



Building Islamic Finance: Loyalty of Solo Students towards Sharia Banking with Social Environment Mediator

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Abstract—The objectives of this study examine the effect of financial literacy, trust, service quality, and customer satisfaction on student loyalty to Islamic banking with the social environment as a mediator. The research population is Muslim students in Solo who are Islamic banking customers, with a sample of 96 people. Quantitative research using SEM-PLS analysis through SmartPLS 4. The research shows that service quality has a significant positive influence on loyalty, while financial literacy has a significant positive effect on the social environment. However, the social environment cannot mediate the relation of the independent and dependent variable. This research is expected to provide implications for Islamic banking in designing strategies to effectively increase student loyalty.

Keywords: Loyalty; Social Environment; Sharia Banking

1. INTRODUCTION

Currently, banking is a financial sector that plays a role in the development of a country's national economy and functions as a system that regulates and supervises national finances. Based on Sharia Banking Statistics data, in August 2024 Sharia Commercial Banks (BUS) and Sharia Business Units (UUS) collected deposits of IDR 689,259 billion and distributed financing to the public of IDR 604,334 billion (Financial Services Authority, 2024). Through the distribution of financing funds, banks can grow and improve the MSME sector so as to encourage sustainable economic growth. The banking sector is an important sector in the global financial system (Abror et al., 2019). Banking plays a role in collecting, managing and channeling funds to the public. Banking practices have become common throughout the world to facilitate people in saving, transacting and carrying out financial activities, as well as in Indonesia (Junita et al., 2022).

In recent years, Islamic banking in Indonesia has developed rapidly, along with increasing public awareness of the importance of financial management in accordance with Islamic principles. Based on Sharia Banking Statistics data, August 2024 BUS and UUS recorded good growth which can be seen from the development of total assets of Rp878,605 billion, an office network of 2,389, ATMs of 5,432 and an Islamic banking workforce of 56,298 people (Financial Services Authority, 2024). The evolution of Islamic banking is also reflected in the growing variety of products and services, including a range of investment options and digital services that enhance public access.

Islamic banking faces challenges in building customer loyalty, especially among the younger generation such as university students who are a potential future market segment that could play a role in shifting the financial sector to sharia. In Indonesia, especially in Solo, which has a majority Muslim population and many universities, Muslim students are one of the groups that can be said to be close to Islamic banking, both financially and ideologically. The Muslim population in Surakarta is 466,807 people and in Sukoharjo 871,902 people (Central Statistics Agency, 2023). Meanwhile, the number of students in the Greater Solo area is 154,585 people and the number of public and private universities is 69 (Central Statistics Agency, 2022). As a potential market segment, building student loyalty to Islamic banking is very important to encourage the growth of Islamic financial businesses.

Loyalty is a form of one's loyalty by involving oneself in using a product consistently. Loyal customers are very important for the sustainability of a company to survive in the current era of business competition so that the company can grow. To be at the forefront of the banking industry, Islamic banking must be able to maintain company operations and prepare itself to face potential obstacles in the future (Lubis et al., 2021). Companies that are able to survive in intense business competition can increase customer loyalty on an ongoing basis (Bachri et al., 2022). Competition in the Islamic banking sector is also very pronounced in Surakarta City (Haris & Irham, 2012).

Factors that can affect loyalty include financial literacy, trust, service quality and customer satisfaction but a supportive college social environment can mediate the formation of loyalty among students. Some previous research relevant to loyalty shows that Islamic financial literacy has a positive significant effect on customer loyalty (Sari et al., 2024). Financial literacy positively influences financial attitudes (Sada, 2022). Islamic financial literacy has a significant influence on people's desire to become customers (Akib & Nur, 2023). Customer trust has a significant positive effect on loyalty in Islamic banking (Andespa et al., 2023 ; Ardhanari & Viphindrartin, 2022 ; Lubis et al., 2022). In contrast to research (Lutfiani & Musfiroh, 2022) found that trust has a significant negative effect on customer loyalty. Service quality positively and significantly effect loyalty (Abror et al., 2019 ; Budiman, 2020 ; Lubis et al., 2021 ; Lutfiani & Musfiroh, 2022 ; Chikazhe et al., 2021). Loyalty is not influenced by banking service quality (Pasya & Widyaningsih, 2024 ; Triandewo & Yustine, 2020). Satisfaction positively and significantly affects loyalty (Astuti



& Saragih, 2021 ; Abror et al., 2019 ; Budiman, 2020 ; Lubis et al., 2021 ; Bachri et al., 2022 ; Chikazhe et al., 2021 ; Ardhanari & Viphindartin, 2022).

The social environment is interaction with family, peers, lecturers, and organizations that can play an important role in the shaping students perceive of Islamic banking which functions as a mediator that weakens or strengthens students decisions to use and be loyal to Islamic banks. The college environment provides Islamic financial literacy to students through socialization, courses, discussions, seminars and Islamic economic activities. Previous research has shown that the social environment plays an important role in influencing students to save in islamic banks (Massad et al., 2023 ; Zalila, 2023 ; Ramadhani et al., 2019). This study distinguishes itself from other research by examining Solo students' allegiance to Islamic banking, emphasizing the mediating impact of the social milieu, a topic that has not been well explored. This study further investigates the impact of social colleges on students' financial choices, a topic that has not been extensively addressed in prior research. This project seeks to expand Islamic banking and improve marketing tactics to increase student loyalty.

2. RESEARCH METHODS

2.1 Literature Review

Literature review is the basis or input in the research implementation process. The results of the literature review in previous research can be seen below

Table 1. Relevant Research Result

No.	Researcher/Year/Title	Research Methods	Results
1.	(Lubis dkk., 2021)	Quantitative Warp-PLS 3.0.	Service quality and satisfaction affect loyalty.
2.	(Abror dkk., 2019)	Quantitative AMOS 24 and SEM	Quality, satisfaction and engagement have a significant positive effect.
3.	(Massad dkk., 2023)	Quantitative SmartPLS	Social environment affects the interest in saving at Islamic banks. Brand image and knowledge moderating variables have no effect.
4.	(Lutfiani & Musfiroh, 2022)	Quantitative SPSS 23	Trust has a significant negative effect on loyalty. Service has a significant positive effect on customer loyalty. Trust and service simultaneously have a significant effect on loyalty.
5.	(Salim dkk., 2022)	Quantitative SmartPLS	Sharia financial literacy has a positive and significant effect on decision making.
6.	(Zalila, 2023)	Quantitative SPSS.	The social environment has a significant effect on student interest in saving at Islamic banks. Meanwhile, knowledge and education do not have a significant effect on students' interest in saving at Islamic banks.
7.	(Budiman, 2020)	Quantitative SPSS 25	Satisfaction has a significant positive effect on loyalty.

2.2 Basic Research Framework

The purpose of this study is to examine the loyalty of students to Islamic banking with the social environment as a mediator, with a focus on students in the Solo region. The research was conducted in the higher education area of Solo and began in July 2024. A quantitative, causal-associative approach is used in the study. A causal associative study investigates cause and effect relationships to examine the relationship linking independent, dependent, and moderating variables

The variables studied include the independent variables of Islamic financial literacy (X1), trust (X2), service quality (X3), service satisfaction (X4), and the dependent variable of loyalty (Y) of Muslim students in Solo who are Islamic banking customers. Additionally, the study incorporates the moderating variable of social environment (Z). The study population comprises Muslim students in Solo who are also Islamic banking customers, with the sample drawn from higher education institutions in Solo, specifically UIN, UMS, and UNS.

Purposive sampling is the sampling technique used, where samples are non-randomly selected based on specific goals and targets. For the calculation of the sample size, the researcher used the Lemeshow formula because the total population size was uncertain. The Lemeshow formula was applied to establish the minimum sample size required for the study. The sampling error in this study is 0.10%, resulting in a sample size of 96 samples. Data collection is by means of offline distribution of questionnaires to respondents, but in filling in respondents still fill in through the google form that has been given with a likert scale of 1-5. On this scale, respondents will be given the



choice (1)Strongly Disagree; (2)Disagree; (3)Disagree; (4)Agree; (5)Strongly Agree as an answer choice. Previous research on Likert scale with points (1)Strongly Disagree to (5)Strongly Agree (Chikazhe et al., 2021).

Data analysis was performed using SmartPLS 4, which applies the SEM-PLS technique. The analysis process includes validity and reliability tests through the outer model test, as well as hypothesis testing using R Square, R Square Adjusted, path coefficients, t-statistics, and p-values. Mediation tests were also conducted to determine whether the social environment moderates relating independent and dependent variables, particularly concerning students' loyalty to Islamic banking.

Below is the conceptual framework:

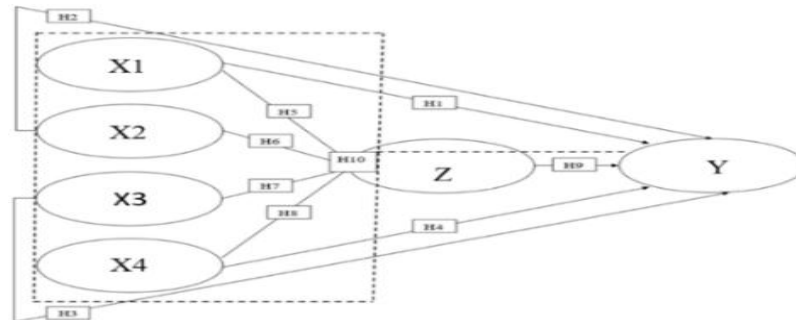


Figure 1. Conceptual Framework

Based on Figure 1, the following hypotheses were formulated:

H1: Financial literacy affects student loyalty.

Students with high financial literacy are more likely to be loyal to Islamic banking.

H2: Trust affects student loyalty.

Trust in banks increases student loyalty.

H3: Service quality affects student loyalty.

The better the quality of bank services, the greater the interest and loyalty of students.

H4: Service satisfaction affects student loyalty.

Students who are satisfied with bank services are more loyal.

H5: Financial literacy affects the social environment.

Students' financial literacy can affect the surrounding social environment.

H6: Trust affects the social environment.

Trust in banks affects the social dynamics of students who are influenced by social experiences and social environment.

H7: Service quality affects the social environment.

Good service quality from Islamic banking can strengthen the relationship with the university's social environment

H8: Service satisfaction affects the social environment.

Satisfaction with bank services can affect social interactions in establishing partners and people's views.

H9: The social environment affects Muslim students' decisions to remain loyal customers of Islamic banking.

The social environment influences students' decisions to remain loyal to Islamic banking.

H10: Financial literacy, trust, service quality, and service satisfaction affects loyalty through the social environment.

The social environment acts as a mediator that strengthens the relationship between these factors and student loyalty.

3. RESULTS AND DISCUSSION

3.1 Research result

3.1.1 Characteristics of Respondents

Respondent characteristics describe the respondents who fill out the questionnaire. The characteristics of the respondents can be seen below.

Table 2. Respondent Data

	Frequency	Percentage (%)
Gender		
Male	26	27,08
Female	70	72,92
Age		
18-19	8	8,33
20-21	70	72,92
22-23	18	18,75



	Frequency	Percentage (%)
Domicili		
Sukoharjo	27	28,13
Surakarta	17	17,71
Karanganyar	10	10,42
Boyolali	9	9,38
Klaten	10	10,42
Sragen	4	4,17
Wonogiri	5	5,21
Outside the Surakarta residency	14	14,58
Collage		
UIN	52	54,17
UMS	22	22,92
UNS	12	12,50
UNIBA	2	2,08
STIES	1	1,04
ITB AAS	4	4,17
UNIVET	2	2,08
UNISRI	1	1,04
Education		
D1-D4	2	2,08
S1	93	96,88
S2	1	1,04
Sharia Savings Account		
BSI	63	65,63
Central Java	26	27,08
BTN	4	4,17
Mega	1	1,04
Bukopin	2	2,08
Income (IDR)		
500 thousand - 1 million	50	52,08
1 - 2 million	38	39,58
2 - 3 million	7	7,29
> 5 million	1	1,04

Looking at the data in Table 1 above, the majority of female respondents aged 20-21 are undergraduate students (S1), dominated by UIN and UMS students who live in Sukoharjo. The tendency for female students to be the majority of sharia banking users can be a focus in service development. Sharia savings account preferences are dominated by BSI. The majority of BSI's market potential comes from UIN students, while other sharia banks need to increase cooperation, promotion and service in order to compete competitively. The income of most respondents is in the range of IDR 500,000.00 - IDR 1,000,000.00, which reflects the economic characteristics of students in general. The low age and income range reflects that students are still financially supported by their families or have part-time jobs.

3.1.2 Testing and Data Analysis Results

Testing and data analysis is a description of the results obtained in the study. The results of testing and data analysis can be seen below:

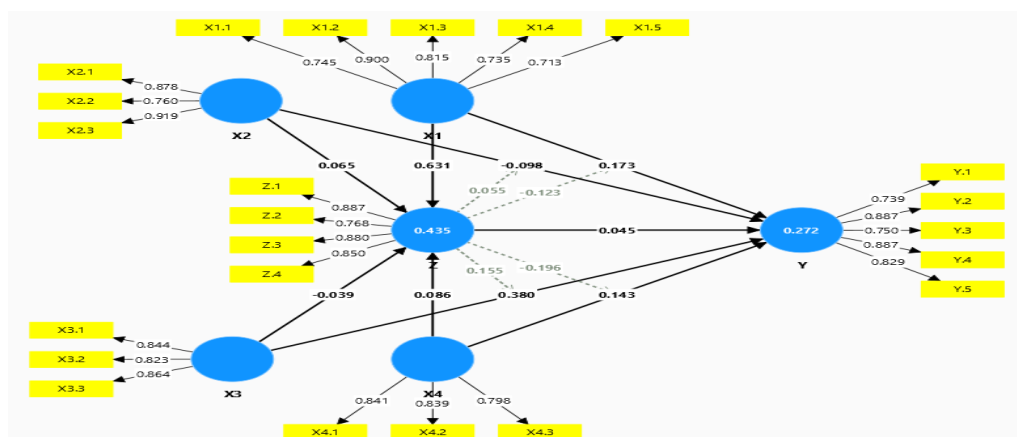


Figure 2. Measurement Model



Description:

In the X1 variable measurement model, there are five indicators used:

X1 : Financial Literacy

- X1.1 : Islamic finance concept
- X1.2 : Islamic Banking
- X1.3 : Islamic financial products
- X1.4 : Risk and investment
- X1.5 : The right decision

In the X2 variable measurement model, there are three indicators used:

X2 : Trust

- X2.1 : Trustworthy
- X2.2 : Islamic principles
- X2.3 : Performance meets expectations

In the X3 variable measurement model, there are three indicators used:

X3 : Service Quality

- X3.1 : Office service
- X3.2 : Fast response
- X3.3 : Good

In the X4 variable measurement model, there are three indicators used:

X4 : Service Satisfaction

- X4.1 : Satisfied with performance
- X4.2 : Satisfied with the service
- X4.3 : Satisfied with m-banking

In the Z variable measurement model, there are four indicators used:

Z : Social Environment

- Z.1 : Motivated decision from college
- Z.2 : Support of people around
- Z.3 : College policy factors, influence of lecturers and friends
- Z.4 : Knowing Islamic banking from formal and non-formal education

In the Y variable measurement model, there are five indicators used:

Y : Loyalty

- Y.1 : Priority
- Y.2 : Recommend and invite
- Y.3 : Always use the service
- Y.4 : Only have a sharia account
- Y.5 : Faithful do not want to switch

3.1.3 Test Outer Model

The Outer Model is employed to assess the validity and reliability of the processed data

3.1.3.1 Validity Test

Validity test is used to assess whether the selected constructs are strong enough to continue the research process.

3.1.3.2 Convergent Validity

The convergent validity test is used to assess the correlation between indicators and their constructs which is indicated by a value of the load factor > 0.70 and a value of the AVE > 0.50 so that it can be considered valid so that the research can continue.

Table 3. Convergent Validity Test

Items	Loading Factor	AVE
Financial Literacy (X1)		0.616
X1.1 <- X1	0.745	
X1.2 <- X1	0.900	
X1.3 <- X1	0.815	
X1.4 <- X1	0.735	
X1.5 <- X1	0.713	
Trust (X2)		0.731
X2.1 <- X2	0.878	
X2.2 <- X2	0.760	
X2.3 <- X2	0.919	
Service Quality (X3)		0.712
X3.1 <- X3	0.844	
X3.2 <- X3	0.823	
X3.3 <- X3	0.864	
Satisfaction Quality (X4)		0.683
X4.1 <- X4	0.841	
X4.2 <- X4	0.839	
X4.3 <- X4	0.798	
Loyalty (Y)		0.674
Y.1 <- Y	0.739	
Y.2 <- Y	0.887	
Y.3 <- Y	0.750	
Y.4 <- Y	0.887	
Y.5 <- Y	0.829	



Items	Loading Factor	AVE
Social Environment (Z)		0.719
Z.1 <- Z	0.887	
Z.2 <- Z	0.768	
Z.3 <- Z	0.880	
Z.4 <- Z	0.850	

According to the results in Table 3, all variable indicators have a loading factor > 0.70 and an AVE > 0.50, indicating that each indicator meets the convergent validity criteria so that it is considered valid and reliable and has a significant contribution to the measured variable.

3.1.3.3 Discriminant Validity

The Fornell-Larcker criteria can be used to test discriminant validity. This metric assesses correlation by comparing latent variables with the square root of the AVE for each variable, which should be greater than the correlation with other variables.

Table 4. Discriminant Validity Test

	X1	X2	X3	X4	Y	Z
X1	0.785					
X2	0.239	0.855				
X3	0.309	0.547	0.844			
X4	0.200	0.518	0.662	0.826		
Y	0.276	0.214	0.456	0.354	0.821	
Z	0.651	0.239	0.248	0.220	0.256	0.848

Table 4 indicates that all variables in the research satisfy the requirements for discriminant validity. Based on the results of all these tests, it can be determined that the latent variables have successfully undergone the validity assessment.

3.1.3.4 Reliability Test

Reliability is assessed using cronbach's alpha and rho_c. A variable is considered reliable if the cronbach's alpha and rho_c values are > 0.7.

Table 5. Reliability Test

	Cronbach's alpha	Rho_a	Rho_c	AVE
X1	0.842	0.863	0.888	0.616
X2	0.840	0.953	0.890	0.731
X3	0.799	0.807	0.881	0.712
X4	0.775	0.789	0.866	0.683
Y	0.877	0.881	0.911	0.674
Z	0.868	0.870	0.911	0.719

The findings in Table 5 demonstrate that all variables in the research have values above 0.70 for both Cronbach's alpha and rho_c, indicating strong reliability. Consequently, it may be inferred that the study has successfully undergone the reliability assessment.

3.1.4 Test Inner Model

The Inner Model is used to test the hypothesis by testing the determination or r-square on dependent constructs.

3.1.4.1 Determination Test

This determination coefficient test is conducted with the intention of measuring the model's ability to explain how much influence the independent variables have together (stimulus) on the dependent variable which can be indicated by the adjusted R-Square value. The test results can be seen below

Table 6. Reliability Test

	R-square	Adjusted R-square
Y	0.272	0.196
Z	0.435	0.410

An R-Square score of 0.272 indicates that the independent variable accounts for 27.2% of the variance in loyalty (Y), with the remaining 72.8% attributable to unconsidered variables. An R-Square score of 0.435 indicates that the independent variables jointly account for 43.5% of the variance in the social environment (Z), while the remaining 56.5% is affected by external factors not included in the model.



3.1.5 Hypothesis Testing

Hypothesis testing can be determined by examining the t-statistic and p-values. The criterion for acceptance is that the t-statistic value is > 1.96 with p-values 5% and the original sample is positive so that it can be accepted.

Table 7. Hypothesis Testing

	Original Sample (O)	Sample Average (M)	Standard Deviatition (STDEV)	T statistics ((O/STDEV))	P Values
X1 -> Y	0,173	0,195	0,136	1,272	0,203
X1 -> Z	0,631	0,633	0,069	9,184	0,000
X2 -> Y	-0,098	-0,072	0,122	0,802	0,423
X2 -> Z	0,065	0,067	0,102	0,634	0,526
X3 -> Y	0,380	0,345	0,161	2,357	0,018
X3 -> Z	-0,039	-0,029	0,106	0,371	0,710
X4 -> Y	0,143	0,179	0,134	1,069	0,285
X4 -> Z	0,086	0,080	0,100	0,863	0,388
Z -> Y	0,045	0,027	0,132	0,343	0,731
Z x X1 -> Y	-0,123	-0,138	0,128	0,961	0,337
Z x X2 -> Y	0,055	0,069	0,144	0,381	0,703
Z x X3 -> Y	0,155	0,154	0,217	0,715	0,475
Z x X4 -> Y	-0,196	-0,188	0,160	1,225	0,220

According to the results in Table 6, the financial literacy variable (X1) positively affects the social environment (Z), and the service quality variable (X3) affects loyalty (Y). Meanwhile, other variables have no effect or are rejected.

3.1.6 Mediation Test

Mediation analysis is used to understand known relationships by exploring the underlying mechanisms or processes by which one variable affects another through a mediator variable.

3.1.6 Indirect Effect Analysis

Indirect effect analysis is useful for testing the hypothesis of the indirect influence of an influencing variable (exogenous) on the influenced variable (endogenous) which is mediated by an intervening variable (mediator variable). The results can be seen below:

Table 8. Mediation Test - Indirect Effect

	Original Sample (O)	Sample Average (M)	Standard Deviatition (STDEV)	T statistics ((O/STDEV))	P values
X1 -> Z -> Y	0,029	0,015	0,084	0,339	0,735
X2 -> Z -> Y	0,003	0,005	0,017	0,169	0,865
X3 -> Z -> Y	-0,002	-0,001	0,015	0,121	0,904
X4 -> Z -> Y	0,004	0,003	0,017	0,224	0,822

According to Table 7, the mediation test reveals p-values > 0.05 , indicating that no significant paths are found in the mediation test, and all hypotheses are rejected. Therefore, it can be concluded that the variable social environment does not significantly mediate the relation of the dependent and independent variables.

3.2 Discussion of Analysis Results

3.2.1 Relationship Between Financial Literacy and Student Loyalty

The coefficient of 0.173 ($t = 1.272$, $p = 0.203$) shows that financial literacy has no effect on loyalty. The results of this study differ from the findings of previous research (Sari et al., 2024), which found a significant positive effect. Islamic banks need to increase education and collaboration with universities to highlight the advantages of Islamic banking through seminars, training, and academic programs to encourage student loyalty (Arifah et al., 2024). A higher level of financial literacy is associated with a more effective ability to manage one's finances (Fitriyah & Putri, 2024).

3.2.2 Relationship Between Trust and Student Loyalty

The coefficient of -0.098 ($t = 0.802$, $p = 0.423$) shows that trust has no effect on loyalty. The results of this study are not in line with the findings of previous studies which show a significant positive effect (Andespa et al., 2023 ; Ardhanari & Viphindartin, 2022) and a significant negative effect (Lutfiani & Musfiroh, 2022). This shows that student trust has not yet determined loyalty. Islamic banks need to increase trust through product education, facilitating choice, transparency and accountability (Marshelynda & Nisa, 2024).



3.2.3 Relationship Between Service Quality and Student Loyalty

The coefficient of 0.380 ($t = 2.357$, $p = 0.018$) indicates that the quality of service has a significant positive effect on customer loyalty, in line with previous research (Abror et al., 2019 ; Budiman, 2020 ; Lubis et al., 2021 ; Lutfiani & Musfiroh, 2022). Islamic banks need to improve service quality through employee training, modern technology, and a fast and efficient service system. Islamic banking must increase the development of mobile banking so that customers are increasingly satisfied (Triyanti et al., 2021). To create customer loyalty, Islamic banks need to focus on quality of service Islamic banks they are providing (Pasya & Widyaningsih, 2024).

3.2.4 Relationship Between Service Satisfaction and Loyalty

The coefficient of 0.143 ($t = 1.069$, $p = 0.285$) indicates that service satisfaction has no effect on loyalty. The results of this study differ from previous studies which found a significant positive effect (Astuti & Saragih, 2021; Budiman, 2020 ; Bachri et al., 2022 ; Ardhanari & Viphindartin, 2022). Although the quality of service is good, this is not enough to make satisfied and build student loyalty.

3.2.5 Relationship Between Financial Literacy and Social Environment

The coefficient of 0.631 ($t = 9.184$, $p = 0.000$) indicates that financial literacy does not influence the social environment, since students with strong financial literacy promote an atmosphere conducive to Islamic banking and economics. The results of this study are in line with research (Murniati & Barlian, 2023) which indicates that knowledge does not significantly affect the social environment.

3.2.6 Relationship Between Trust and Social Environment

The coefficient of 0.065 ($t = 0.634$, $p = 0.526$) indicates that trust has no effect on the social environment. This result is in line with the findings of (Buriak et al., 2019) which found that interpersonal trust in the social environment does not significantly affect trust in banking. This indicates that the effect of trust on student loyalty in Islamic banking is not strong enough, possibly due to a lack of direct experience or low student loyalty. Islamic banks utilize brand image for branding and promotion so as to increase consumer understanding and trust (Massad et al., 2023).

3.2.7 Relationship Between Service Quality and Social Environment

The coefficient of -0.039 ($t = 0.371$, $p = 0.710$) indicates that the quality of the service does not have an effect on the social environment. The results of this study are in accordance with the findings (Massad et al., 2023) which state that brand image is often related to perceptions of service quality has no impact on the social environment for interest saving money in Islamic banks. Islamic banking services have not directly influenced the college's decision, because the majority still use conventional banking.

3.2.8 Relationship Between Service Satisfaction and Social Environment

The coefficient of 0.086 ($t = 0.863$, $p = 0.388$) indicates that service satisfaction has no effect on the social environment. This finding indicates that student satisfaction is more personal and does not affect social dynamics in the college environment. Individual financial decisions are not influenced by the social environment, but by their own willingness and initiative based on several factors (Fuadi & Trisnaningsih, 2022).

3.2.9 Relationship Between Social Environment and Students Loyalty Decisions

The coefficient of 0.045 ($t = 0.343$, $p = 0.731$) indicates that the social environment does not have an effect on the loyalty of students. The results of this study differ from previous research, social environment positively influences financial behavior of people (Sada, 2022). Financial literacy and social environment simultaneously affect financial planning (Fuadi & Trisnaningsih, 2022). Financial planning affects the decision to choose services and loyalty. Although the social environment can influence student behavior, its influence is not strong enough to affect loyalty. Factors such as personal experience or bank incentives play a greater role in determining loyalty. In Islamic universities, Islamic banking services are more dominant, while in public universities conventional banks are more common. Student Islamic account ownership is often encouraged by universities, but usage is limited to low-frequency administrative transactions.

3.2.10 The Mediating Role of Social Environment

The mediation analysis indicates that the social environment does not substantially mediate the relationship between the independent and dependent variables, shown by a path coefficient, t statistic < 1.96 , and p -value > 0.05 . The outcomes of this study align with the conclusions of prior studies. (Murniati & Barlian, 2023) which shows that the social environment is not able to mediate the relationship between knowledge and interest in saving and in research (Massad et al., 2023) assert that both knowledge and social environment have no substantial influence on saving interest. The inclination towards saving positively correlates with the establishment of loyalty, due to the recognition of the significance of financial planning and confidence in financial institutions. This conclusion suggests that the social environment lacks sufficient strength to influence student allegiance to Islamic banking. Loyalty is more successful when complemented by characteristics such as personal comprehension, experience, and service quality.



Financial literacy enhances financial planning, whereas financial choices are determined by individual comprehension rather than the social context (Fuadi & Trisnaningsih, 2022).

4. CONCLUSION

The research findings indicate that quality of service significantly and positively effect student loyalty, while financial literacy has a significant and positive impact on the social environment. Service quality is the main factor in building student loyalty to Islamic banking, While financial literacy plays a role in creation a social environment that supports developing Islamic economics in Solo. However, other variables have no effect on loyalty or social environment. This emphasizes the importance of improving service quality to strengthen student loyalty and shows that students with good financial literacy can create a supportive environment for Islamic banking. Students' financial decisions are more influenced by individual experience and understanding than social influence. The social environment is unable to mediate the relate the independent and dependent variables. Although the college's social environment has great potential, its contribution has not been significant so it is necessary to optimize efforts through cooperation between universities and Islamic banking and create programs that involve students directly in the use of services. This research provides important insights for Islamic banks to focusing more on the quality of service improvement and increasing financial literacy, as well as exploring other strategies to build student loyalty in a sustainable manner. Future researchers are advised to examine other variables that influence student loyalty to Islamic banking, increase the sample size for more representative results, and examine the impact of the social environment on student financial decisions.

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