Community Assistance in Utilizing Sharia-Based Digital Banking

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Abstract	As one of the industries engaged in the business and financial sector, banks are certainly required to keep abreast of developments by advances in technology and information. The application of digitalization in the banking industry, especially Sharia Banking, is expected to create speed, convenience, flexibility, and convenience in non-cash transactions in society. This service activity aims to educate the public regarding the benefits and advantages of Sharia Digital Banking products and non-cash transactions. The participatory community empowerment method uses the Participatory Rural Appraisal (PRA) model. As a result of this activity, the public will receive new and accurate information on the use of Digital Banking products and be careful in non-cash transactions to avoid various financial crimes and increase public perception and knowledge of the development of Islamic Financial Literacy.

1. INTRODUCTION

The development of information and communication technology has had a major impact on various aspects of life, including in the banking world. One of the latest innovations in the banking industry is the emergence of digital banking services (Danuri, 2019). This service utilizes digital technology and the internet to provide easier, faster, and more efficient banking access for customers. On the other hand, the need for financial needs by sharia principles is also increasing (Herry et al., 2019). Sharia principles in banking include the prohibition of riba (interest), the prohibition of maysir (speculation), the prohibition of gharar (uncertainty), as well as the prohibition of muamalat which is contrary to Islamic religious values. In facing this need, the concept of sharia-based digital banking has emerged (Tartila, 2022). This concept combines sharia principles with digital technology to provide banking services that are by Islamic religious values (Risfandy et al., 2023). The existence of sharia-based digital banking provides an alternative for Muslim communities who want to use banking services that are to their beliefs. However, despite the existence of sharia-based digital banking services, there are still challenges in their implementation and optimal use by the public.

One of the main challenges is the lack of public understanding and awareness about sharia-based digital banking products and services. In addition, access to digital technology is also an obstacle for some people, especially those who live in remote or less developed areas. In this context, community assistance can play an important role in facilitating the use of sharia-based digital banking by the community (Putra et al., 2021); (Nugrahanti, 2016). The community can play a role as an agent of change in increasing public understanding and awareness of sharia-based digital banking services (Pratomo & Nugrahanti, 2022). They can organize education and socialization activities to explain the benefits and principles underlying sharia-based digital banking (Ashari & Nugrahanti, 2017). In addition, communities can also help in providing access and technology training to people who are less skilled in the use of digital devices.

In the last period, the movement of technology-based financial companies or fintech (financial technology) is increasingly in demand by the public. The ease of obtaining financing and investment digitally is increasing with various modern models and features (Herliandis, 2023). Not a few people began to switch to accessing Fintech financing products instead of having to follow banking procedures that were considered still traditional (Hidayat et al., 2023). For this reason, the banking industry

must improve in improving the quality of services and various kinds of products today, including Islamic banking.

The majority Muslim population of Indonesia has not guaranteed every community to actively participate in banking activities, especially Islamic banking (Ahyani &; Muharir, 2021). The lack of public understanding and lack of information on the development of Islamic banking makes people still survive in transactions in conventional banking. Recently, the merger policy of state-owned Islamic banks (BRI Syariah, BRI Syariah, and Mandiri Syariah) into BSI (Bank Syariah Indonesia) has had a positive influence on increasing Islamic financial inclusion in the community (Hasanah, 2023). BSI's Market Share since its inauguration on February 1, 2020, rose to 6.3%, which previously only maintained a Market *Share* growth of 5% (Mutiara Apriza, 2021).

With the transformation of information technology, banks can be answers global challenges as a solution to improve services to the public in the form of digital banking products. Digital Banking is an early innovation in reducing the service gap and the potential use of technology in the world of Islamic banking. One form of Islamic banking technology transformation is Mobile Banking and Internet Banking (Utami et al., 2022). These two digital products have proven effective in expanding the range of services, as well as easing the public in transacting. In addition, digital products such as Mobile Payment and BSI QRIS are also in demand by the public today. The existence of an information technology network is certainly able to make the relationship between banks and their customers closer, more economical, effective, and efficient (Subagiyo, 2019).

However, the development of digitalization of Islamic banking has not been able to be utilized by most people, in its development, the financial industry that has increased is not supported by adequate financial access. Access to financial services is evidence of public involvement in using financial services and reflects the level of financial literacy and inclusion (Mawarni, 2021). The limited utilization of digital Islamic banking highlights the importance of addressing financial access and improving financial literacy to ensure broader community involvement and enhance financial inclusion in the development of Islamic banking.

This is because people do not understand the development and inclusion of Islamic financial literacy. Various kinds of products that often use terms according to sharia labels make Sharia Banking Digital Products less familiar to society (Raharjo, 2021). In addition, most people have limited income and high fees for microtransactions make Islamic Banking products less attractive to the community,

especially rural communities. For this reason, efforts to optimize the use of Islamic bank digital banking products need to be carried out both by financial institutions and universities in the field of Islamic economic development (Julia & Kassim, 2020), (Sugianto et al., 2022). The application of digital technology focuses on differences in Islamic banking concepts and systems as well as a proper understanding that the Islamic Banking system will be more profitable than the conventional system (Utama, 2021).

In carrying out this service activity, the team tried to introduce digital banking products to community residents in remote villages, especially in the Sindumartani Nglempak village community, Sleman Regency. The Sindumartani village community is one of the orientations on character development and economic empowerment in the surrounding community. Various models of human resource development activities and community character development are to the maximum, both in the social and economic spheres. In the last period, people are certainly faced with various problems related to the use of cash and the rampant circulation of counterfeit money. In addition, many digital payment application models are not yet understood by the general public. Therefore, this digital banking product socialization activity is carried out for the community, especially for the youth of the Bagon branch community considering that the organization is a center for mobilizing the younger generation, especially in the fields of character development, human resources, strengthening social communities and improving the community's economy (Fajri et al., 2021).

Efforts to improve Islamic Financial Literacy in the form of the introduction of Digital Banking products are certainly of interest to the community. The purpose of this service activity is to provide public education and understanding of Sharia Banking Digital Banking Products and demonstrate the use of products in supporting community business activities (Rifat et al., 2023). In addition, the implementation team also educates the public on various safety tips in non-cash transactions to avoid misuse of negative financial transactions (Alfiana et al., 2023). The community can play an important role in reducing the digital divide and ensuring that everyone, without exception, can benefit from sharia-based digital banking services. This scientific article aims to explain community assistance in facilitating the use of sharia-based digital banking by the public (Fathoni et al., 2021). Through a research and analysis approach, this article will explore the positive impact that can be achieved through community engagement in supporting the use of sharia-based digital banking. Thus, the public will be able to utilize banking services that are by sharia principles effectively and efficiently, thereby promoting sustainable and inclusive economic growth.

This research explores the potential for community empowerment in utilizing sharia-based digital banking services. The main theme of this research is community empowerment and the use of banking technology by sharia principles. The novelty of this research lies in the focus on the application of digital banking technology based on sharia principles in helping society. This research may involve aspects such as public recognition and understanding of Islamic digital banking services, training, and assistance in the use of technology, as well as evaluation of the social and economic impacts of the adoption of Islamic-based digital banking by the public. This research can provide new insights on how to utilize Islamic digital banking technology to encourage financial inclusion, and economic empowerment, and increase public understanding of Islamic principles in the context of banking services.

2. METHODS

The participatory community empowerment method with *Participatory Rural Appraisal* (PRA) model is the method used in this community service activity. PRA is a method that emphasizes community involvement in all activities carried out (Agustina et al., 2020). Educational service activities for the introduction of Digital Banking on March 20, and 22 in Sindumartani village, Nglempak District, Sleman Regency. The target of this individual activity is the community with 42 participants from adolescence to adulthood. The activity began with the presentation of material about digital Banking and its products in educating and providing socialization, continued with a demonstration of the practice of introducing digital banking products, and continued with a question-and-answer session related to the explanation related of the material presented.

This service was carried out to provide socialization related to the Digital Banking program in increasing sharia financial literacy in the community of Sindumartani Nglempak village, Sleman Regency. This activity is in the form of education and demonstration of digital products, one of which is BSI Digital Banking products. The media used in this service are various displays of BSI digital banking service products. In its implementation, service activities go through several stages:

1. Initial survey activity, this activity was carried out by the implementation team to conduct initial research to find out how the public understands Islamic bank digital products. The results of this survey will provide an overview for the implementation team in designing the latest Digital Banking Product Display media for the public.

2. Preparatory activities, several things that need to be prepared before carrying out service activities include preparing material related to various digital banking

service products and simulation models and demonstrations of digital banking products. In addition, preparatory activities are also carried out by coordinating with partners in the implementation of service activities within the organization.

3. The service implementation activities, while this activity began with remarks from the head of the implementation team and then continued with representatives from partner institutions, and continued with the implementation of service by the implementation team. The details of this activity are:

   a. The team socialized the importance of using digital banking products.

   b. The team explained the advantages of digital banking products that can be accessed by the public

   c. The team conducted demonstration activities and simulated the use of digital banking products

   d. Discussion and Q&A activities

   e. Evaluation of activities and closing

   f. The results of the implementation of this activity are prepared in the form of a service report by the service activities that have been carried out

4. The team made a service article based on the results of the report that had been compiled and then uploaded into the accredited Jurnal rank 3.

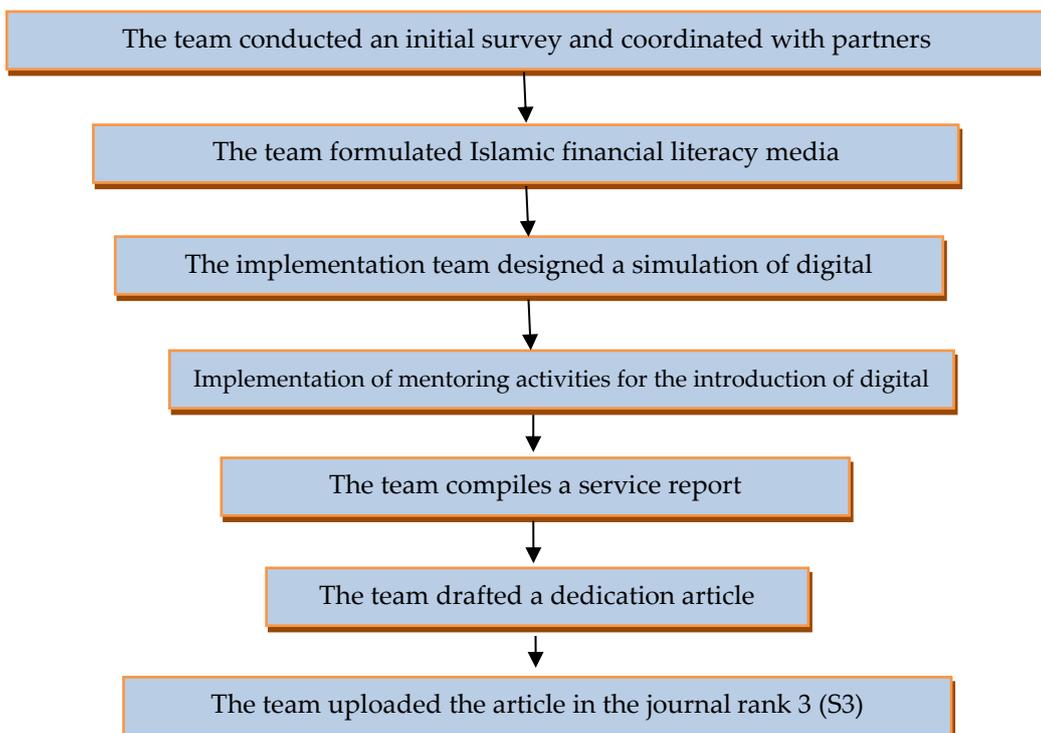   For more details, the implementation of this service can be seen in the picture below.

Figure 1 Stages of Implementation of Community Service

3. FINDING AND DISCUSSION

3.1. *Implementation of PKM activities*

The service activities carried out at the Sindumartani village community organization aim to educate and socialize digital banking products as well as efforts to increase digital financial literacy among the community. *Digital Banking* products are modernization that is present to provide comfort and security for the public in accessing various banking product models. In this case, the implementation team provides education in the form of insights and demonstrations related to the use of digital banking products.

The Islamic banking digital products that will be introduced to the Community Youth include:

1. Mobile banking. This digital product offers the convenience of managing customer accounts equipped with *Digital Payment* features and social features (zakat and infaq). This application can be used in various conditions and is equipped with a security feature in the form of a password every time the customer makes a transaction.
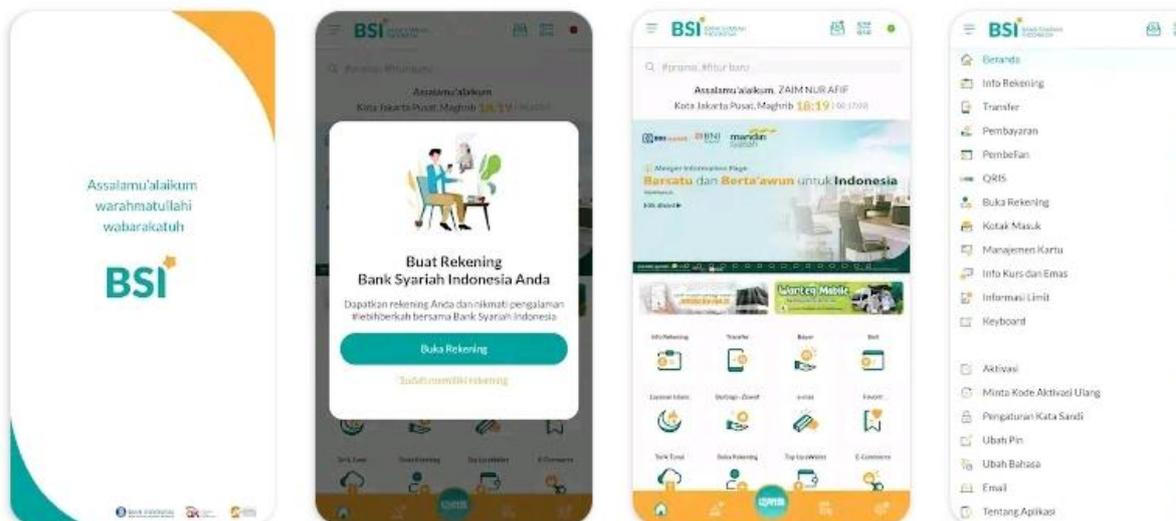

Figure 2. One example of mobile banking (https://play.google.com)

2. QRIS banking. This digital product provides an easy and secure payment solution without making physical contact only with the QR Code Indonesia Standard (QRIS) feature issued by Bank Indonesia. Digital payment model with QR Code feature that can be used quickly, systematically, and automatically. In this case, many people do not know about the procedures

for using this service. Of course, the team tries to provide examples in the form of videos and tutorials that help people use them.

Figure 3. QR code as BSI QRIS digital banking service

3. ATMs, digital banking services in the form of electronic cards to facilitate banking customers in making transactions using both ATMs (Authorized Teller Machine) and EDC (Electronic Data Capture) machines. In this case, people better understand the use of this ATM service. Most people can use ATM outlets available in the neighborhood. But some people are not good at using it, this is due to age factors and inability to use digital access. So, the team provided one of the demonstration models for the use of ATMs equipped with video tutorial links. The video tutorial explains the stages of using digital products starting from the use of ATMs, Mobile Banking, and E-Money.

Figure 3. Example of using an ATM card in an ATM

4. Internet Banking, is a banking transaction service by accessing banking websites that are owned and equipped with security features.

5. SMS Banking, a banking service model through SMS that is connected to the customer ID registered in the relevant bank. SMS Banking will inform every customer account mutation activity concerned

6. Electronic money (chip-based and server-based), digital transaction services using special cards implanted with chips and top up digital money on the e-money.

In using ATMs, the public is advised to be careful and enter the ATM PIN correctly and maintain personal data in using digital products wherever people will transact. If there are difficulties in making transactions, the team appeals to the public to directly contact the bank or officers at the ATM location.

In the final session of the implementation of service activities, the service implementation team provided a question-and-answer session related to the material that had been delivered. Some of the questions asked by the public are related to the rampant fraud in using the digital witness model. Some complaint about high *merchant* fees when using ATMs at different machines. Of course, the team strives to provide good education and motivate the public to get used to using digital services in supporting current economic transaction activities. The team also appealed to the public to reduce the use of paper money in transactions. The use of banknotes can be misused with various models of fraud and misuse of digital data. Of course, digital literacy skills need to be improved so that people can apply technological developments in every aspect of daily activities.

3.2. *Community Response in the Implementation of PKM Activities*

Service activities that are carried out well and smoothly. It can be seen in its implementation, the people of Sanagt are enthusiastic about participating in these activities. This service activity is one of the breakthroughs that are the result of ideas from the community service team and youth organizations. Several responses from the management suggested that this activity is very helpful for the public in using Sharia banking digital services.

During this service activity, the team tried to provide education gradually for people who did not know anything about digital service products. It can be observed that the community is classified as a downward puffing community that allows only using ATM digital products. The rest of the people continue to use paper money with various considerations.

There was one experience put forward by one of the dedicated participants. Mr. Martono gained experience in using ATMs. He said that he did not

understand the use of ATM cards. When carrying out transactions at ATM outlets. Mr. Martono entered the wrong ATM PIN up to three times until the ATM card was blocked and could not be used again. Mr. Martono admitted that he found it difficult to take care of blocking ATMs at the bank's head office. From the experience above, Mr. Martono is more careful in using ATMs with the correct instructions. But there is still a need for caution in using it.

For this reason, the implementation team provides tips for the public in using digital banking products, including:

1. The public is advised not to give access codes or personal numbers to others.
2. The public is advised not to record and store access codes/personal numbers in places that are easily known to others.
3. The need to check carefully before making transactions using digital product services
4. The public is advised to wait for a response after making a transaction
5. The need to change the access code and PIN regularly.
6. The public needs to be careful in using applications on the internet that are considered spam or *malware* that allows them to steal customers' personal data.
7. Customers are advised to do the logout process after completing transactions on the internet.

4. CONCLUSION

This service activity aims to provide education for the public in using Islamic banking digital products in daily economic transaction activities. The use of Islamic banking digital products helps the public in transacting easily and efficiently. Various Islamic banking digital products that can be accessed by the public include: opening payment accounts, transfers, purchase transactions with digital wallet facilities, internet banking, and mobile banking that can be accessed using smartphones. In addition, the team also provides tutorials on using digital products for people who have never used them. It is hoped that through this activity, people will get used to transacting digitally and reduce the use of currency to avoid counterfeiting money circulating in the community. The recommendation is to continue promoting and expanding the education and accessibility of Islamic banking digital products to encourage widespread adoption and facilitate a shift towards digital transactions, ultimately reducing the reliance on physical currency and mitigating the risks associated with counterfeit money in the community.

In this activity, the team coordinated with the community youth organization Sindumartani ambulu jember village branch. This activity can be held well and full of enthusiasm from the community. In supporting further activities related to digital product education in the community, several parties also provide advice in this service activity, including:

1. The need for comprehensive coordination for youth organizations and their members to be active in using their digital products.
2. Provide advanced training for the public to register and access digital products
3. The need for continuous appeals to the public to be wise in using Sharia banking digital products
4. The need for coordination of services formed by youth organizations in assisting difficulties and complaints from the community that can be forwarded to the competent institution (BI or related banks) in the use of these digital products.
5. The need for further education for the public to be more careful in sharing personal data with others

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