

SHARIA FINANCIAL LITERACY EDUCATION FOR THE COMMUNITY IN EAST CIPUTAT DISTRICT, SOUTH TANGERANG

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ABSTRACT

Faculty of Economics and Business, University of Prof. Dr. Moestopo (Beragama) collaborates with FEB, Muhammadiyah University, Jakarta (UMJ) and the Faculty of Business and Social Sciences, Dian Nusantara University (FBIS UNDIRA) as well as the East Ciputat District Office, South Tangerang, holding Community Service (PKM) with educational programs that have been implemented to increase literacy. Islamic finance has not been optimal in reaching the community in East Ciputat District, South Tangerang. This can be seen from the lack of impact in line with expectations on the development of sharia finance in the region. In this service activity, the method includes delivering material regarding the introduction of sharia financial institutions. These activities are carried out through outreach and counseling. The service process consists of several stages, namely coordinating implementation preparations, implementing educational activities, and evaluating activities. Village community participation in community service activities makes a positive contribution to increasing the sharia financial literacy of the participants.

Keywords: Sharia Financial Literacy, Society

1. INTRODUCTION

Developments in the sharia financial sector are still progressing relatively slowly. Based on the results of a survey by the Financial Services Authority (OJK), the level of public understanding and participation in sharia financial products is still low, only around 8.11%. Even though the majority of Indonesia's population adheres to Islam, the sharia financial industry has not yet received optimal support. Data from OJK shows that total sharia financial assets reached Rp. 1,133.23 trillion, experiencing growth of 23%, which is better than the conventional financial sector. The overall assets of the Islamic non-bank financial industry have also doubled in the last five years. The sharia-based real sector also shows significant growth. Even so, this growth has still not reached optimal levels, partly due to lack of resilience in the face of external pressures. (Ratna, 2019)

Insights in Islamic financial literacy reflect a deep understanding of Islamic economic principles in a financial context. Islam places moral and ethical values as the basis for every financial activity, including business. Therefore, understanding the concept of sharia finance is very important for Muslim business people. The importance of this understanding can be described in several aspects. First, Islamic finance promotes justice and sustainability. Sharia financial principles avoid the practice of usury (interest), excessive speculation, and activities that are detrimental to society. In this way, business actors who understand sharia finance can build fairer and more sustainable businesses. Second, sharia financial literacy provides a moral basis for making financial decisions. The Islamic financial concept emphasizes transparency, integrity and social responsibility in every transaction. Business actors who have this understanding will tend to make more ethical and responsible decisions.

In managing finances more wisely and sustainably, business actors can apply sharia financial principles. Some key principles include:

1. Avoid Usury (Interest): The main principle of Islamic finance is the prohibition of usury. Business actors can look for alternative financing that does not involve interest, such as mudharabah or musharakah financing.
2. Transparency and Fairness: Sharia financial transactions must be transparent and fair. Business actors can ensure that every transaction is carried out clearly and based on the principles of fairness.

3. **Sustainable Investment:** An understanding of sustainable investment in the context of Islamic finance can help business actors choose projects or assets that provide long-term benefits without harming the environment or society.
4. **Social Responsibility:** Sharia financial principles encourage business actors to pay attention to social responsibility. In managing finances, they can contribute to the welfare of society through charity activities or social programs.

The importance of understanding Sharia financial concepts for business actors includes:

1. **Business Ethics:**
The concept of Islamic finance emphasizes high business ethics, which involves fairness in every transaction. Business people who understand these principles will be more likely to run their business with integrity and honesty.
2. **Sustainable (Sustainability):**
Sharia finance prioritizes sustainability aspects in investment and business. This can help business actors manage long-term risks and build businesses that are resistant to environmental and market changes.
3. **Risk and Profit Sharing:**
The Islamic financial system requires the sharing of risks and profits between the parties involved in a transaction. It promotes fairness and shared responsibility, creating a mutually beneficial business environment.
4. **Prohibition of Usury (Interest):**
One of the main principles in sharia finance is the prohibition of usury or interest. Understanding this concept helps business actors to look for fair and sustainable funding alternatives.
5. **Involvement in Halal Activities:**
Business people who understand sharia finance will tend to be more selective in choosing investments and businesses, ensuring that the activities they are involved in are in accordance with Islamic principles.

Application of Sharia Financial Principles in Financial Management:

Sustainable Investment:

1. By understanding the concept of sharia finance, business actors can direct their investments to sectors that not only provide financial benefits, but also contribute to sustainable development and community welfare.
2. **Riba-Free Financing:**
In managing debt and financing, sharia financial principles can guide business actors to find solutions that do not involve interest or usury systems, such as mudharabah or murabahah financing.
3. **Effective Risk Management:**
The concept of risk sharing in Islamic finance can help business actors to design more effective risk management strategies, reducing the potential impact of market fluctuations.
4. **Transparency and Accountability:**
Sharia financial principles emphasize transparency and accountability in every transaction. This encourages businesses to carry out their operations with integrity and builds trust in business relationships. (Khan, F, 2011)
Based on the results of observations, the main problems that will be sought solutions through this activity or program include:
 - a. Sharia financial literacy is still low in society
 - b. The public does not yet have sufficient understanding about sharia banking.
 - c. The public does not understand much about the contracts and products offered.Solutions that can be provided for business actors' priority problems In East Ciputat District, South Tangerang among others:
 - a. The village community will be given a short lecture on sharia financial literacy
 - b. The public will be given knowledge of sharia banking
 - c. The public will be given knowledge about sharia banking products
 - d. The public will be given sharia banking terms.

2. IMPLEMENTATION METHOD

Alternative solutions to overcome partner problems are carried out through mentoring using two approaches, namely the classical approach and the individual approach. The classical approach is applied at the stage of delivering sharia financial literacy material, while the individual approach is used at the evaluation stage. Implementation of this service activity involves several stages, which are detailed as follows:

1. **Initial and Preparatory Activities: Service team together with sub-district government officials** East Ciputat, South Tangerang a place for carrying out activities, carrying out initial coordination for preparations for carrying out activities. Coordination involves aspects such as the place where activities are carried out.
2. **Implementation of Activities: This activity aims to increase sharia financial literacy among the small business community. The service team organizes outreach to the small business community regarding sharia financial institutions, especially sharia banking, using interesting media. The socialization continued with sharing and discussion activities about the material that had been presented as well as other knowledge.**
3. **Activity Evaluation: The purpose of this activity evaluation is to discuss and evaluate all stages that have been carried out and plan the continuation of service activities. Evaluation is carried out at the end of each activity stage using the direct observation method, which is carried out immediately after the activity is implemented. This aims to enable necessary improvements. Indicators of activity success are measured through the participant's level of understanding. The success of the activity is assessed from a qualitative and quantitative perspective, including (a) the smooth implementation of all stages of the activity, (b) satisfaction of participants and related parties with the series of service activities, and (c) participation of 80% of invited participants in each service activity.**

3. RESULTS AND DISCUSSION

Community service activities are carried out in the District East Ciputat, South Tangerang. This activity was well received by the community and business actors in the area. The service activities have been completed well and smoothly. The stages of service activities include the following:

- a) Stages of service planning activities
The planning activity that has been carried out is coordination with the head of the sub-district head as the host for the implementation of service activities.
- b) The service team conveys the aims and objectives to the sub-district head and asks for permission and direction. Then time and place become priorities for planning and identifying potential activity participants.
- c) Stages of community service activities
Service activities will be held on Friday, August 25 2023 at 09.00 WIB until finished in the sub-district office hall East Ciputat, South Tangerang. The activity was attended by 30 Small Business people. The implementation of service activities is assisted by FEB UPDM (B) and FEB UMJ students.
- d) The activity began with an opening by one of the community service lecturers, Mitsalina Tantri, SE, MM, M.Ak., a lecturer at FEB UMJ. The activity continued with a presentation of material by the resource person, namely Dr. Luqman Hakim, SE, Ak., M.Sc., as Dean of FEB UMJ regarding insights into sharia financial literacy. He explained the importance of understanding sharia financial concepts for business actors, and how these principles can be applied to manage finances more wisely and sustainably.
The resource person asked several initial questions to find out the initial understanding of the participants. Some participants already understand sharia financial institutions (contracts and sharia banking products), while others are still not that familiar. The resource person then presented the material that had been prepared, including the basic concepts of sharia economics, the differences between sharia banking and conventional banking, Islamic financial principles, and the contracts used in sharia financial institution transactions.
- e) Evaluation
The results of the evaluation carried out after the service activities can be shown in the table below:

Table 1. Evaluation Results of Community Service Activities

Before	After
People do not yet understand sharia finance and the differences between conventional finance and finance	The public already understands sharia finance and the differences finance with conventional Islamic finance
The public does not yet know about the types of contracts and sharia banking products	Public Already know about the types of contracts and bank products sharia

The documentation for these activities is:



Figure 3.1
Activities Explanation of Sharia Financial Literacy Educational Materials

This Community Service Activity is a collaboration between the Faculty of Economics and Business, Prof. University. Dr. Moestopo (Religious) with FEB Muhammadiyah University Jakarta (UMJ) and the Faculty of Business and Social Sciences, Dian Nusantara University (FBIS UNDIRA) as well as the Ciputat Timur District Office, South Tangerang with educational programs that have been implemented to increase sharia financial literacy which have not been optimal in reaching the community in East Ciputat District, South Tangerang.



Figure 3.2
Sharia Financial Literacy Education Community Service Activities

4. CONCLUSIONS

The implementation of community service activities in East Ciputat District, South Tangerang, took place successfully and in a conducive atmosphere. This activity succeeded in increasing the small business community's understanding of sharia finance, including the differences between sharia finance and conventional finance, various types of contracts in sharia finance, as well as terms related to sharia finance.

It is important to continue this activity on an ongoing basis for the entire community so that their understanding of sharia finance increases. This includes an understanding of the differences between sharia and conventional finance, various types of contracts in sharia finance, and related terms. Given the significant benefits of this activity, it is recommended to periodically expand the scope of the target audience.

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