



## IMPROVING LITERACY AND UNDERSTANDING OF SHARIAH ECONOMICS FOR INDONESIAN MIGRANT WORKERS IN PENANG

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### Abstract

Partners in implementing this international community service activity are Indonesian migrant workers from Penang Island and the Consulate General of the Republic of Indonesia (Consulate General of the Republic of Indonesia) Penang. The primary challenge confronting the partners is the low literacy and comprehension of sharia economic and financial practices and the utilization of digital technology in everyday life. This program was conducted at Wisma Indonesia, George Town, Penang, Malaysia. A total of 50 Indonesian migrant workers participated in the enrichment activities performed by the community service team in June 2024. The objective of the enrichment program, which is performed over a single day, is to facilitate comprehension of the tenets and practices of Islamic economics and finance among the partners. The program covers a range of topics, including but not limited to the principles of buying and selling, the operational aspects of Sharia banking, the managerial techniques associated with Sharia marketing, the intricacies of ZISWAF, the ethical considerations inherent to Islamic business practices, the fundamental principles of sharia investment, and the potential applications of digital technologies within the context of the sharia economy. It is evident that there is a pressing need for Indonesian migrant workers, the majority of whom are Muslim, to enhance their literacy and comprehension abilities. It is particularly crucial given that the topics have been selected according to their needs before the speakers arrive to provide the material. Following implementing the focus group discussion method, most migrant workers expressed satisfaction and appreciation for the activity, citing its effectiveness in facilitating their comprehension of authentic Sharia economic and financial practices. Additionally, using digital technology based on Sharia principles was identified as a valuable learning opportunity for migrant workers, enabling them to develop their careers while working in Malaysia. Implementing initiatives aimed at enhancing literacy and comprehension capacity represents an effort by Islamic universities to contribute to enhancing the competencies of Indonesian migrant workers in Malaysia. It is hoped that this can be implemented on a sustainable basis.

**Keywords:** Sharia Finance; Sharia Ekonomi; Literacy; Digitalization; Migrant Workers

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### INTRODUCTION

The contribution of Indonesian migrants to national development is considerable, encompassing a range of areas, including the labor market, economic stability, investment, cultural diversity, and resource transfer (Bustami et al., 2016; Basrowi & Maunah, 2019; Pohan & Izharivan, 2017). Indonesian migrants residing in foreign countries are inextricably linked to the realm of sharia-compliant economic and financial activities, particularly those who have taken up residence in Southeast Asian nations such as Malaysia and Brunei Darussalam (Noviyadi et al., 2024; Sugiyarto, 2014). The advancement of technology and the advent of digital financial transactions have made it imperative for individuals to utilize these resources optimally. For example, a study conducted by

Wijaya et al. (2023) demonstrated that the involvement of online communities facilitates the exploration of empowerment among migrant workers.

The extant literature indicates that understanding Sharia-compliant economic and financial principles facilitates an appreciation of various products and services' relative merits and drawbacks. In turn, it has the potential to positively impact the financial sector and broader society (Apriantoro & Herviana, 2023). In addition, the financial literacy associated with Islamic law (Sharia) and the use of digital technology also influences the extent of financial inclusion.

As knowledge of Sharia economic practices and financial services increases, the probability of their utilization for the purpose of meeting needs is correspondingly elevated (Ariefin et al., 2023; Basrowi et al., 2020; Marla et al., 2023). Individuals who possess financial literacy and utilize digital technology early will be better equipped to engage in meticulous and accountable future financial planning (Basrowi & Utami, 2020). Similarly, migrant workers are provided with instruction in sharia economic practices and financial management. After training, they can empower themselves and invest in projects through direct practice. By imparting an understanding of the significance of Sharia economic literacy, particularly about investment, Indonesian migrants can cultivate self-assurance, enabling them to make sound decisions. A previous study, which used a sample size of 240, found that investment significantly impacts the welfare of Indonesian migrant workers (HC & Gusaptono, 2020).

The difficulties partners encounter can be attributed to a need for more literacy and comprehension of sharia economic practices in everyday life, particularly in financial matters. A significant proportion of migrant workers perceive Sharia economics and finance as being exclusively oriented toward the Muslim community. Additionally, most of these products are identified by Arabic terms, further complicating comprehension.

As a result, there is a reluctance to gain a more profound understanding of these products. A significant proportion of the population must be aware of the full scope of Sharia finance, with knowledge limited to critical areas such as buying and selling, zakat (alms), and related concepts. Additionally, the majority of migrant workers perceive Sharia financial products to be identical to conventional financial products. Another issue pertains to the utilization of digital technology. The considerable advancement of financial technology has not been accompanied by an equivalent level of financial literacy among Indonesian migrant workers about the potential benefits of digitizing Islamic finance. Consequently, they become susceptible to online loans and fraud.

In light of the background above, the following research question is posed: What are the efforts to enhance literacy and comprehension of sharia economics through digitalization for Indonesian migrant workers in Penang? At this juncture, the enrichment program activities are conducted in conjunction with the Consulate General of the Republic of Indonesia (Konjen RI) Penang, as well as several Indonesian migrant groups, including the Association of Indonesian Overseas Children (PARI) and several other academic institutions that have undergone training in the implementation of

international community service activities for Indonesian migrants (Fajar et al., 2023; Muti'ah et al., 2023; Sofiah et al., 2023).

This international community service activity is necessary to address the needs of Indonesian migrant workers, the majority of whom are Muslim. The objective is to enable them to engage in economic activities by Islamic law principles. The program's objectives can be summarized as follows: (1) to enhance partners' comprehension of diverse Sharia-compliant economic practices in everyday life in Penang, and (2) to facilitate the utilization of Sharia-based digital technology to address partners' needs. The program's implementation is specifically tailored to the needs of Indonesian migrant workers. The relationship between the CS team performance indicators and the objective of improving performance achievements is twofold. Firstly, it enhances the performance indicators for lecturers who undertake activities across the campus. Secondly, it ensures that the community uses the results of lecturers' work.

The community service (CS) team offers a range of theoretical and practical solutions to enhance digital-based Sharia economic literacy and capacity. In conclusion, it can be stated that the solution is as follows: (1) stakeholders must be involved consistently in providing educational advice about Sharia economic and financial practices to Indonesian migrant workers. Maintaining a consistent, collaborative approach to knowledge enhancement will sustain awareness and proficiency in digitalization-based Sharia economic concepts over time. Furthermore, through in-depth group discussions, we can better understand the challenges associated with low literacy and develop the most effective solutions that align with sharia economic principles.



Figure 1. The Community Service Team visited Konjen RI Penang, Malaysia

## **METHODS FOR IMPLEMENTING COMMUNITY SERVICE ACTIVITIES**

The partners in this community service activity program are migrant workers employed on Penang Island, Malaysia, and the Consulate General of the Republic of Indonesia (Penang). This activity was conducted in collaboration with the ASEAN Academic Association (AAA) as part of a series of international academic collaboration activities planned for 2024. The CS STEBI Lampung team also engaged with various other academic institutions, including FEBI IAIN Pare-Pare, FEBI

UIN Sultan Thaha Jambi, and UNIKOM Indonesia. These institutions collectively undertook the activities above.



Figure 2 The team conducted an FGD on literacy and understanding of Shariah economics and finance

Additionally, the CS team collaborates with academic institutions from the Postgraduate Program of Universitas Bina Bangsa, Serang Banten, Indonesia.

This international community service activity was conducted using the focus group discussion (FGD) method to obtain comprehensive insights into the participants' perspectives and experiences regarding Sharia economic practices in their daily lives as migrant workers on Penang Island, Malaysia. The initial phase of the process entails identifying issues through discourse and seeking data from both online sources and direct observation. Interactive discussions were held with the participation of migrants, the Indonesian Consul General, representatives from other universities, and the President of AAA.

The implementation of this method is conducted through semi-structured interviews with a particular emphasis on Sharia economic literacy, encompassing topics such as buying and selling, Sharia banking, Sharia marketing management, ZISWAF (zakat, infaq, alms, and endowments), Islamic business ethics, and the digitalization of the sharia economy. This topic encompasses all aspects of Islamic Sharia, including principles and rules governing transactions related to buying and selling, the exchange of goods, financial management, sharia-compliant investment, and debt and receivable issues. During the discussions, participants were presented with several alternative solutions regarding sharia economic literacy and various modes of crime in cyberspace, particularly those related to digital finance. The objective was to avoid *haram* elements such as usury, *maysir*, *gharar*, and *tadlis*.

An expert moderator oversees the activity. The process commenced with a series of inquiries by an expert moderator, followed by responses and deliberations among the migrant workers. The moderator's role is to facilitate productive discussion. Additionally, the moderator is tasked with eliciting the most opinions within the allotted timeframe. The entire discussion was conducted over a day at Wisma Indonesia, George Town, Penang Island, Malaysia. The discussion activities are

structured in a relaxed atmosphere to facilitate the expression of opinions by migrant workers in an environment conducive to comfort.

The analysis encompasses an evaluation of the opinions expressed by migrant workers, how they defend their views, the patterns of discussion that emerge, and the drawing of in-depth and comprehensive conclusions. The final stage of the process is the formulation of a decision based on the findings of the analysis conducted by the CS Team. 50 Indonesian migrant workers on Penang Island will participate in the study. Each participant will interact with others and provide feedback on their perceptions of Sharia economic practices in everyday life.

The final result was that the majority of migrant workers indicated that they were satisfied with the activity, which they perceived as beneficial in terms of enhancing their understanding of Sharia economic practices, particularly in the context of family, community, and work environments. They reported gaining valuable social experiences through interactions with the team and other migrant workers in discussion groups. Additionally, the activity provided insights into leveraging digital technology in alignment with Sharia principles to advance one's career while residing and working in Malaysia.



Figure 3

The team implemented a Digitalization-Based Sharia Economic Literacy and Understanding Enrichment Program for Indonesian Migrant Workers in Penang, Malaysia

## **DISCUSSION**

The CS Team's international community service activities have facilitated the expansion of literacy and comprehension of sharia economics based on digitalization for Indonesian migrant workers in Penang. These activities have imparted novel insights and inspired the adoption of sharia economics in their daily lives. Additionally, they evince considerable enthusiasm for utilizing a range of Sharia-compliant financial products based on digitalization. It is anticipated that this activity will facilitate an understanding of the various social responsibilities, sharia economic activities, and the avoidance of conventional borrowing, which is predicated on interest payments that contribute to the accumulation of wealth for the benefit of the lenders. Prior research indicates that the availability of

Sharia-compliant financial products and the practice of Sharia-compliant economic activities may enhance the participation of Muslim individuals in the pursuit of shared prosperity (Basrowi, 2012; Basrowi & Media, 2019; Rustandi et al., 2023).

It is noteworthy that the majority of migrant workers express a desire for ongoing training and support in enhancing their literacy and capacity to comprehend sharia economics. They recognized that this would be highly lucrative for them. The CS team's community service activities facilitate understanding how to manage financial savings and investments according to Sharia principles. The extant literature indicates that an individual's level of Islamic financial literacy is a significant determinant of their investment interests and decisions (HC & Gusaptono, 2020). Islamic investment vehicles exemplify integrating financial markets and tangible economic activity in this context. When customers save money within the Islamic financial system, they do not segregate it from economic activity, as is customary in conventional savings accounts. Instead, customers benefit from transactions that facilitate economic transactions in the real world (Roemanasari et al., 2022). It can be understood that transactions do not only occur on paper to make money, which Islamic law prohibits. This understanding can be a solution for Indonesian migrant workers who want their funds managed by Islamic law. So they can avoid the negative impacts of products and practices detrimental to their lives. They can utilize the services of Islamic financial institutions not only to provide profits but also for the benefit of the people. Islamic financial institutions are committed to supporting society's development and economy (Basrowi, 2016; Fajar et al., 2023; Gafur et al., 2023).

Based on the findings of the interviews conducted with Indonesian migrant workers during the implementation of the enrichment program, one participant stated that the primary objective was to achieve enhanced economic stability. It is anticipated that the implementation of sharia economic practices will facilitate improvements in welfare and the avoidance of prohibited economic transactions and behaviors. Other participants conceded that they needed to be furnished with sufficient information regarding sharia economic and financial practices. Furthermore, there needs to be more clarity regarding the distinction between Islamic financial service products and their conventional counterparts. Consequently, they have been reliant on information obtained solely through word-of-mouth communication. Investment management remains relatively straightforward, encompassing activities such as savings in financial institutions or the transfer of funds to one's place of origin for the construction of a residence, the purchase of land, or the fulfillment of familial necessities (Basrowi et al., 2023; B. Basrowi et al., 2024; Muti'ah et al., 2023; Rustandi et al., 2023).

On this occasion, the Head of the Indonesian Consul General in Penang said that implementing international community service benefited Indonesian migrant workers returning home to Penang. Moreover, it can also strengthen positive relations between Indonesian educational institutions and migrant workers in Malaysia. Participants also said the activities were valuable. They could share experiences, ideas, and solutions with other migrant workers. Because some participants had never met. Previous studies have revealed that Sharia financial literacy can positively influence Sharia



financial behavior, especially in personal financial planning (Ahmad et al., 2020), (Setyowati et al., 2018). Ultimately, the enrichment activities have facilitated a more comprehensive understanding of Sharia economic behavior, encompassing both economic activities such as buying and selling and non-economic mechanisms, including zakat, infaq, endowments, and alms (- (Basrowi, 2012; Basrowi et al., 2024; Hamdan & Basrowi, 2024; Mulyani & Basrowi, 2024; Nuryanto et al., 2024). Most Indonesian migrants residing on the island of Penang know the various Sharia-compliant economic practices, including services, products, and other activities available to meet their needs.

## CONCLUSION

Based on the data analysis carried out before and after this international service community activity, it can be concluded that the problem of low Islamic economic literacy among Indonesian migrant workers on Penang Island has changed towards a pretty good perception. The participants' responses prove that most gained new knowledge about Sharia Sharia economic practices in everyday life, especially in financial management and investment. Migrant workers are enthusiastic and motivated to learn about Sharia services and products. We can create a quality educational and employment environment through international community service activities. Of course, it is hoped that it can give birth to sustainable positive steps to achieve the welfare of society not only in Indonesia but also in Indonesian people in other countries.

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