

Empowering Islamic Bank Customers in the Digital Age: The Impact of Financial Literacy on Satisfaction and Marketing Perception

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ABSTRACT

This research aims to analyze the role of financial literacy in increasing customer satisfaction with Islamic bank marketing strategies in the digital era. The development of digital technology has changed the landscape of the banking industry, including the implementation of digital service-based marketing strategies. Financial literacy is an important factor in helping customers understand banking products and services, especially in the context of compliance with sharia principles. This research uses a quantitative approach with the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method through the SmartPLS application. The research sample consisted of 174 respondents who are users of Islamic bank digital services in Indonesia. The results showed that financial literacy has a positive and significant effect on customer satisfaction but has no direct effect on perceptions of digital marketing strategies. In addition, customer satisfaction is proven to fully mediate the relationship between financial literacy and perceptions of digital marketing strategies of Islamic banks.

1. INTRODUCTION

In recent years, the rapid advancement of digital technology has significantly transformed the financial services landscape, including within the Islamic banking sector. The integration of banking services through mobile and electronic platforms—such as mobile banking, e-services, and digital marketing—has reshaped how banks interact with their customers. This evolution

demands a strategic shift from traditional approaches to more customer-centric and technology-driven models. Zouari and Abdelhedi (2021) emphasize that customer satisfaction in Islamic banking is strongly influenced by the ethical and transparent adoption of digital technologies.

Financial literacy has become an increasingly crucial aspect in empowering customers to make informed and responsible financial decisions, especially in understanding and utilizing digital banking features. Numerous studies have demonstrated that higher levels of financial literacy contribute to greater customer trust, responsible service usage, and overall satisfaction (Rasyid et al., 2023). Within the Islamic banking context, financial literacy encompasses an understanding of Sharia principles, including the prohibition of *riba* (interest), the importance of justice, and ethical conduct in financial transactions. Al-Awlaqi and Aamer (2023) further argue that Islamic financial literacy plays a dominant role in shaping customer preferences for Islamic banking products.

At the same time, customer satisfaction is a key indicator in evaluating the effectiveness of digital marketing strategies. Ethical, transparent, and user-friendly promotional activities are essential in building trust and fostering long-term relationships between customers and Islamic financial institutions (Nasution et al., 2022). Despite the growing adoption of digital financial services, recent research indicates that the level of financial literacy in Indonesia remains relatively low, particularly within the Islamic banking sector (Nugroho et al., 2021).

This gap highlights the need for further investigation into the role of financial literacy in enhancing customer satisfaction with Islamic banks' digital marketing strategies. Although prior studies have separately addressed financial literacy and customer satisfaction, few have integrated these dimensions within the context of Islamic banks' digital marketing efforts. Therefore, this study aims to examine the role of financial literacy in improving customer satisfaction with Islamic digital marketing strategies. By exploring the relationships among these variables, this research seeks to contribute to both theoretical development and practical implementation in the field of Islamic financial marketing.

2. LITERATURE REVIEW

2.1. Financial Literacy in the Context of Islamic Banking

Financial literacy refers to an individual's ability to understand, utilize, and apply financial information and skills effectively—such as personal financial management, budgeting, and

investment activities. In the context of Islamic banking, financial literacy encompasses an understanding of financial products that align with Sharia principles, including ethical values such as the prohibition of *riba* (interest), risk-sharing principles, and transparency in financial transactions.

According to Rasyid et al. (2023), financial literacy significantly influences consumer behavior in the digital financial ecosystem. Consumers with a sound understanding of financial concepts tend to utilize digital banking services more wisely and in accordance with their financial goals. As'ad et al. (2024) assert that Islamic financial education plays a crucial role in encouraging positive customer behavior toward Islamic banking services. In this context, financial literacy not only serves as a tool for making economic decisions but also acts as a medium for applying religious values in financial transactions (Nugroho et al., 2021).

2.2. Customer Satisfaction in Islamic Digital Banking

Customer satisfaction is a psychological state resulting from the comparison between customer expectations and the actual performance of the services received. In the context of digital banking, elements such as ease of use, system reliability, service responsiveness, and perceived value are key determinants of customer satisfaction (Nasution et al., 2022).

In Islamic banking, customer satisfaction is also influenced by the perception of Sharia compliance, ethical practices, and trust. Herlina et al. (2024) found that both technological factors and Islamic values jointly contribute to enhancing customer satisfaction in Islamic banks. When a bank is able to deliver services that are aligned with Sharia values, customers tend to have greater trust and demonstrate stronger loyalty, thereby positively impacting their overall satisfaction (Nurdin & Nursyamsiah, 2023).

2.3. Digital Marketing Strategies in Islamic Banks

Digital marketing strategies in Islamic banking involve the use of digital channels such as social media, mobile applications, and online platforms to communicate, promote, and deliver financial services that are transparent, educational, and Sharia-compliant. Effective digital marketing strategies are expected to be ethical, transparent, and aligned with Islamic marketing principles (Rahman et al., 2022).

The integration of functional digital strategies with spiritual resonance plays a vital role in attracting and retaining customers. When properly implemented, digital marketing not only serves as a tool to reach a wider audience but also as a medium for building long-term relationships based on mutual benefit and trust. Rochmad et al. (2023) emphasize the importance of Sharia compliance in enhancing customer relationship quality and loyalty in the digital era.

2.4. The Role of Financial Literacy in Enhancing Customer Satisfaction

Research shows a significant relationship between financial literacy and customer satisfaction. Customers with better financial knowledge tend to appreciate the value of banking services more, understand the principles of returns and risk, and are able to select products that suit their needs (Yuniarti et al., 2023). This understanding helps form more realistic expectations and leads to greater satisfaction when these expectations are met.

In Islamic banking, financial literacy also contributes to higher customer engagement with marketing messages that align with ethical principles. This fosters more meaningful interactions and results in higher levels of satisfaction. Qurrata et al. (2024) further note that Islamic financial literacy enhances customers' investment intentions toward Sharia-based products.

3. METHODOLOGY

This study adopts a quantitative research approach using a causal-explanatory research design, aiming to analyze the relationships between financial literacy, customer satisfaction, and perceptions of digital marketing strategies in Islamic banking. The research employs Structural Equation Modeling - Partial Least Squares (SEM-PLS) with the assistance of SmartPLS software, due to its ability to handle complex models with relatively small sample sizes and non-normally distributed data.

The target population consists of all users of Islamic digital banking services in Indonesia. A non-probability purposive sampling technique was applied, with the following inclusion criteria for respondents: (1) Actively using Islamic digital banking services (e.g., mobile banking, e-wallets, etc.), (2) Aged 17 years or older, (3) Concerned with or experienced in making financial decisions.

A total of 174 valid responses were collected. Data were obtained using a structured online questionnaire distributed via Google Forms, shared through social media platforms, messaging

applications, and academic groups. The questionnaire employed a five-point Likert scale, ranging from “Strongly Disagree” (1) to “Strongly Agree” (5).

The analytical method used was SEM-PLS, processed with SmartPLS version 4. This method was chosen due to its flexibility in dealing with complex exploratory models and its effectiveness when working with small to medium-sized samples.

4. RESULT AND DISCUSSIONS

4.1. Respondent Demographics

To provide context for the data analysis, the following table presents the demographic profile of the respondents who participated in this study. The characteristics covered include gender, age, education level, and monthly income. This demographic overview is essential for understanding the diversity and relevance of the sample, as it reflects the range of perspectives among users of Islamic digital banking services.

Table 1. Respondent Demographics

Respondent Characteristics	Category	Frequency (n)	Percentage (%)
Gender	Male	82	47.13
	Female	92	52.87
Age	< 20 years	17	9.77
	21–30 years	83	47.7
	31–40 years	43	24.71
	> 40 years	31	17.82
Education Level	≤ Senior High School	40	22.99
	Diploma	42	24.14
	Bachelor's Degree	77	44.25
	Postgraduate (Master/PhD)	15	8.62
Monthly Income	< IDR 3 million	46	26.44
	IDR 3–5 million	56	32.18
	IDR 5–10 million	37	21.26
	> IDR 10 million	35	20.12

The demographic data indicate that the respondents were relatively well-distributed across gender and age groups, with the majority falling within the 21–30 years age range (47.7%). Most participants held at least a bachelor's degree (44.25%), suggesting a relatively high level of

education among users of Islamic digital banking. Additionally, income levels were fairly diverse, though the largest group earned between IDR 3 and 5 million per month (32.18%). This diversity strengthens the representativeness of the sample in capturing the perspectives of digital Islamic banking users in Indonesia.

4.2. Evaluation of the Outer Model

The evaluation of the measurement model (outer model) was conducted to assess the validity and reliability of the constructs. The results show that all outer loadings exceeded the threshold of 0.70, indicating strong indicator reliability (Hair et al., 2019). Furthermore, the Average Variance Extracted (AVE) values for each construct were above 0.50, confirming the presence of convergent validity.

In addition, the Composite Reliability (CR) values for all constructs were greater than 0.70, meeting the required threshold for internal consistency reliability. Therefore, it can be concluded that the measurement model in this study satisfies the criteria for both validity and reliability.

Table 2. Validity and Reliability Tests

Constructs and Items	Loading	Cronbach α	CR	AVE
Financial Literacy		0.931	0.952	0.739
I understand the basic concept of interest and profit-sharing in Islamic banking products.	0.907			
I can identify the differences between conventional savings and Islamic savings.	0.930			
I am aware of the risks and benefits of Islamic financing products.	0.795			
I understand the concept of contracts (akad) in Islamic banking transactions.	0.850			
I am capable of making financial decisions based on the information I have.	0.877			
I know how to manage a personal financial budget.	0.822			
I can distinguish between Islamic and non-Islamic investment products.	0.827			
Customer Satisfaction		0.956	0.971	0.829
I am satisfied with the services provided by the Islamic bank.	0.923			
The products of Islamic banking meet my needs.	0.932			

Constructs and Items	Loading	Cronbach α	CR	AVE
I feel comfortable interacting with the staff of the Islamic bank.	0.856			
Digital transactions through the Islamic bank's app are easy to perform.	0.932			
The Islamic bank provides quick and effective solutions to my problems.	0.903			
I feel valued as a customer by the Islamic bank.	0.918			
I would recommend the Islamic bank to others based on my experience.	0.909			
Perception of Digital Marketing Strategies		0.950	0.967	0.805
Information about Islamic bank products through digital media is easy to understand.	0.905			
The digital promotions of the Islamic bank attract my attention.	0.926			
The social media of the Islamic bank helps me get information about the latest products.	0.842			
I feel that the digital marketing strategies of the Islamic bank are relevant to my needs.	0.894			
The Islamic bank's mobile banking app provides a positive user experience.	0.924			
The loyalty programs promoted digitally increase my interest in using Islamic banking products.	0.868			
I feel well-informed through the digital campaigns of the Islamic bank.	0.920			

4.3. Evaluation of the Inner Model

The evaluation of the structural model (inner model) focuses on the model's explanatory power and the significance of the hypothesized relationships. The coefficient of determination (R^2) for the variables *Customer Satisfaction* and *Perception of Digital Marketing Strategy* are 0.502 and 0.755, respectively. This indicates that:

1. Financial Literacy explains 50.2% of the variance in Customer Satisfaction.
2. Collectively, Financial Literacy and Customer Satisfaction explain 75.5% of the variance in the Perception of Digital Marketing Strategy.

According to Chin (1998), an R^2 value above 0.26 is considered substantial. Therefore, the explanatory power of this model can be classified as strong.

Hypothesis testing was conducted using the bootstrapping method in SmartPLS. The summary of the path coefficients is presented in the table below:

Table 2. Structural Model Results

Hypothesis	Path	Coefficient (β)	t-statistic	p-value	Result
H1	Financial Literacy → Customer Satisfaction	0.709	9.287	0.000	Supported (Significant)
H2	Financial Literacy → Perception of Digital Marketing Strategy	0.086	0.935	0.351	Not Supported
H3	Customer Satisfaction → Perception of Digital Marketing Strategy	0.767	11.567	0.000	Supported (Significant)

The analysis shows that Financial Literacy has a significant and positive influence on Customer Satisfaction (H1), and Customer Satisfaction significantly influences the Perception of Digital Marketing Strategy (H3). However, Financial Literacy does not have a direct and significant effect on the Perception of Digital Marketing Strategy (H2). This implies that the effect of Financial Literacy on perception may be mediated through satisfaction.

4.4. Discussion

The findings of this study underscore the importance of financial literacy as a means of empowering Islamic bank customers in navigating the digital financial landscape. The significant positive effect of financial literacy on customer satisfaction confirms that well-informed customers feel more confident and in control when engaging with digital banking services. This aligns with Rasyid et al. (2023), who emphasized that financial awareness fosters trust and enhances user satisfaction, particularly in Sharia-based financial institutions.

However, the absence of a direct relationship between financial literacy and customer perception of digital marketing strategies suggests that empowerment through knowledge alone is not sufficient to shape perception. Instead, satisfaction acts as a key intermediary that translates understanding into positive attitudes. This supports the findings of Nasution et al. (2022), which indicate that satisfaction serves as a critical bridge between customer knowledge and their perception of service or marketing communication. The results of this study are in line with other studies, that the recommended strategies include utilizing social media for marketing,

product optimization, and product alignment with customer demand. This strategy aims to increase competitiveness and meet consumer expectations effectively (Hardianti, & Asyari, 2024).

Furthermore, customer satisfaction significantly influences perceptions of digital marketing strategies. This result highlights that customers who are satisfied with Islamic banking services are more likely to respond positively to digital marketing efforts, especially when these strategies align with Sharia principles. This is consistent with the findings of Rahman et al. (2022), which show that trust and satisfaction play a central role in enhancing the effectiveness of ethical and value-driven marketing in Islamic financial institutions.

The mediation analysis confirms that customer satisfaction fully mediates the relationship between financial literacy and marketing perception. This indicates that empowering customers with knowledge not only increases their satisfaction but also indirectly shapes how they perceive marketing messages in the digital age. These results are in line with Rezeki et al. (2023), who found that Sharia-compliant digital service quality improves customer loyalty through e-satisfaction.

From a Sharia perspective, these findings highlight the importance of ethical marketing practices grounded in transparency, fairness, and trust. Empowering customers in the digital era requires not only financial education but also service and communication strategies that are consistent with Islamic values.

5. CONCLUSION

This study aimed to investigate the role of financial literacy in enhancing customer satisfaction and their perception of digital marketing strategies in Islamic banks in the digital era. The findings of this research reveal the following: (1) Financial literacy has a significant positive effect on customer satisfaction; (2) Financial literacy does not have a direct effect on customer perception of digital marketing strategies; (3) Customer satisfaction significantly affects perception of digital marketing strategies.

These results highlight the crucial role of financial literacy in increasing customer satisfaction, which ultimately strengthens customers' positive perceptions of the digital marketing efforts of Islamic banks.

From a Sharia finance perspective, the findings emphasize the importance of not only educating customers about financial matters but also ensuring that marketing strategies uphold transparency, ethical standards, and compliance with Islamic values.

This study contributes to the existing literature by integrating the concepts of financial literacy, customer satisfaction, and digital marketing within the context of Islamic banking. It extends previous research by demonstrating the mediating role of customer satisfaction, particularly in the context of Islamic banks' efforts to adapt to digital transformation.

Furthermore, the study reinforces the importance of financial literacy and satisfaction-based approaches in Islamic bank marketing strategies, aligning with the findings of Legass et al. (2025), which underscore the role of digital satisfaction in enhancing customer loyalty in Islamic banking. These findings provide empirical evidence supporting the significance of financial education and customer-focused service strategies in strengthening the effectiveness of digital marketing in Sharia financial institutions.

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