficient literature on Islamic banking. There are not many books available on modern contracts, Islamic banking instruments, Islamic fund management, or the national Islamic financial system. As a result, santri have no learning media other than their teachers' explanations, which are limited in scope.

b. Lack of exposure to information technology

Some Islamic boarding schools restrict the use of gadgets and the internet. This restriction is intended to maintain student discipline, but indirectly hinders their access to digital information about Islamic finance. In fact, the development of the Islamic economy is very dynamic, and much important information is only available on digital platforms.

c. Absence of regular educational activities from external institutions

The results of the study also show that Islamic boarding schools rarely receive visits or socialization from Islamic financial institutions. As a result, students do not get direct exposure to the real practices of the Islamic finance industry.

This limited access has resulted in santri having a low ability to recognize products, understand the working mechanisms of Islamic banks, and distinguish the advantages and characteristics of Islamic banks compared to conventional banks.

The pesantren curriculum in Bangkalan still focuses on traditional religious teaching and has not fully integrated contemporary Islamic economics. Discussions on Islamic banking only appear briefly through muamalah fiqh, and even then only in the form of classical theory, not in a modern context.

The pesantren curriculum devotes a large portion to:

- a) the study of classical Islamic texts,
- b) Arabic language learning,
- c) linguistic sciences such as nahwu-sharaf,
- d) and discussions of fiqh ibadah.

However, very little material discusses:

- a) the operational systems of Islamic financial institutions,
- b) Islamic banking products,
- c) contemporary contracts,
- d) Islamic risk management,
- e) Islamic personal financial planning,
- f) or halal investment strategies.

In fact, in the context of national economic development, Islamic financial literacy is an important necessity. Islamic boarding schools, as Islamic educational institutions, should be at the forefront of teaching and promoting Islamic economic principles so that students can become agents of change in society.

This curriculum mismatch results in students lacking the ability to comprehensively understand the operations of Islamic banks. They only understand the legal aspects of fiqh, but do not understand how these laws are implemented in modern Islamic financial products.

Low Awareness of Islamic Banking Products Among Students

The findings of the study show that the level of awareness among students in using Islamic banking products is still low. This low level of awareness is influenced by several factors:

- a. Lack of understanding about the types of Islamic banking products Students do not know the difference between mudharabah and wadiah savings, do not understand how murabahah margins are calculated, or how mudharabah profit sharing is applied to Islamic deposits.
- b. Lack of practical encouragement from the pesantren environment

Pesantrens do not provide collective Islamic account opening programs, do not use Islamic banks as partners in managing pesantren finances, and do not integrate financial practices into santri activities.

c. Minimal financial needs of santri

Santri generally do not yet have the need to manage money independently. They are still completely dependent on their parents, so they do not have the urgency to open accounts or transact through Islamic banks.

d. Lack of role models or real-life examples

If Islamic boarding schools or teachers use conventional banks, students tend to follow suit. Information about the benefits of Islamic banking is also not widely accepted.

This low level of awareness is consistent with the abstract results, which state that students are not yet aware of the importance of using Islamic banking products in their daily lives.

Lack of Socialization and Education from BSI KCP Bangkalan

An important part of the research results is the lack of socialization and education provided by Bank Syariah Indonesia (BSI) KCP Bangkalan to Islamic boarding schools. This lack of socialization deprives santri of the opportunity to:

- a. get to know Islamic banking products firsthand,
- b. understand the operational mechanisms of Islamic banks from practitioners,
- c. ask questions related to contracts, risks, and product benefits,
- d. receive basic training in financial management,
- e. gain firsthand experience in transactions using Islamic products.

Socialization activities, which should be carried out regularly, are often only conducted occasionally, and some Islamic boarding schools have never been visited. In fact, BSI, as the largest Islamic bank in Indonesia, has a major responsibility in improving public literacy, including that of students, who are an important target group in the development of the Islamic economy.

CONCLUSION

Based on the results of the research conducted, it can be concluded that the level of Islamic financial literacy among Islamic boarding school students in Bangkalan Regency is still relatively low and has not developed optimally. Although most students understand the basic concepts of fiqh muamalah, such as the prohibition of usury, gharar, and maysir, this understanding is still theoretical and has not been followed by a practical understanding of the application of the Islamic financial system in modern banking institutions.

This low level of Islamic financial literacy is influenced by several main factors, including limited access to information, a pesantren curriculum that has not fully integrated contemporary Islamic economics, and a lack of literacy tools such as learning modules, digital media, and practical educational activities. In addition, the low financial needs of santri and a lack of encouragement from the pesantren environment also cause santri to have low awareness of using Islamic banking products.

This study also shows that Islamic banking plays a very important role in increasing students' awareness and understanding of Islamic financial literacy. Education and socialization carried out directly by Islamic banking institutions have proven to be able to

provide a more concrete and easy-to-understand understanding for students, especially regarding Islamic banking contracts and the fundamental differences between Islamic banks and conventional banks. However, the intensity of outreach activities from Bank Syariah Indonesia (BSI) KCP Bangkalan to Islamic boarding schools is still minimal and uneven.

Therefore, stronger cooperation between Islamic boarding schools and Islamic banking institutions is needed to develop structured, sustainable, and applicable Islamic financial literacy programs. The integration of Islamic finance material into the Islamic boarding school curriculum, increased access to information, and the implementation of regular educational activities by Islamic banking institutions are expected to increase students' awareness in understanding and using Islamic financial products. With increased Islamic financial literacy, students are expected to become agents of change in the development of a fair, inclusive, and sustainable Islamic economy in society.

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