

The Influence of Education, Income, and Financial Socialization on Islamic Financial Literacy

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A B S T R A C T

The study aims to analyze the influence of education, income, and financial socialization on the Islamic financial literacy of the community in Trangkil District, Pati Regency. The research method employed is a descriptive, quantitative approach using a survey questionnaire administered to 100 respondents. Data were analyzed using multiple regression with SPSS software. The results showed that education and financial socialization have a significant effect on Islamic financial literacy, while income has no significant effect. Simultaneously, the three variables can explain Islamic financial literacy. The study found that the low level of financial socialization in the Trangkil community led to a less-than-optimal understanding of Islamic financial products. Therefore, it is necessary to increase education by institutions or the government related to the dissemination of Islamic financial information massively and evenly to encourage financial literacy, especially in the Trangkil District



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INTRODUCTION

In the current era of globalization, the Financial Services Authority (OJK) continues to strive to improve public financial literacy (Ubaidillah & Hasanah, 2021). Financial literacy is defined as the level of understanding, confidence, and skills of individuals in managing finances and making better financial decisions in order to achieve prosperity (Widowati & Universari, 2022). An understanding of financial literacy is a fundamental thing that individuals must have in order not to get into financial trouble (Ramly, 2022). Financial problems do not only arise because of low income, but also because of a lack of ability to manage and use money wisely (Pratama & Nisa, 2024).

The results, conducted in 2024 with the Financial Services Authority, show that Indonesia's sharia financial literacy level is 39.11% and sharia financial inclusion is 12.88% (Otoritas Jasa Keuangan, 2024b). This is inversely proportional to the level of conventional financial literacy, which reached a value of 65.08%, and conventional financial inclusion, at 73.55% (Otoritas Jasa Keuangan, 2024). The low level of Sharia financial literacy makes people easily tempted by financial products that promise significant returns quickly without taking

into account the potential risks that accompany them (Yunus & Rini, 2021). Financial literacy is not just a matter of basic knowledge about finance, but the ability of individuals to understand the characteristics, benefits, risks, and rights and responsibilities in using financial products in order to achieve stable and sustainable financial conditions (Nanda et al., 2020). This ability does not appear instantly, but is formed through a process of education, economic experience, and social interaction (Mahardhiko & Rahmayati, 2025).

Education plays a fundamental role as the primary foundation for financial literacy. Individuals who have higher levels of education tend to have better cognitive abilities in understanding financial concepts; therefore, it is important to provide financial education starting from formal channels so that responsible financial behavior can be applied (Chetioui et al., 2024). Research by Munthasar and Hasnita (2021) and Setianingrum (2021) shows that education affects financial literacy; when a person's degree is higher, the more knowledge and accuracy in the decision-making process will increase. Through various structured education, an individual is considered capable of providing a good interpretation (Handayani & Wahyuni, 2023). Research conducted by Nuryati and Sobandi (2021), Asriana et al., (2023) and Mas'adah and Astuti (2022) found that education has a good impact on financial literacy. The higher the level of education of an individual, the easier it is to understand Islamic finance well (Rizal & Ayuniyyah, 2023).

However, education alone is not enough if adequate economic conditions do not support it. Limited income is often an obstacle to effective financial management, because individuals must be more selective in allocating funds for basic needs (Saputra et al., 2025). Income acts as a means of actualizing financial knowledge. Individuals with higher incomes have greater flexibility to access financial services, including Islamic products (Pranata et al., 2024). Research conducted by Batara and Tahirs (2023) and Rasmini and Alexandri (2024) It was found that income affects financial literacy; the sum of income from everyone increases their chances of using financial services.

On the other hand, financial socialization serves as the link between education and real-world practice in society. The interaction between the surrounding environment, both family, peers, and the media, can shape a person's financial values and habits from an early age (LeBaron & Kelley, 2021). Research by Repika and Habibi (2024) found that financial socialization affects Sharia financial literacy. Education will shape mindsets, income that provides access, and socialization that will strengthen attitudes and habits. The three form an ecosystem that if it is not balanced, then the Islamic financial literacy of the community will not develop optimally.

This research uses the TPB (Theory of Planned Behavior) that tells the attention is to show a behavior is not impacted from personal attitude towards that behavior and social pressure or subjective norms, but also the extent to which individuals feel they have control or the ability to take that action (Ajzen, 1991). TPB is the basis for this study because education is closely related to the formation of one's attitude towards Islamic finance. Income can affect subjective norms, because economic limitations or adequacy often reflect expectations and pressures from the social environment. Meanwhile, financial socialization reflects perceived control, because the more information and social support received, the greater the individual's confidence to understand and use Islamic financial services.

The results of a survey conducted by researchers in 2025, 20 out of 100 respondents who studied elementary/junior / senior high school with the aged of 20-60 years in Trangkil District, realized that financial management is very important. However, many of them choose to save their money independently or in conventional banks rather than in Shari'ah banks as shown in Figure 1.

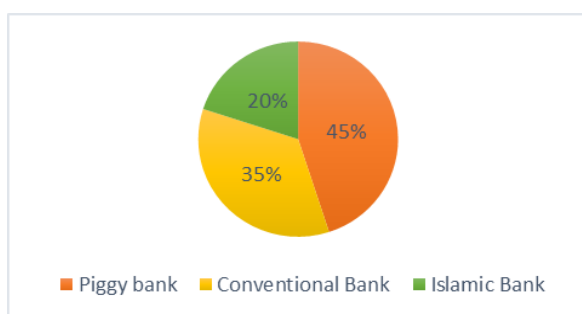


Figure 1. Number of Respondents Saving
 Source: Survey Results of the Trangkil Community, 2025

From the results of initial interviews with 20 respondents, information was also obtained that many of them already knew the presence of sharia banks, but did not understand the system, products and mechanisms of sharia banks, this was due to the knowledge's weakness they got related to sharia finance. So they have more confidence in conventional banks. This phenomenon can be seen in Figure 2.

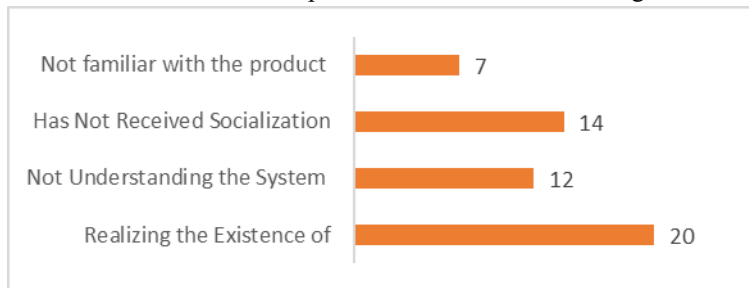


Figure 2. Trangkil Community Phenomenon Related to Islamic Bank
Source: Survey Results of the Trangkil Community, 2025

From the interview results it was also found that people with low and middle income tend to save their money independently or in conventional banks, considering that conventional banks are easier to reach, they also think that saving money in sharia financial institutions will be a complicated process, besides that by saving money independently they feel it is easier to take it at any time considering the many needs they need. This phenomenon can be seen in Figure 3.

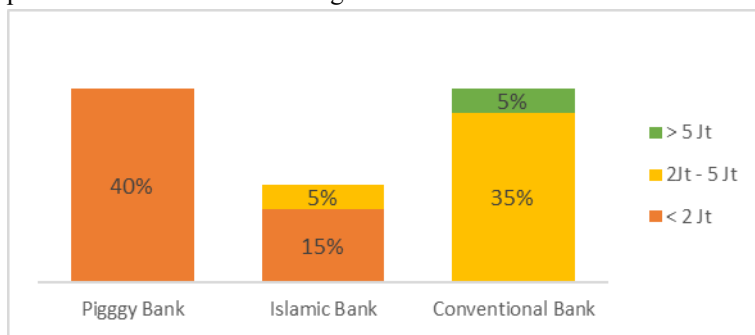


Figure 3. Where to save based on income
Source: Survey Results of the Trangkil Community, 2025

Several previous studies have examined the influence of education and income on financial literacy (Munthasar & Hasnita, 2021) , (Asriana et al., 2023) , (Mas'adah & Astuti, 2022) , (Batara & Tahirs, 2023) and (Rasmini & Alexandri, 2024). However, these studies have not specifically highlighted the role of financial socialization as a variable that affects people's understanding of Sharia-based finance, especially in areas with low literacy. It is from this gap that this study aims to demonstrate that Islamic financial literacy is influenced not only by economic factors, but also by psychological and social aspects, such as the level of trust and socialization within the community. Therefore, this study introduces a new variable, financial socialization, to the model and conducts research in an area that has not been extensively explored before, namely Trangkil Sub-district, Pati Regency.

The selection of the Trangkil sub-district was constructed by observation results and field surveys, which showed that although the community has realized the importance of financial management, most still keep money at home or in conventional banks. The interview results showed that 14 out of 20 respondents had never received any information about Islamic financial products, and 12 respondents did not understand the Islamic banking system. This phenomenon reflects the low Islamic financial literacy due to a lack of access to information and education.

This research not only addresses the theoretical gap but also makes a practical contribution by analyzing the strategic role of financial socialization in improving community literacy in areas with limited access to education. Thus, this study aims to examine the influence of education, income, and financial socialization on the Islamic financial literacy of the community of Trangkil Sub-district, Pati Regency.

RESEARCH METHODS

This is a quantitative research method that implements descriptive methods. Quantitative research is a type of research that collects, displays, and analyzes data in either numerical or non-numerical form. The data used in this study are primary data obtained from respondents either through surveys, interviews, or questionnaires. And secondary data obtained by researchers from books, journals, articles, and data publications from related institutions via the internet (Ali et al., 2022). The population's here is people at Trangkil who have an income, with a total of 27,209 people (Pemerintah Kabupaten Pati, 2022).

The sampling method implements simple random sampling with a calculation based on the Slovin formula with a margin of error of 10%, from this calculation, a sample size of 100 respondents is obtained. The variables in this study were measured using a Likert scale, which consists of five levels of assessment ranging from 1 (strongly disagree) to 5 (strongly agree). This study used SPSS software to process data and perform statistical analysis. The tests here use reliability and validity. The validity test was carried out using the Bivariate correlation technique, where an item is considered valid if the r value counts $\geq r$ table at the 0.05 significance level. Meanwhile, to test reliability, the Cronbach's Alpha method was used. An instrument is stated to be reliable when the alpha coefficient is better than 0.6 (Fitri, 2020).

The variable indicators used in this study are (1) Sharia Financial Literacy (Y), namely general knowledge of Islamic finance, Islamic savings and loans, Islamic investment, and Islamic insurance (Rasmini & Alexandri, 2024); (2) Education (X₂), namely the level of education, suitability of majors, and competencies (Ihsanuddin et al., 2022); (3) Income, namely average daily income, maximum income to improve welfare, and income to meet family needs (Siahaan & Hs, 2024); (4) Financial Socialization, namely family, education, friends, and media (Jazuli & Setiyani, 2021).

Hypothesis testing is carried out through statistical analysis using the F test and the t-test. In addition, classical assumption testing is also carried out, which includes normality, heteroscedasticity, and multicollinearity tests to ensure that the applied regression model is free from statistical disturbances that can affect the accuracy of the results (Kuara & Nasution, 2020). With the fulfillment of these assumptions, multiple linear regression analysis can be implemented to determine the connection between Y and X. The following is the hypothesis formulated by the research

H1: Education has a positive effect on Islamic Financial Literacy

This hypothesis assumes that the better the level of education of an individual, the easier it is to understand Islamic finance properly

H2: Income has a positive effect on Islamic Financial Literacy

This hypothesis assumes that income has a positive and significant effect on financial literacy; the higher a person's income level, the higher their financial literacy.

H3: Financial Socialization has a positive effect on Islamic Financial Literacy

This hypothesis assumes that in an environment that is active in organizing discussions, education, or disseminating information about Islamic finance, the individuals in it tend to be more motivated to learn and understand various Islamic financial products and principles more deeply.

RESULTS AND DISCUSSION

Research Results

Education Condition of Trangkil Community

Education is a process designed consciously and systematically to create a supportive learning atmosphere, to make students actively explore and upgrade their capabilities (Pristiwanti et al., 2022). In Trangkil sub-district, access to education is relatively easy; there are 38 elementary schools, 12 junior high schools/equivalent schools, and seven high schools/vocational high schools. (Data Pendidikan, 2023). The average final education of the Trangkil community is high school and a bachelor's degree. This is supported by research, which indicates that the average respondent holds a high school and undergraduate education. In this research, the variable of education is classified from elementary school to a bachelor's degree.

Table 1. shows that the high school level of education is the most significant number of respondents, with 46%, while the junior high school level has the least number, with only 9%

Table 1. Education of the Trangkil Community

Education	f	%
Primary School	21	21%
Junior High School	9	9%
Senior High School	46	46%
Bachelor's degree	24	24%
Total	100	100%

Source: Survey Results of the Trangkil Community, 2025

Income Condition of Trangkal Community

Income is all the results obtained, both in the form of money and goods, from work or business activities within a certain period of time (Ramadhan et al., 2023). The economy of Trangkil Subdistrict is primarily supported by the agricultural sector, especially food crops, which is the main livelihood of the community. In addition, there are processing industries such as the Trangkil Sugar Factory, which contribute to absorbing labor (Badan Pusat Statistik, 2024). In this study, the income variable is divided into three categories, namely:

Table 2. Trangkil Community Income

Revenue	f	%
< 2 Million Rupiah	48	48%
2 Million Rupiah– 5 Million Rupiah	43	43%
>5 Million Rupiah	9	9%
Total	100	100%

Source: Survey Results of the Trangkil Community, 2025

Table 2 shows that the income level of the Trangkil community is < 2 Million Rupiah, with the highest number of respondents at 48%, while the income level of 2 Million Rupiah - 5 Million Rupiah is 43%. These results show that most Trangkil residents have incomes < 2 million Rupiah.

Financial Socialization Level of Trangkil Community

Financial socialization is a process to minimize public understanding of financial management, including financial products such as savings, investment, and insurance (Nabilah et al., 2024). In the context of Islamic finance, financial socialization is used to disseminate understanding of Islamic financial products, such as savings, investment, insurance, and financing, that do not involve *riba*, *gharar*, or *maysir*. The measurement of the financial socialization level of the Trangkil community is based on three categories, namely Low, Medium, and High.

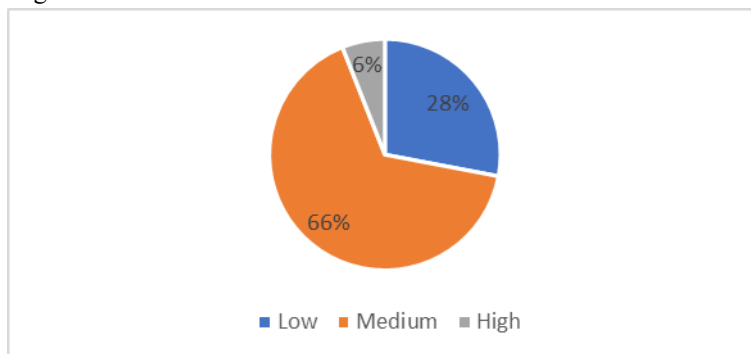


Figure 4. Trangkil community's level of financial socialization

Source: Survey Results of the Trangkil Community, 2025

Based on Figure 4, the level of financial socialization of the Trangkil community is mainly in the medium category, at 66%. This suggests that financial socialization efforts have reached the majority of the community, although the understanding gained is still incomplete. A total of 28% of the community is still in the low category, which reflects that socialization has not been evenly distributed and has not been able to significantly improve

their understanding. Meanwhile, only 6% of the community falls into the high category, indicating that the effect of optimal socialization has only been felt by a small portion of the community.

Condition of Islamic Financial Literacy Level in Trangkil Community

The introduction to Islamic banking products not only provides a new understanding for the community, but when people have adequate knowledge, they will be more trusting and interested in using Islamic financial products, which in turn can encourage increased access to financing (Kartini, 2023). Figure 5 presents the results based on respondents' answers, calculated by averaging the scores of Islamic financial literacy indicators, which encompass general knowledge of the variables.

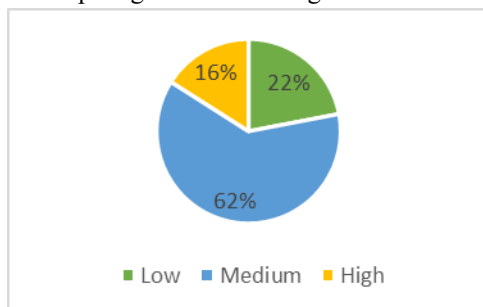


Figure 5. Sharia Financial Literacy Level of the Trangkil Community

Source: Survey Results of the Trangkil Community, 2025

Based on Figure 5, the results of measuring the Islamic financial literacy of the Trangkil community are in the moderate category, with 62%. This shows that although most of the Trangkil community has a sufficient understanding of Islamic finance, there is still room for improvement. A total of 22% of the community is in the low category, which indicates that they still need to be given further education on the concepts and principles of Islamic finance. Only 16% of the community have high Islamic financial literacy.

Therefore, ventures to develop literacy in Trangkil need to focus on groups with low and medium categories, so that people can better understand the finances in their lives. Measurements per indicator that describe the various dimensions of Islamic financial literacy of the Trangkil community can be seen as follows:

1. General Knowledge of Islamic Finance

Researchers measured this indicator by giving 3 questions to respondents of the 100 research respondents, the results showed that 42% of respondents had high category Islamic financial knowledge, 50% were in the medium category, and only 8% were in the low category. The highest level of general knowledge of Islamic finance is found among individuals with a high school education and those with a monthly income of 2 million. These results indicate that the Trangkil community is aware of the principles and benefits of Islamic financial products in general.

2. Sharia Savings and Loans

The processing results on the Savings and Islamic loans indicator show that 24% of the Trangkil community have low knowledge of Savings and Islamic loans, 46% in the medium category, and as many as 30% in the high category. The average level of respondents whose knowledge of savings and Islamic loans is low is respondents with a final education of elementary school and a monthly income of 2 million. Meanwhile, respondents who have high knowledge of Islamic savings and loans have a Bachelor's degree and a monthly income of 2-5 million. Most of the Trangkil community knows about Islamic savings products, but with an income level of 2 million per month, they prioritize meeting their daily needs.

3. Sharia Investment

The results of the measurement of Islamic Investment Indicators found that 32% of the Trangkil Community had a high level of Islamic investment literacy, while 49% were in the medium category, and 19% were in the low category. The high level of Islamic investment literacy is in the community with the latest Bachelor's education and monthly income of 2-5 million Rupiah. Meanwhile, people who have a low level of Islamic investment literacy are people with the last education of elementary school and monthly income <2 million Rupiah. Compared to conventional investment products, the Trangkil community mostly trusts Islamic

investments but they do not know much about Islamic investment products such as sukuk and Islamic mutual funds.

4. Sharia Insurance

The processing results on the Sharia Insurance indicator show that 20% of the Trangkil community has low knowledge of sharia insurance, 59% in the medium category and 21% in the high category. The average level of respondents with low Islamic insurance knowledge is respondents with the last education of elementary and high school and monthly income < 2 million Rupiah. Meanwhile, respondents who have high Islamic Insurance knowledge have a Bachelor's final education and an income of 2-5 million Rupiah per month. Many of the Trangkil community are interested in using Islamic insurance but they do not know the principles of Islamic investment such as helping each other with many people's income < 2 million Rupiah, the desire for Islamic insurance is constrained because there are many basic needs that must be prioritized.

The result of the research instrument test that has been carried out, this research is valid and can be accounted for, while based on the classical assumption test, this research passes the normality test, multicollinearity, and there is no heteroscedasticity. Thus, multiple linear regression tests can be carried out by researchers to examine it on the level of Islamic financial literacy of the Trangkil community.

Table 3. Multiple Linear Regression Test

Model	Unstandardized B	Coefficients Std. Error	t	Sig.
(Constanta)	.460	4.336	.106	.916
Education	1.150	.260	4.417	<,001
Income	.237	.262	.906	.367
Financial Socialization	1.479	.262	5.649	<,001

Source: Results of statistical analysis (author's own processing, 2025)

From the result so the regression equation's acquired:

$$Y = 0.460 + 1.150X_1 + 0.237X_2 + 1.479X_3$$

Outlined as follows

1. The constant of 0.460 indicates that if the variables of Education (X1), Income (X2), and Financial Socialization (X3) have no value or 0, then the value of Islamic financial literacy (Y) is 0.460
2. The regression coefficient for the Education variable (β_1) is 1.150. This positive coefficient value states that there's a connection among the level of education and Islamic financial literacy so every one unit in the education variable will increase Islamic financial literacy by 1.150
3. The regression coefficient for the Income variable (β_2) was recorded at 0.237. This positive indicates that the higher a person's income, the higher the level of Islamic financial literacy. Thus, a one-unit increase in income is expected to increase Islamic financial literacy by 0.237
4. The regression coefficient for the Financial Socialization variable (β_3) is 1.479. This value indicates the positive influence of financial socialization on Islamic financial literacy. Every one unit increase in financial socialization will encourage an increase in Islamic financial literacy by 1.479.

Table 4. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.799	.639	.627	4.44911

Source: Results of statistical analysis (author's own processing, 2025)

Based on the correlation coefficient test (R) known that the coefficient value between education, income and financial socialization on Islamic financial literacy Trangkil community is 0.799. While the R square is 0.639, which means 63.9% of the level of financial literacy is influenced by education, income and financial socialization, while 36.1% is impacted from variables that are not explained in the study.

Table 5. Simultaneous Effect F Test

Model	Sum of Square	df	Mean Square	F	Sig.
Regression	3359.884	3	1119.961	56.579	<.001
Residual	1900.276	96	19.795		
Total	5260.160	99			

Source: Results of statistical analysis (author’s own processing, 2025)

The results of the F Test Calculation show that the significance value is <.001 where the value is smaller than 0.05. This result indicates that Ho is rejected. Education, income and financial socialization simultaneously have a significant effect on sharia financial literacy.

Table 6. Partial Effect T Test

No.	Variabel	<i>t_{hitung}</i>	Sig.	α
1	Education	4.417	<.001	
2	Revenue	0.906	0.367	0.05
3	Financial Socialization	5.649	<.001	

Source: Results of statistical analysis (author’s processing, 2025)

Based on Table 3, the significance value of the education variable (<.001) < (0.05), which means Ho is rejected. This shows a significant impact of education on the level of Islamic financial literacy. For the income variable, the significant value is obtained (0.367) > (0.05), which means Ho is accepted. This suggests that income does not have a significant impact on the level of financial literacy. While the financial socialization variable significance value (<.001) < (0.05), which means Ho is rejected. This suggests that financial socialization has a substantial impact on the level of Islamic financial literacy.

Discussion

The Effect of Education on the Level of Islamic Financial Literacy in the Trangkil Community

Table 7. Average score of Financial Literacy based on Education

Education	General Knowledge of Islamic Finance	Sharia Savings and Loans	Sharia Investment	Sharia Insurance	Average Score
Elementary School	3,21	2,81	2,89	3,11	3,00
Junior High School	3,15	3,04	3,19	2,81	3,05
Senior High School	3,75	3,41	3,43	3,40	3,50
Bachelor’s degree	4,00	3,81	3,86	3,78	3,86
Total	3,64	3,34	3,39	3,37	3,44

Source: Results of statistical analysis (author’s processing, 2025)

This is shows the effect on the level of Islamic financial literacy. This is in line with the results of research Munthasar and Hasnita (2021) , Rizal and Ayuniyyah (2023) , and Asriana et al., (2023) which show that education has a significant effect on financial literacy. The higher a person's level of education, the better their ability to understand and apply Islamic financial principles.

Within the Theory of Planned Behavior framework, education plays a role in shaping attitudes towards Islamic finance (Ajzen, 1991). People with higher degree tend to have a more positive and open understanding of Islamic financial products, so they are more prepared to accept and use them (Sehabudin, 2023). This attitude encourages the intention to behave according to sharia principles in their financial management. The condition of Trangkil community education as can be seen in Table 5 shows that education is still dominated by high school at 46%. While people who have higher education (undergraduate) should reach 24%.

Result shows that the highest score is found among respondents with undergraduate education (3.86), while the lowest is at the elementary school level (3.00). This shows that the higher the education, the better the

understanding of Islamic finance. This finding relevant to (Puspita et al., 2021) which maintains that higher education significantly affected the Islamic financial literacy's level.

The Effect of Income on the Level of Islamic Financial Literacy in the Trangkil Community

This result shows that those variables in this study are not in line with previous research conducted by Batara and Tahirs (2023) and Rasmini and Alexandri (2024) which found that income has a significant positive effect on financial literacy. However, this result is in line with the results of research Aprilia (2020) which shows that there is no impact from income to financial literacy. If examined more deeply using the Theory of Planned Behavior perspective, this result can be explained in terms of subjective norms (Ajzen, 1991). In the context of the Trangkil community, limited access to Islamic financial services and people's perceptions of the ease of using conventional banks may be more dominant in influencing behavior, rather than the amount of income itself. This means that even though a person has sufficient income, if the surrounding environment has not encouraged or facilitated the use of Islamic products, it is not enough to increase Islamic financial literacy (Widjaya & Fasa, 2024).

In addition, income in rural communities such as in Trangkil Sub-district is generally used for short-term basic needs, so they tend to delay the use of financial services that are considered "not urgent", such as Islamic insurance or investment (Eni & Razak, 2022). The condition of the Trangkil community's income is still in the low category, this is indicated by the survey results that as many as 48% of people only have an income of <2 million. The majority of people with low income make people think twice about saving let alone investing in Islamic financial products.

Table 8. Average score of Financial Literacy based on Income

Revenue	General Knowledge of Islamic Finance	Sharia Savings and Loans	Sharia Investment	Sharia Insurance	Average Score
>2 Million Rupiah	3,56	3,23	3,31	3,27	3,34
2 Million Rupiah – 5 Million Rupiah	3,75	3,50	3,52	3,51	3,57
>5 Million Rupiah	3,68	3,37	3,46	3,32	3,46
Total	3,65	3,35	3,41	3,37	3,44

Source: Results of statistical analysis (author's own processing, 2025)

Based on Table 8, in the income group of 2 million, the average Islamic financial literacy score was recorded at 3.34. The income group of 2 million - 5 million showed a significant increase in score with an average of 3.57. This indicates that this group has a relatively good understanding of various aspects of Islamic finance. However, in the income group of Rp5 million, the average score decreased to 3.46. While the general knowledge aspect remains high (3.68), there is a decline in other dimensions such as savings and loans (3.37) and Islamic insurance (3.32). This decline is due to variations in financial management preferences, where some respondents with higher incomes may choose other financial instruments outside Islamic banking.

The effect of financial socialization on the level of Islamic financial literacy in the Trangkil community

The results showed that financial socialization has a significant impact on the level of Sharia financial literacy in the Trangkil Society. This is relevant to Repika and Habibi (2024) which found that financial socialization affects Sharia financial literacy. This finding is reinforced by LeBaron and Kelley (2021) which shows that social and environmental experiences greatly influence the formation of individual financial understanding and behavior.

Within the framework of Ajzen's Theory of Planned Behavior (1991), Financial socialization reflects perceived behavioral control, which is the state in which a person feels capable and confident in understanding and using Islamic financial services. Through exposure to family, friends, media, or institutions, individuals gain practical knowledge and skills, which ultimately increase their perceived control over financial decision-making (Koraag & Pratita, 2024).

From the research results, 100% of respondents stated that they felt that socialization about finance in the surrounding environment was still very lacking. This shows that the living environment, be it within the scope of family, friends, or the general public, has not become an effective forum for conveying knowledge of Islamic

financial management. This finding is supported by the Vidyaningrum (2022) result which found a Islamic financial literacy in rural communities' low level. The study also emphasized the importance of socialization by local governments and financial institutions in increasing rural communities' understanding of sharia-based financial systems.

Furthermore, 67% of respondents claimed to have never received socialization on Islamic finance and 33% of respondents claimed to have received financial socialization through various sources such as social media, banks, family, or communities. This shows that several information channels have actually tried to convey financial education, but the reach is still limited and has not been able to cover all levels of society. This finding is in line with Nasution (2024) which states that the limited public reach of sharia products and the dominance of the conventional financial sector are challenges in the development of sharia finance. This fact is an important indication that the active role of various parties, such as financial institutions, educational institutions, mass media, and local communities, is needed to expand public access to Islamic financial information.

CONCLUSION

Result shows that Education and Financial Socialization have a significant influence on the Islamic financial literacy of the Trangkil Community. However, the Income variable does not show a significant influence, so the understanding of Islamic finance does not solely depend on the amount of income. The results of the linear regression test show that the financial socialization variable has the most significant influence in increasing Islamic financial literacy. This highlights the crucial role of education and information dissemination in increasing public understanding of Islamic finance, both widely and evenly.

As a follow-up, community-based training programs such as financial education for youth and small business owners are suggested. Schools can also be involved through socialization activities or simple seminars on Islamic financial principles. Utilization of social media to disseminate educational content that is easy to understand is also important. This study has limitations in its coverage area and variables used, so further research is needed to expand its scope and incorporate additional factors, such as religiosity or financial experience, to provide more comprehensive results that can describe Islamic financial literacy more broadly.

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