

Increasing Community Literacy Through Regular Recitations in Rowotapen Tanggul Wetan Village Regarding Savings Products and Financing of BMT NU Tanggul Jember Branch

¹Luluk Musfiroh, ¹Putri Nidiawati*, ¹Itsnaini Aliyah Ratnasari

¹Program Studi Akuntansi Syariah, Fakultas Ekonomi dan Bisnis, UIN KH. Achmad Shidiq Jember, Indonesia

*Corresponding author

Email: lulukm88@gmail.com

Volume

5

Issue

2

Edition

November

Page

622-628

Year

2024

Article History

Submission: 13-02-2024

Review: -

Accepted: 13-10-2024

Keyword

Community Literacy;

Savings;

Financing;

How to cite

Nidiawati, P., Ratnasari, I. A., Musfiroh, L. (2024). Increasing Community Literacy Through Regular Recitations in Rowotapen Tanggul Wetan Village Regarding Savings Products and Financing of BMT NU Tanggul Jember Branch. *Jurnal Pengabdian Masyarakat*, 5(2), 622-628
<https://doi.org/10.32815/jpm.v5i1.2225>

Abstract

Purpose: Community service activities in Rowotapen Tanggul Wetan Village aim to provide education to the community regarding savings and financing products of BMT (Baitul Mal wal Tamwil) NU Tanggul Branch which is aimed at providing understanding and awareness that there are sharia-based financial institutions.

Method: The implementation of this service activity utilized a direct approach method with the community, namely through material presentation and discussions, to enable the community to have a deeper understanding of BMT NU Branch Tanggul.

Practical Applications: This socialization activity is also expected to improve the well-being of the lower-income community without imposing pressure and to realize justice in accordance with Islamic law.

Conclusion: The outcomes of this activity may include evaluations, feedback, and learning about Sharia-based financial institutions in the vicinity (KSPPS BMT NU Branch Tanggul).



Introduction

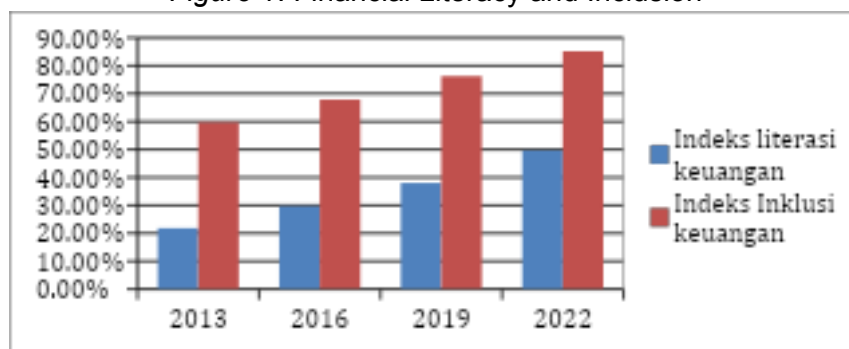
In Islamic economics, it is the endeavor to fulfill the needs of society towards achieving collective prosperity (Abdulkarim & Qader, 2023). Issues pertaining to wealth involve how we acquire assets, which can be done through investment activities (such as mudharabah or murabahah agreements and musyarakah), as well as trading activities (including murabahah, ijarah, istisna, and salam agreements) (Rouzi et al., 2021; Sarpini, 2019). The existence of Sharia-based financial institutions cannot be disregarded or avoided, as their presence greatly assists in improving the welfare of society. Moreover, they can also provide solutions to various financial issues, especially for the lower to middle-income population (Hibatullah et al., 2023; Mafikah et al., 2024). On the other hand, the abundance of products offered can serve as a remedy for the financial difficulties experienced by individuals (Maleha & Fadilla, 2019).

Literacy is the ability to manage and interpret various knowledge and information. This literacy process is carried out through reading or listening, similar to the acquisition of knowledge through socialization processes (Azzajjad & Ahmar, 2024; Prabowo et al., 2022). The importance of enhancing literacy in society, especially in remote villages, is highly necessary because through literacy, communities can acquire new knowledge and skills that are beneficial to their lives. The term literacy has become a frequently discussed topic not only among school children but also among communities, as the improvement of literacy among the population is the right of all citizens, as every citizen has the right to lifelong learning (Angreini, 2021).

High levels of financial literacy among the population will influence how they manage their finances, such as screening the use of cash funds, credit cards, or preventing offers of discounts or online shopping (Cornellya & Wibowo, 2022; Yadnya, 2022). Conversely, low levels of literacy can have negative effects on financial conditions, as it leads to improper decision-making. Therefore, literacy within the community needs to be improved. Generally, literacy is used as a measure to gauge how much knowledge the population has about financial products. By enhancing literacy, it is hoped that communities can make better decisions, thus supporting their economic well-being (Hidajat, 2016).

Financial literacy encompasses the knowledge, skills, beliefs that influence an individual's attitudes and financial behaviors, thereby enhancing their ability to make decisions and manage their finances to achieve well-being (Fatonah et al., 2024; Perkasa et al., 2024). Meanwhile, financial inclusion refers to the availability of access for the population to utilize products and/or services, such as those offered by formal financial institutions, in accordance with the needs and capabilities of a society to realize its prosperity. Below is a diagram presenting the results of the Financial Literacy and Inclusion Index survey conducted by the OJK (2022).

Figure 1. Financial Literacy and Inclusion



The results of the SNLIK 2022 indicate that the financial literacy index of the Indonesian population is 49.68 percent, which is higher compared to 2019, which was only

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38.03 percent. Meanwhile, the financial inclusion indexes this year reached 85.10 percent, an increase compared to the previous SNLIK period in 2019, which was 76.19 percent. This indicates that the gap between the level of literacy and the level of inclusion is decreasing, from 38.16 percent in 2019 to 35.42 percent in 2022.

BMT is a business center whose activities aim to assist the community in developing small-scale economic enterprises and improving the quality of economic activities through Sharia-compliant systems (Anggraini, 2024). BMT is an organization that encompasses various facilities supporting the provision of funds. The majority of the community also entrusts BMT to manage their assets/funds, hence it needs to be managed with trustworthiness, honesty, and accountability to maintain public trust. Through this service-oriented activity, we hope that the community, especially in Desa Rowotapen Tanggul Wetan, can be educated about the knowledge of BMT NU Cabang Tanggul and understand the existence of Sharia-based financial institutions in Indonesia. Consequently, its presence is expected to be utilized effectively and optimally by the community.

Method

Service Activity Entitled “Enhancing Community Literacy Through Regular Sermons in Desa Rowotapen Tanggul Wetan Regarding Deposit and Financing Products of BMT NU Branch Tanggul Jember” This implementation took place on January 11, 2024. The participants of this activity were approximately 30 women who regularly attend sermons in Desa Rowotapen. The primary target of this awareness campaign was the community of Desa Rowotapen itself.

The implementation of this service activity utilized a direct approach method with the community, namely through material presentation and discussions, to enable the community to have a deeper understanding of BMT NU Branch Tanggul. The method used to obtain and gather data was through a discussion process (Anggraini, 2024). This was done to understand and obtain information about the village's condition or the community's knowledge regarding the material to be presented. The activities included explanations about the deposit products and types of financing available at the KSPPS BMT NU Branch Tanggul. Important brochures were provided to enable the community to review the material and ask questions during the discussion session if they wished to. Following this, a question-and-answer session was conducted simultaneously, and the service team would answer the questions to the best of their ability.

Result

The presence of Sharia-based financial institutions such as BMT (Baitul Maal wa Tamwil) is highly needed by the community, especially those in the lower to middle-income brackets, to assist in resolving financing and capital issues. With the existence of BMT within the community, it is hoped to be able to aid and provide solutions to difficulties concerning asset savings and business financing. BMT NU Branch Tanggul is one of the Sharia-based financial institutions that firmly adhere to the principles of Islam, which serve as its foundation for continued existence and growth. Therefore, the trust of the community in the offered products becomes a crucial aspect. The purpose of organizing this socialization is to enhance the literacy of the community regarding knowledge and understanding of Sharia-based savings and financing.

The community service activity of socializing BMT (Baitul Mal wa Tamwil) in Desa Rowotapen Tanggul Wetan proceeded smoothly and successfully. This activity commenced with the regular sermons typically conducted by the local village women, followed by the service team.

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Figure 2. Socialization of BMT NU Branch Tanggul Products



Before commencing the material presentation process, the presenter first distributed brochures to the participants of the socialization. Following this, the material presentation and discussion session were conducted. The material presentation was aimed at providing explanations to the participants, the women who regularly attend sermons in Desa Rowotapen, regarding the deposit products and types of financing available at the KSPPS BMT NU Branch Tanggul.

Figure 3. Presentation of Material



The participants of the service were very enthusiastic in listening to the presented material and actively participated in the question-and-answer session. This was evident in the way they posed questions regarding the topics discussed. The participants gained awareness and knowledge regarding financial institutions, especially those based on Sharia principles, which greatly influences the economic growth and well-being of the community in Desa Rowotapen Tanggul Wetan.

Figure 4. Listening to the Presentation of Material



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The KSPPS BMT NU Branch Tanggul is a Sharia-based financial institution that applies profit-sharing systems and does not involve any elements of usury. Our hope with this socialization is that the community of Desa Rowotapen Tanggul Wetan can effectively apply it in their daily lives and assist the community in fulfilling their needs. This socialization activity is also expected to improve the well-being of the lower-income community without imposing pressure and to realize justice in accordance with Islamic law. The outcomes of this activity may include evaluations, feedback, and learning about Sharia-based financial institutions in the vicinity (KSPPS BMT NU Branch Tanggul).

Discussion

Sharia-based financial institutions in communities, especially in remote villages, are still very limited, resulting in significant lag due to a lack of knowledge and awareness. Therefore, literacy outreach in communities is necessary to enhance awareness and knowledge of Sharia-based financial institutions. The target of this service-oriented activity is the community of Desa Rowotapen Tanggul Wetan, where their awareness and knowledge are minimal, particularly regarding Sharia-based financial institutions.

The discussion centers around the importance of Islamic financial systems, particularly Sharia-based financial institutions like BMT (Baitul Maal wa Tamwil), and their impact on community welfare. Islamic economics aims to fulfill societal needs by promoting collective prosperity, with emphasis on ethical wealth acquisition through Sharia-compliant mechanisms such as mudharabah, murabahah, and musyarakah agreements. These financial systems are integral to economic improvement, particularly for lower to middle-income communities, by providing solutions for financial challenges (Maleha & Fadilla, 2019).

Financial literacy plays a crucial role in empowering communities to manage their finances effectively. Literacy, in this context, extends beyond basic reading and writing; it encompasses the ability to acquire, process, and apply financial knowledge. This is particularly important in remote areas where access to such information is often limited. Increasing financial literacy can significantly enhance an individual's ability to make informed financial decisions, which in turn supports economic growth and personal well-being (Anggreini, 2021).

A higher level of financial literacy equips individuals with the tools to manage cash, credit, and online purchases wisely, whereas low literacy levels can lead to poor financial decisions (Hidajat, 2016). According to data from the OJK's SNLIK survey in 2022, Indonesia's financial literacy index rose from 38.03 percent in 2019 to 49.68 percent, while financial inclusion improved from 76.19 percent to 85.10 percent. This positive trend shows a narrowing gap between literacy and inclusion, which is key to ensuring broader financial participation and understanding in society.

BMT, specifically BMT NU Branch Tanggul, provides essential services for community members, offering financial solutions grounded in Islamic principles. Its role in facilitating asset savings and business financing is critical, especially for communities like Desa Rowotapen. To support these efforts, a community service activity was organized in January 2024 to raise awareness about the financial products offered by BMT NU Branch Tanggul. The activity involved material presentations, discussions, and distribution of brochures to ensure community members understood the services available. The program targeted approximately 30 women from the village who regularly attend sermons, reinforcing the community's understanding and trust in Sharia-based financial systems (Anggraini, 2024).

This initiative highlights the need for ongoing education about financial products, especially in rural communities, where financial literacy is often limited. By increasing awareness and understanding, such programs aim to improve the financial well-being of the

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population, fostering trust in Sharia-based financial institutions like BMT and ensuring that their services are effectively utilized for the community's benefit.

Conclusion

The KSPPS BMT NU Branch Tanggul is a Sharia-based financial institution that implements profit-sharing systems and does not involve any elements of usury. Our hope with this socialization is that the community of Desa Rowotapen Tanggul Wetan can effectively apply it in their daily lives and assist the community in fulfilling their needs. This socialization is also expected to improve the well-being of the lower-income community without imposing pressure and to realize justice in accordance with Islamic law. The outcomes of this activity may include evaluations, feedback, and learning about Sharia-based financial institutions in the vicinity (KSPPS BMT NU Branch Tanggul).

Acknowledgements

We would like to express our deepest gratitude to all parties who have contributed to the successful implementation of Community Literacy Improvement activities through Regular Recitations in Rowotapen Tanggul Wetan Village Regarding Savings and Financing Products for BMT NU Tanggul Jember Branch. We sincerely appreciate the regular recitation mothers of Rowotapen Village for their presence in this activity and we do not forget to express our thanks to the BMT NU Tanggul Jember branch for their support and cooperation.

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