



Exploring How Islamic Financial Literacy, Promotion, and Product Quality Affect Saving Intention Through Customer Trust as Mediator

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ABSTRACT

This research aims to analyze the effect of Islamic financial literacy, promotion, and product quality on saving intention in Islamic microfinance with customer trust serving as mediator. The samples were selected from customers (n = 170) of Islamic microfinance institutions in Central Java, Indonesia. Data were collected using a questionnaire and the Partial Least Squares Structural Equation Modeling (PLS-SEM) as the data processing tool. The results of this research revealed that Islamic financial literacy and product quality have a positive and significant effect on customer trust and saving intention. However, the promotion failed to have a significant direct effect on customer trust. In addition, customer trust mediates the effect of Islamic financial literacy and product quality towards the saving intention of Islamic products in Islamic microfinance. Nevertheless, customer trust did not serve as a significant mediator for the effect of the promotion on saving intention. Therefore, Islamic microfinance practitioners are encouraged to enhance saving intention by focusing on Islamic financial literacy, promotion, product quality, and customer trust. Moreover, the promotion needs to be developed using appropriate strategies to increase customer trust.

INTRODUCTION

Since the early 1990s, Islamic Microfinance Institution (IMFI) has become increasingly popular in many countries where the majority of the population is Muslim, especially in Indonesia (Rokhman & Abduh, 2020). Indonesia ranks first as the country with the largest Muslim population in the world. Based on data released by timesprayer as of July 3, 2025 (Timesprayer, 2025), the number of Muslims in Indonesia reached 245.3 million out of a total population of 282 million. Thus, it is not surprising that IMFI is growing rapidly in Indonesia.

IMFIs play an important role in the economy, but their competitiveness in the global market is still low. IMFIs have great potential in supporting the growth of Micro, Small, and Medium Enterprises (MSMEs) through sharia financing. IMFIs operate based on sharia principles that offer a fairer and transparent profit-sharing system, and avoid usury practices (Mubarrok et al., 2023). In Indonesia, most IMFIs are known as Baitul Maal wat Tamwil (BMT). BMT is a business organization whose role is to encourage investment and collaboration to create micro-enterprises and reduce poverty (Ajija, 2020). BMT has two main functions, namely as baitul maal and baitul tamwil. Baitul Maal aims to collect and distribute social funds, such as zakat, infaq, and alms. While Baitul Tamwil is in charge of providing sharia financing services for customers, such as working capital financing, investment, and others (Huda & Heykal, 2010).

Although the majority of Indonesians are Muslims, the reality shows that IMFIs have fewer customers than conventional microfinance institutions. This is due to many factors, such as low Islamic financial literacy, suboptimal promotion, lack of variety of products and services offered and lack of public trust in IMFI. These factors pose a challenge for IMFIs to increase their presence and market share.

One of the major challenges faced by IMFIs in Indonesia is the low level of Islamic Financial Literacy (IFL) in the community. The 2025 Financial Services Authority (OJK) National Survey on Financial Literacy and Inclusion (SNLIK) revealed a significant gap in literacy levels between Islamic and conventional finance in Indonesia. Sharia literacy stands at 43.42%, while conventional literacy reaches 66.45%. This indicates that more than half of Indonesia's population (around 56.58%) do not fully understand sharia-based financial products and services (Sharia knowledge center, n.d.).

Based on the SNLIK data, it can be interpreted that the increase in IFL, the greater the understanding and knowledge of the community towards Islamic financial principles, products and services, so that more people decide to use the products and services of Islamic financial institutions, including IMFI. The study of Albaity & Rahman (2019) corroborates this statement that IFL has a direct effect on the interest in saving 350 prospective Islamic bank customers in the UAE. The study of Suwarsi et al (2022) also supports the above research results that IFL has a positive and significant impact on business development in 1392 MSMEs in Yogyakarta, Indonesia. The same thing is also proven by the study Fauzi & Murniawaty (2020) which states that IFL owned by students affects the interest in saving in Islamic banks. However, in contrast to some of the research

above, the study of Mulyaningtyas et al (2020) revealed that financial literacy has no impact on students' interest in saving at Islamic banks in Malang City.

Another factor that can influence customer saving interest is promotion. With promotion, marketers can inform, persuade, and remind potential customers about IMFI products and services to influence customer opinions. The study Malik et al (2021) proves that promotion has a big impact on public interest in saving at BSI KCP Singkut in the village community Pelawan Jaya, Jambi. However, the study of Majhaf (2020) shows different results that promotion has no impact on people's interest in saving at Bank Muamalat Indonesia Palu, Central Sulawesi.

In addition to IFL and promotion, product quality and customer trust are important aspects that can increase people's preference in using IMFI services. The study of Hardana et al (2022) confirms that product quality has a large and favorable impact on saving interest in BSI Padangsidempuan Branch. However, in contrast to the above study, according to Ulya et al (2020) , the relationship between product quality and saving interest is not significant. Regarding the aspect of customer trust, the study of Nurrohmah & Purbayati (2020) proves that trust has a positive and significant effect on interest in saving in Islamic banks. But on the contrary, the study Aziz & Hendrastyo (2020) revealed that the interest in saving in Islamic banks Ulak Karang Branch, Padang City is not influenced by customer trust.

Based on the review of previous research above, there are still gaps in research results regarding the factors that influence interest in saving at Islamic financial institutions. Previous research emphasized the significance of IFL (Albaity & Rahman (2019; Suwarsi et al., 2022; Fauzi & Murniawaty, 2020) , promotion (Malik et al., 2021) and product quality (Hardana et al., 2022) in increasing interest in saving. However, the study of Mulyaningtyas et al (2020; Majhaf, 2020; Ulya et al., 2020) shows different research results. Therefore, this study seeks to fill this gap by examining the effect of IFL, promotion and product quality on saving interest with customer trust as an intervening variable at IMFIs in Central Java. Hopefully, the results of this research can develop a more comprehensive model of customer acceptance behavior towards IMFIs.

THEORETICAL REVIEW

Theory of Reasoned Action (TRA)

Theory of Reasoned Action (TRA) is one of the popular consumer behavior theories and is widely used in various studies. TRA was first coined by Fishbein & Ajzen in 1975 (Fishbein & Ajzen, 1975, 2010). This theory explains that human behavior is based on intention which is formed from attitude and subjective norms. This intention then becomes the basis for a person in doing or not doing an action. TRA aims to understand the motivation behind a person's actions by looking at the factors that influence their interests, namely personal factors (attitudes) and social influence factors (subjective norms) (Fishbein & Ajzen, 1975, 2010). Schematically, the TRA model can be depicted as follows:

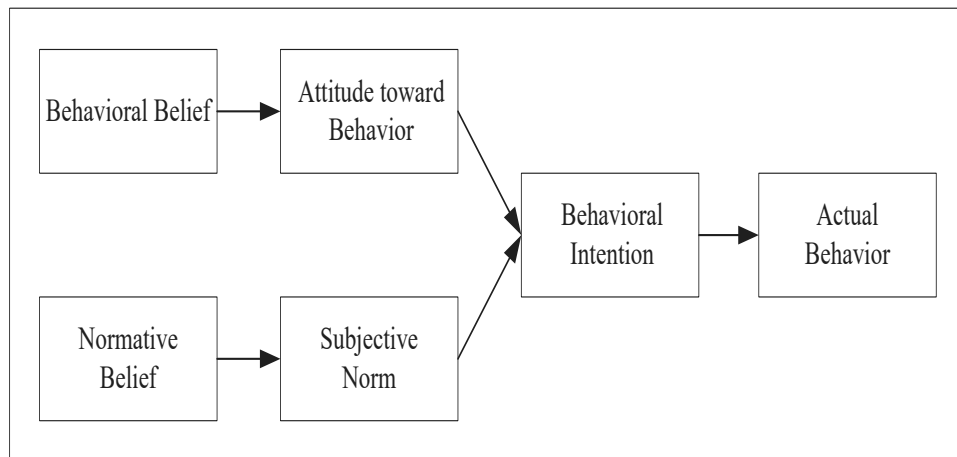


Figure 1. Theory of Reasoned Action (TRA)

Islamic Financial Literacy, Customer Trust and Saving Intention

In recent years, the study of financial literacy has become an interesting topic of discussion. Financial literacy is defined as knowledge and understanding of financial concepts, skills, motivation and confidence to apply that knowledge and understanding in making effective financial decisions (Arif, 2015). Financial literacy is also understood as the ability to apply knowledge and skills to achieve good financial behavior (Suwarsi et al., 2022). Knowledge, skills and behavior are interrelated components in the concept of financial literacy.

Meanwhile, Islamic Financial Literacy (IFL) emphasizes on the understanding of Islamic principles in transactions and investments in order to make responsible financial decisions and manage financial resources in accordance with Islamic values (Suwarsi et al., 2022). A person who has a good level of IFL will influence their belief that their financial activities are in accordance with religious values and contribute to well-being in this world and the hereafter. This high level of IFL will also encourage a person to make wise financial decisions, such as choosing Islamic financial products and services, halal investments, and managing finances in accordance with Islamic principles.

Based on the description above, IFL is an important aspect that a person considers in making financial decisions, including saving behavior at IMFI. According to Albaity & Rahman (2019), IFL has a direct effect on the saving interest of prospective Islamic bank customers in the UAE. Fauzi & Murniawaty (2020) provide the same evidence that IFL owned by students affects interest in saving at Islamic banks. Meanwhile, Suwarsi et al (2022) support the statement that IFL has a positive and significant impact on business development. With the logic of the above thinking, IFL is predicted to be able to influence customer trust and subsequently IFL will also encourage customers to use IMFI services , so the following hypothesis can be proposed:

H1: IFL is strongly associated with customer trust .

H5: IFL is strongly associated with saving intention.

Promotion, Customer Trust, and Saving Intention

According to Kotler (2012), promotion is a marketing communication process that aims to inform, persuade, and remind consumers about the products or services offered by the company. Promotion involves various communication activities to build brand awareness, increase sales, and strengthen customer relationships. Dharmawati (2017) emphasizes the function of promotion in 3 aspects, namely persuading consumers, presenting products and encouraging purchases. In addition, promotion aims to create a positive impression of its products and maintain its product reputation.

Promotion plays an important role in delivering marketing messages to target audiences and influencing consumer behavior. Effective promotion can build consumer confidence in the products and services offered and can create interest in using these products and services. Thus, a well-designed and effective promotion can be a powerful tool in influencing financial decisions, including saving behavior at IMF.

Malik et al (2021) proved that promotion has a significant influence on public interest in saving in Islamic banks. The study Aziz & Hendrastyo (2020) also supports the finding that promotion encourages interest in saving at Islamic banks. Thus, the more attractive the promotion of products and services offered, the higher the interest in using these Islamic financial products and services, so the following hypothesis can be proposed:

H2: Promotion is strongly associated with customer trust.

H6: Promotion is strongly associated with saving intention.

Product Quality, Customer Trust, and Saving Intention

Product quality is defined as a condition in which the product is able to meet and exceed the expectations of a consumer (Tjiptono, 2008). This can be interpreted that the product not only meets the needs and desires of consumers, but also exceeds their expectations so as to provide higher satisfaction. According to Kotler & Armstrong (2008), to assess product quality can be through durability, confidentiality, accuracy, comfort, operation, and repair. Prawirosento (2002) mentions several factors that can affect product quality, including: design, raw materials, technology, packaging and delivery.

The study of Prasetya et al (2017) shows a relationship between product quality and trust. Product quality also has a big influence on saving interest (Hardana et al., 2022). Starting from the logic of thought above, the following hypothesis can be formulated:

H3: Product quality is strongly associated with customer trust.

H7: Product quality is strongly associated with saving intention.

Customer Trust and Saving Intention

Customer trust plays an important role in building strong and sustainable relationships between companies and customers. Kotler & Keller (2009) defines customer trust as the company's willingness to rely on business partners, which is influenced by competence, integrity, honesty, and kindness. Balla et al (2015) emphasizes the willingness to rely on exchange partners who have trust. The above definitions focus more on relational aspects and dependencies in business

relationships or exchanges. Van der Heijden et al (2003) underlines on the willingness to be vulnerable to the actions of the other party. The definition above focuses more on the aspects of trust and vulnerability that arise in relationships, where the trusting party does not have full control over the actions of the other party. Peppers and Rogers (2016 as cited in Priansa, 2017) identify several elements that influence customer trust are shared values, interdependence, and communication quality. Some of the definitions above complement each other and provide a more comprehensive understanding of the concept of trust in the context of exchange or relationships.

Trust in Islamic financial institutions, savings products, and even in oneself to manage finances can increase a person's interest in saving. If a person has high trust in the Islamic financial institution where they save, they will feel more secure and comfortable saving money there. In addition, trust in the savings product itself, such as sharia products that are in line with religious beliefs, can also increase interest in saving. Thus, trust has an important role in driving a person's interest in saving. Study Nurrohmah & Purbayati (2020) found that trust has a significant effect on interest in saving at Islamic banks. Based on the research train of thought above, the following hypothesis is developed:

H4: customer trust is strongly associated with saving intention.

Customer Trust as Mediator

This research predicts that customer trust acts as a mediating variable in the relationship between IFL, promotion and product quality with saving intention. If customers have a good level of IFL, effective promotion, and high product quality, then their level of trust in IMFI will increase, and ultimately, their saving intention will also increase. This research highlights the importance of building trust as an intermediary between these factors and saving intention. Prasetya et al (2017) study found that product quality has a significant effect on trust. The significant relationship between customer trust and saving intention has also been explained in the study Nurrohmah & Purbayati (2020), so the following hypothesis can be proposed:

H8: Customer trust as a mediator between IFL and saving intention .

H9: Customer trust as a mediator between promotion and saving intention.

H10: Customer trust as a mediator between product quality and saving intention.

METHODOLOGY

The research population is all IMFI customers in Central Java, Indonesia. In PLS-SEM analysis modeling, the minimum recommended sample size is 5 times the number of indicators used to measure a construct or 5-10 times the number of parameters estimated (Ferdinand, 2014; Hair et al., 2020). For this reason, the sample selected was (n = 170) IMFI customers using accidental sampling technique. The measurement of questionnaire items was adapted from previous research and slightly modified to fit the context of IMFI. The following table describes the research questionnaire lattice.

Table 1. Questionnaire Items and References

No	Variables	Items	References
1	Islamic Financial Literacy	12	Suwarsi et al., 2022
2	Promotion	6	Andreti et al., 2013
3	Product Quality	3	Zhou et al., 2010
4	Saving Intention	8	Albaity & Rahman, 2019
5	Customer Trust	5	Madjid, 2013

PLS-SEM (Partial Least Squares Structural Equation Modeling) analysis consists of two main stages, namely measurement model (outer model) and structural model (inner model) (Hair et al., 2020). Measurement model describes the relationship between latent variables (constructs) and their indicators. Structural model describes the causal relationship between latent variables based on the underlying theory.

RESULTS

Characteristics of Respondents

The majority of respondents in this study were female, namely 127 people (74.7%). Most respondents were aged 30-39 years, as many as 64 people (37.6%). Most of the respondents' education is high school, namely 95 people (55.9%) and most of the respondents have been customers for 1-2 years, namely 121 people (71.2%). An explanation of the characteristics of respondents is presented in the following table.

Table 2. Characteristics of Respondent

Characteristics	Total	Percentage
Gender		
Male	43	25.3
Female	127	74.7
Total	170	100
Age		
20-29 years	38	22.3
30-39 years	64	37.6
30-49 years	41	24.1
> 50 years	27	16.0
Total	130	100
Education Level		
Elementary School	35	20.6
Junior High School	26	15.3
Senior High School	95	55.9
Undergraduate Degree (S1)	14	8.2
Total	170	100
Length of Customer		
1-2 years	121	71.2
3-4 years	26	15.3
> 5 years	23	13.5
Total	170	100

Analysis of PLS-SEM

Measurement Model Assessment (Outer Model)

Measurement model is carried out to ensure that the measurement used is suitable for measurement (valid and reliable). This model evaluation specifies the relationship between latent variables and their indicators. Some criteria for assessing the measurement model are convergent validity, discriminate validity and composite reliability.

Based on the PLS-SEM output, discriminant validity shows that there are indicators that have a cross loading factor value below 0.6 and an AVE value below 0.5, so they are declared invalid and must be removed from the analysis. The indicators are IFL1, IFL2, IFL9, IFL10, IFL11, IFL12 and P6.

After re-estimation, the results of the measurement model output produce convergent validity values, discriminant validity and composite reliability as follows:

Convergent Validity

The PLS-SEM output shows that the loading factor value of all indicators of the IFL, promotion, product quality, saving intention and customer trust variables is greater than 0.6 and the p-value is significant at the 95% significance level, so it can be concluded that all indicators are valid.

Discriminant Validity

Discriminant validity is determined from the cross loading factor value of each variable and the square root value of average variance extracted (\sqrt{AVE}). The cross loading factor value of each indicator of the variable under study is greater than the cross loading of other variables. The AVE value also shows a number greater than 0.5. Thus, the indicators of the variables studied have good discriminant validity.

Composite Reliability

To test reliability, it can be seen from the value of composite reliability and Cronbach's alpha. The PLS-SEM output results show that the composite reliability values of all research variables (IFL, promotion, product quality, saving intention and customer trust) show numbers > 0.8. Cronbach's alpha value also shows more than 0.8, so it can be concluded that all research variables have good composite reliability.

Table 3. Test of Validity and Reliability

Variable	Construct Item	Loading Factor	Composite Reliability	AVE	Cronbach's Alpha
Islamic Financial Literacy (IFL)			0.863	0.512	0.810
IFL3	Use products and services provided by IMFI	0.686			
IFL4	Can choose IMFI according to my needs	0.693			
IFL5	Can distinguish Islamic MFI from conventional MFI	0.711			
IFL6	IMFI do not use interest systems but are in accordance with sharia	0.748			

IFL7	Believe in the performance of IMFI	0.749			
IFL8	Believe in the quality and service of IMFI because they are in accordance with what is offered	0.680			
Promotion (P)			0.853	0.540	0.802
P1	IMFI gives some souvenirs and other gifts to loyal customers	0.704			
P2	IMFI gives special promotions (Eid al-Fitr, Eid al-Adha, etc.)	0.682			
P3	Customers prefer to save in IMFI because of its promotions	0.886			
P4	Customers prefer to save in IMFI because of its various products	0.768			
P5	IMFI gives information when they promotions	0.634			
Product Quality (PQ)			0.883	0.716	0.803
PQ1	Our products and services meet customers' needs well	0.851			
PQ2	Our products and services are very popular with customers	0.804			
PQ3	We constantly improve our product quality to meet customers' needs	0.881			
Saving Intention (SI)			0.920	0.591	0.901
SI1	I plan to choose IMFI products in the forthcoming month	0.793			
SI2	I am likely to choose IMFI products in the future	0.784			
SI3	I will choose IMFI products	0.849			
SI4	I am interested to use IMFI	0.768			
SI5	I am interested in using IMFI in the future	0.762			
SI6	I like to use IMFI	0.725			
SI7	I will recommend IMFI to others	0.735			
SI8	I will start using IMFI soon	0.726			
Customer Trust (CT)			0.874	0.583	0.819
CT1	Believe the employee IMFI	0.786			
CT2	Confidence in the services provided	0.731			

CT3	Believe there is no abuse of savings	0.843			
CT4	Willingness to save in IMFI	0.674			
CT5	Confidence in the fulfillment of every promise	0.772			

Structural Model Assessment (Inner Model)

Structural modeling in PLS-SEM is done by looking at the R-square value on each dependent latent variable. A high R-square value indicates that the structural model is able to explain significant variation in the dependent latent variable. The higher the R-square value, the stronger the relationship between exogenous and dependent latent variables, with the criteria of 0.67 as "good", 0.33 as "moderate", and 0.19 as "weak" (Chin, 1998; Imam Ghozali, 2014). The table below provides more detailed information about the R-square value for each dependent variable in the model.

Table 4. R-Square

Variable	R-Square	Adjusted R-Square
Customer Trust	0.370	0.359
Saving Intention	0.452	0.439

The PLS-SEM output results show that the R-Square value on the dependent latent variable "customer trust" is 0.370. This indicates that the model built is able to explain 37% of the variation in customer trust, which is included in the "moderate" category. While the R-Square value on the dependent latent variable "saving intention" of 0.452 indicates that IMFI's saving intention is influenced by the three latent variables (IFL, P and PQ) by 45%. Thus, the criterion of the structural model also indicates a "moderate" model. The PLS-SEM results are shown in the figure as follows:

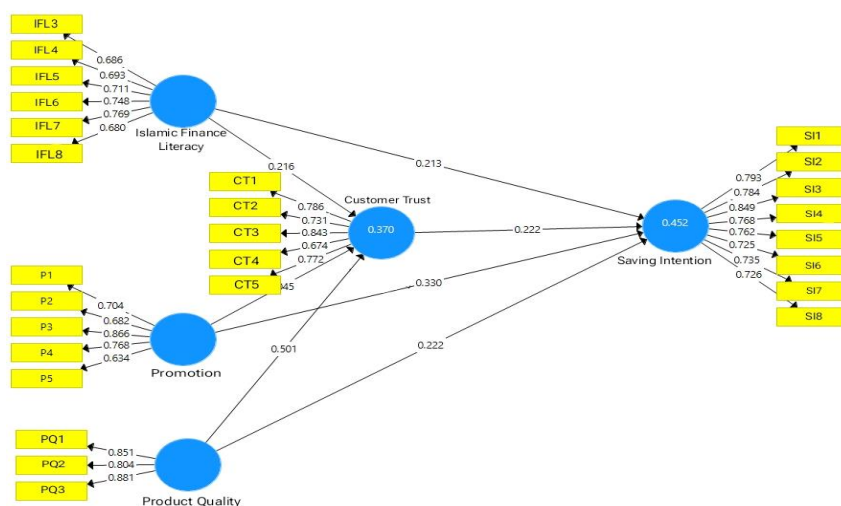


Figure 2. Diagram of Path Coefficient and Hypothesis Test

Analysis of structural model testing is carried out using SmartPLS software by looking at the t-statistic value and p-value. The research hypothesis

is accepted if the p-value <0.05 and the t-statistic test is > 1.96 with a significance of 5%. The results of the structural model test are shown in the PLS-SEM output as follows:

Table 5. Hypothesis Testing

Hypothesis	Causal Path	t-Statistic	p	Decisions
H1	IFL -> CT	3.005	0.003**	Supported
H2	P -> CT	0.679	0.498	Not Supported
H3	PQ -> CT	7.472	0.000***	Supported
H4	IFL -> SI	3.012	0.003**	Supported
H5	P -> SI	4.255	0.000***	Supported
H6	PQ -> SI	2.173	0.030**	Supported
H7	CT -> SI	3.079	0.002**	Supported
H8	IFL -> CT->SI	2.218	0.027**	Supported
H9	P -> CT->SI	0.649	0.516	Not Supported
H10	PQ -> CT->SI	2.789	0.006**	Supported

Notes: ***is significant at $p < 0.01$. **is significant at $p < 0.05$. IFL: Islamic Financial Literacy, P: Promotion, PQ: Product Quality, SI: Saving Intention, CT: Customer Trust

Based on the PLS-SEM results above, it can be concluded that of all the hypotheses proposed in this study, there are 8 supported hypotheses and 2 not supported hypotheses. IFL and product quality are proven to be significantly related to customer trust and saving intention, but promotion is not proven. Customer trust is proven to be able to mediate the relationship between IFL and product quality with saving intention, but is not proven to mediate the relationship between promotion and saving intention.

DISCUSSION

The PLS-SEM results in this study investigate the effect of IFL, promotion and product quality on customer trust. The results of table 5 show that IFL (t-statistics = 3.005, $p = 0.003$) and PQ (t-statistics = 7.472, $p = 0.000$). These results show that the t-statistics values of 3.005 and 7.472 > the t-table value of 1.96 and the p values of 0.003 and 0.000 < 0.05, hence there is sufficient evidence that H1 and H3 are supported. Unfortunately, H2 which examines the effect of promotion on customer trust is not statistically significant as indicated by P (t-statistics = 0.679, $p = 0.498$).

Furthermore, H4, H5, H6 and H7 test the effect of IFL, promotion, product quality and customer trust on saving intention. The results of table 5 show that IFL (t-statistics = 3.012, $p = 0.003$), P (t-statistics = 4.255, $p = 0.000$), PQ (t-statistics = 2.173, $p = 0.030$), and CT (t-statistics = 3.079, $p = 0.002$). Therefore, it can be concluded that all hypotheses are supported. Meanwhile, H8, H9 and H10 examine customer trust in mediating the effect of IFL, promotion and product quality on saving intention. The PLS-SEM results indicate that IFL (t-statistics = 2.218, $p = 0.027$) and PQ (t-statistics = 2.789, $p = 0.006$). Thus H8 and H10 are statistically significant at 5 percent alpha, hence H8 and H10 are supported.

Unfortunately, H9 is not significant as indicated by P (t-statistics = 0.649, p = 0.516).

The findings of this research prove that Islamic Financial Literacy (IFL), promotion and product quality are important aspects that trigger customers' interest in saving at Islamic Microfinance Institution (IMFI). This is indicated by the PLS-SEM results that the structural model built in this research indicates a "moderate" model. This research contributes to developing aspects of Islamic Financial Literacy (IFL) so that a more comprehensive model of the behavior of using products and services at IMFI is built.

The results of this study successfully prove that IFL has a significant influence on customer trust and saving intention. The higher a person's IFL level, the stronger their trust in IMFI, which in turn encourages them to make wise financial decisions, including choosing products and services at IMFI. The findings of this research provide a strong basis that improving Islamic financial education is a necessity, not an option. Currently, the main obstacles to the development of Islamic Financial Literacy (IFL) are minimal education and poorly understood Islamic financial products. Islamic financial education is still uneven and has not reached all levels of society. People often see sharia products only as 'conventional alternatives' with Islamic frills or consider them exclusive to certain circles. They may not fully understand the essential differences between murabahah, mudharabah, musyarakah or ijarah and conventional bank loans or stock investments in general. Therefore, there needs to be a collective effort involving the government, regulators, Islamic financial institutions, academics, and community leaders in designing Islamic financial education programs that are more massive, accessible, and relevant to the needs of the community.

The findings of this research support the results of previous research which suggests a direct effect between IFL and Islamic bank customers' saving interest in the UAE (Albaity & Rahman (2019) . The study Fauzi & Murniawaty (2020) states that IFL owned by students affects the interest in saving in Islamic banks. Even a high level of IFL has a positive and significant impact on business development (Suwarsi et al., 2022) . Thus, improving Islamic financial literacy is an important foundation to encourage Islamic financial inclusion and empower people to make smarter and shar'i financial choices.

PLS-SEM results show that promotion has a significant effect on interest in saving at IMFI. The more attractive the promotion of products and services offered by Islamic financial institutions, the higher the interest in using these Islamic financial products and services. The results of this study support the findings of previous research which states that promotion triggers a positive and significant influence on public interest in saving in Islamic banks (Malik et al., 2021; Aziz & Hendrastyo, 2020). However, the research also found that there is not enough evidence to support promotion as an important factor influencing customer trust in Islamic microfinance institutions. It is suspected that the lack of support for the second hypothesis is due to ineffective and optimized promotion, resulting in a lack of customer awareness and trust in IMFIs. Some people may still doubt the reliability and security of Islamic microfinance institutions. This

could be due to previous negative experiences, lack of clear information, or the perception that Islamic financial institutions are less modern or flexible.

The PLS-SEM results also found that product quality has a significant effect on customer trust and interest in saving at IMFI. This is in line with the findings of previous research from Prasetya et al (2017) which states the relationship between product quality and trust. Furthermore, Hardana et al (2022) also shows a positive and significant effect of product quality on saving interest. The better the quality of products and services of Islamic financial institutions, the higher the trust and interest of customers in using these Islamic financial products and services.

Finally, the PLS-SEM results found that customer trust acts as a mediating variable in the influence of IFL and product quality on saving intention at IMFI. Trust is an important aspect that drives interest in saving at Islamic microfinance institutions. This is in line with the support of previous research from Nurrohmah & Purbayati (2020) which states that there is a positive and significant relationship between trust and interest in saving at Islamic banks. The study of Prasetya et al (2017) found a significant influence between product quality on trust. In addition, the significant influence between customer trust and saving intention has also been explained in the study of Nurrohmah & Purbayati (2020). However, the results also found that there is not enough evidence to support customer trust as a mediator in the effect of promotion on saving intention in IMFI. Therefore, Islamic microfinance institutions must pay serious attention in their efforts to strengthen customer trust to increase customer interest in using Islamic financial products. This is because building trust takes a relatively long time and can develop after repeated meetings with customers.

CONCLUSIONS AND RECOMMENDATIONS

This study aims to reveal the factors that trigger customer trust and interest in using Islamic financial products at the Islamic Microfinance Institution (IMFI). This study found empirical evidence of the significant influence of Islamic Financial Literacy (IFL), promotion and product quality on saving interest. The research findings also found a positive and significant relationship between IFL and product quality on customer trust. However, promotion was found to have no impact on customer trust. The mediating role of customer trust is evident in the effect of IFL and product quality on saving interest, but not proven with promotion.

Based on the findings of this research, practitioners of Islamic financial institutions need to take several strategic steps, such as: increasing Islamic financial literacy, optimizing promotions, developing innovative products and services, and building customer trust. Attractive promotions can be done by using various media and targeting the right target audience. In addition, building customer trust can be done by increasing transparency in operations, providing excellent service, and maintaining the reputation of Islamic microfinance institutions.

FURTHER STUDY

Last but not least, there are several aspects of this research that can be recommended for future research agendas. First, further research is recommended to use a larger sample size and involve various industry parties to improve the quality and representation of the research results. Larger samples tend to provide more precise estimates and facilitate the generalization of research results to a wider population. The involvement of various industry parties will also enrich perspectives and ensure the relevance of research findings to industry needs. Second, this research uses Theory of Reasoned Action (TRA) as the grand theory. For this reason, further research is recommended to consider more sophisticated consumer behavior theories, such as Theory of Planned Behavior (TPB) or Theory of Interpersonal Behavior (TIB), which are developments of TRA. Third, this research design uses PLS-SEM analysis techniques. For future researchers, we recommend adding new constructs, in addition to Islamic Financial Literacy (IFL), promotion and product quality because PLS-SEM is very appropriate for research that aims to develop theory.

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