

SOCIALIZATION, LITERACY AND IMPLEMENTATION OF SHARIA BANKING PRODUCTS

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Abstract: The banking world is currently experiencing rapid growth, new banks have emerged such as Islamic banks, so it is inevitable that a competitive and tight banking business will emerge. This service activity is expected to provide provisions for the participants to improve the Islamic economy. Understanding Islamic banking products will provide benefits for them in terms of the Islamic economy. The systematics of the implementation of this service activity is Socialization, Literacy and Implementation with the assisted subjects who are partners of this community service activity are Karang Taruna and Dinoyo Residents in Lowokwaru District, Malang City. The activity is carried out in three stages: problem identification, activity implementation, and implementation evaluation. The result of the implementation of this activity was that the participants expressed their gratitude to us for being allowed to take part in the Islamic banking literacy and socialization activities so that they could open their minds who had so far felt that conventional banks and Islamic banks were the same. This shows that the literacy and socialization of Islamic banking in society are still not active enough, so activities like this should be carried out more frequently.

Keywords: Islamic banking, socialization, literacy, implementation

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INTRODUCTION

In-Law no. 21 of 2008 concerning Sharia Banking Article 1 states that Sharia Banking is everything that concerns sharia banks and sharia business units, including institutions, business activities, as well as methods and processes in carrying out their business activities. Islamic banks are developed as financial business institutions that carry out their business activities in line with the basic principles of Islamic economics. The goals of Islamic economics in Islamic banks are not only focused on commercial goals, which are reflected in the achievement of maximum profits but their role in providing welfare in general for the community. The contribution to participate in realizing the community's welfare is the role of Islamic banks in implementing their social functions (Susono, 2019).

The banking world is currently experiencing rapid development, and new banks have emerged such as Islamic banks, so it is unavoidable to avoid the emergence of a competitive and tight banking business. Realities like this cannot be avoided, so every bank must use various approaches in maintaining its business (Supriyanti, 2019).

Until now, the socialization of sharia banking is still not very adequate because the socialization focuses on Islamization, namely the adoption of Islamic principles into the banking system. Socialization has not yet reached the scientific stage, so that the socialization of Islamic banking has become less effective. The ineffectiveness of the socialization is due to the lack of efforts in the context of socializing the elements of Islam so that it can be accepted by the general public and rationally so that Islamic banking is not only recognized for its superiority among sharia loyalists but can also be more prevalent in the community. The data proves that the market share of Islamic banking is not more than 5% of the total banking market in general (Erfanto, 2016).

Increasing the effectiveness of Islamic banking socialization is very important, for those real efforts are needed. To achieve a desired goal, it is necessary to improve socializing of Islamic

banking in the community. This can be seen from what factors are a problem in increasing the effectiveness of Islamic banking socialization in the community, especially in the community. Many ordinary people think that saving in Islamic banks is the same as saving in conventional banks (Kusnandar, 2018). This can be seen from the slow growth of Islamic banking, although the potential is enormous considering that most of Indonesia's population is Muslim.

The existence of Islamic banking has an essential meaning for sharia-minded economic development, especially in providing solutions for the empowerment of small and medium-sized businesses and becoming the core of populist-based economic strength and at the same time being the primary support for the national economic system. This shows that the role of Islamic banks is significant for the community because it is an intermediary institution that can solve fundamental problems faced by small and medium entrepreneurs, especially in the capital sector.

This service activity is expected to provide provisions for Youth Organizations and Dinoyo Residents in Lowokwaru District, Malang City, to improve the sharia economy. Understanding Islamic Banking Products will provide benefits for them in terms of the Islamic economy. Understanding Islamic Banking Products is expected to help Youth Organizations and Dinoyo residents in Lowokwaru District, Malang City, manage funds and use Shariah carefully and efficiently so that Dinoyo Residents in Lowokwaru District, Malang City can develop better and can improve the sharia economy.

METHOD

The flow of activities for community service activities uses the following stages: The implementation of this Community Service activity is carried out through counseling, demonstration, training, guidance, discussion, consultation and program evaluation. The systematic implementation of this service activity is as follows:

a. Socialization and Literacy

Socialization and Literacy is the most appropriate way to provide knowledge to the

community to strengthen the implementation of activities and results of Socialization and Literacy. Brochures or leaflets related to several sharia banking products were distributed to all participants of socialization and literacy.

b. Implementation

In addition to providing material on sharia contracts and products, this training demonstrates and demonstrates the implementation of profit sharing calculations which include profit sharing calculation methods, profit sharing calculation stages, determinants of profit sharing and examples of cases of profit sharing and profit margin calculations Syariah banking.

c. Discussion and Consultation

At the time of socialization and literacy accompanied by discussions and consultations to further strengthen the community service activities carried out.

d. Program Evaluation

Evaluation at the end of this activity is carried out to measure the success of the entire training program. As for the indicators of success of this activity, it was determined that there was a significant improvement from pre-training to post-training and also in this training activity participants were able to understand the concepts and systems of Islamic banking.

RESULTS AND DISCUSSION

The results of this program assistance are activities that include:

a. Preparation

This activity was carried out on February 20, 2021, which aims to identify and select the focus of the problem. Problem identification was carried out together with the head of Karang Taruna and representatives of Dinoyo residents in Lowokwaru District, Malang City. The results of the implementation in this first stage are the lack of understanding of Karang Taruna and Dinoyo residents in Lowokwaru District, Malang City regarding Islamic Banking

Products, this can be seen from the results of the pre-test given at the beginning of the meeting to 25 people in the form of questions about Islamic banking.

b. Implementation

Community service activities carried out for Dinoyo residents in Lowokwaru District, Malang have been running as expected, as for several stages carried out.

- *Sharia Banking Socialization and Literacy*

The presentation of socialization and literacy materials in Islamic banking includes general knowledge of Islamic finance, the differences between Islamic banks and conventional banks, and Islamic bank products that the Dinoyo community can use. The presentation of the material has been delivered straightforward in a language that is easy to understand by the Dinoyo community, facilitate the delivery of information, the service team that makes stages in the delivery of material, starting from primary material relating to Islamic economics, in general to specific material relating to finance, and Islamic banking. The material is also delivered in stages. This can streamline the time to do service.

The training on Islamic banking contracts and products includes basic materials on the practical philosophy of transactions in Islamic banks from the product side to operational management, from the practical, bureaucratic and academic side. The stages of the material given in outline include identification of prohibited transactions such as muammalah principles such as usury, tadlis, taghrir, and imperfect competition (ikhtikar and bai' najasy) there is also about contract theory and wa'ad, Designing Sharia Contracts, Market Characteristics of Islamic Banks, Islamic Bank Financing Products, Techniques for Calculation of Third Party Funds and Financing.

- *Implementation of Islamic Banking*

After socialization and literacy regarding basic knowledge in Islamic banks were done, the service team explained the implementation of Islamic banking

developments in the world, especially in Indonesia. Some residents appreciated the socialization carried out by the service team. This is because there is still a lack of direct socialization carried out by the government to the public about Islamic banking, that is what makes people assume that Islamic banks and conventional banks are the same, but they have a slightly different "Arab-arab" designation.

The implementation process results show a significant increase in understanding the contracts used by Islamic financial institutions and knowing the differences between Islamic banks and conventional banks. Understand or feel that there is a continuation after the service team carries out the material explanation, the service team provides time and contact persons to be contacted by participants. Even that is what the service team hopes, after this socialization, it can increase public awareness of Dinoyo to make transactions, at least save in Islamic banks. This is expected to assist the government in increasing the community's contribution to Islamic finance. So that when Indonesia gets the demographic bonus in 2030, the Islamic finance industry can be fully controlled, and the people of Indonesia will enjoy its impact.

c. Discussion and Consultation

In the last session of this activity, we opened consultation opportunities for participants who had participated in the previous session. Some participants were enthusiastic to ask questions, here are some recap questions from participants:

Question from Mr. Robi, he is looking for a house and is currently surveying for a mortgage application. According to him, installments using Islamic banks are higher than conventional banks. What is the cause of this? Installments for home financing at Islamic banks usually use a murabahah contract in which the customer applies to home financing, then the bank buys the house and sells it to the customer with a profit margin that the bank and the customer have discussed. After an agreement is

reached, the customer pays in installments to purchase the house according to a predetermined period, and the installment value will not change until the installment is paid off. However, if the number of installments including interest is calculated, both sharia and conventional mortgages will be the same when the tenor ends. Only, Islamic mortgage installments look more prominent from the start compared to conventional banks. Conventional banks make adjustments in the form of floating rates which can even go up to 100%.

d. Program Evaluation

The Socialization, Literacy, and Implementation of Islamic Banking Products has been carried out for four days and went smoothly. All processes have been passed well. We, the devotees, have made the best possible preparations for the smooth running of the process so that this activity does not experience significant obstacles. However, what is of concern to us is that majority of participants asked questions specific to a particular Islamic banking product, whereas we were not the party who fully understood a particular Islamic banking product. This can be an input for us that we need to get at least to know and maybe even compare each product from each Islamic banking so that we can provide more specific information to participants. Fortunately, we are customers of several Islamic banks, so there is a slight comparison between several Islamic banks, although not as a whole, this is what has become our provision to provide a more realistic picture to answer participants' questions, and besides that also reinforced by one of the service teams, who used to be a banker at a bank.

CONCLUSIONS

The socialization, literacy and implementation of Islamic banking products carried out for residents of Dinoyo village, Lowokwaru sub-district, Malang City has been carried out as expected. After this activity, there was an increase in participants' knowledge about

Islamic banking. This can be seen by the positive response from the participants with several questions and discussions related to Islamic banking. Moreover, participants openly stated that they would soon become customers of Islamic Bank. Participants expressed their gratitude to us for being allowed to participate in Islamic banking literacy and socialization activities so that they can open their minds who have always felt that conventional banks and Islamic banks are the same. This shows that the literacy and socialization of Islamic banking in the community are still lacking, so activities like this should be carried out more often.

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