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ANALYSIS OF GREEN BANKING, LEVEL OF FINANCIAL LITERACY, AND ENVIRONMENTAL AWARENESS TOWARDS CUSTOMER LOYALTY OF SYARIAH BANKS WITH CUSTOMER SATISFACTION AS A MEDIATION VARIABLE

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ABSTRACT

The shifting business paradigm demands that the Islamic banking industry focus not only on profitability but also on actively contributing to ecosystem sustainability through the adoption of green banking practices. Furthermore, internal customer factors, such as financial literacy and ecological sensitivity, are crucial determinants in responding to the sustainability values offered by banking institutions. This study aims to analyze the conceptual framework linking green banking implementation, financial literacy, and environmental awareness to Islamic bank customer loyalty, with customer satisfaction as a mediating variable. Using a structured Systematic Literature Review (SLR) approach, a comprehensive search of scientific articles was conducted in the Scopus and Google Scholar databases covering publications from 2021–2026. After rigorous screening based on inclusion and exclusion criteria, 45 final articles were selected and synthesized using qualitative descriptive methods. The results of the synthesis indicate that green banking, financial literacy, and environmental awareness have a partial positive and significant effect on customer loyalty. Furthermore, customer satisfaction has been consistently shown to act as a mediator, bridging the three independent variables in strengthening long-term loyalty. Aligning personal ecological values with a bank's green commitment is a key catalyst in creating a satisfying banking experience. As a practical implication, Islamic bank management is recommended to authentically integrate green principles into daily operations, expand Sharia-compliant financial education, and transparently communicate environmental initiatives to optimize customer engagement.

Keywords: Customer Satisfaction, Customer Loyalty, Environmental Awareness, Green Bankin.

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PENDAHULUAN

Data, Facts, and Reality

The Islamic banking industry has seen rapid growth over the past few decades, driven by a growing societal focus on financial principles grounded in ethics and sustainability. Amidst this paradigm shift, banking institutions are required to focus not only on generating financial returns but also on contributing to the sustainability of social and environmental ecosystems. One concrete manifestation of this shift is the implementation of green banking, or environmentally sustainable banking practices.

Green banking practices encompass a variety of environmentally friendly measures undertaken by banks, from channeling financing to renewable energy projects to efforts to

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reduce carbon emissions in daily operations.[1] noted that the development of green banking in Bangladesh has been rapid and is now an integral strategic component of the sustainability agenda of commercial banks in the country. [2] emphasized that commercial private banks play a central role in accelerating the development of green finance, primarily through the implementation of credit policies and investment frameworks oriented towards environmental responsibility.

On the other hand, financial literacy is a determinant variable that consistently influences customer behavior patterns in determining and utilizing banking products. [3] In their systematic review, they concluded that a person's level of financial literacy is positively correlated with the quality of their financial decisions, including selecting banking products that align with their needs and values. This finding is further strengthened in the context of Islamic banking, given that a comprehensive understanding of Sharia-based financial products is a prerequisite for customers to optimize the benefits of available services.

Meanwhile, increasing public awareness of environmental issues is also shaping consumer preferences towards more sustainable products and services.[4] constructed indicators of environmental awareness in farmer groups and found that a person's ecological values directly influence their behavior patterns and decision-making processes. In the banking sector, customers with a mature environmental awareness tend to prefer institutions that implement green banking practices, and this tendency, in turn, impacts their satisfaction and loyalty to the bank in question.

Customer satisfaction as a mediating variable occupies a strategic position as a link between these various factors and the formation of long-term loyalty. [5] found that fairness in service, service quality, company image, and satisfaction with the service received significantly influence customer loyalty, with satisfaction serving as the dominant mediating mechanism in the context of the banking industry. Similar findings were conveyed by [6] which underlines that customer satisfaction is the main link that connects service quality with the formation of loyalty.

[1] F Khairunnessa, D A Vazquez-Brust, and N Yakovleva, "A Review of the Recent Developments of Green Banking in Bangladesh," *Sustainability* 13 (2021): 1904.

[2] G.-W. Zheng et al., "Green Finance Development in Bangladesh: The Role of Private Commercial Banks (PCBs)," *Sustainability* 13 (2021): 795.

[3] K Goyal and S Kumar, "Financial Literacy: A Systematic Review and Bibliometric Analysis," *International Journal of Consumer Studies* 45, no. 1 (2021): 80–105.

[4] J Despotović, V Rodić, and F Caracciolo, "Farmers' Environmental Awareness: Construct Development, Measurement, and Use," *Journal of Cleaner Production* 295 (2021): 126378.

[5] A Hossain et al., "Effects of Service Justice, Quality, Social Influence and Corporate Image on Service Satisfaction and Customer Loyalty: Moderating Effect of Bank Ownership," *Sustainability* 13 (2021): 7404.

[6] V Singh et al., "Service Quality, Customer Satisfaction and Customer Loyalty: A Comprehensive Literature Review," *Journal of Survey in Fisheries Sciences* 10, no. 4S (2023): 3457–64.

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However, within the Islamic banking landscape, which has its own unique values and operational foundations, studies that integratively capture the relationship between green banking, financial literacy, and environmental awareness on customer loyalty and satisfaction as mediators are still relatively rare. This gap serves as the starting point and justification for this research, given that Islamic banking operates on a foundation of principles inherently

Research Gap

Although the literature related to each variable in this study has developed quite adequately, a number of substantial gaps still require serious attention from researchers. Most studies on green banking are still concentrated on the issue of financial performance and bank profitability, rather than exploring its impact on customer loyalty. [7]and [8] for example, focus more on the impact of green banking on bank profitability and stability, leaving the customer behavior aspects resulting from the implementation of green practices inadequately mapped. Although[9] have shown that the adoption of green banking contributes to the achievement of sustainable development goals, its relationship with the loyalty of Islamic banking customers in particular still requires further exploration.

Research on financial literacy is still largely focused on its implications for individual investment behavior and financial planning.[10] proves that financial education interventions have an impact on financial knowledge and downstream behavior, but specific studies on how financial literacy influences customer loyalty in Islamic banking, especially through the satisfaction mediation channel, are still very limited. Similarly, studies linking environmental awareness to the context of Islamic banking are still rare in the literature. Most environmental awareness research is conducted within the framework of general consumer behavior or the agricultural sector, as seen in [11] and not in a specific Islamic banking setting.

Furthermore, research that simultaneously integrates the three variables of green banking, financial literacy, and environmental awareness in a single model on Islamic banking customer loyalty with satisfaction as a mediator remains very limited. Tegambwage and Kasoga (2023) and Moosa and Kashiramka (2023) have studied a number of determinants of loyalty in Islamic banking, but the models they developed have not yet comprehensively accommodated the environmental dimension. This gap underscores the urgent need for a more integrative and contextually specific study.

Research Objectives

[7] P I Putri et al., "The Effect of Green Banking and Financial Performance on Banking Profitability," *Calitatea* 23 (2022): 38–44.

[8] S Sutrisno, A Widarjono, and A Hakim, "The Role of Green Credit in Bank Profitability and Stability: A Case Study on Green Banking in Indonesia," *Risks* 12 (2024): 198.

[9] W Aslam and S T Jawaid, "Green Banking Adoption Practices: The Pathway of Meeting Sustainable Goals," *Environment, Development and Sustainability* 27 (2025): 1015–40.

[10] T Kaiser et al., "Financial Education Affects Financial Knowledge and Downstream Behaviors," *Journal of Financial Economics* 145 (2022): 255–72.

[11] Despotović, Rodić, and Caracciolo, "Farmers' Environmental Awareness: Construct Development, Measurement, and Use."

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Based on the background description and mapping of research gaps above, this research sets several objectives as follows. First, the study aims to analyze the influence of green banking on the loyalty of Islamic bank customers. Second, it seeks to analyze the influence of financial literacy on the loyalty of Islamic bank customers. Third, it examines the influence of environmental awareness on Islamic bank customer loyalty. Fourth, this research analyzes the role of customer satisfaction as a mediating variable in the relationship between green banking, financial literacy, and environmental awareness on customer loyalty. Finally, the study aims to synthesize findings from various previous studies in order to build a comprehensive conceptual framework regarding the determinants of Islamic bank customer loyalty.

METODE PENELITIAN

1. Methodological Approach

This study adopted a Systematic Literature Review (SLR) approach with a standardized protocol to ensure the objectivity and reliability of the data generated. This method was used to identify, evaluate, and synthesize the results of previous studies relevant to the study topic, namely the influence of green banking, financial literacy, and environmental awareness on customer loyalty, with customer satisfaction as a mediating variable. The literature search focused on the academic databases Scopus and Google Scholar, using a combination of keywords such as 'Green Banking and Customer Loyalty,' 'Financial Literacy and Customer Loyalty,' 'Environmental Awareness and Customer Satisfaction,' and 'Customer Satisfaction as a Mediating Variable in Islamic Banking.' The selection process was carried out through the following systematic stages.

2. Initial Identification

The initial search yielded approximately 60 articles relevant to the research topic from various academic databases. These articles were identified through a combination of keyword searches, reference review, and citation tracking to ensure comprehensive coverage of the relevant literature.

3. Year Filtering

Next, articles were filtered based on the publication year range of 2021–2026 to ensure the novelty and relevance of the findings. After this screening stage, the number of articles that passed the selection process was reduced to approximately 45. This temporal restriction ensures that the research only addresses the most recent theoretical and empirical contributions in the field under study.

4. Inclusion and Exclusion Criteria

To ensure the quality of the literature used, this study applied the following selection criteria. Inclusion criteria: (a) scientific articles published in reputable international journals; (b) written in English or Indonesian; (c) published between 2021 and 2026; (d) relevant to the research variables. Exclusion criteria: (a) articles not available in full-text version; (b) articles irrelevant to the research topic; (c) articles identified as duplicates. After going through this stage, the number of articles meeting all criteria was reduced to 35 articles.

5. Data Extraction

A total of 45 final articles were analyzed in depth through grouping based on research variables, comparing findings, and identifying patterns of relationships between variables. This process aims to produce a comprehensive synthesis of the influence of green banking, financial literacy, and environmental awareness on customer loyalty, with satisfaction as a mediator. Data analysis was conducted using a qualitative descriptive approach through the following steps: (a) identifying relevant articles, (b) grouping studies based on variables, (c) comparing research results, and (d) synthesizing findings to generate conclusions. This approach was used to map patterns of relationships between variables while strengthening the theoretical foundation of the research.

HASIL DAN PEMBAHASAN

Implementation of Green Banking on Loyalty of Islamic Bank Customers

Green banking, or what is often called green banking, refers to a set of policies and practices implemented by banking institutions in order to minimize the negative impact of their activities on the environment while supporting a sustainable economic development agenda. [12] defines green banking as the implementation of ecologically responsible banking policies and procedures, including financing environmentally friendly projects, reducing the operational carbon footprint, and developing green financial instruments. In its development, [13] noted that green banking is no longer simply a response to regulatory pressure, but has evolved into a meaningful competitive differentiation strategy in the eyes of an increasingly environmentally conscious customer segment.

Within the Islamic banking ecosystem, the implementation of green banking holds significant relevance. This is due to the fact that Sharia principles inherently promote justice, sustainability, and the rejection of all forms of destructive activity.[14] emphasized that green banking is not simply an optional option, but rather an inherent responsibility of modern financial institutions to contribute to environmental preservation. In line with this view, [15] argues that although sustainable banking practices present a number of implementation

[12] Ris Ajaz and Aijaz, "Green Banking Practices-A Review in Select Banks of India," *Turkish Online Journal of Qualitative Inquiry* 12, no. 10 (2021): 5137–45.

[13] Khairunnessa, Vazquez-Brust, and Yakovleva, "A Review of the Recent Developments of Green Banking in Bangladesh."

[14] N Begum et al., "Green Banking: An Indispensable Step for the Bank to Save Our Environment," *American International Journal of Business Management Studies* 3 (2021): 1–11.

[15] S Sharma et al., "Sustainable Banking Practices: Impact, Challenges and Opportunities BT - E3S Web of Conferences" (Barcelona, Spain, 2024).

challenges, the opportunities they offer, including in building institutional reputation, are far more significant.

The link between green banking and customer loyalty is receiving increasing attention in academic literature. [16] found that customers' positive perceptions of a bank's ecological commitment were closely correlated with increased trust and their intention to continue using the bank's services. Complementing these findings, [17] concluded that banks that consistently integrate sustainability values into their operations tend to have a more loyal customer base, because environmental commitment is perceived as a reflection of the institution's overall integrity, which ultimately strengthens the emotional bond between customers and the bank.

[18] also found that the issuance of green bonds by banks is a credibility signal that is positively perceived by the market and stakeholders, indicating that transparency in environmental commitments has a concrete impact on customer perceptions and behavior. Thus, customer loyalty is not solely shaped by product or service quality, but also by the alignment of values between the customer and the banking institution they choose.

[19] also shows that environmentally-oriented digital service innovations such as mobile banking contribute to increased accessibility and customer satisfaction. These findings confirm that the digital dimension of green banking can also strengthen long-term relationships between banks and their customers.

Financial Literacy Level on Loyalty of Islamic Bank Customers

Financial literacy is generally defined as an individual's capacity to understand and apply financial knowledge to produce appropriate and effective decisions. [20], through their systematic review of financial literacy among entrepreneurs, found that adequate financial understanding significantly improves the quality of both business and financial decisions. From a more macro perspective, [21] revealed substantial variations in financial literacy levels

[16] M Amir, "Banker Attitudes and Perception towards Green Banking: A Study of Select Banks on Conventional Banks in Bangladesh," 2021.

[17] Y.-C. Chen et al., "An Exploration of Operational Efficiency, Market Efficiency, and Sustainable Development in the Banking Industry," *Corporate Social Responsibility and Environmental Management* 31 (2024): 4819–48.

[18] M Bedendo, G Nocera, and L Siming, "Greening the Financial Sector: Evidence from Bank Green Bonds," *Journal of Business Ethics* 188 (2023): 259–79.

[19] M N Khatun, S Mitra, and M N I Sarker, "Mobile Banking during COVID-19 Pandemic in Bangladesh: A Novel Mechanism to Change and Accelerate People's Financial Access," *Green Finance* 3, no. 3 (2021): 253–67.

[20] Anshika and A Singla, "Financial Literacy of Entrepreneurs: A Systematic Review," *Managerial Finance* 48, no. 9–10 (2022): 1352–71.

[21] J M Cordero, M Gil-Izquierdo, and F Pedraja-Chaparro, "Financial Education and Student Financial Literacy: A Cross-Country Analysis Using PISA 2012 Data," *The Social Science Journal* 59, no. 1 (2022): 15–33.

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between countries which have direct implications for the financial behavior patterns of their citizens.

The urgency of financial literacy is increasingly recognized by various international institutions. They are developing specific tools to measure financial literacy and inclusion, recognizing both as fundamental pillars in efforts to empower communities economically. [22] even argue that financial education not only improves individual financial management, but also contributes to the formation of more economically competent citizens. This is empirically confirmed by [23] which proves that a structured financial education program can increase financial knowledge and encourage more prudent financial behavior in the long term.

In the realm of Islamic banking, the role of financial literacy is increasingly in the spotlight.[24] found that higher levels of financial literacy contribute positively to financial inclusion, meaning that financially literate customers are better able to access and optimally utilize formal financial services. Furthermore,[25] shows that financial literacy influences a person's risk tolerance, which then determines their preference for certain financial products, including Islamic banking products based on profit-sharing mechanisms.

The pathway connecting financial literacy to customer loyalty is relatively complex. Customers with high financial literacy are better able to critically evaluate the value offered by Islamic banks, understand the advantages of Sharia-compliant products over conventional ones, and ultimately choose to stick with the institution that best accommodates their needs and values.[26]found that financial literacy influences long-term financial planning through the serial mediation of risk tolerance and saving behavior, which implicitly indicates that financially literate customers build deeper and longer-lasting relationships with their chosen financial institutions.[27]also emphasized that financial literacy is an important prerequisite for the effective and sustainable use of formal financial services.

Environmental Awareness of the Loyalty of Islamic Bank Customers

[22] E Fornero and A Lo Prete, "Financial Education: From Better Personal Finance to Improved Citizenship," *Journal of Financial Literacy and Wellbeing* 1 (2023): 12–27, https://doi.org/10.1017/flw.2023.7.

[23] Kaiser et al., "Financial Education Affects Financial Knowledge and Downstream Behaviors."

[24] M Hasan, T Le, and A Hoque, "How Does Financial Literacy Impact on Inclusive Finance?," *Financial Innovation* 7, no. 1 (2021): 40.

[25] C Hermansson and S Jonsson, "The Impact of Financial Literacy and Financial Interest on Risk Tolerance," *Journal of Behavioral and Experimental Finance* 29 (2021): 100450.

[26] S Harahap et al., "The Impact of Financial Literacy on Retirement Planning with Serial Mediation of Financial Risk Tolerance and Saving Behavior: Evidence of Medium Entrepreneurs in Indonesia," *International Journal of Financial Studies* 10, no. 3 (2022): 66.

[27] S Ansar, L Klapper, and D Singer, "The Importance of Financial Education for the Effective Use of Formal Financial Services," *Journal of Financial Literacy and Wellbeing* 1 (2023): 28–46, https://doi.org/10.1017/flw.2023.5.

Environmental awareness refers to the extent to which individuals understand, pay attention to, and care about environmental issues and the impacts of human behavior on the balance of the ecosystem. [28] developed a comprehensive construct of environmental awareness and found that this variable is a reliable predictor of pro-environmental behavior, including in everyday economic and consumption decisions.

In the context of consumer behavior, environmental awareness has been shown to significantly influence preferences and purchasing decisions. [29] found that citizens' concern for the environment positively shapes their pro-environmental attitudes and behaviors, including preferences for the products and services they consume. On the other hand, [30] found that the ecological values held by consumers encourage them to prioritize more environmentally friendly products and processes, a pattern that is relevant to apply in the context of selecting banking services.

The link between environmental awareness and banking customer loyalty is built through the mechanism of value alignment. When an Islamic bank implements green practices, customers with high environmental awareness will perceive a congruence between their personal values and the bank's institutional values. [31] In research in the hospitality industry, it was found that environmental sensitivity (green mindfulness) encourages creativity and positive engagement, which in the banking context can be interpreted as a deeper and more meaningful form of customer engagement. [32] also shows that deeply embedded environmental values will influence various aspects of individual behavior, including decisions in choosing banking services.

Specifically in the context of Islamic banking, customer environmental awareness is even more relevant, given that Islamic teachings emphasize the obligation to preserve nature (hifzul bi'ah). Therefore, Islamic bank customers with strong environmental awareness tend to be more appreciative of their bank's green banking initiatives, thus strengthening their loyalty to the institution.

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[28] Despotović, Rodić, and Caracciolo, "Farmers' Environmental Awareness: Construct Development, Measurement, and Use."

[29] J Hidalgo-Crespo et al., "Understanding Citizens' Environmental Concern and Their pro-Environmental Behaviours and Attitudes and Their Influence on Energy Use," *Energy Reports* 8 (2022): 103–9, https://doi.org/10.1016/j.egyr.2022.01.116.

[30] B Ahmad et al., "Prompting Green Product and Process Innovation: Examining the Effects of Green Transformational Leadership and Dynamic Capabilities," *Technology Analysis & Strategic Management*, 2022, 1–13, https://doi.org/10.1080/09537325.2022.2071692.

[31] M N Kalyar, F Ali, and I Shafique, "Green Mindfulness and Green Creativity Nexus in Hospitality Industry: Examining the Effects of Green Process Engagement and CSR," *International Journal of Contemporary Hospitality Management* 33, no. 8 (2021): 2653–75, https://doi.org/10.1108/IJCHM-09-2020-1079.

[32] M Usman et al., "Toward a More Sustainable Environment: Understanding Why and When Green Training Promotes Employees' Eco-Friendly Behaviors Outside of Work," *Human Resource Management* 62, no. 3 (2023): 355–71, https://doi.org/10.1002/hrm.22148.

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Customer Satisfaction as a Mediating Variable

Customer satisfaction is a comprehensive assessment made by customers of a product or service based on a comparison between their initial expectations and the actual performance they experience. [33] found that customers' emotional closeness and active involvement in the service ecosystem significantly increased satisfaction, which in turn drove loyalty growth. This suggests that satisfaction is not simply a passive response, but rather a dynamic construct formed through meaningful interactions between customers and banking institutions.

The role of satisfaction as a mediator in the loyalty formation chain has received strong empirical support .[34], in his research on relationship marketing in retail banking, found that trust and satisfaction serve as a bridge between service quality and long-term customer loyalty. In line with this,[35]proves that various dimensions of Islamic banking service quality significantly influence customer satisfaction, which then leads to stronger loyalty.

In the context of Islamic banking specifically, customer satisfaction is determined by unique factors. [36] found that compliance with Sharia principles significantly influences customer satisfaction in Islamic banks through the mediation of service quality. They also revealed that service quality in private banking directly influences customer satisfaction and loyalty. These findings indicate that customer satisfaction in Islamic banks is not solely determined by the technical aspects of service, but also by the value dimension and adherence to the principles believed in by customers.

Further, [37] found that in Islamic banking, customer trust and attitudes act as mediators between institutional factors and loyalty, indicating that the path to loyalty in Islamic banking is multidimensional.[38] Empirically, it has also been proven that achieving Islamic banking goals contributes to customer satisfaction, which then drives loyalty. Thus, customer satisfaction is an essential mediating construct in understanding how various

[33] H T Yi et al., "Examining the Relationship between Customer Bonding, Customer Participation, and Customer Satisfaction," *Journal of Retailing and Consumer Services* 62 (2021): 102598.

[34] M Roberts-Lombard and D J Petzer, "Relationship Marketing: An S-O-R Perspective Emphasising the Importance of Trust in Retail Banking," *International Journal of Bank Marketing* 39, no. 5 (2021): 725–50.

[35] A Afifah and N A Kurniawati, "Influence of Service Quality Dimensions of Islamic Banks on Customer Satisfaction and Their Impact on Customer Loyalty," *Journal of Islamic Economic Laws* 4, no. 2 (2021): 105–36, https://doi.org/10.23917/jisel.v4i2.15089.

[36] S Ahmed, M Hussain, and N Ansari, "Shariah Compliance and Customer Satisfaction in Islamic Banking: The Mediating Role of Service Quality," *International Journal of Islamic and Middle Eastern Finance and Management* 15, no. 2 (2022): 289–305.

[37] M Albaity and M Rahman, "Customer Loyalty Towards Islamic Banks: The Mediating Role of Trust and Attitude," *Sustainability* 13, no. 19 (2021): 1–19, https://doi.org/10.3390/su131910758.

[38] R Moosa and S Kashiramka, "Objectives of Islamic Banking, Customer Satisfaction and Customer Loyalty: Empirical Evidence from South Africa," *Journal of Islamic Marketing* 14, no. 9 (2023): 2188–2206.

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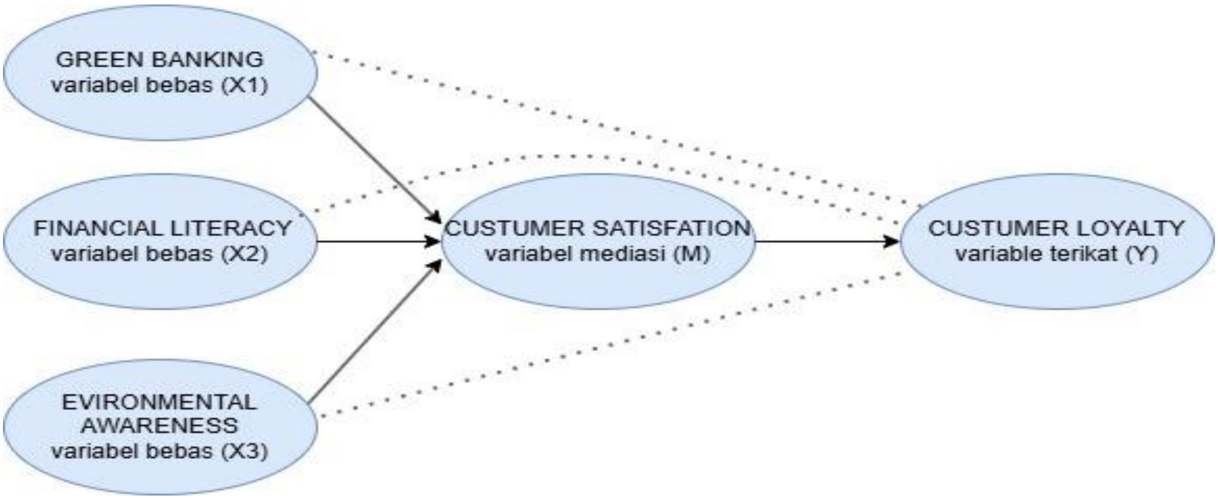
institutional attributes, including green banking, financial literacy, and environmental awareness, translate into tangible loyalty behavior.

Based on a comprehensive analysis of 45 international journals, several important themes emerged related to how green banking, financial literacy, and environmental awareness influence customer satisfaction and loyalty in the Islamic banking sector.



1. The Effect of Green Banking on Customer Loyalty

Green banking has a significant positive influence on customer loyalty in the Islamic banking ecosystem. [39] found that positive attitudes and perceptions of both bankers and customers toward green banking practices contribute to stronger institutional trust, a crucial foundation for long-term loyalty. The adoption of environmentally sound banking practices sends a clear message to customers that the institution is committed to values beyond mere profit-oriented pursuits.[40]emphasized that green banking is a necessity for modern banks that want to make a real contribution to environmental preservation while maintaining their relevance in the eyes of customers whose environmental awareness is constantly increasing. [41] adding that while implementing sustainable banking presents its own challenges, the opportunities it creates, including in terms of building a loyal customer base, are much greater.[42]More specifically, it was found that adopting green banking is a strategic path towards achieving sustainability goals, which in turn strengthens long-term relationships between banks and their customers.

This finding is in line with the concept of shared value in strategic management, where banks and customers who have similar ecological commitments will be bound in a

[39] Amir, "Banker Attitudes and Perception towards Green Banking: A Study of Select Banks on Conventional Banks in Bangladesh."
[40] Begum et al., "Green Banking: An Indispensable Step for the Bank to Save Our Environment."
[41] Sharma et al., "Sustainable Banking Practices: Impact, Challenges and Opportunities BT - E3S Web of Conferences."
[42] Aslam and Jawaid, "Green Banking Adoption Practices: The Pathway of Meeting Sustainable Goals."

deeper and more meaningful relationship.[43]shows that green credit not only contributes to bank profitability, but also to its institutional stability which indirectly increases customer trust and loyalty towards the bank concerned.

2. The Influence of Financial Literacy on Customer Loyalty

Financial literacy plays a significant role in determining customer loyalty in Islamic banking, both directly and through satisfaction mediation mechanisms.[44]found that customers with higher levels of financial literacy have better abilities in accessing and utilizing formal financial services, which has implications for more optimal satisfaction with the services they use.

Financially literate customers are better able to understand and appreciate the unique values offered by Islamic banking, from its commitment to financial ethics, profit-sharing mechanisms, to the prohibition of usury.[45]found that financial literacy influences a person's perception of investment risks and opportunities, which directly impacts their satisfaction with the financial products they choose. This in-depth understanding ultimately leads to higher satisfaction and fosters stronger loyalty.

[46]Specifically, they found that financial literacy influences long-term financial planning through the serial mediation pathway of risk tolerance and saving behavior. This finding indicates that financially literate customers have a long-term temporal orientation in their relationships with financial institutions, which inherently contributes to higher loyalty. Furthermore,[47]emphasizes that financial education creates individuals who are more financially responsible and better able to make decisions that align with their long-term goals, including in determining their choice of banking institutions.

3. The Influence of Environmental Awareness on Customer Loyalty

Environmental awareness significantly influences customer loyalty in the context of Islamic banking, particularly through its impact on customer satisfaction.[48]found that constructively measured environmental awareness is a reliable predictor of environmentally

[43] Sutrisno, Widarjono, and Hakim, "The Role of Green Credit in Bank Profitability and Stability: A Case Study on Green Banking in Indonesia."

[44] Hasan, Le, and Hoque, "How Does Financial Literacy Impact on Inclusive Finance?"

[45] P Gerrans, S B Abisekaraj, and Z Liu, "The Fear of Missing out on Cryptocurrency and Stock Investments: Direct and Indirect Effects of Financial Literacy and Risk Tolerance," *Journal of Financial Literacy and Wellbeing* 1 (2023): 103–37, https://doi.org/10.1017/flw.2023.6.

[46] Harahap et al., "The Impact of Financial Literacy on Retirement Planning with Serial Mediation of Financial Risk Tolerance and Saving Behavior: Evidence of Medium Entrepreneurs in Indonesia."

[47] Fornero and Lo Prete, "Financial Education: From Better Personal Finance to Improved Citizenship."

[48] Despotović, Rodić, and Caracciolo, "Farmers' Environmental Awareness: Construct Development, Measurement, and Use."

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responsible behavior, which in the banking context means choosing and remaining loyal to banks that implement green practices.

[49]revealed that people's environmental concerns, manifested in pro-environmental attitudes and behaviors, also influence their consumption decisions. Customers with higher levels of environmental awareness tend to be more responsive to green banking initiatives implemented by Islamic banks, as these initiatives align with their personal values and beliefs.[50]in a broader context also found that ecological values encourage individuals to engage consistently with entities committed to sustainability.

Value alignment between environmentally conscious customers and Islamic banks that implement green practices increases customer satisfaction substantially.[51]found that internalized environmental values tend to consistently influence individual behavior across various aspects of life, including banking decisions. Therefore, environmentally conscious customers are more likely to maintain their loyalty to institutions that actively and authentically demonstrate a commitment to those same values.

4. The Role of Customer Satisfaction as a Mediating Variable

Customer satisfaction serves as a crucial mediating variable in the relationship between green banking, financial literacy, environmental awareness, and customer loyalty.[52]Empirically, it has been proven that customer satisfaction in Islamic banks is formed through various dimensions of service quality and consistently has a positive influence on loyalty.[53]also found that achieving Islamic banking goals contributes significantly to customer satisfaction, which then drives their long-term loyalty.

[54]found that the quality and image of the institution with satisfaction and trust as intervening variables significantly influence customer loyalty, confirming that satisfaction does not work independently but interacts with various other factors in forming

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[49] Hidalgo-Crespo et al., "Understanding Citizens' Environmental Concern and Their pro-Environmental Behaviours and Attitudes and Their Influence on Energy Use."

[50] Ahmad et al., "Prompting Green Product and Process Innovation: Examining the Effects of Green Transformational Leadership and Dynamic Capabilities."

[51] Usman et al., "Toward a More Sustainable Environment: Understanding Why and When Green Training Promotes Employees' Eco-Friendly Behaviors Outside of Work."

[52] Afifah and Kurniawati, "Influence of Service Quality Dimensions of Islamic Banks on Customer Satisfaction and Their Impact on Customer Loyalty."

[53] Moosa and Kashiramka, "Objectives of Islamic Banking, Customer Satisfaction and Customer Loyalty: Empirical Evidence from South Africa."

[54] T M Kesuma et al., "Quality and Image: The Role of Satisfaction and Trust as Intervening Variables on Loyalty of Customer's Internet Service Providers," *Jurnal Manajemen Dan Pemasaran Jasa* 14, no. 2 (2021): 282–99, https://doi.org/10.25105/jmpj.v14i2.9358.

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loyalty.[55]added that the antecedents of customer loyalty in Islamic banking are multidimensional, with satisfaction serving as the main connecting mechanism.

[56]specifically found that in Islamic banking, Islamic compliance influences customer satisfaction through service quality as a mediator, indicating the complexity of the satisfaction formation pathway in the context of value-based banking.[57]also found that customer trust and positive attitudes act as mediators in the relationship between institutional factors and loyalty. Thus, the mediation of customer satisfaction is a strong empirical fact that service attributes and institutional characteristics can only be translated into behavioral loyalty through the accumulation of positive and consistent satisfaction experiences.

5. Green Banking, Financial Literacy, Environmental Awareness on Customer Loyalty with Customer Satisfaction as a Mediating Variable in Islamic Banking

An integrated analysis of all the research variables depicts a coherent and mutually reinforcing framework.[58]found that religiosity, an intrinsic value that has structural similarities with environmental awareness, acts as a mediator between online transactions, satisfaction, and loyalty of Islamic bank customers, indicating that alignment between personal and institutional values is a consistent path to loyalty.

[59] found that brand image and price fairness increase customer loyalty through the mediation of satisfaction, suggesting that customers' holistic perceptions of an institution encompassing environmental and value dimensions contribute synergistically to satisfaction and loyalty. In a broader framework, [60] found that customer engagement and identification with the brand are mediated by satisfaction in relation to corporate social responsibility programs, which parallels how green banking and ecological values shape customer identification of Islamic banks.

[55] A G Tegambwage and P S Kasoga, "Antecedents of Customer Loyalty in Islamic Banking: Evidence From Tanzania," *Journal of Islamic Accounting and Business Research* 13, no. 4 (2022): 701–13, https://doi.org/10.1108/JIABR-10-2021-0288.

[56] Ahmed, Hussain, and Ansari, "Shariah Compliance and Customer Satisfaction in Islamic Banking: The Mediating Role of Service Quality."

[57] Albaity and Rahman, "Customer Loyalty Towards Islamic Banks: The Mediating Role of Trust and Attitude."

[58] S Purnama, A Sukmasari, and R Bhandari, "The Role of Religiosity as a Mediating Variable in the Relationship between Online Transactions and Customer Satisfaction and Loyalty in Islamic Banking," *Aptisi Transactions on Management (ATM)* 5, no. 2 (2021): 143–51, https://doi.org/10.33050/atm.v5i2.1532.

[59] A T Junaedi et al., "Improving Customer Loyalty Wardah Brand through Brand Image and Price Fairness: Customer Satisfaction as an Intervening Variable," *Jurnal Aplikasi Manajemen* 20, no. 2 (2022): 379–87, https://doi.org/10.21776/ub.jam.2022.020.02.14.

[60] J Agyei et al., "Linking CSR and Customer Engagement: The Role of Customer-Brand Identification and Customer Satisfaction," *Sage Open* 11, no. 3 (2021): 21582440211040110.

Green banking creates a foundation of ecological credibility that both attracts and retains environmentally conscious customers. [61] noted that banks that proactively fund green projects demonstrate a tangible commitment that is positively perceived by various stakeholders. Financial literacy, in turn, enhances customers' ability to appreciate the uniqueness of Islamic banking products and services, resulting in higher satisfaction and loyalty. Meanwhile, environmental awareness strengthens the impact of green banking initiatives by building a customer base receptive to sustainable banking practices.

[62]emphasizes that the Theory of Planned Behavior provides a strong theoretical foundation for understanding how attitudes, subjective norms, and perceived behavioral control, all influenced by financial literacy and environmental awareness, determine customer intentions and behavior, including loyalty. The integration of the three independent variables in this model with satisfaction as a mediator reflects the real complexity of customer loyalty formation in the era of increasingly value- and environmentally-oriented Islamic banking.

CONCLUSION AND SUGGESTION

1. Conclusion

Based on a synthesis of 45 international journals using a Systematic Literature Review approach, this study produces five main conclusions. *First*, green banking has a positive and significant impact on customer loyalty in Islamic banks. The implementation of environmentally oriented banking practices builds trust, strengthens the institutional image, and creates value alignment between the bank and its customers, which collectively strengthens long-term loyalty. Customers perceive a bank's ecological commitment as a reflection of institutional integrity that transcends mere profit motives. *Second*, customers' financial literacy positively influences customer loyalty in Islamic banks. Financially literate customers are better able to understand, appreciate, and optimize the unique value of Islamic banking products and services, resulting in higher satisfaction and ultimately stronger loyalty. *Third*, customer environmental awareness positively influences customer loyalty in Islamic banks. Customers with a mature environmental awareness will naturally respond more positively to green banking initiatives implemented by Islamic banks, given the strong alignment between personal and institutional values. *Fourth*, customer satisfaction has consistently been shown to act as a significant mediating variable in the relationship between green banking, financial literacy, and environmental awareness and

[61] Zheng et al., "Green Finance Development in Bangladesh: The Role of Private Commercial Banks (PCBs)."

[62] M Simanjuntak and A H P K Putra, "Theoretical Implications of Theory Planned Behavior on Purchasing Decisions: A Bibliometric Review," *Golden Ratio of Mapping Idea and Literature Format* 1, no. 2 (2021): 1–7, https://doi.org/10.52970/grmilf.v1i1.18.

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customer loyalty in Islamic banks. This means that these three independent variables not only directly influence loyalty but also work through customer satisfaction to generate stronger and more sustainable loyalty. *Fifth*, the integration of the three factors of green banking, financial literacy, and environmental awareness in one model framework with satisfaction as a mediator produces a more comprehensive and holistic explanation of the dynamics of customer loyalty formation in Islamic banking compared to studies that only focus on one variable.

2. Suggestions

a. For Islamic Banks

Islamic banks are advised to proactively integrate green banking principles into their overall business strategies, not merely as marketing material, but as an authentic commitment embedded in daily operations. This includes developing green financing products, accelerating the digitalization of services to reduce carbon footprints, and ensuring transparency in reporting the environmental impact of banking activities. Furthermore, Islamic banks need to develop comprehensive financial education programs for their customers, particularly those related to Islamic products and their advantages, to improve their financial literacy and deepen their understanding of the unique values of Islamic banking. Banks are also encouraged to capitalize on the growing public environmental awareness by communicating their green commitments in measurable ways and engaging customers in concrete sustainability initiatives.

b. For Customers and the Community

Sharia banking customers are advised to continuously improve their financial literacy, particularly regarding sharia financial products and sustainable financial instruments, to enable them to make more informed and optimal financial decisions. The public is also encouraged to consider a banking institution's environmental commitment as one of the criteria in selecting a bank, as a concrete manifestation of responsible consumption patterns. Awareness that one's banking choices have a broader impact on the environment and society needs to be continuously cultivated, so that the decision to become a Sharia bank customer is not solely based on financial considerations, but also on broader ethical and sustainable values.

c. For Future Research

Future research is recommended to conduct empirical field studies using quantitative methods that collect primary data directly from Islamic bank customers to validate the conceptual framework developed in this Systematic Literature Review. Future researchers can also enrich the model by incorporating moderating variables such as religiosity, age, or education level of customers that could potentially influence the strength of the relationship between the variables. Furthermore, a cross-country comparative study on the influence of green banking and environmental awareness on Islamic bank customer loyalty would be invaluable, given the significant differences in cultural contexts, regulations, and levels of environmental awareness across countries. Cross-sectoral research comparing findings in Islamic banking with conventional banking would also provide significant theoretical and practical contributions to the development of science in this fie

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