

SHARIA FINTECH EDUCATION FOR DISASTER-AFFECTED COMMUNITIES IN PALU CITY

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ABSTRACT

Amidst the rampant development of conventional fintech technology, Islamic fintech has emerged as an innovation combining Islamic finance principles with technological advancements. Islamic fintech is a financial solution that enables Muslims to conduct their daily economic activities following Sharia law, which prohibits usury (interest) and transactions that are not in line with principles of justice. This initiative is carried out to increase public interest in using Islamic fintech by educating communities affected by disasters in Huntap Duyu. The process involves stages of preparation, observation, discussion for activity determination, activity implementation, and evaluation. The activity results show positive outcomes in enhancing the community's understanding of Islamic fintech.

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INTRODUCTION

Fintech has transformed how providers and recipients of financial services interact, reshaping traditional transaction patterns into simpler and more modern ones by integrating financial services and information technology (Sidaoui et al., 2022; Syamsu et al., 2022). Fintech has replaced various functions previously carried out by banks and other financial institutions with various fintech products, such as payments, loans, personal financial planning, retail investments, crowdfunding, etc. (Sofyan et al., 2022; Subagiyo, 2019). Fintech is a significant and beneficial innovation for the financial industry that can reach all segments of society.

Islamic fintech has also harnessed cutting-edge technology to achieve broader economic, environmental, financial, and social goals. This encompasses the development of better Islamic financial services and benefits that include financial inclusion, poverty reduction, and increased social justice. (Hassan et al., 2022; Sofyan, Sofyan, et al., 2023). Islamic fintech promises broader access to financial services that adhere to Islamic principles with more affordable costs, greater convenience, and higher efficiency, opening

new opportunities in financing, payments, and investments in line with Islamic legal principles. (Billah, 2021; Mohamed & Ali, 2018).

Several studies have shown that understanding and knowledge significantly influence the interest in using Islamic fintech. (Bakhtiar et al., 2022; Misissaifi & Sriyana, 2021; Wardhani et al., 2020). However, the growth of Islamic fintech has yet to reach an ideal condition in responding to the rapid developments in the financial industry, especially amidst the dominance of the conventional financial industry. (Bakhtiar et al., 2022). Therefore, it is necessary to carry out extensive promotion through socialisation using various media, and one of the efforts made is by conducting community engagement activities to raise awareness among the public.

The activity occurred in Permanent Residences (Huntap) located in the Tatanga District, covering an area of 36.3 hectares with a total of 1,841 dwellings. Huntap Duyu was designated as the site for the Community Service Program (PKM) for various reasons, one of which was that the residents of Huntap Duyu were victims of the Pasigala disaster that occurred in 2018, resulting in them losing their homes and being relocated by the government to the Duyu District. Adapting to the new environment posed specific challenges concerning family economic sustainability. The education on Sharia fintech is expected to be one of the solutions to address these issues. This area was constructed as an acceleration effort to develop disaster-affected areas in Palu City due to the earthquake and tsunami in 2018. These residences are intended for people who lost their homes due to the disaster. Based on topographical data, Duyu District is situated at an elevation ranging from 120 to 190 meters above sea level, with steep slopes of about 20 to 45% (Badan et al., 2021).

Based on the initial observations, it was found that a significant portion of the Huntap Duyu community are entrepreneurs in the culinary sector within the Huntap Duyu tourism area. Many residents lost their livelihoods after the disaster and are trying to rebuild their economic stability by establishing businesses supporting their living expenses. (Sofyan, Arifin, et al., 2023). With the previously mentioned topographical features, Huntap Duyu's Permanent Residences (Huntap) have their unique aesthetic value, as residents can enjoy the beautiful views of Palu Bay from these elevated locations. This uniqueness makes Huntap Duyu a popular destination for visitors, which in turn has a positive impact on the local economy. The influx of visitors opens up business opportunities for the residents of Huntap Duyu, allowing them to sell products or services around their homes. Additionally, there are culinary business opportunities for small and medium-sized enterprises (SMEs) among the residents of Huntap Duyu and the surrounding areas.

Based on the conditions mentioned above, empowering the community and increasing their participation in using financial technology through Islamic fintech is necessary. Globalisation and openness allow people to utilise various technologies, including in finance. Introducing technology, predominantly Islamic fintech, can provide benefits and accessibility for the community in supporting various economic activities. In this regard, the Faculty of Islamic Economics and Business at Datokarama State Islamic

University in Palu is trying to assist disaster-affected communities by providing education on Islamic fintech. This education aims to provide understanding and training on using financial applications through smartphones. The understanding and use of Islamic fintech are expected to contribute to the growth of Islamic financial assets and the acceleration of regional economic activities, which will also impact the national economy.

METHODS

The community engagement program took place at the Huntap Duyu Mosque, Duyu Village, Tatanga District, Palu City, for one day on June 6, 2023. The activity consisted of education using a training method with 50 participants. The following is the flow of the community engagement activity:

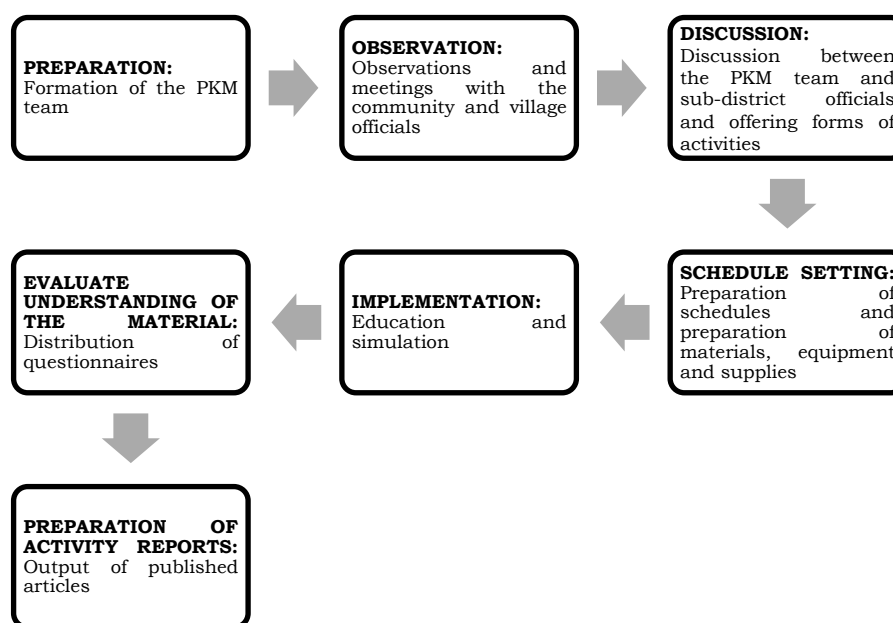


Figure 1
Implementation Process Flow

This activity began with the formation of the implementation team and the selection of possible locations for conducting surveys to identify the issues faced by the community. Subsequently, a cooperation agreement was made with the local authorities to carry out the community engagement program to solve these issues. The implementation phase involved educating the community about Islamic fintech through lectures and practical demonstrations, using content provided by speakers Syaakir Sofyan, Nur Syamsu, and Noval. Following this, an evaluation phase was conducted, including reporting the results of the community engagement program to the partners and creating a report on the implementation of the community engagement program. The report was then published to be beneficial for economic improvement. The method used for community engagement emphasised a participatory approach, highlighting community involvement.

In order to assess the level of success of the conducted activities, the evaluation plan outlined in Table 1 is presented below.

Table 1. Evaluation of activities

Stages	Achievement of activities	Indicator
Introduction to sharia fintech	Participants enthusiastically paid attention to the presentation of sharia fintech	Participants asked questions and presented their experiences in utilizing fintech
Sharia fintech simulation	Participants enthusiastically took part in the simulation	Participants have an interest in using sharia fintech

RESULTS AND DISCUSSION

Participant Characteristics

The community engagement activity lasted for one day on June 6, 2023, lasting for 120 minutes, from 10:00 AM to 12:00 PM local time (WITA). The location of the activity was at the Huntap Duyu Mosque, Duyu Village. The participants in this activity were residents residing in the Huntap Duyu area who were initially individuals affected by the disaster and lost their homes. There were 50 participants, comprising 41 females and 9 males.

Table 2. Number of Participants Based on Gender

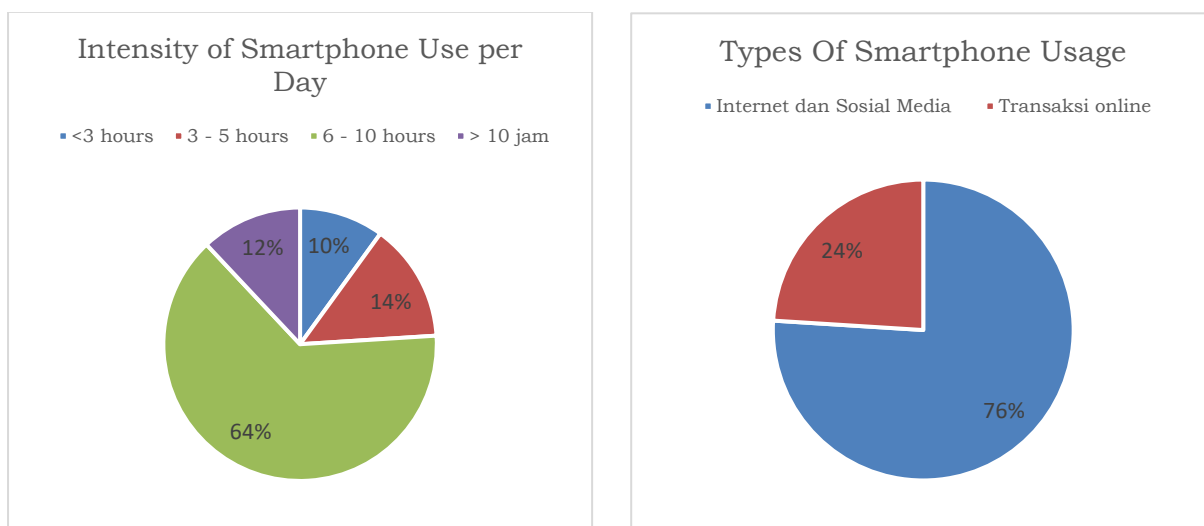
No	Gender	Amount	Percentage
1	Female	41	82%
2	Male	9	18%
Total		50	100%

Additionally, the number of participants based on age can be seen in Table 3. It was found that there were 14 participants aged 18-30 years, 26 participants aged 31-40 years, and 11 participants aged above 40 years.

Table 3. Number of Participants based on Age

No	Age	Amount	Percentage
1	18-30 Year	14	28%
2	31-40 Year	26	52%
3	>40 Year	10	20%
Total		50	100%

All participants have been confirmed to own smartphones. Therefore, the data related to smartphone usage intensity and usage patterns are displayed in Figure 2. The smartphone usage intensity among participants is predominantly in the range of 6-10 hours per day, primarily for the internet and social media.

**Figure 2**

Intensity and Type of Participants' Smartphone Use Intensity of Smartphone Use per Day

Description of Activity Implementation

The activity began with interviews with the community to assess their level of understanding regarding Islamic fintech. The measurement results showed that the community was generally familiar with various types of fintech and tended towards non-Shariah-based fintech. This was because some community members were customers of conventional banks, and some already had mobile banking applications. Some still needed mobile banking app accounts due to a lack of understanding and concerns about the risk of funds being lost due to human error or other factors, so they chose not to use them.

The education was conducted in two stages. The first stage involved introducing fintech's concept, functions, and benefits. This activity was conducted offline with Syaakir Sofyan as the lecturer and faculty member at the Faculty of Islamic Economics and Business at UIN Datokarama Palu. The lecturer presented introductory material on Islamic fintech, including the differences from conventional fintech, types of Islamic fintech, and the objectives and benefits of using Islamic fintech. Furthermore, the lecturer discussed the emergence of fintech in line with the fast-paced lifestyle changes. One of the most prominent benefits of fintech is easy access to financial services. Individuals and businesses have more accessible and inclusive access to various financial services in this era. This includes opening bank accounts, obtaining loans, investing, or getting insurance coverage more easily than before.

Additionally, fintech has brought cost efficiency, as it often incurs lower costs than traditional financial institutions. This means lower transaction costs for users and significant cost-saving opportunities for businesses. Innovation in products and services is also a hallmark of fintech, ranging from online investment platforms to digital payments, continuously pushing boundaries and providing diverse choices to consumers.

The next stage involved simulating the use of Islamic fintech by providing training and guidance to the community on utilising fintech through smartphones. This activity was conducted by Nur Syamsu and Noval, lecturers at the Faculty of Islamic Economics and Business. This phase focused on addressing various issues faced by participants in using fintech through smartphones. Participants raised various problems they encountered, as well as the negative perceptions they had about fintech. The facilitators provided various solutions intended to help participants resolve these issues.



Figure 3. Atmosphere of Implementing Educational Activities

The next stage involved administering a questionnaire to the participants to assess their understanding of the material presented and their interest in fintech. The questionnaire was divided into two parts: understanding and interest of participants, using a modified Likert scale tailored to the intended objectives. The responses can be seen in the following table, Table 4.

Table 4. Successful Implementation of Education

Statement	Evaluation	Percentage
Understanding of Sharia Fintech		
I understand Sharia Fintech	3.6	72
I understand the differences between sharia and conventional fintech	3.2	64
I understand the benefits and uses of sharia fintech	3.7	74
I understand examples of sharia fintech applications	3.5	70
I understand the role of fintech in everyday life	3.6	72
Average value	3.56	71
Interest in Sharia Fintech		
I believe that sharia fintech provides convenience in everyday life	3.6	72
I will look for information about sharia fintech	3.5	70
I will use sharia fintech in the future	3.9	78
Average value	3.67	73.3

Based on the table above, the results show that the item understanding about sharia fintech with statements related to understanding the benefits and uses of sharia fintech has the highest score, namely 3.7 (74%). The lowest percentage was seen in statements about understanding the differences between Sharia and conventional fintech at 3.2 (64%). This is due to the significant dominance of conventional-based fintech, and most people are conventional bank customers who directly receive socialisation from various media. Further results were found in the item interest in sharia fintech with the statement about interest in using sharia fintech in the future having the highest score of 3.9 (78%). This indicates that after receiving education, participants developed an interest in utilising Sharia fintech in the future.

CONCLUSIONS

In a modern era filled with advanced technology, fintech, or financial technology, has emerged as an essential force that changes how finance is managed and interacted with. Today, fintech has seeped into various aspects of life, significantly changing the relationship with money and financial services. The implementation of community service in Huntap Duyu shows that the education participants understand Sharia fintech, and participants are interested in getting Sharia fintech services. This indicates that the implementation of community service is going well and showing significant results.

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