

BANK SYARIAH INDONESIA'S STRATEGY INCREASES SHARIA FINANCIAL LITERACY TO OPTIMIZE PUBLIC INTEREST IN SHARIA BANK PRODUCTS



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Abstract

This research aims to determine the strategy of Bank Syariah Indonesia (BSI) in increasing the community's Sharia financial literacy and implementing POJK Number 3 of 2023, as well as analyzing the influence of Sharia financial literacy on public interest in Sharia banking products. This research uses qualitative descriptive methods through interviews to identify Bank Syariah Indonesia's strategy for increasing Sharia financial literacy and uses quantitative methods to measure the level of Sharia financial literacy of the community and their interest in Sharia banking products. The respondents in this research were MSMEs with a total of 50 respondents. Then the data was analyzed using regression analysis. The results of this research show that Bank Syariah Indonesia is implementing several strategies to increase Sharia financial literacy, such as collaborating with educational institutions, government institutions, and associations, and through the BSI benefit program. Bank Syariah Indonesia's implementation of sharia financial literacy is following POJK Number 3 of 2023, namely through financial education and the development of sharia financial literacy infrastructure. Islamic financial literacy has a significant positive influence on interest in Islamic banking products.

Keywords: Sharia Financial Literacy, Literacy Strategy, Sharia Banking, Product Interest

INTRODUCTION

Indonesia has enormous potential to become the world's sharia economic and financial center with the largest Muslim population. Based on the Global Islamic Finance Report (GIFR), Indonesia was ranked first in terms of Sharia financial development. Then, in 2020, Indonesia was listed as second in the world in the Islamic Finance Development Indicator (IFDI) index, which is an index to measure the development of the Sharia financial industry. (SNLKI, 2022). This achievement is extraordinary and reflects the Indonesian government's commitment to advancing the sharia economic and financial sector. Apart from that, this achievement also shows that Indonesia has succeeded in building a strong and sustainable Sharia financial infrastructure.

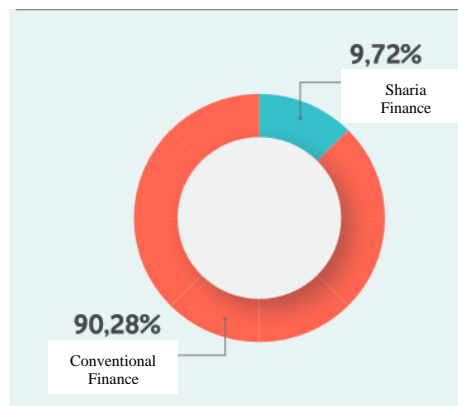


Figure 1
Chart of Sharia Financial Market Share in 2022

Indonesia's sharia financial market share in 2022 will be 9.72%, while the conventional financial market share will be 90.28%. (SNLKI, 2022). The share of sharia and conventional financial markets in Indonesia experiences a very large gap. Indonesia, with the largest Muslim population and the best achievements in developing the Sharia financial industry in the world, should be a driving factor in the larger portion of Indonesia's Sharia financial market share compared to the conventional financial market share. However, it can be seen in the graph in Figure 1 that the Sharia financial market share in 2022 will still be far behind the conventional financial market share. This low Sharia financial market share includes the Sharia banking market share.

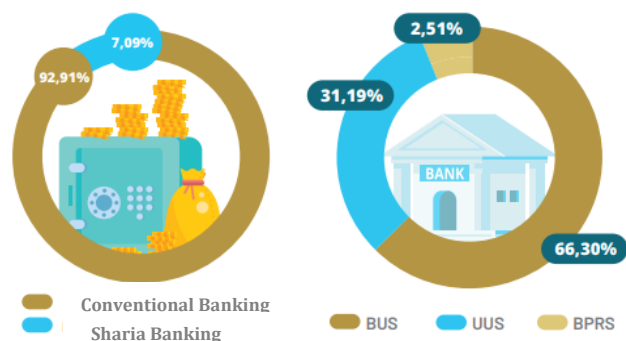


Figure 2
Sharia Banking Market Share Graph in 2022

Based on the OJK survey in 2022, the conventional banking market share is 92.91% and the sharia banking market share is only 7.09%. (OJK Survey, 2022) This reflects that the market share of conventional banking still dominates compared to Sharia banking. The merger of state-owned Sharia banks in 2021 should be a boost to the Sharia banking market share because the merger of these three large Sharia banks will make them stronger in terms of capital and allow them to expand the economic scale.

The low share of the sharia financial market, including sharia banking, is a big question mark, if it is related to the total Muslim population in Indonesia which reaches 237.56 million people or 86.7% of the total population of Indonesia. (cnbcindonesia.com, 2023). This low share of the Sharia financial and banking market shows that public interest in Sharia finance is still low compared to conventional. The results of the 2022 National Survey of Financial Literacy and Inclusion (SNLIK) also strengthen this with the results of the sharia financial inclusion index which only reached 12.12%, far behind the general financial index which reached 85.10%. (OJK, 2022).

The biggest factor that may be the cause of the public's low interest in Sharia financial products is the public's understanding of the principles of Sharia finance or Sharia financial literacy.

Table 1
Comparison of Literacy Index and Sharia Financial Inclusion

Sharia Index	2016	2019	2022
Literacy	8,1%	8,93%	9,14%
Inclusion	-	9,10%	12,12%

The Sharia financial literacy index in 2022 will be 9.14%, this figure has increased compared to 2019 which was 8.93%. Meanwhile, the Sharia financial inclusion index in 2022 also increased to 12.12% compared to 2019 which was only 9.10%. Even though the figures for sharia financial literacy and sharia financial inclusion show an increase, these figures are still very low. This means that out of 100 Indonesians, only 9 people will have an understanding of Sharia finance in 2022. This low rate of Sharia financial inclusion literacy can be suspected to be the cause of low public interest in Sharia financial products and services.

To optimize public interest in Sharia financial products and services, especially Sharia banking, effort and efforts are needed from Sharia banking to increase Sharia financial literacy. This research aims to determine Bank Syariah Indonesia's strategy in increasing sharia financial literacy following POJK Number 3 of 2023 and determine the influence of sharia financial literacy on public interest in sharia bank products.

REVIEW OF LITERATURE

Sharia Financial Literacy

Financial literacy in OJK RI Regulation Number 3 of 2003 is knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management to achieve financial prosperity. (OJK, 2023). Meanwhile, Sharia financial literacy is the ability to understand and apply Sharia financial principles, as well as skills in managing and managing financial resources to achieve targets following Sharia principles (Faridho, 2018). Sharia financial literacy is described as a person's in-depth understanding, information, and knowledge regarding Sharia economics, finance, and banking. This individual also can differentiate between sharia and conventional financial systems and can make the best decisions in managing finances based on his literacy understanding (Sugiarti, 2023). Based on the explanation above, it can be concluded that Sharia financial literacy is a capability that involves understanding and applying Sharia financial principles, with a focus on managing financial resources to achieve targets following Sharia principles. Sharia financial literacy also includes a deep understanding of Sharia economics, finance, and banking, as well as an individual's ability to differentiate

between Sharia and conventional financial systems, as well as making the best decisions in managing finances based on their literacy understanding.

Interest in Sharia Bank Products

Interests are complexities of thought consisting of a combination of feelings, aspirations, beliefs, prejudices, fears, or other tendencies that guide a person toward a particular selection. (Jalil, A & Hamzah, S.A, 2020). Meanwhile, according to Fauzi and Murniawati (2020), interest is a person's natural desire to pay attention to something, followed by a feeling of interest and happiness, which encourages him to participate in activities that suit his interests. Interest in saving can be explained as an individual's desire or interest in financial and banking institutions, which encourages them to tend to save in one of the institutions to achieve various goals, whether for personal, social, or emotional interests (Sugiarti, 2023). So, it can be concluded that interest is a complex of thoughts involving feelings, aspirations, beliefs, prejudices, fears, or other tendencies that guide a person towards certain choices, while interest in saving is an expression of an individual's desire or interest in financial institutions and banking, which moves them to save to achieve various aspects, including personal, social and emotional interests.

RESEARCH METHOD

This research was conducted using a combination method with qualitative and quantitative approaches. A qualitative approach was carried out through resource interviews to find out Bank Syariah Indonesia's strategy for increasing sharia financial literacy. A quantitative approach was carried out using primary data which was analyzed using linear regression by distributing questionnaires to MSME players to determine the influence of financial literacy and public interest in Indonesian Sharia banking products.

This research was conducted at Bank Syariah Indonesia on Java Island. The research locations were carried out at the BSI Branch Offices in Jakarta, Central Java (Klaten), and East Java (Surabaya). The sample used in this research was 50 MSME respondents around the BSI branch office. The framework of thought in this research is described as follows:

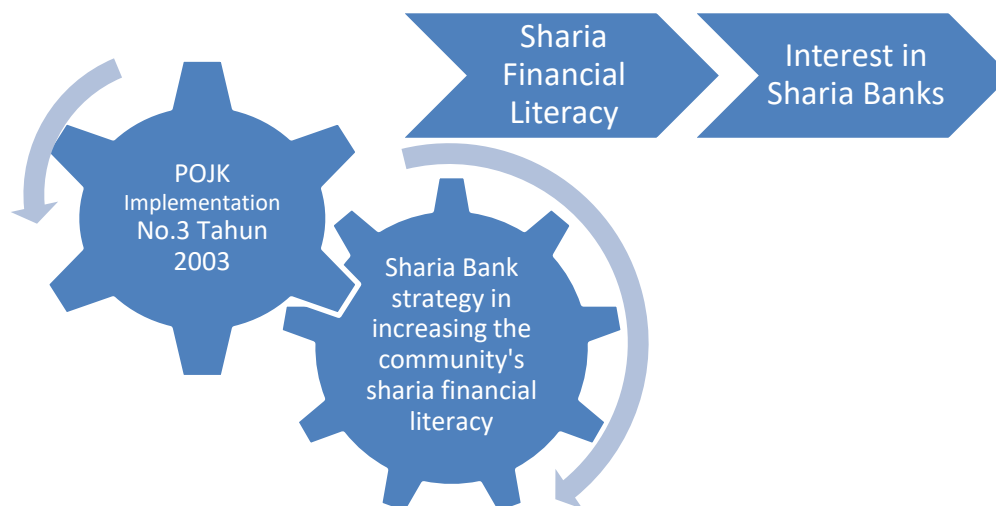


Figure 3
Research Framework

RESULTS AND DISCUSSION

Bank Syariah Indonesia's Strategy for Increasing Community Sharia Financial Literacy

Bank Syariah Indonesia (BSI) has a strong commitment to increasing the financial literacy of Islamic banks in the country, especially because the financial literacy level of Islamic banks is still low compared to conventional banks. BSI implements a Sharia economic literacy program with a focus on public education, especially the younger generation. BSI recognizes the great potential possessed by the millennial generation in Indonesia and seeks to invite them to participate in developing the Sharia economy and banking. In this program, BSI collaborates with various parties. This was stated by Mr. Muhammad Sahal Fahmi, Branch Manager of BSI Surabaya Dharmo (7 August 2023):

"We collaborate with various parties in implementing sharia financial literacy, collaborating with universities and other educational institutions, private institutions and government institutions, as well as associations such as MSMEs. Activities are packaged as attractively as possible, according to participants' needs, such as public lectures, seminars, and training programs. "In this activity, sharia financial literacy activities were included."

The strategy carried out by Bank Syariah Indonesia to increase public understanding of sharia financial literacy, namely: 1) BSI increases sharia financial literacy through BSI

Maslahat. BSI Maslahat plays an active role in meeting the educational needs of the community through the Educate the Ummah program. One of the programs offered by Didik Umat is the BSI Scholarship. The BSI Scholarship program consists of 2 programs, namely BSI Inspiration and BSI Achievement; 2) BSI Inspirasi is a scholarship program that uses zakat funds for students in need, to increase equality in the quality of education in Indonesia. The benefits provided include tuition fee for 2 years, guidance in leadership and character development, training in Sharia economics and finance, as well as social projects; 3) BSI Achievement is a scholarship program that uses infaq funds for outstanding students with facilities in the form of tuition fee and monthly pocket money for 2 years, self-leadership guidance and character development, sharia financial economics training, social projects, internship opportunities in the sharia economics industry, and mentorship with the head of Sharia Bank.

The training and social project facilities provided by BSI Maslahat can increase the sharia financial literacy of awardees and spread it to the wider community. Project social activities that have been carried out by BSI and the BSI Scholarship awardees include: 1) BSI carries out a social project agenda that raises topics related to the introduction of sharia economic literacy. The introduction of Sharia economics through the game method or SMARD (Sharia Smart Card) was carried out for high school students. SMARD is an innovation as a learning tool in the form of an interesting and interactive educational game to increase understanding of Sharia economics; 2) BSI carries out social projects through the BSI Maslahat Scholarship program to increase understanding of financial literacy among MSME activists. Through this training, participants, especially mothers, can gain practical financial knowledge to apply in everyday life. This step was taken as a preventive measure to overcome the problem of loan sharks or 'subuh banks' which are known in the local community. This project encourages MSME players to switch to sharia finance as a joint step in moving to a more just financial system; 3) BSI is carrying out a social project with Awardee BSI Maslahat Universitas Indonesia with the theme "Reflecting Shariah in the Light of Islamic New Year" at SMAN 26 Jakarta on August 10th, 2023; 4) BSI signed a memorandum of understanding with the Ministry of Education and Culture to increase financial literacy and sharia banking in Indonesia. This agreement involves more than 100 thousand schools, focusing on Sharia economic literacy programs from elementary to

university. BSI is optimistic that this synergy will increase public understanding of the role of Sharia banking while supporting a dignified and highly educated generation. BSI also provides internship opportunities for students to increase the level of Sharia financial literacy which is currently still low, namely seven percent (republika.co.id); 5) BSI cooperates and collaborates with various universities to increase sharia financial literacy through providing public lectures, and webinars and offering internships for students. BSI is committed to increasing sharia banking financial literacy by utilizing thousands of branch offices spread throughout Indonesia as part of a strategy to utilize existing resources. Through thousands of branch offices, BSI offers internship programs to universities, so that students can be given direct understanding and literacy; 6) BSI utilizes its human resources, and employees in each branch office, to provide sharia financial education in the surrounding community. With a wide branch office reach, BSI involves employees to provide public lectures, webinars, and internship programs as part of organic efforts to increase sharia financial literacy; 7) BSI carries out Sharia banking outreach and education through digital information, mass media, or directly. Education and outreach Education and outreach are carried out to enable the public to utilize Sharia financial products and services, especially understanding the features, community, risks, costs, and obligations of users of Sharia financial service products.

Implementation of OJK RI Regulation Number 3 of 2023 concerning Increasing Literacy and Financial Inclusion for Consumers and the Community

The Financial Services Authority (OJK) revised OJK Regulation (POJK) Number 76/POJK.07/2016 by issuing POJK Number 3 of 2023 concerning Increasing Financial Literacy and Financial Inclusion in the Financial Services Sector for Consumers and the Community. This regulation focuses on collaboration between the government, authorities, and financial services businesses to increase financial literacy and inclusion. The aim is to support the government's target of achieving a Financial Inclusion Index of 90% by 2024. This regulation accommodates developments in information technology, increases the quantity of financial literacy and inclusion activities by maximizing the role of Financial Services Business Actors (FSBA or PUJK-Pelaku Usaha Jasa Keuangan) and addresses the impact of growth in the financial services sector with the emergence of FSBA.

The substance of POJK Number 3 of 2023 includes the involvement of new FSBA, increasing the implementation of financial literacy and inclusion activities, as well as

strengthening provisions related to governance for implementing these activities. This change also aims to optimize the use of the financial education learning management system and provide confirmation of sanctions for FSBA that violate the provisions. This regulation seeks to achieve a balance between increasing financial literacy and financial inclusion with a focus on adapting to technological developments and financial sector growth.

To find out the implementation of POJK Number 3 of 2023 concerning Increasing Literacy and Financial Inclusion in the Financial Sector for Consumers and the Community, namely by comparing POJK Number 3 of 2023 CHAPTER II Financial Literacy. Implementation of activities to increase financial literacy can be carried out by:

Financial Education

Financial education is a series of processes or activities to increase financial literacy. Implementation of financial education that can be carried out by Financial Services Business Actors (FSBA or PUJK-Pelaku Usaha Jasa Keuangan) is the delivery of financial material and is carried out in various implementation modes.

Delivery of Financial Education Materials

Financial education materials to increase financial literacy include: the character of the financial services sector; product and/or service characteristics, consisting of description, benefits, risks, costs, rights, and obligations, how to access and handle dispute resolution complaints; financial management; and taxation related to products and/or services.

In its implementation, Bank Syariah Indonesia has provided and delivered financial education material to the public, both in writing in the sharia education column on the website, in infographics from social media, and in delivering the material directly to the public. Bank Syariah Indonesia is always active and informative in providing general sharia financial education material as well as specific financial education regarding the characteristics of BSI products and services. The financial education material provided and delivered to the public is very varied and complete.

Forms of Financial Education

Financial education can be carried out in the form of socialization; workshops; accompaniment; community training; outreach programs; and/or games.

Implementation of financial education carried out by Bank Syariah Indonesia includes: a) Socialization is carried out directly to various schools and universities in the form of seminars, webinars, and public lectures; b) Assistance in the field of financial education for Micro, Small, and Medium Enterprises (MSMEs). This assistance involves conveying an understanding of the characteristics of the financial services sector, how to use products and/or services, as well as tax aspects. Apart from that, Bank Syariah Indonesia also provides support to MSME players to improve financial skills in managing business activities, as well as providing information regarding the sustainable use of financial access; c) Community training carried out by Bank Syariah Indonesia in collaboration with associations. In this case, Bank Syariah Indonesia provides material facilities or as a resource in training regarding sharia finance. Bank Syariah Indonesia has carried out financial education through community training in collaboration with various government and private institutions; d) Games. Bank Syariah Indonesia provides sharia financial education through games in the form of SMARD (Sharia Smart Card). This game is used to educate students so that the delivery of financial education is more interesting for students.

Development of Facilities and Infrastructure that Support Financial Literacy for Consumers and/or the Community

Development of facilities and infrastructure that support financial literacy for consumers and society can be carried out in the form of: a) Construction or development of infrastructure and media to access financial education materials. Bank Syariah Indonesia collaborates with several universities in developing facilities and infrastructure for mini-sharia banks. The existence of a mini sharia bank at the university as a forum for financial education and practicum for students both as consumers and as potential human resources; b) Providing financial education materials that can be accessed by consumers and/or the public. Bank Syariah Indonesia has provided financial education materials that can be accessed by the public, both printed in the form of brochures and non-printed in the form of infographics which can be very easily accessed by the public. The material provided by Bank Syariah Indonesia via social media is informative and very educational; c) Provision and/or training of human resources. Bank Syariah Indonesia carries out

human resource training, both for BSI employees themselves, for BSI Scholarship awardees, and the wider community.

Descriptive Analysis of Respondent Data

Data obtained from distributing questionnaires to 50 respondents, descriptive data results regarding respondents can be seen in the following diagram:

50 responses

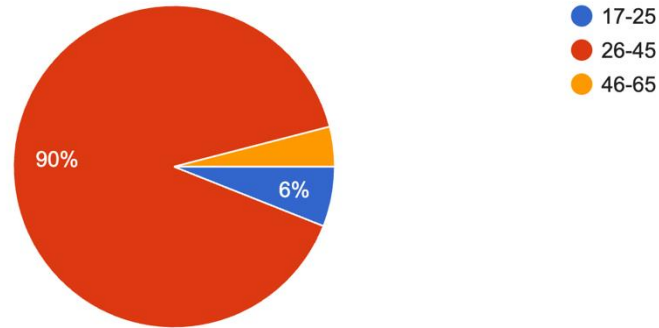


Figure 4
Respondents Based on Age

In Figure 4 above, it can be seen that the majority of respondents in this study were aged 26-45 years or were of productive age. Meanwhile, 6% are teenagers or 17-25 years old, and 4% are elderly or 46-65 years old.

50 responses

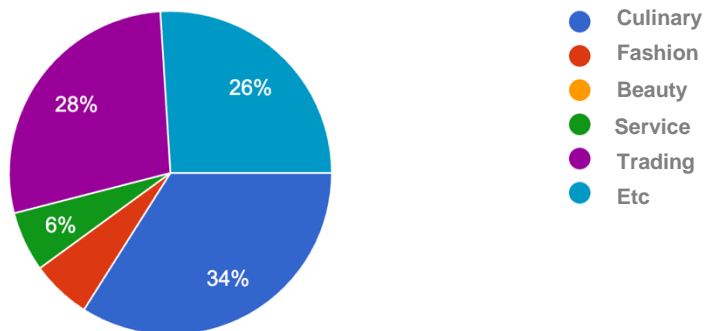


Figure 5
Respondents Based on Business Type

The respondents of this research are MSMEs consisting of various types of businesses. In Figure 5, it can be seen that the majority of respondents in this study have culinary businesses at 34%, then trading businesses at 28%, other types of businesses at 26%, and service and fashion businesses each at 6%.

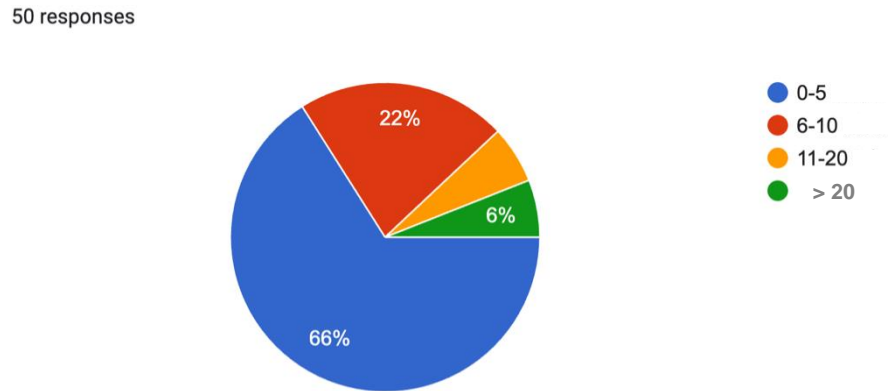


Figure 6
Respondents Based on Length of Business

In Figure 6, you can see respondent data based on the length of business. There are only 6% of respondents with a business experience of more than 20 years, the same as respondents who have a business with an age of 11-20 years. Meanwhile, respondents with a business experience of 6-10 years were 22% and respondents who had a business of 0-5 years were the largest number of respondents with a percentage of 66%. This shows that the majority of respondents to this research are MSMEs who have just started their business.

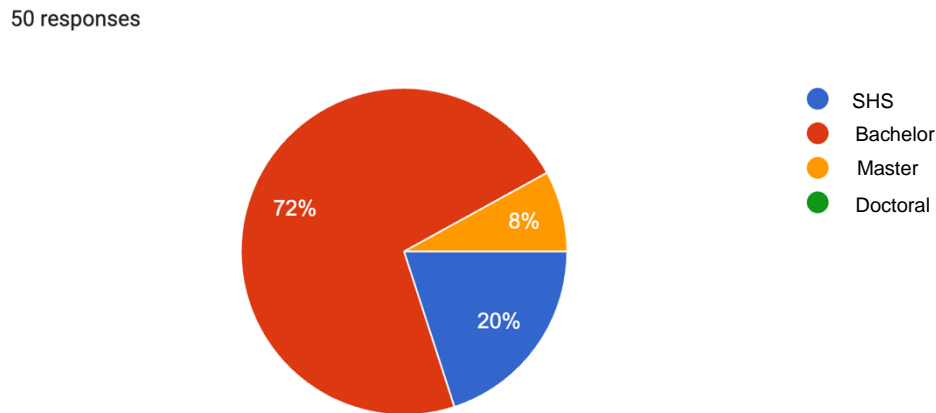


Figure 7
Respondents Based on Education

Figure 7 shows the educational background of the respondents. Respondents have high school/equivalent, bachelor's, and master's degrees. The majority of respondents in this study were undergraduate graduates, 72%, and 20% high school graduates/equivalent. Meanwhile, Master's level educational background was only 8% of the 50 respondents.

50 responses

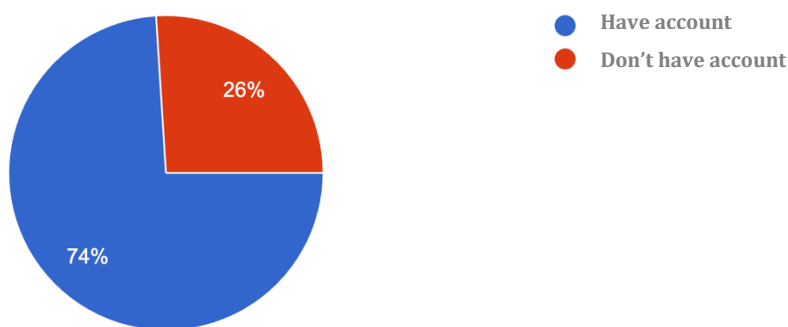


Figure 8
Respondents Based on Sharia Bank Account Ownership

The majority of respondents to this research already have Sharia bank accounts, namely 74%, while the remaining 26% do not have Sharia bank accounts or still use conventional banks.

Regression Analysis

After the data was processed using simple regression from Microsoft Excel, the results obtained were as follows:

Table 2
Sharia Financial Literacy Regression Results (X) and Interest in Sharia Bank Products (Y)

	Coefficients	P-value
Intercept	15,46596531	0,12002863
Literacy (X)	0,643199232	0,024038225

Based on the results of data processing in table 2, the regression equation obtained is as follows:

$$Y=a+bX+e$$

$$Y=15.47+0.643X+e.$$

Based on the regression equation, it can be interpreted that if Sharia financial literacy (independent variable) is zero, then the value of interest in Sharia bank products (dependent variable) is 15.47. The regression coefficient value (b) on the literacy variable is 0.643, which means that for every increase in the product knowledge variable by one unit, interest in Islamic banking products will increase by 0.643.

T-test

The T-test is carried out to ascertain whether the independent variables contained in the regression model have an effect on the value of the dependent variable provided that if the probability (significance) is < 0.05 , then H_0 is rejected and H_a is accepted or vice versa.

Based on the data in Table 2, it can be seen that the significance value of the literacy variable on interest is $0.024 < 0.05$, so it can be concluded that H_0 is rejected and H_a is accepted. This means that Sharia financial literacy has a significant effect on interest in Sharia bank products.

The Influence of Sharia Financial Literacy on Public Interest in Sharia Bank Products

The initial hypothesis states that Sharia financial literacy has a positive influence on interest in Sharia banking products. Based on the regression analysis and t-test in Table 2 above, it is known that sharia financial literacy has a significance value of < 0.05 or 0.02 . This shows that H_0 is rejected and H_a is accepted. The Islamic financial literacy variable has a significant positive influence on interest in Islamic banking products. If a person's Sharia financial literacy increases, then their interest in Sharia banking products will also increase.

CONCLUSION

Based on the research results discussed in this study, it can be concluded: 1) Bank Syariah Indonesia has several strategies to increase the community's sharia financial literacy, namely through the BSI Maslahat program, in collaboration with educational institutions, government institutions, associations, and communities; 2) Bank Syariah Indonesia seeks to increase public financial literacy by providing public lectures, seminars, webinars, training, mentoring, and internship programs; 3) Bank Syariah Indonesia empowers its human resources to personally broadcast financial literacy to the community; 4) Bank Syariah Indonesia carries out socialization and education on sharia financial literacy through digital information, print, and non-print mass media; 5) Bank Syariah Indonesia implements POJK

Number 3 of 2023 well through financial education and building facilities and infrastructure;
6) Sharia financial literacy has a significant influence on interest in Sharia banking products.

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