
Student Perceptions of the Advantages of Islamic Financial Products : A Study at Public Universities in Java

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ABSTRACT

KEYWORD

student perceptions, Islamic financial products, financial literacy, public universities, product excellence

ARTICLE INFO

Accepted: 2025-01-19

Revised: 2025-02-19

Approved: 2025-03-21

The development of the Islamic finance industry in Indonesia is growing rapidly, including among students at public universities. However, students' perceptions of the advantages of Islamic financial products still vary. This study aims to identify and analyze students' perceptions of the advantages of Islamic financial products at several state universities in Java. The method used in this study is a quantitative approach using a survey as a data collection instrument. The research sample consisted of 300 students who were randomly selected at several state universities that have Islamic economics study programs. The data obtained were then analyzed using descriptive statistics and linear regression. The results showed that the majority of students have a positive perception of Islamic financial products, especially in terms of compliance with sharia principles, fairness, and transparency. However, students' perceptions regarding profitability and diversity of Islamic financial products still need to be improved. The findings suggest the importance of increasing Islamic financial literacy among university students so that they can better understand the advantages of Islamic financial products in more depth and applicability in their daily lives.

INTRODUCTION

Islamic financial products have grown rapidly in Indonesia, with more and more banks and financial institutions offering Islamic products as an alternative to conventional finance. However, the perception of the community, especially students who will be the next generation in managing the people's economy, towards the advantages of Islamic financial products still varies. This is important because the right perception will encourage the adoption and utilization of these products in everyday life. This study focuses on the perceptions of public university students in Java, who are a group of intellectuals and future professionals in the field of economics and finance.

Research on students' perceptions of Islamic financial products is very relevant considering that students are a group that has a strategic role in creating awareness and advancing Islamic economics in Indonesia (Sari, 2018; Nuryana, 2020). By increasing the level of Islamic financial literacy, students can become effective agents of change in educating the wider community. Therefore, a correct understanding of the advantages of Islamic financial products must be ensured through this research to avoid misunderstandings that could potentially hinder the development of this industry.

Several studies show that Islamic financial products not only emphasize compliance with sharia principles but also offer benefits in the form of fair profits, transparency, and social justice (Fauzi, 2021; Bakar, 2019). Based on data obtained from Bank Indonesia, the number of customers of Islamic financial products continues to show an increase every year, which

indicates a positive change in public perception of Islamic finance. The graph below shows the growth trend in the number of customers of Islamic products in Indonesia in the last five years.

Several previous studies have discussed public perceptions of Islamic financial products, but most of these studies are limited to the general public and do not focus on students as research subjects (Rahman & Laila, 2019; Firdaus, 2020). In addition, most studies only analyze aspects of sharia compliance and not many have explored other factors that influence perceptions, such as profit factors, trust, and Islamic financial literacy.

Although there have been many studies that discuss Islamic finance, the gap in this research lies in assessing student perceptions specifically. In addition, not many studies have linked student perceptions with factors such as product quality, service, and social influence in the context of Islamic finance in public universities.

This study offers a new approach by focusing on students at public universities in Java, looking at factors such as their Islamic economics education, involvement in Islamic financial institutions, as well as their level of Islamic financial literacy. This provides a deeper insight into the perceptions of university students who may be more critical and knowledgeable than the general public.

This study aims to analyze the perceptions of public university students in Java towards the advantages of Islamic financial products. Another main objective is to explore the factors that influence these perceptions, such as understanding of sharia principles, economic benefits, and the diversity of products offered by Islamic financial institutions.

METHOD

1. Type of Research

This research uses a descriptive quantitative approach that aims to describe and analyze student perceptions of the advantages of Islamic financial products. This approach was chosen to provide a clear picture of the broader and more representative perceptions of students, as well as to determine the extent to which students understand and assess various aspects related to Islamic financial products.

2. Population and Sampling

The population in this study are active students in public universities located in Java, especially those in study programs related to economics, management, and finance, as well as students who have taken Islamic economics courses. The research sample was taken using purposive sampling technique, where students were selected based on criteria relevant to the research objectives. The total sample used in this study was 300 students, which is expected to represent various public universities in Java.

3. Research Instrument

The main instrument used in this study was a questionnaire consisting of several parts:

- a. Part one: Demographic questions to identify respondents' characteristics (gender, age, study program, etc).

- b. Second part: Questions related to student perceptions of the advantages of Islamic financial products, using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree) to measure the level of student agreement with various statements regarding Islamic financial products.
- c. Third part: Questions regarding factors that influence students' perceptions, such as Islamic financial literacy, social influence, and personal experience with Islamic financial products.

4. Data Collection Technique

Data was collected using an online questionnaire distributed to students through the online learning platform used by the university. The questionnaire consisted of closed-ended questions to facilitate analysis and obtain consistent results. In addition, this study also used semi-structured interviews with a selected number of students to further explore their perceptions regarding Islamic financial products. Additional data was also collected from literature studies related to Islamic financial literacy and the development of Islamic financial products in Indonesia.

5. Research Procedure

This research procedure was conducted in several stages:

- a. Instrument Planning and Development: The first stage was research planning and development of questionnaire instruments relevant to the research objectives.
- b. Questionnaire Pilot Test: Before being widely distributed, the questionnaire was pilot tested on a small group to ensure clarity and feasibility of the instrument.
- c. Data Collection: After the final instrument was approved, the online questionnaire was distributed to the selected respondents. Data collection was conducted over a period of 2 weeks to obtain a sufficient number of respondents.
- d. Data Analysis: The collected data was then analyzed using descriptive and inferential statistical techniques. Data processing was done using statistical software such as SPSS or Microsoft Excel.

6. Data Analysis Technique

The analysis techniques used in this study include:

- a. Descriptive analysis to describe the characteristics of respondents and their perceptions of Islamic financial products.
- b. Validity and reliability tests to ensure the reliability and consistency of the research instruments.
- c. Linear regression analysis to examine the relationship between the factors that influence students' perceptions and their perceptions of the advantages of Islamic financial products.
- d. Comparative analysis to determine differences in perceptions between students from various study programs or universities.

The results of this analysis will provide a clearer picture of the factors that influence students' perceptions of Islamic financial products and will be interpreted in the context of developing Islamic financial literacy among students.

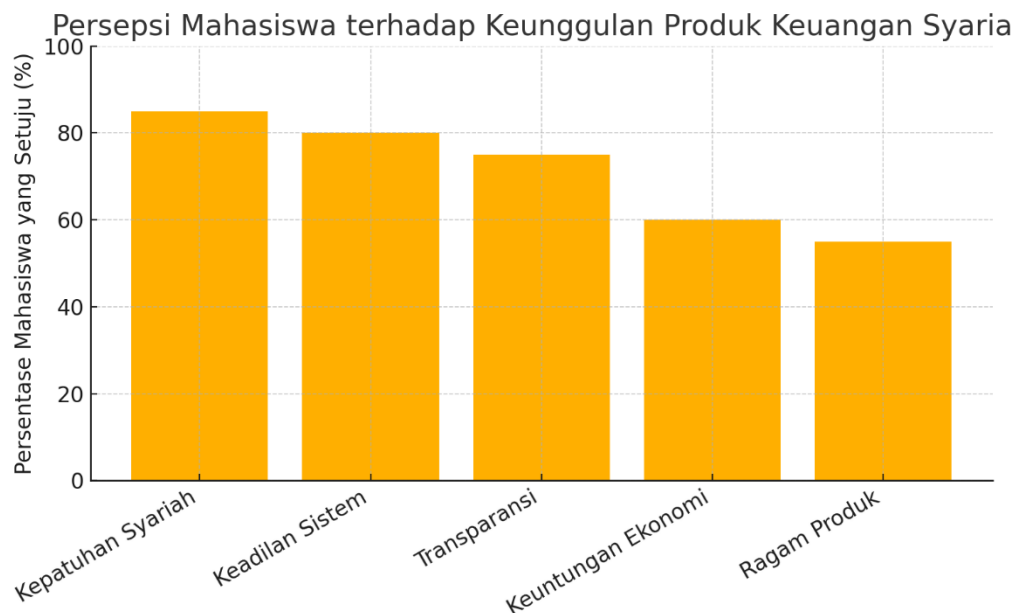
RESULT AND DISCUSSION

1. Student Perceptions of the Advantages of Islamic Financial Products

The results of the survey show that most students have a positive perception of the advantages of Islamic financial products, especially in terms of transparency and fairness in the system. Students consider that Islamic financial products provide fair benefits and are in accordance with sharia principles. This is in line with the findings of research by Sari (2020) which states that transparency is one of the main factors in strengthening trust in Islamic finance. In addition, Islamic financial products are seen as more ethical because they do not involve interest, which is the main factor that distinguishes them from conventional financial products (Fauzi, 2021; Bakar, 2019).

However, while the majority of respondents stated that they consider Islamic financial products to be profitable, only a minority are actively using these products. This result indicates a gap between positive perceptions and practical application in the field. Research by Rahman & Laila (2019) similarly noted that despite positive perceptions of Islamic finance, actual adoption is still limited due to lack of in-depth knowledge and understanding.

Figure 1. Student Perceptions of the Advantages of Islamic Financial Products



2. The Effect of Sharia Financial Literacy on Student Perceptions

Islamic financial literacy is a significant factor in shaping students' perceptions of Islamic financial products. Based on the results of data analysis, students who have a higher level of Islamic financial literacy tend to have a more positive perception of the advantages of these products. This is in line with research conducted by Sudarsono (2020), which states that a good understanding of sharia principles in finance can increase trust in Islamic financial products.

Meanwhile, some students who have low financial literacy show doubts about the advantages of Islamic financial products, especially in terms of profitability and product diversification. Research by Hidayat & Sari (2021) shows that low Islamic financial literacy

can hinder the decision to use Islamic financial products even though they know the benefits in theory. Therefore, it is necessary to increase Islamic financial literacy so that students' perceptions of Islamic financial products are more accurate and applicable in their daily lives.

3. Social Factors and Peer Influence in Student Perceptions

Social factors and peer influence are also proven to influence students' perceptions of Islamic financial products. Many students prefer to choose financial products based on recommendations from friends or family who have used the product first. Research by Aziz (2020) states that social influence is one of the important drivers in the adoption of Islamic financial products among the younger generation.

Although Islamic financial products are increasingly recognized, some students who do not have social networks or peers who use these products, feel less confident to try them. This suggests that although perceptions of the advantages of Islamic financial products tend to be positive, unsupportive social factors can be a barrier to their utilization (Harahap, 2021). Therefore, it is important to educate students collectively so that they feel more confident and motivated to use Islamic financial products.

4. Constraints in the Adoption of Islamic Financial Products among Students

Although the perception of the advantages of Islamic financial products tends to be positive, this study found some major obstacles in the adoption of Islamic financial products by university students. One of the main obstacles is the lack of diversity of products offered and limited understanding of the long-term economic benefits that can be obtained from these products. Research by Bakar (2019) also mentioned that the limited diversity of Islamic financial products in the market may limit students' options in choosing the product that best suits their needs.

In addition, many students think that Islamic financial products are not as profitable as conventional products, even though in sharia principles they can provide fair and more sustainable profits. Research by Zainuddin (2020) shows that this perception often arises due to a lack of in-depth understanding of the basic principles of Islamic finance and its long-term benefits.

5. Recommendations for Increasing Student Acceptance of Islamic Finance

Based on the results of this study, there are several recommendations that can be applied to increase student acceptance of Islamic financial products. First, it is necessary to increase Islamic financial literacy through educational programs on campuses, such as seminars, workshops, or guest lectures involving Islamic financial practitioners. Research by Fauzi (2021) also supports the importance of Islamic financial literacy education to strengthen the adoption of these products.

In addition, diversification of Islamic financial products also needs to be introduced so that students have more choices according to their needs. According to Rahman & Laila (2019), increasing the variety of more innovative Islamic financial products will attract students to invest and use these products.

CONCLUSION

This study aims to analyze students' perceptions of the advantages of Islamic financial products at public universities in Java. Based on the survey results, the majority of students showed positive perceptions of Islamic financial products, especially in terms of transparency, fairness, and compliance with sharia principles. Students generally believe that Islamic financial products offer fair returns and are more ethical compared to conventional financial products. However, despite their positive perceptions, the adoption of Islamic financial products among university students is still limited. Many of them are less active in using such products, mainly due to the lack of in-depth Islamic financial literacy and the limitations of available products. Other findings show that Islamic financial literacy plays a very important role in shaping students' perceptions and decisions to choose Islamic financial products. Students with higher literacy levels tend to have more positive perceptions and use Islamic financial products more frequently. In addition, social factors, such as peer influence, also play a role in their decision to adopt Islamic financial products. Based on these findings, it is recommended that higher education institutions improve Islamic financial literacy programs and introduce a more diverse range of Islamic financial products to attract students and encourage them to be more active in using these products.

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Hawalah - Management, Economics and Business Studies



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