



The impact of sharia financial literacy levels on public understanding in conducting transactions at sharia banks in Semarang City

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Abstract

Understanding financial literacy is increasingly vital for effective financial management within communities, helping to prevent financial issues. 'This study explores the impact of sharia financial literacy' on the Semarang community's transaction behaviors at Bank Syariah Indonesia, using a quantitative research method. The population includes the Semarang community, with proportional random sampling employed for data collection. Results indicate that Basic Financial Knowledge significantly influences savings interest at Bank Syariah Indonesia ($t = 4.469, p < 0.05$). Additionally, the variables of Savings and Financing ($t = 3.071, p = 0.028$) and Investment ($t = 4.169, p = 0.003$) also show significant positive effects.

Keywords: Sharia Financial Literacy, Investment, Saving

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INTRODUCTION

Sharia banks in Indonesia have existed since the 1990s, when Bank Muamalat was established. The public's demand for banking services that adhere to Islamic sharia rules is being met by a growing number of Sharia banks. This is mainly linked to the Islamic prohibition of usury (*riba*), gambling-like speculative non-productive activities (*maisir*), uncertainty (*gharar*), and violations of the principle of fairness in transactions. It also mandates that financing and investment should be directed towards ethical and halal business units in accordance with sharia law (Bank Muamalat Indonesia, 2003).

Although the Sharia banks offer several advantages, they continue to face many challenges and limitations. One of the key issues is the limited operational networks and the absence of efficient and effective supporting institutions. These limitations contribute to the public's reluctance to use Sharia banking products and services.

Table 1. Car and NPF Financial Ratio

INDICATOR	2023	2022	2021
CAR	21.04	20,29	22,09
NPF _{gross}	2.08	2,42	2,93
NPF _{Net}	0.55	0.57	.087

Source: Annual Report of Bank Syariah Indonesia, 2023

According to the information above, Lukman Dendawijaya (2009: 121) states that the Capital Adequacy Ratio (CAR) measures how much of a bank's risk-weighted assets (such as loans, investments, securities, and receivables from other banks) are financed by the bank's own capital, as opposed to those of other entities. The CAR of Bank Syariah Indonesia was recorded at 22,09% in 2021. It then fell to 20,29% in 2022 before rising again to 21,04% in 2023. There was a good increase from 2021 to 2023.

One measure of the prevalence of non-performing loans is the non-performing financing ratio, or NPF. A high NPF indicates poor quality in the financing process provided by Sharia banks (Mahardika, 2015). The Gross NPF of BSI was recorded at 2,93% in 2021, then decreased to 2,42% in 2022, and then further decreased to 2,08% in 2023. Similarly, the Net Non-Performing Financing (NPF) also showed a downward trend, starting at 0,87% in 2021, dropping to 0,57% in 2022, and reaching 0,55% in 2023.

Not enough people know about Sharia banking and its products and services, which is a significant reason why many think the public does not get enough information or communication from Sharia banks. Consequently, to change people's minds and mold public perception of Sharia banks in Indonesia, it is crucial to socialize Sharia financial literacy effectively and efficiently. More people will be interested in using Sharia banks if they are more informed about personal finance.

Table 2. Performance Growth In %

Indicator	Bank Syariah Indonesia	Sharia Banking	National Banking
Assets	15.67	11.21	5.91
Financing	15.7	15.72	10.37
Third.- Party Funds	12.35	10.49	3.82
Equity	15.62	8.66	9.17
Net Profit	33.88	7.94	19,63

Source: Annual Report of Bank Syariah Indonesia, 2023

In the second data, Bank Syariah Indonesia demonstrates superior growth compared to the Sharia banking and National banking across several indicators. The bank leads in assets (15,67%), third-party funds (12,35%), equity (15,62%), and net profit (33,88%)

A country's development success can be measured by the presence of a stable, balanced, sustainable, and inclusive financial system that benefits all communities. Financial institutions play a significant role, through their intermediary functions, in fostering economic growth, promoting equitable income distribution, reducing poverty, and ensuring financial system stability (Bank Indonesia, 2014).

Global economic growth has significantly affected the availability of Sharia-compliant banks. In this era, people already have an advanced understanding of financial management. Financial literacy should be regarded as a primary need for every individual in managing their finances. Mismanagement of finances may result in severe financial difficulties, including economic hardship.

Sharia financial literacy can be defined as a comprehensive understanding of Sharia-compliant financial products and services and the ability to select between conventional banking and Sharia banking. Furthermore, it concerns the influence of financial literacy on individuals' economic decision-making that aligns with Sharia principles.

Financial literacy plays a crucial role in this modern era, contributing to the development of high-quality human resources and enabling individuals to manage their finances well. Insights and knowledge of financial literacy have become an essential in daily life, serving as a fundamental life skill for long-term financial stability. A high level of financial literacy can protect people from financial issues that may stem not only from low income but also from poor financial management, such as improper credit card use, insufficient financial preparation, and lack of savings. Everyone should be able to plan their finances better and improve their quality of life by enhancing financial literacy (Marghareta & Pambudhi, 2015)

Table 3. Literacy and Inclusion Level of Java Island in %

No	Province	Financial literacy	Financial inclusion
1	Banten	45,19	85,71
2	DKI Jakarta	52,99	96,62
3	West Java	56,1	88,31
4	Central Java	51,69	85,97
5	DI Yogyakarta	54,55	82,08
6	East Java	55,32	92,99

Source: National Survey on Financial Literacy and Inclusion 2022 by the Indonesian Financial Services Authority (OJK)

National survey of financial literacy and inclusion by the Indonesian Financial Services Authority, also known as Otoritas Jasa Keuangan (OJK), in 2022. Each province has a different level of financial literacy and inclusion. The data on financial literacy show that Banten: 45,19%; DKI Jakarta: 52,99%; West Java: 56,10%; Central Java: 51,69%; DI Yogyakarta: 54,55%; and East Java: 55,32%. Meanwhile, the financial inclusion in each province in Indonesia is: Banten 85.71%, DKI Jakarta 96.62%, West Java 88.31%, Central Java 85.97%, DI Yogyakarta 82.08%, East Java 92.99%.

Table 4. The Comparison Of Financial Literacy And Inclusion In Rural And Urban Areas

Financial Literacy (%)		Financial Inclusion (%)	
Rural	Urban	Rural	Urban
48,43	50,52	82,69	86,73

Source: National Survey on Financial Literacy and Inclusion 2022 by the Indonesian Financial Services Authority (OJK)

A person's ability to think critically about and act responsibly with their own money, as well as their confidence in their own judgment and management, are components of financial literacy. A lack of knowledge about financial services and products is the root cause of inadequate financial literacy. The Indonesia National Financial Literacy Survey (2022) found that, whereas urban areas had a slightly higher rate of financial literacy at 50.52 percent, rural areas had a slightly lower rate of 48.43 percent. Urban areas had a financial inclusion rate of 86.73 percent, while rural areas had a rate of about 82.6 percent. Compared with financial literacy, these numbers show that financial inclusion is far higher.

Financial inclusion is described as a situation in which the majority of the community uses financial services while minimizing the number of people who remain uninformed about the benefits of low-cost access, according to the Global Financial Development report 2024. When members of a community can access a variety of legitimate financial services, we say they are financially included (World Bank, 2014). Additionally, to fortify economic and financial development by increasing access to financial services, economies around the globe are working to enhance financial inclusion (Arsalan Haneef Malik et al., 2022).

The 2022 National Survey on Financial Literacy and Inclusion was conducted by the Indonesian Financial Services Authority (OJK) and included 14,634 participants from 34 provinces in Indonesia. The Sharia financial literacy indicator rose from 8,93% in 2019 to 9,14% in 2022, according to this poll. Despite this progress, 49.68% of the general population had a conventional understanding of Sharia finance that same year, while public awareness remained low. Although Indonesia is home to the world's largest Muslim population, OJK found that Sharia banking had a relatively small market share of 7,03% in August 2022. Low public participation in Sharia banking products or services is the main reason for the limited market of Sharia banking. The fact that Sharia financial products and services are not well known and understood is one contributing factor (Yulianto, 2018).

According to OJK survey results, understanding and awareness of Sharia finance in Indonesia are relatively low. Consequently, public interest in utilizing the services of Sharia financial institutions is also limited, as most Indonesians continue to use conventional banks for daily transactions. As a result, Indonesia's Sharia financial assets rank seventh globally, trailing behind Malaysia, which holds the third position.

Semarang is a major city in Central Java with 16 districts and 177 urban villages, and a large population. This city serves as a hub for various financial institutions and is home to numerous educational facilities. Semarang has an area of 373.30 square kilometers with approximately 1.7 million people.

Table 5. Total Population by Gender (Persons) Semarang City 2022-2023

District	Gender			
	Male		Female	
	2022	2023	2022	2023
Mijen	42.908	44.876	42.910	45.072
Gunung Pati	49.341	50.310	49.333	50.442
Banyumanik	69.717	70.675	71.602	72.758

District	Gender			
	Male		Female	
	2022	2023	2022	2023
Gajah Mungkur	27.204	27.602	28.286	28.748
Semarang Selatan	29.744	30.215	31.468	31.964
Candisari	36.709	37.302	37.752	38.312
Tembalang	96.306	98.833	97.174	100.029
Pedurungan	95.667	97.167	97.458	99.359
Genuk	64.514	66.946	64.182	65.527
Gayamsari	34.421	34.998	34.913	35.411
Semarang Timur	31.729	32.261	33.698	34.220
Semarang Utara	57.341	58.194	58.713	59.693
Semarang Tengah	26.002	26.438	28.336	28.775
Semarang Barat	72.102	73.311	74.813	76.015
Tugu	16.575	16.906	16.504	16.889
Ngaliyan	71.025	72.403	71.528	73.092
Kota Semarang	821.305	838.437	838.670	856.306

Source: 2023 Population Projection Results by the Department of Population and Civil Registration of Semarang City

Given its extensive area, Semarang has the potential to serve as a research center. Although many financial institutions operate across different areas of the city, people tend to be less aware of the city's growth and the financial system. Many residents prefer to store their money rather than utilize the available services, particularly those who lack an understanding of financial transactions.

From these data, the researcher hopes to conclude by conducting a study related to the 2022 OJK survey on Sharia financial literacy. The survey shows that Indonesia's financial literacy indicator stood at 38,03%, while the financial inclusion indicator reached 76,19%. These data indicate progress compared to the 2016 survey.

Therefore, the researcher seeks to understand how Sharia financial literacy influences the awareness and knowledge of Semarang residents in conducting transactions and engaging in business with Bank Syariah Indonesia. This study aims to examine "The Impact of Sharia Financial Literacy Levels on Public Understanding in Conducting Transactions at Sharia Banks in Semarang City".

METHOD

Quantitative studies rely on numerical data analyzed using mathematical and statistical methods (V. Wiratna Sujarweni, 2025). Research populations are groups of things or people that share certain traits, allowing for in-depth examination and the formulation of meaningful conclusions. The focus of this research was on the Semarang people or residents. A sample represents a subset of the population that carries its distinctive characteristics (Sugiyono). This study uses proportionate random sampling as its sampling strategy.

FINDING AND DISCUSSION

Respondent Characteristics Data

A total of 108 people were surveyed for this study using Google Forms for data collection and questionnaire dissemination. However, after validation, two respondents did not meet the eligibility criteria, leaving only 106 valid respondents for data analysis.

The data states that the majority of participants in this study were female (84 respondents), while only 24 were male. Most respondents, 101 individuals, were between 18 and 24, whereas only seven were between 25 and 30. Furthermore, the findings indicate that all respondents were Muslim students living in East Java, totaling 106 participants. This confirms that the dataset is valid and consists exclusively of 106 students in East Java.

Validation Test

Through a sample of 100 respondents and a degree of freedom (df) calculated as $102 - 3 = 99$, the r-table value at a 5% (0.05) significance level is 0.1663

Table 6. Validation Test X1

Variable	Instrument	r - Calculated	r - Table	Description
Basic Financial Knowledge (X1)	X1.1	0.805	0.1646	Valid
	X1.2	0.742	0.1646	Valid
	X1.3	0.571	0.1646	Valid
	X1.4	0.680	0.1646	Valid
	X1.5	0.702	0.1646	Valid
	X1.6	0.657	0.1646	Valid
	X1.7	0.761	0.1646	Valid

Based on Table 6, the r-values for the basic financial knowledge coefficient are 0.8050, 0.7420, 0.5710, 0.6800, 0.7020, and 0.6570, respectively. The r-table value for the t-test with $\alpha = 0.05$ is 0.1663. Since all obtained r-values exceed 0.1663, all instruments are valid and can be utilized as measurement tools for assessing financial knowledge.

Table 7. Validation Test X2

Variable	Instrument	r - Calculated	r - Table	Description
Savings and loans (X2)	X2.1	0.530	0.1646	Valid
	X2.2	0.549	0.1646	Valid
	X2.3	0.740	0.1646	Valid
	X2.4	0.694	0.1646	Valid
	X2.5	0.775	0.1646	Valid
	X2.6	0.727	0.1646	Valid
	X2.7	0.674	0.1646	Valid
	X2.8	0.762	0.1646	Valid

In Table 7, the r-table value is clearly 0.1646. For the Savings and Loans coefficient, the r-calculated values are 0.530, 0.549, 0.740, 0.694, 0.775, 0.727, 0.674, and 0.762. Meanwhile, the r-table value from the t-test at $\alpha = 0.05$ is 0.1663. Since all the calculated r-values exceed this threshold, the instruments used to assess the Savings and Loans variable are valid and can be utilized for further analysis.

Table 8. Validation X3

Variable	Instrument	r Calculated	r Table	Description
Investment (X3)	X3.1	0.579	0.1646	Valid
	X3.2	0.758	0.1646	Valid
	X3.3	0.688	0.1646	Valid
	X3.4	0.728	0.1646	Valid
	X3.5	0.708	0.1646	Valid

Variable	Instrument	r Calculated	r Table	Description
	X3.6	0.614	0.1646	Valid
	X3.7	0.599	0.1646	Valid

Furthermore, in Table VII, the r-value also remains at 0.1646. For the Investment coefficient, the r-calculated values are 0.579, 0.758, 0.688, 0.728, 0.708, 0.614, and 0.599. Since all these values exceed 0.1663, as determined by the t-test with $\alpha = 0.05$, the instruments are valid and reliable for measuring the Investment variable.

Table 9. Validation Test Y

Variable	Instrument	r - Calculated	r - Table	Description
Bank Indonesia Syariah Transaction (Y)	Y1	0.586	0.1646	Valid
	Y2	0.589	0.1646	Valid
	Y3	0.691	0.1646	Valid
	Y4	0.564	0.1646	Valid
	Y5	0.701	0.1646	Valid

Table 9 also indicates an r-value of 0.1646. The r - Calculated values for the Bank Syariah Indonesia Transactions coefficient are 0.586, 0.589, 0.691, 0.564, 0.701, and 0.896. Moreover, the r-table calculated using the t-test with $\alpha = 0,05$ indicates that the values are valid, as it exceeds 0.1663. Therefore, all the instruments mentioned above are also valid and can be used as measurement tools to assess the Bank Syariah Indonesia Transactions variable.

Reliability Test

When using a questionnaire as a variable indicator, it is important to conduct a reliability test to ensure responses are consistent and stable over time. A significance level > 0.70 is targeted when researchers use Cronbach's Alpha to assess a variable's reliability. A variable or construct is considered reliable if the resulting Cronbach's Alpha value is more than 0.7 (Ghozali, 2018).

Table 10. Reliability Test

Instrument	Cronbach's Alpha value	Description
Basic Financial Knowledge (X1)	0.829	Reliable
Savings and Loans (X2)	0.832	Reliable
Investment (X3)	0.792	Reliable
Bank Syariah Indonesia Transaction (Y)	0.611	Reliable

This is in reference to Data 10. Cronbach's Alpha values for the research variables exceed 0.70, indicating that the reliability test is successful. Consequently, all dimensions in this study are considered reliable.

Table 11. Normality Test

One-Sample Kolmogorov-Smirnov Test.		Unstandardized Residual.	
N.		102	
.Normal Parameters ^{a,b}	Mean.	.0000000	
	Std. Deviation.	1.16559074	
Most Extreme Differences.	Absolute.	.067	
	Positive.	.067	
	Negative.	-.057	
Test Statistic.		.067	
Asymp. Sig. (2-tailed) ^c		.200 ^d	
Monte Carlo Sig. (2-tailed) ^e	.Sig.	.316	
	.99% Confidence Interval	Lower Bound.	.304
		Upper Bound.	.328

a. Text distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance

e. Lilliefors' method on 10000 Monte Carlo samples with starting seed 2000000

The test results indicate that the significance value of the residuals is $0,200 > 0.05$. Therefore, the research model can be summarized as follows: a normal distribution.

Individual Parameter Significance test (t-test)

The purpose of conducting hypothesis tests independently is to determine whether the independent variable affects the dependent variable. The following table displays the outcomes of the hypothesis testing.

a. The Variable of Basic Finance Knowledge X1

Model	Coefficients ^a		Standardized Coefficients Beta	t	Sig.
	Unstandardized Coefficients				
	B.	Std. Error			
1 (Constant)	7.771	1.320		5.886	.000
Basic Finance Knowledge	.199	.045	.391	4.469	.000
Savings and loans	.097	.043	.197	2.228	.028
Investment	.166	.054	.287	3.071	.003

a. Dependent Variable: Bank Syariah Indonesia Transaction

The calculated t-value for the coefficient of basic financial knowledge is 4.469, with a significance value of 0.000 (< 0.05). This suggests that “financial knowledge has a significant impact on the variable of transaction interest at Bank Syariah Indonesia in Semarang.”

b. Savings and Loans Variable X2

The result states that the calculated t-value for the savings and Loans coefficient is 2.228, with a significance value of 0.028 (< 0.05). It is evident from this that “the Savings and Loans variable has a significant impact on transaction interest at Bank Syariah Indonesia in Semarang.”

c. Investment Variable X₃

The calculated t-value for the investment coefficient is 3.071, with a p-value of 0.001 or 0.003 (< 0.05). It is evident from this that “the investment variable significantly has an impact on the transaction interest at Bank Syariah Indonesia in Semarang.”

Simultaneous Significance Test (f-test)

This F-test is conducted using an ANOVA table. The decision is taken based on the significance probability value. If Sig. > 0.05, it means H₀ is accepted and vice versa. The F-test results are shown in the table.

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	182.036	3	60.679	43.336	.000 ^b
	Residual	137.219	98	1.400		
	Total	319.255	101			

a. Dependent Variable: Bank Syariah Indonesia Transaction

b. Predictors: (Constant), Investment, Basic Financial Knowledge, Savings and Loans

In the ANOVA model, the calculated F-value is 43.336, with a significance level of 0.000 (< 0.05). This shows that “the regression model is applicable for predicting transaction interest at Bank Syariah Indonesia in Semarang.” Furthermore, “the variables of basic financial knowledge, savings and loans, and investment show a significant positive impact on transaction interest at Bank Syariah Indonesia.”

Coefficient of Determination (R-Square) Test

Ghozali. (2016:95) states that the coefficient of determination (R²) serves to assess the effectiveness of a model in explaining dependent variables. This coefficient ranges from zero to one. As R² increases, it indicates that the percentage of variance in the dependent variable (Y) explained by the independent variable (X) also increases. Conversely, a decrease in the R² value implies that the percentage of the variance in the dependent variable (Y) caused by the independent variable will be smaller.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.755 ^a	.570	.557	1.183

a. Predictors: (Constant), Investment, Basic Financial Knowledge, Savings and Loans

b. Dependent Variable: Bank Syariah Indonesia Transaction

The table shows that the R² value is 0.557. This stated that independent variables (Basic Financial Knowledge, Savings and Loans, and Investment) explain 55.7% of the variance in the dependent variable, which is saving interest. Meanwhile, the remaining 44.3% (i.e., 100% - 55.7%) is affected by factors not considered in this investigation. As a result, the coefficient of determination (R²) is 0.557 (55.7%), indicating a relationship between these variables.

CONCLUSION

The findings of this study found that “the variables of Basic Financial Knowledge, Savings and Loans, and investment have a significant positive impact on public interest in financial transactions at Bank Syariah Indonesia in Semarang.” All independent variables explain the

interest of financial transactions with a percentage of 55.7%. Based on the testing, the following conclusions:

1. The outcomes of the test for the significance of each parameter show that “the Basic Financial Knowledge variable has a significant influence on interest in savings at Bank Syariah Indonesia.” The calculated t-value is 4.469 with a significance level of $0.000 < 0.05$. Furthermore, the Savings and Loans variable also shows a positive impact with a t-value of 3.071 and a significance level of 0.028. Similar to the investment that showed a positive impact with a t-value of 4.169 and a significance level of 0.003.
2. In the F-test analysis, the value is recorded at 43.336, which shows a simultaneous influence among the variables. The probability value of 0.000 is lower than the significance value of 0.05. ($\alpha = 5\%$), showing that “the independent variables (basic financial knowledge, savings and loans, and investment) have a significant impact on the dependent variable, which is the interest in financial transactions at Bank Syariah Indonesia in Semarang.”
3. Furthermore, the results of the Adjusted Coefficient of Determination (R Square) show a value of 55.7%. This states that “the impact of independent variable (financial knowledge, promotion, and motivation) to the dependent variable (interest in saving at Bank Syariah Indonesia) is 55.7%.” Factors outside the scope of this investigation account for the remaining 44.3%.

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